

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

## LEAD Committee Meeting Minutes

Enclosed are the minutes of the LEAD Committee meetings on the dates listed below. All minutes are final versions except for those of December 17, which are subject to LEAD Committee approval

August-December meeting dates:

- August 31, 2007
- September 14, 2007
- October 4, 2007
- October 30, 2007
- November 14, 2007
- November 19, 2007
- December 4, 2007
- December 17, 2007

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

**August 31, 2007  
9:00-11:30 am  
Cabinet Room, John G. Townsend Building, Dover**

## **Minutes**

**Members attending:** Marvin N. “Skip” Schoenhals, Cari DeSantis, G. Scott Reihm, Jean W. Allen, Barbara Grogg, Sally Coonin, Paul Herdman, Kevin Carson, Frank Ingram, Raye Jones Avery; phone: Connie Bond Stuart, Dan Rich, Valerie Woodruff, JJ Davis

**Also attending:** Madeleine Bayard, Sarah Grunewald, Bob Byrd, Dori Jacobson, Jack Polidori, J Puckett, Lane McBride, David Webb; phone: Emily Falcon

### **Discussion overview:**

- I. Call to order
- II. Cost efficiency study
- III. Discussion on Boston Consulting Group (BCG) proposal
- IV. Requirements of LEAD as a public body
- V. Discussion of other group input to the Committee
- VI. Confirmation of next steps and closing

### **Discussion notes:**

#### **I. Call to order**

As chair, Marvin N. “Skip” Schoenhals called the meeting to order and announced several additions to the agenda. These included discussion and approval of the previous meetings’ minutes, the finance advisory group, and opportunities for public input. Mr. Schoenhals noted that although the Committee had agreed at the last meeting to hold an executive session at each meeting, the legal memo on the requirements of a public body prepared by LEAD co-chair Secretary Valerie Woodruff and her staff determined that executive sessions could only be held for limited purposes.

Mr. Carson asked that the minutes be amended to reflect the discussion about the relationship between items 4b and 4c in Executive Order 98. Mr. Schoenhals noted that the issues of equity and revenue would certainly come up as the Committee undertakes the two studies, and the discussion could be continued after the presentation by The Boston Consulting Group (BCG).

Mr. Carson made a motion to approve the minutes as amended, Scott seconded the motion. All those present were in favor, except for Raye Jones Avery and Frank Ingram, who abstained because they were not able to attend the previous meeting.

**NEXT STEPS:**

- **revise August 15 minutes to include discussion of funding study relationship**

**II. Cost efficiency study**

Mr. Schoenhals introduced the leadership team from BCG, J Puckett, David Webb, and Lane McBride. Mr. Puckett provided personal backgrounds for each and a history of the company, including its work with education clients such as Vision 2015. Mr. Webb outlined the scope of their proposal to conduct the cost efficiency study, beginning with their understanding of the Committee's interest in conducting the study. The purpose of the study was confirmed as an analysis of current preK-12 public education funding that would identify cost efficiencies and savings that could be reallocated to maximize student achievement. The scope will include state, federal, and local funding, district and charter spending, and funding spent for pre-K-12 by DOE and the Department of Services for Children, Youth, and their Families (DSCYF). The scope will not address higher education, libraries, private pre-K-12 funding, changes in the generation and allocation of funds, or recommendations on how the efficiencies should be spent (the latter is to be determined by LEAD, using the report's data).

Secretary Woodruff suggested that public pre-K spending by Delaware Department of Health and Social Services (DHSS) should be addressed. Mr. Puckett pointed out that additional data sources may be too complex, particularly given the established deadline of December 1, 2007 for the study's findings. Secretary Woodruff agreed that some streams may need to be set aside if they are too complex.

Dr. Rich suggested that spending of public funds by higher education on pre-K-12 should be included, as they are direct allocation line items in the state budget. Secretary DeSantis pointed out that DSCYF gets some early education funding, which should be included in the scope. Dr. Herdman inquired what the lower age limit of the study would be. Secretary Woodruff suggested birth. Mr. Puckett pointed out that because spending may not be pooled or used in the same way for early education, BCG will be able to capture the lion's share, but may not cover every small bucket. Mr. Webb reiterated that revenue generation will not be addressed except for ways in which efficiencies could be impeded, such as through matching requirements.

