

## Committee Member Statements

At the LEAD Committee meeting on December 17, 2007, the committee voted to submit the slate of efficiency opportunities presented above. Each committee member, regardless of how he/she voted (or if no vote was cast due to absence or abstention), was given the opportunity to submit an unedited statement, which could include both general comments as well as specific comments directed toward any of the opportunity areas listed in the report.

Statements from the following committee members were submitted and follow below:

- Jean W. Allen, President, Delaware State Board of Education
- H. Raye Jones Avery, Executive Director, Christina Cultural Arts Center
- Kevin Carson, Delaware Chief School Officers Association; Superintendent, Woodbridge School District
- Barbara Grogg, President, Delaware State Education Association
- Vincent A. Lofink, Education Chair, House Education Committee, Delaware General Assembly
- Gregory Meece, President, Delaware Charter Schools Network; School Director, Newark Charter School
- G. Scott Reihm, Executive Director, Delaware Association of School Administrators
- William H. Willis, President, Willis Chevrolet, Inc.

### General Comments of Jean W. Allen, President, Delaware State Board of Education

I was unable to attend the LEAD Committee meeting on December 17, 2007 because of an illness in the family. I have reviewed the information and materials from that meeting. If I had been able to attend, I would have voted YES to submit the efficiency opportunities in this report.

### General Comments of H. Raye Jones Avery, Executive Director, Christina Cultural Arts Center

Appointment to the Leadership for Education Achievement in Delaware (LEAD) Committee by Governor Ruth Ann Minner's Executive Order #98 has been a unanimous honor. As participants on the LEAD Committee, we all shoulder an awesome responsibility to courageously represent the best interest of all Delaware students, including children who persistently experience low levels of achievement. Delaware students are failing to graduate high school at an alarming rate. A growing number of those not graduating attend public school districts consuming the

preponderance of the state's limited resources. Maintaining the status quo will not result in the creation of a "world class" public education system.

Voluminous data sources support the assertion that significant numbers of underperforming students reside in the City of Wilmington and within pockets of poverty throughout the state. City of Wilmington students experience the extraordinary burden of being assigned to four (4) independent public school districts (Brandywine, Colonial, Red Clay Consolidated and Christina) operating more than 80 schools in a 25 mile radius situated throughout New Castle County. The aforementioned NCC public districts are funded locally by a property tax base that hasn't been re-assessed in three decades.

The assignment of Wilmington students to (4) independent school districts is a vestige of arguably the most aggressive desegregation plan in the United States of America. Following the state court's 1995 declaration of unitary status lifting Delaware's court-mandated desegregation plan, a chorus of public officials, corporate, community leaders and parent/family representatives have beseeched the General Assembly and the Department of Education to voluntarily examine the fiscal efficiency and educational efficacy of assigning roughly 11,000 students living in a concentrated geographic area to (4) separate school districts.

With the passage of the Neighborhood School's Act in 2000, a legislatively-appointed citizen's group joined by Wilmington City Council recommended the General Assembly examine the structural, fiscal and educational implications of re-configuring the four districts in Northern New Castle County. Wilmington citizens continue to await a response. The time for waiting and making due has ended.

LEAD was charged with the conduct of research and analysis to uncover potential spending efficiencies within the state's **\$1.65 billion** education budget supporting a system of 19 school districts. In the "Administration and Central Support" section, the LEAD report states that if a new district is created, even when the cost of "leveling up" is calculated, consolidation scenarios still can create significant financial value. Studies suggest an optimal district is between 1,500 and 10,000 students and if the right governance and funding models are in place districts can be efficient even beyond 10,000 students. However, despite this finding, the immediate further research and analysis of potential efficiency opportunities related to statewide district consolidation or district re-organization was removed from the report.

Given the recent *fiscal collapse* of the state's largest school district (Christina) and the reported mounting fiscal problems of the state's 2<sup>nd</sup> largest school district (Red Clay), I am opposed to the removal of district consolidation/re-organization as a potential

efficiency opportunity in favor of the aggressive pursuit of shared services. These recent events suggest an urgency that is inconsistent with the LEAD-recommended five year wait to revisit district consolidation in New Castle County (as discussed above) and in Kent and Sussex Counties (which possess their own unique set of characteristics and challenges). As for the alternative, NCC districts have always had the opportunity to share services. While it is possible that shared services can produce transformational change, past experience suggests it is likely districts may opt for less aggressive approaches.

