

To: Frank Brown, Chair
SAU #39 – Streamline Committee

From: Adam Steel, Business Administrator

Re: Consolidation Savings

September 15, 2016

Dear Chairman Brown,

The Streamline Committee has requested a projection of potential cost savings that would be realized if SAU #39 was consolidated from four distinct entities into one. Betty Shankel had previously provided a cost savings projection that estimated savings of approximately \$500,000 per year in a consolidated district. I have confidence in the work that Ms. Shankel performed last spring and wish to build upon that work by providing a narrative description of potential cost savings and risks associated with a consolidation.

Teacher Salaries

The largest risk associated with consolidation surrounds the collective bargaining status of teachers in the pre-existing districts. The Amherst and Mont Vernon teachers have existing collective bargaining agreements that would likely enter a status quo period subsequent to the reduction in force effected by the Amherst and Mont Vernon school districts subsequent to consolidation. Teachers from those pre-existing districts that are re-hired by the expanded Souhegan Cooperative School District would likely petition the PELRB requesting unionization of all of the teachers within the cooperative. While the pre-existing teachers within the SCSD are not recognized by a bargaining unit, it is impossible to predict the outcome of a unionization effort after consolidation.

The outcome of that collective bargaining effort and the new collective bargaining agreement between the Souhegan Cooperative School Board and a new bargaining unit encompassing all teachers within the expanded SCSD could result in either positive or negative effects on the budget depending on the outcome of the newly negotiated collective bargaining agreement ratified by the SCSB, the newly formed collective bargaining unit, and voters.

If the consolidated district's teachers do not form a collective bargaining unit, negotiations would still take place between the school board and the group of teachers through the non-formalized negotiation process currently in use.

In either scenario, it is assumed that teachers from the pre-existing Mont Vernon School District would receive a significant increase in pay and that teachers from the pre-existing Amherst and Souhegan School Districts would have pay that is comparable to their previous salaries.

Likely Cost Increase (Decrease): \$150,000

Potential Cost Increase (Decrease): Unknown

Teacher Work Force

The amount of teachers required by the consolidated district may be able to be reduced due to a number of factors.

First, if some elementary school students who live in Amherst are able to attend the Mont Vernon Village School, the class sizes in both Clark-Wilkins and Mont Vernon Village School could be optimized to allow for potential reductions in staff. Currently, class sizes in MVVS are unable to be adjusted with economies of scale because there are typically only one or two teachers at each grade level. In a consolidated scenario coupled with the concept of village schools, it is reasonable to assume that the teacher work force could be reduced by 2-5 classroom teaching positions.

Second, economies of scale might be realized in unified arts or related services for elementary schools. For example, unified arts teaching positions (such as music or art) could be shared between schools or special education staff could handle caseloads at multiple schools in situations where specialized skills are required.

Potential Cost Increase (Decrease): (\$100,000 - \$400,000)

SAU Staffing Level

It is likely that SAU staff levels, particularly in the business office, could be reduced as a result of consolidation. There are significant efficiency gains available by consolidation. Currently, several staff spend time coordinating efforts between multiple entities including grants, state reporting, inter-district transfers and bookkeeping, audits, and budget development. Consolidating to one district would eliminate all of the duplication of efforts that currently take place.

Likely Cost Increase (Decrease): (\$100,000 - \$250,000)

Buildings & Grounds

The current model for the buildings and grounds department includes an SAU-wide Director of Facilities, site-based facility managers at each building, custodians at each building,

and varied arrangements for grounds. A consolidated model would allow for significant opportunities for cost savings through the re-organization of the buildings & grounds department by using centralized maintenance personnel.

The current model for maintenance is to have the site-based facility managers performing light maintenance duties and out-sourcing all electrical, plumbing, HVAC, carpentry, and other trade-based tasks. A centralized approach would allow for the hiring of skilled maintenance workers who could perform much of the trade-based work and eliminate the need to out-source many of those tasks. This model would also eliminate the need for site-based facility managers in favor of having head custodians that are responsible only for the cleaning tasks for the facility.

Savings in this area could be realized in the overall buildings and grounds budget through the more efficient, centralized department.

Potential Budget Increase (Decrease): (\$200,000 - \$500,000)

Pre-School

The pre-school program is currently an Amherst only program where Mont Vernon students are tuitioned either to Amherst or to other pre-school programs. In a consolidated district, the Mont Vernon pre-school students could attend the pre-school program at Clark School without the need for tuition payments. The pre-school program could also be expanded to include non-disabled peer students from Mont Vernon which allows for revenue to be received by the District.

Potential Budget Increase (Decrease): (\$25,000 - \$100,000)

Special Education Programming

All of the pre-existing districts have many students who are tuitioned to out-of-district placements as a result of individual education plans that require therapies and services that are not offered in the student's home district. Several of the students who are in out-of-district placements have similar requirements for their educational placement with students in the other pre-existing districts. Consolidation would allow the district to explore the creation of special education programs that could service the needs of multiple students in district that would negate the need to send the students to alternative placements. Bringing students in district would eliminate tuition paid by the districts and transportation costs that sometimes dwarf the tuition costs associated with the placements.

Potential Budget Increase (Decrease): (\$0 - \$1,000,000+)

Summary

In summary, efficiency gains will result in a more cost-effective school district through consolidation. However, the cost savings will be realized incrementally and will gain momentum over time. It is realistic to assume that cost savings may not be initially present but will result

after integration occurs, collective bargaining agreements are finalized, systems are integrated, and processes are streamlined resulting in reductions in staff. It is likely that cost savings will be between \$500,000 - \$1,000,000 per year five years post-consolidation and, with aggressive streamlining efforts by the administration, could be an order of magnitude higher ten years post-consolidation. The largest and most costly unknown remains the status of teacher contracts in all three pre-existing districts.

Requested Board Actions

1. None.