Secretary DeSantis cautioned that efficiencies are not always as simple as they seem, and matching funds (federal, private, etc.) often hinge to how funding is spent. Mr. Webb acknowledged that through the analysis, they will explore whether funding streams are put at risk before designating them as efficiency opportunities. Ms. Allen noted that funding may drive spending, which makes it difficult to keep discrete.

Mr. Carson noted that the Committee had a structural question to address relating to the relationship and timing of its work (Executive Order sections 4b and 4c). Mr. Schoenhals noted the interconnectedness between funding and efficiency, and mentioned that the cost efficiency study will not evaluate reassessment, unit funding, or system equity.

Scott Reihm asked about local funds beyond those collected through taxes. Mr. Webb noted that the study would look at public funding only.

Ms. Avery asked if other education systems' efficiency realizations would inform the process. Mr. Puckett responded that benchmarks will be used, and opportunity areas will be presented by comparing them with best-in-class systems.

Mr. Webb discussed the primary deliverable for December 1, which is a list of the efficiency opportunities, and the process for developing that report. BCG also would facilitate the next steps to help the group determine its final recommendations to the Governor and General Assembly. Secretary DeSantis noted that the deliverable should include an indication of sustainability (i.e. which opportunities would provide one-time savings versus savings to the base stream).

Mr. Schoenhals asked how BCG will deal with decisions within the group. Mr. Webb suggested that the full list of opportunities would be presented, and possible disagreements or obstacles to implementation would be noted. Mr. Puckett noted that the Committee needs a decisionmaking process, and he recommended the process used for military base closures, in which the group votes the slate up or down based on the benefits of the portfolio as a whole. He noted that BCG's experience with slate voting has been positive, but asserted that this process must be agreed upon upfront.

Dr. Rich noted that Delaware has a history of efficiency improvements, some of which have been implemented, that can inform the baseline. Mr. Puckett agreed that the lessons learned would be helpful in informing the recommendations. Mr. McBride noted that he has begun a literature review of studies over the last 20 years.

Ms. Grogg inquired about BCG's experience in the education sector and the types of costs efficiencies that have been found, and how they have been implemented. Mr. Puckett provided examples such as the elimination of redundant or unnecessary procedures in management, purchasing, and maintenance. Mr. Schoenhals asked about controversial recommendations; Mr. Puckett noted that any findings related to jobs or merging departments are always controversial. Dr. Herdman noted that this will require courage, but that this is a unique opportunity to build public trust around the efficiency and effectiveness of current spending.

Mr. Webb described what BCG would need from the Committee in order to be successful, which includes: communication of the scope and expectations; agreement on how the group will decide what to present by December 1 and afterward; active participation and engagement; and access to other experts and data sources. Barbara asked about BCG's experience in working with school systems. Mr. Puckett responded by describing the district-wide studies they have conducted, noting that no state has conducted such a study. Secretary DeSantis asked how many people would be devoted to this project. Mr. Puckett responded that a team would be devoted full time, likely spending four days per week on-site in Delaware.

Mr. Schoenhals asked for further questions, and, hearing none, he called for a break and asked that the group reconvene shortly.

## **NEXT STEPS:**

- **Communicate suggested clarifications to BCG for proposal revision**
- **Provide BCG with access to experts and data**

### **III. Discussion on BCG proposal**

Ms. Grogg and Secretary DeSantis asked that BCG provide a budget breakdown based on major line item costs, as well as more detailed expectations on what each phase of the work will entail and the process BCG will use. These expectations would provide some accountability measures as well as benchmarks on which BCG can report back to the Committee.

Secretary DeSantis asked about a subcommittee for the effort. Mr. Schoenhals agreed that this was the intention on how to handle the issue, and at least he and Secretary Woodruff would be serving on the Committee.

Mr. Carson then handed out three documents: a report written by Milford Superintendent Robert Smith in April 2007 on equity and equalization and two documents outlining expenditures per unit based on local and equalization funding. Mr. Carson expressed a concern that the group may be overlooking an opportunity to examine equalization and reassessment due to the timing of the two studies, and he feels that the group may be “putting the cart before the horse” by conducting the cost efficiency study first. He argued that the funding study (4c) deals with the fundamental issues that will have the biggest impact on children, rather than cost efficiency savings, which could be modest and should be addressed second. Mr. Carson described the document comparing districts based on tax rates and asked the group if they have the political will to address funding at the classroom level.