My position is not dissuaded by debates surrounding district centralization vs. decentralization. Tangible evidence that district re-organization neither improves learning outcomes nor enhances fiscal efficiencies remains untested in Delaware. The removal of this potential strategy to achieve increased cost efficiency will be viewed by a substantial number of elected officials and citizens as pre-empting public discourse prematurely. Equitable educational resources and successful academic outcomes for children enrolled in financially troubled public school districts demand a deeper study of the implications of NCC district re-organization. Current fiscal realities also demand transformational change in how Delaware's public school system is financed.

General Comments of Kevin Carson, Delaware Chief School Officers Association

The opportunity to participate in this process is appreciated. The conversation regarding these and other important issues has enabled our committee to examine the current system and explore concepts which should be considered as we proceed and ultimately provide the best possible benefit for our students.

The issue of cost efficiencies/reallocation has been a topic of discussion for several years within the entire state financial system and specifically with in public education. School districts within Delaware strive to effectively utilize resources in order to provide the greatest direct benefit to our students, staff and families. The state system has within its current structure the ability to maximize the purchasing authority of state agencies through the Division of Purchasing in the Office of Management and Budget.

Cost efficiencies which can be realized, while maintaining a superior level of local customer service and provide an increased amount of resources to be directed at student achievement, should be our goal.

Topic-specific Comments of Kevin Carson, Delaware Chief School Officers Association

Topic / opportunity area	Specific efficiency opportunity	Comments
Administration and central support	Broad shared services	<p>Educational services are currently structured around the school district system which most communities believe delivers the best service for students and families. The ability to have a degree of local control (through elected Boards of Education) over policies, instructional methodology and budget remains an important issue in our local communities. Removing local services and placing them in a consolidated delivery system moves the decision making away from the local schools. In addition, the recommendation has not stood the test of an implementation study. Costs associated with the recommendation have not been thoroughly evaluated to determine if true efficiencies exist.</p> <p>Conceptually, taking the work currently being done statewide by eight hundred and fifteen professionals (815) and reducing the workforce by three hundred and fifty nine (359), in an increasing student population market, doesn't support the concept of greater local community service and better delivery of services for our students.</p>

General Comments of Barbara Grogg, President, Delaware State Education Association

I appreciate the opportunity to participate in this effort and commend all of those who worked hard to help us focus on improving public education in Delaware by defining areas of possible financial opportunity within our education system and budget. I am pleased with the potential savings in purchasing and transportation that have been suggested.

I also would like to thank our chair, Skip Schoenhals, for the effort he demonstrated in gathering private sector financial support to fund this study. However, I am concerned about the system/process used to determine the substance of the final report. An outside consulting group, no matter how auspicious, should not determine which items will be included in the report. That should be the purview of the Task Force that was appointed by the Governor. Needing a 2/3 vote to effect changes to the consultants' recommendations undermined the prerogative of the group to decide recommendations. All of the members of our group are busy people with many responsibilities. Additionally, given the short timeline for completion of the group's charge, I do not feel that the materials (*e.g.*, minutes, reports/recommendations) were

shared in a timely matter either before or after meetings. Since this is such an important piece of work with many far reaching effects, I feel that more time should have been allowed for consideration and discussion of items that were contentious and which merited fuller conversation.

Thank you for consideration of my perspective.

Topic-specific Comments of Barbara Grogg, President, Delaware State Education Association

Topic / opportunity area	Specific efficiency opportunity	Comments
Benefits	Given that Delaware’s educator salaries must be competitive regionally with contiguous districts in neighboring states, and professionally, the State educator compensation committee should conduct a study of educator compensation, how it may best support educator recruitment and retention.	<p>I propose deletion of this section for the following reasons:</p> <ol style="list-style-type: none"> <li>1. Delaware has a comprehensive state system that includes all public employees, the largest of which combines state and public education employees; there is great efficiency here from an investment perspective; larger pools of capital that can be invested to reduce risk.</li> </ol> <p>Eliminating a major employee group (public education employees) or a large sub-group thereof (teachers) only serves to weaken the funding status of the overall group. One of the strongest financial strengths of the Delaware public pension plan is its comprehensiveness.</p> <ol style="list-style-type: none"> <li>2. Delaware has a high-performing, financially solvent, over-funded pension system. This is a great advantage to the State when it borrows money in the public capital markets. Delaware addressed the matter of public pension years ago and has been rewarded for its diligence. There is no imperative to change other than to reduce employee benefits as a means of cutting benefit costs.</li> <li>3. A change from a defined benefit to a defined compensation plan constitutes a ‘risk shift’ in responsibility for post-retirement income planning from the plan sponsor (the employer) to the beneficiary (the employee) since employees subsequently assume the duty to manage the investment portfolio.</li> </ol>

Topic-specific Comments of Barbara Grogg, President, Delaware State Education Association (cont.)