Mr. Schoenhals agreed that the charge described in 4c includes these issues, and the Committee will certainly address them. Secretary DeSantis noted that the work of the Committee would benefit from running both tracks simultaneously. Mr. Schoenhals agreed that both studies will begin shortly and the details of how the group undertakes 4c have yet to be determined.

Dr. Rich has reached out to Joe DiPinto, Pete Ross, and Kent Riegel to engage them as finance advisors to the group. Barbara asked if there is any funding for this. Mr. Schoenhals noted that there is not, and the group may have to ask the legislature, Business Roundtable, or another group for funding. He pointed out that the group has limited staff through DOE and OMB. Dr. Herdman offered that the Rodel Foundation has set aside some of its budget to assist with the funding study and to bring in experts.

Mr. Reihm questioned the group as to whether the \$1.5 million from the Roundtable should be spent on 4c if the group believes 4c is more important. Ms. Allen noted that the efficiency study (4b) will put to rest public concerns about waste in the system, and, no matter what is found, the group will be able to definitely speak to what is spent before recommending systemic changes. Secretary Woodruff agreed that the group should put cost efficiency on the table before discussing referenda and equalization. Secretary DeSantis noted that the credibility of the group will be solidified through a solid efficiency study (4b), which would provide an early win before recommending bold steps.

Mr. Carson and Ms. Allen noted that the funding study (4c) may not require any additional deep analysis, but rather strategy and political will for proposed changes. Mr. Carson noted that the deadlines in the

Executive Order may not provide ample opportunity for a review of budget implications. Secretary Woodruff pointed out that December 1 (for 4b) will inform the Governor's recommended budget, and even March 15 (for 4c) would provide an opportunity to inform the markup process.

Jack Polidori of DSEA, speaking as an observer, noted that adequacy and equity must be examined in the funding study.

Mr. Schoenhals noted a consensus to move ahead on both studies—cost efficiency and funding including revenue generation and allocation—and to appoint subcommittees to begin work on both studies immediately. Secretary DeSantis motioned to move ahead with this agreement, Ms. Allen seconded the motion. Mr. Schoenhals called for a vote, and the motion passed unanimously.

**NEXT STEPS:**

- **Assign subcommittees**
- **Convene finance advisory group; provide opportunity for finance advisory group input into BCG's proposed scope of work**

Mr. Carson added he is part of a group of school district business managers that meet once per month, and he offered to liaise between the Committee's work and this group.

Mr. Schoenhals asked for a motion to hire BCG and execute a contract to conduct the study as outlined with the clarifications mentioned previously (including a line-item breakdown of the \$1.5million fee and benchmarks on which to regularly report). Ms. Allen motioned, and Ms. Coonin seconded the motion. The vote was unanimous.

**NEXT STEPS:**

- **Circulate modified BCG proposal, and formally execute a contract**

**IV. Requirements of LEAD as a public body**

Secretary Woodruff outlined the memo on LEAD's requirements as a public body, noting that all meetings of the full Committee and subcommittees must be open. LEAD is subject to the Freedom of Information Act (FOIA), and meeting schedules and agendas must be posted publicly. Secretary Woodruff noted that her office will post the meeting notices and minutes on the DOE website and public bulletin boards, and other groups are welcome to as well.

**NEXT STEPS:**

- **Discuss how to accept public comments**
- **Post meeting notices publicly at DOE and on web**

**V. Discussion of other group input to the Committee**

Ms. Allen suggested that public input be solicited from various constituencies when conclusions and recommendations are put forth, as currently the public would have nothing to which to respond. Secretary

DeSantis suggested that in addition to public notice, other key stakeholder groups be actively alerted as to the meeting schedule and invited to attend, that a period of public comment be provided at the end of each meeting, and that expertise be sought from minority and other communities to advise subcommittee work.

Mr. Schoenhals called for any comments from members of the public present and none were voiced.

**NEXT STEPS:**

- **Seek expertise for subcommittee work**
- **Send an email to the group asking for any stakeholder groups to be notified of future LEAD meetings and for nominations for subcommittee advisors**

**VI. Confirmation of next steps and closing**

Mr. Schoenhals noted that members would be notified of their subcommittee assignments based on their noted preferences. Secretary Woodruff and Mr. Schoenhals will discuss a presentation by the DOE on the dashboard. Jean reiterated that the group should also discuss how to make decisions in the near future, and perhaps Kathy Wian could prepare a proposal on this matter for the group at the next meeting.