Topic / opportunity area	Specific efficiency opportunity	Comments
Construction	Evaluate an exemption of public schools from prevailing wage rate requirements for construction, renovating, and maintenance.	<p>I propose deletion of this section for the following reasons:</p> <ol style="list-style-type: none"> <li>1. We do not want to eliminate a major wage support structure for working men and women without obtaining the informed insight of the state Department of Labor or the Delaware State AFL-CIO Building Trades Council.</li> <li>2. At a time of documented stagnant wages for working Americans and with the national and state economies showing signs of weakness (and even recession), why would we propose the elimination of a major wage support policy in the face of weakening aggregate demand and thus add to the weakening of the economy that could very well lead to an exacerbation of stagnant wages for working families?</li> <li>3. We do not know how the five-year pilot will work. Will all school construction be exempt? Will we follow the present criteria for receiving state money or make changes in what is required?</li> </ol>
Administrative and Central Support	Create Broad Shared Services	<p>I would like to delete this proposal. The potential impact of consolidating districts is one larger than possible money savings. Public education requires a connection to the community. Moreover, academic literature in recent years indicates a movement toward smaller school organization as a way to drive decision-making as close as possible to the level of direct student services.</p> <p>It seems more than a bit contradictory to believe that charter schools — each a separate, small entity — can be a good choice for students and still expect that traditional public school districts are more efficient and effective if they are combined to become larger entities.</p> <p>If there are specific examples of consolidation, then BCG should have noted them and documented the specific savings rather than simply positing this idea in a generic manner.</p>

General Comments of Vincent A. Lofink, Education Chair, House Education Committee, DE General Assembly

I believe that a periodic exercise of analyzing the efficiency of any government function is a worthwhile and useful endeavor. Skip Schoenhals and Secretary Valerie Woodruff provided exemplary leadership for the committee. However I voted against the recommendation given the limitation of having to vote for or against the report in its entirety.

Three specific recommendations that I oppose are the consolidation of school districts, the reduction of the educator benefits plans, and the eliminating of prevailing wage for school construction projects.

Topic-specific Comments of Vincent A. Lofink, Education Chair, House Education Committee, DE General Assembly

Topic / opportunity area	Comments
School Consolidation	I believe that all of our school districts are community based and that consolidation of school systems should be a decision of individual school boards with the support of the local property owners and possibly other stakeholders.
Educator Benefits	As state employees Delaware’s educators should not be singled out as a specific group for potential benefit reductions. I believe that many of Delaware’s public educators understand that the more modest pay they receive relative to nearby New Jersey and Pennsylvania school districts is balanced out by a comprehensive set of employee benefits and a stable pension system. The Delaware State Pension plan is currently considered a model in how it is managed and for its financial solvency.
Prevailing Wage	I strongly oppose the elimination of the prevailing wage for school construction or any other public works project. Prevailing wages are structured as part of collective bargaining in the private sector. I fully support the collective bargaining process. Wage reduction in the critical construction trades areas will lower the incentive for Delaware high school graduates to enter the many available apprenticeship programs. Wage reduction will also result in the hiring of workers whose skill levels are not adequate to build the safe and comfortable public school buildings that we need to educate our children in the 21 <sup>st</sup> Century.

General Comments of Gregory Meece, President, DE Charter Schools Network

The Delaware Charter Schools Network (DCSN) endorses the LEAD Committee report. Its member schools believe it contains many opportunities to produce cost efficient practices within Delaware’s system of public education. When these opportunities are implemented, significant financial resources will be freed up so they can be redirected to where they will have the greatest possible impact on increasing student achievement.

The DCSN also believes that stronger collaboration between charter schools, districts, and the Department of Education will be mutually beneficial. Collaboration will not only result in cost efficiencies, but it also will open doors to improved communication, better sharing of ideas, and increased levels of trust between public charter schools and traditional district schools. The DCSN recommends that lawmakers and regulators proceed carefully, however. Parts of this report seem to imply that “bigger is better.” One-size-fits-all mandates designed to increase scale may inadvertently reduce flexibility, innovation, local decision making, “ownership,” and competition.