The meeting was adjourned.

**NEXT STEPS:**

- **Discuss dashboard presentation at the next meeting**
- **Follow up with Kathy Wian regarding decision making**

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

September 14, 2007  
9:00 am—12 noon  
Second Floor Conference Room, Haslet Armory, Dover

## Minutes

**Members attending:** Marvin N. “Skip” Schoenhals, Barbara Grogg, Sally Coonin, Paul Herdman, Kevin Carson, Frank Ingram, Raye Jones Avery, Connie Bond Stuart, Dan Rich, Valerie Woodruff, Senator David Sokola, Representative Vincent Lofink

**Also attending:** Madeleine Bayard, Dori Jacobson, John Carwell, Lane McBride, Cindy DiPinto, Emily Falcon, Kathy Wian

### Discussion overview:

- I. Call to order
- II. Approval of the August 31 minutes and the revised August 15 minutes (*Action*)
- III. Approval of policy on public comment (*Action*)
- IV. Overview of current data systems (*Information*)
- V. Discussion of key indicators to include on dashboard (*Discussion*)
- VI. Update on cost efficiency study (*Information*)
- VII. Opportunity for public comment
- VIII. Confirmation of next steps and closing
- IX. Opportunity for leadership review

### Discussion notes:

#### I. Call to order

As chair, Marvin N. “Skip” Schoenhals called the meeting to order and announced the agenda would be reordered to ensure a representative from the Boston Consulting Group (BCG) would be able to attend and answer questions on the detailed cost efficiency study workplan provided.

#### II. Approval of the August 31 minutes and the revised August 15 minutes

Mr. Schoenhals asked for any comments or additions to the August 15 minutes. Ms. Bond Stuart motioned to approve the minutes, Senator Sokola seconded. All present voted to approve.

Mr. Schoenhals asked for any comments or additions to the August 31 minutes. Ms. Falcon noted that she attended the meeting by phone. Ms. Bond Stuart motioned to approve the minutes as amended, Mr. Carson seconded. All present voted to approve.

**NEXT STEPS:**

- **Revise August 31 minutes to reflect Emily Falcon’s participation by phone**

**III. Approval of policy on public comment**

Secretary Woodruff distributed and outlined the proposed policy on public comments, which was based on the State Board of Education’s policy. The policy states that individuals or groups may make a request to the Chair or Vice Chair to address the Committee in writing at least 10 days in advance of the meeting or they may sign up 15 minutes before the meeting starts. The Committee will not respond at the meeting but will take all comments into consideration. Senator Sokola asked if the policy could be extended to subcommittees. Secretary Woodruff and Mr. Schoenhals stated that the same policy could apply to any subcommittees, suggesting that the requesting public person or body made the request through the subcommittee chair. Ms. Grogg suggested that subcommittee reports should be added to future agendas. Secretary Woodruff motioned to adopt the policy as amended; Senator Sokola seconded. All present voted in favor of adopting the policy. The full policy statement, as revised, is appended.

**NEXT STEPS:**

- **Revise policy to note that subcommittee requests must go through subcommittee chair**
- **Provide sign-in sheet in advance of all meetings for public comment; add public comment opportunity to future agendas**

**IV. Overview of current data systems**

Secretary Woodruff introduced Kathy Wian, the coordinator of the Conflict Resolution Center at the University of Delaware’s Institute for Public Administration, who was invited to facilitate a conversation on the dashboard or “headline page” of critical indicators of performance.

Secretary Woodruff distributed copies of the current Delaware school profiles, which are produced August 1 of each year and include a great deal of information, much of which is required by state or federal mandate. She noted that these are made available electronically and accessed often. The dashboard may include some indicators from the school profiles and potentially some new indicators that are not currently collected. Dashboards will be released for schools, districts, and the state. Secretary Woodruff noted that she hopes the dashboard will serve as a “teaser” to get people to go deeper into the data. In order to release the dashboard in summer 2008, the Department of Education needs the specifications of data elements by the end of November 2007 so they can program the prototype.

Dr. Carson inquired if the dashboard could serve as the executive summary of the school profile and save printing costs, but Secretary Woodruff said that they would be required to print the entire school profile.

Ms. Bayard distributed and presented examples of school report cards from Chicago, North Carolina, and Illinois, noting that these examples provide illustrations of (1) how the data is presented and (2) data elements that may not be collected in Delaware. For example, Ms. Bayard pointed out the trend data and state/district/school comparison presentation and Secretary Woodruff pointed out student engagement data. Senator Sokola asked about the DOE determination of low-income students, and Secretary Woodruff responded that the only determination is by students signing up for free- and reduced-price lunch. Ms. Grogg inquired if school cleanliness and days absent per teacher are collected in Delaware. Secretary Woodruff responded that they are not.

Secretary Woodruff pointed out that a one-page document may not be able to focus on disaggregated data, which may not give the full picture of a school's performance. Dr. Rich inquired what is meant in the Chicago example by "students making expected gains." Ms. Bayard responded that the examples all provide glossaries of terms and she could research exactly what is measured.

#### **NEXT STEPS:**

- **Research what Chicago measures through "students making expected gains"**

#### **IV. Discussion of key indicators to include on dashboard**

Ms. Bond Stuart asked who the primary audience for this document would be. Mr. Schoenhals responded that the dashboard could be used by all groups, including parents, superintendents, and policymakers. Ms. Wian asked when audiences would use the dashboard. Secretary Woodruff noted that many people use the DOE information, such as school profiles, online. Often they are used by families moving to Delaware or families with young children. However, Secretary Woodruff believes superintendents would not use the dashboard as they have tools and interests that go beyond the information presented. Kevin suggested that superintendents could use it as a marketing tool, particularly with real estate agents and their clients and with families exercising choice.

Dr. Rich suggested that the dashboard be pushed out to audiences, particularly through email as it is cost effective, and he inquired if any other states disseminate the information in such a way. Ms. Bond Stuart asked how quickly information could be provided, and she suggested providing comparative information with Pennsylvania, New Jersey, and other surrounding states. Secretary Woodruff responded that the school profiles are released August 1 each year, as the dashboard would be, and suggested that the dashboards be put on others' websites beyond the DOE. Representative Lofink suggested that he could post the results from the schools in his district. Dr. Herdman inquired if it would be possible to populate the dashboard more than once per year; Secretary Woodruff responded that it would not, given her current staff and resource provisions. Dr. Rich suggested that it could be pushed out more than once, for example during "choicing" in May and June.

Ms. Jones Avery pointed out that different audiences may have different needs and inquired about making student achievement comparisons. Secretary Woodruff responded that state student assessments are not comparable, but NAEP scores could be. Ms. Bond Stuart inquired if graduation rates could be compared. Senator Sokola pointed out that the National Governors Association has established a common graduation rate, but Secretary Woodruff noted that not all states are using that rate yet. She suggested that AP and SAT scores could be used as comparisons.

Dr. Carson noted that the dashboard could be used as an economic development tool. Ms. Grogg inquired if the main purpose is for families and choicing decisions. Mr. Schoenhals asserted that the dashboard is to be a holistic, intellectually honest picture of a school, rather than a marketing tool in which schools could select the elements they would like to display.

Ms. Grogg pointed out that the elements may vary for elementary and high schools; for example, graduation rates would not apply to all schools.

Senator Sokola suggested that the audience should be broad, so that even the receptionist at a school would be able to provide an explanation for the dashboard. Mr. Schoenhals hoped that it would become a comparative tool among schools and districts. Dr. Herdman noted that schools in Texas use a similar tool to compare district expenditures and revenue.

Dr. Rich asked if the online resource would be interactive and pointed out that centers at the University have the capability to produce custom reports. Secretary Woodruff responded that she has no financial resources to work on the dashboard beyond her existing staff. Dr. Rich noted that the Committee's decisions may need to be determined in order of priority. Dr. Carson expressed that parents often choose a school due to its safe environment. Dr. Herdman suggested that a student survey could measure such data. Secretary Woodruff noted that the state currently conducts a student survey of grades 3, 5, 8, and 10 through UD. Dr. Herdman suggested that student/teacher perception of school climate, rigor, and engagement should be collected.

Ms. Wian asked the group to brainstorm individually about which elements they felt should be included in the dashboard, and then from the perspective of various constituencies (e.g. parents, students). Mr. Schoenhals noted that these would be transcribed and send electronically to the Committee to prioritize.