Delaware’s charter schools were established to be an alternative to traditional public schools. The Delaware Charter School Law is clear that charter schools are “independent public schools, free of most state and school district rules and regulations governing public education.” Pursuing cost efficiencies without fidelity to the principles under which charter schools were established would be to move in a direction that is contrary to Delaware’s education reform movement and to the ideas expressed in Vision 2015. Implementation without sensitivity to these important principles could result in unintended negative consequences. It is important to note that the DCSN believes that the same may be true for traditional public school districts. This is especially true in smaller districts and in districts that are trying to initiate significant education reforms. We believe that they, too, may prefer and benefit from having less regulation and more flexibility.

Further, until some measure of capital funding is provided for Delaware’s public charter schools, some of the cost efficiency opportunities outlined in the LEAD report could jeopardize our member schools. For example, requiring charter schools to construct buildings to statewide standards of design and construction, or to adopt statewide energy management best practices, could force school closures, or prevent schools from opening, because charter schools currently have no avenues for seeking capital funds through State or local sources.

Finally, the DCSN proposed that the LEAD Committee report help clarify the rules of conduit bond financing to ensure that charter schools have access to the lower-cost financing that has been available for other qualified non-profit institutions. We can think of no easier way to demonstrate how cost efficiencies can be achieved and how the resulting savings directly impact student achievement.

General Comments of G. Scott Reihm, Executive Director, Delaware Association of School Administrators

Inherent in many of the efficiency opportunities contained in this report is the sacrifice of local control given up by districts. How do you hold districts accountable if they no longer have control over the support services required to deliver the whole education package?

If and when any cost efficiencies are adopted, it should be done in a manner which bases them on actual versus estimated savings. It appears that the majority of the projected savings opportunities, as contained in this report, are excessive.

Topic-specific Comments of G. Scott Reihm, Executive Director, Delaware Association of School Administrators

Topic / opportunity area	Specific efficiency opportunity	Comments
Benefits	Same	BCG determined that Delaware, as a state, supports benefits at a cost of 40% of salaries as compared, for instance, to Maryland which is at 34%. This is in large part because of the pension and health insurance programs offered to <u>all</u> state employees. Delaware's pension rate is based on actuarial costs and, therefore, is relatively high. The health plan which Delaware offers all State employees is also costly. To include this area as an efficiency opportunity of an amount up to 29 million is unfair since it is a <u>state</u> issue not an education issue. The question becomes, therefore, for a state, which now has collective bargaining for the majority of its employees, is it reasonable to think employees would be willing to give up their benefits?

Topic-specific Comments of G. Scott Reihm, Executive Director, Delaware Association of School Administrators (cont.)

Topic / opportunity area	Specific efficiency opportunity	Comments
Administration and Central Support	Overall System Efficiency Opportunity #2: Create broad shared services	This opportunity suggested by BCG projects \$34M in reduced cost (statewide shared services) or \$25M if services are shared within each county. The Appendix identifies a total reduction of 359 personnel (81 in management, 234 clerical, and 44 in instructional support) if done statewide. A loss of 241 personnel (62 in management and 179 clerical) if done by county. I believe there are several fallacies in this opportunity area. If done statewide, staff would be reduced by 44%. If done by county, staff would be reduced by 35%. In addition, the same services are not reduced but the number of staff providing those services is greatly reduced in an arbitrary manner. Superintendents, assistant superintendents, directors, supervisors, and manager positions are included in 'Administration.' I would question the feasibility of sharing such positions among districts, especially superintendents. Additionally, clerical support is critical in the education process. Over the last decade, many functions which were performed statewide have been moved to the districts (accounting, benefits, and payroll, etc.). No additional positions were authorized in these areas. Once again, how can the same level of services be done with 35% to 45% less staff? There is no evidence to support this model. Further, how do you recommend that another study be done but still attach a cost savings of \$25-34M?

General Comments of William H. Willis, President, Willis Chevrolet, Inc.

I was unable to attend the last LEAD committee meeting (12/17/07) due to a prior commitment. Had I been able to attend, I would have voted YES for the efficiency opportunities as stated in our report to be sent to the Governor.