#### **NEXT STEPS:**

- **Research other states' dissemination of school information through email or other channels**
- **Transcribe dashboard elements brainstorm results and circulate for prioritization**

#### **V. Update on cost efficiency study**

Mr. Schoenhals reintroduced Lane McBride, Consultant with BCG, to the Committee and reminded the Committee that they had given a qualified approval to proceed based on the specifics detailed in the cost efficiency study workplan. Mr. Schoenhals noted that a number of questions had arisen around the scope and the cost. He suggested that cost be taken off the table but that the concerns about cost would be shared with the Delaware Business Roundtable. He noted that that Roundtable is funding the study at a negotiated discount rate.

On the scope, he noted that the finance advisors—Kent Reigel, Joe DiPinto, Jim Spartz, and Pete Ross—had met with Secretary Woodruff, Dr. Rich, Mr. Schoenhals, and the BCG team. Dr. Rich summarized the finance advisors' comments: previous work should not be duplicated; the system is designed in such a way that it is difficult to wring money out of it; the focus of the study should be on how effectively the funding

is being used; and enough is known about the system that BCG should be able to move through the first phase quickly. Secretary Woodruff added that the group acknowledged that some sacred cows will have to be “put out to pasture” and that the advisors will be helpful sounding boards. Mr. Schoenhals added that the group felt that the political will to act on many of these issues was missing in the past, and that this would be an important need going forward.

Dr. Rich reported that the finance advisors suggested that the initial phase could be done more quickly based on existing information. Mr. Schoenhals and Ms. Grogg noted that, despite the availability of past research, the Committee would like BCG to undertake a broad scan of sources in order to build credibility and get false issues off the table. Mr. McBride asserted that the group would move quickly to identify a short target list of opportunities and spend more time building the case for change, and that the new direction is only a change in degrees from the original proposal.

Mr. Schoenhals read Secretary DiSantis’ concerns, which had been sent by email previously, having to do with (1) the timeline for data gathering, (2) private and parochial spending and (3) the cost. Mr. McBride acknowledged that the timeline is aggressive but that BCG has begun, and some of the pots of money may not need the same in-depth analysis as others. Senator Sokola asserted that because the Committee was appointed by gubernatorial executive order, state staff would be expected to put forth a good faith effort. Secretary Woodruff noted that the DOE would be able to provide information on the state funding provided to private and parochial schools. Mr. Schoenhals asked that the issue of the cost of the study be taken off the table.

Dr. Carson inquired about the process in Phase I and the drafting of interview guides. Mr. McBride offered that they have prepared customized interview guides in the past and would be happy to walk through them with Dr. Carson. Dr. Rich suggested a workshop between stages I and II to prioritize efficiency opportunities and test hypotheses.

Mr. McBride highlighted that he will be looking for LEAD Committee members’ involvement in the process soon and would be in touch.

Hearing no further comments or questions, Mr. Schoenhals excused Mr. McBride and asked the group to vote on BCG’s detailed workplan. Ms. Jones Avery raised concerns about cost, and Mr. Schoenhals noted that the Business Roundtable has negotiated with BCG as much as feasible. Mr. Ingram noted that the previous meeting’s minutes show that the group provided unanimous approval to move ahead with the proposal and cost. Mr. Schoenhals thanked him for the reminder and underscored his confidence in BCG after at least four contracts with them over the last two years, all of which have been extended to continue the work of Vision 2015. Dr. Rich suggested that the Committee get affirmation that BCG would continue to be of assistance beyond the final deliverable in December. Senator Sokola noted his expectation that a good faith effort made in the past would continue.

Secretary Woodruff reminded the group that this is an opportunity to be seized and not missed. Mr. Schoenhals called for a reaffirmation of the Committee to proceed with BCG noting the adjustments discussed. Dr. Herdman motioned; Senator Sokola seconded the motion. Dr. Carson inquired about the specifics of the adjustments. Mr. Schoenhals responded that the scope and cost have not changed, only the

approach to spend time on how to deal with the issues rather than up front identifying efficiency opportunities.

**NEXT STEPS:**

- **Schedule additional meeting for the end of October/early November with BCG**

**V. Opportunity for public comment**

Mr. Schoenhals called for any comments from members of the public present and none were voiced.

**VI. Confirmation of next steps and closing**

Mr. Schoenhals excused himself so the group could discuss his leadership. Secretary Woodruff excused herself.

**VII. Opportunity for leadership review**

Dr. Rich provided the opportunity for the group to comment on Mr. Schoenhals and Secretary Woodruff's leadership, per their suggestion to be responsive to the Committee. No comments were offered. He explained that the cost of the cost efficiency study was moved off the table because contracts of its scope are not typical, but that the Business Roundtable is comfortable with moving ahead with such a contract.

The meeting was adjourned.

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

October 4, 2007  
1:00-4:00 pm  
Cabinet Room, John G. Townsend Building, Dover

## Simplified Minutes

**Members attending:** Marvin N. “Skip” Schoenhals, Valerie Woodruff, Greg Meece, Connie Bond Stuart, Cari DeSantis, Frank Ingram, Vince Lofink, Bill Willis, Sally Coonin, Barbara Grogg, Jean Allen

**Also attending:** Emily Falcon, Jerry Gallagher, Meghan Taylor, Lane McBride, David Webb, Derek Locke, William Pritchett, Kent Riegel, Joe DiPinto, Madeleine Bayard; phone: J Puckett, Cindy DiPinto

### Discussion overview:

- I. Call to order
- II. Opportunity for public comment
- III. Approval of the September 14 minutes (*Action*)
- IV. Presentation on School Finance – Jerry Gallagher (*Information/Discussion*)
- V. Cost efficiency study (4b): review of high priority efficiency opportunities by Boston Consulting Group (*Information/Discussion*)
- VI. Funding study (4c): proposed process (*Discussion/Action*)
- VII. Confirmation of next steps and closing

### Discussion notes:

#### I. Call to order

Mr. Schoenhals called the meeting to order and conducted a roll call, introducing those on the phone. Secretary Woodruff asked guests and members of the public who would like to speak to sign in.

Mr. Schoenhals announced that the meeting agenda would be reordered so that Jerry Gallagher’s presentation on finance would be before BCG’s presentation on the cost efficiency study. He circulated a Committee member contact information sheet, asking that Committee members confirm their contact information, and noted that an additional meeting has been added on October 30 in Wilmington at the WSFS Building.

## **II. Opportunity for public comment**

Mr. Schoenhals asked for public comment, and heard none.

## **III. Approval of the September 14 minutes**

Mr. Schoenhals asked for any comments or questions to the September 14 minutes. Ms. Bond Stuart motioned to approve the minutes, Representative Lofink seconded the motion, which was unanimously approved.

## **IV. Presentation on School Finance**

Secretary Woodruff introduced Jerry Gallagher, Director of Finance, Department of Education. He distributed copies of his presentation, which was presented as a framework for understanding education finance in Delaware. Two main points were reiterated: 1) funding is provided in separate allocations and 2) rules and restrictions on use are associated with those allocations.

Mr. Schoenhals introduced Joe DiPinto and Kent Riegel and asked for their comments or additions to the presentation. Kent offered the belief that many of the difficulties with the current system come from a lack of understanding, and he suggested that the dialogue could be improved if documents such as Mr. Gallagher's presentation were distributed to school boards and newspapers. Secretary Woodruff noted that presentations have been made to boards, and Mr. Gallagher noted that they go into further detail about budgeting in those presentations. Mr. Schoenhals thanked Mr. Gallagher.

## **V. Cost efficiency study (4b): review of high priority efficiency opportunities by Boston Consulting Group**

Mr. Schoenhals introduced the Boston Consulting Group (BCG) team to present on the cost efficiency study progress. Mr. Locke began by framing the study as an analysis of current deployment of resources that is being conducted with the interest in spending dollars better to maximize student achievement through some of the suggestions in Vision 2015.

BCG presented their framing and findings to date, as a result of research and interviews with almost all members of LEAD and others. Secretary DeSantis asked if private funding was included in the analysis. Secretary Woodruff responded that the Department of Education has no jurisdiction over private schools or their budgets, although they fund some costs including transportation, driver's ed teachers, and school nurses. Mr. Riegel inquired if full day kindergarten and pre-K were included in BCG's analysis. Mr. McBride responded that pre-K is included through purchase of care in the Department of Health and Social Services budget and through the Early Care Assistance Program in the Department of Education budget. Ms. Bond Stuart inquired if birth to three was included in the scope and suggested that it should be based on previous discussions; Mr. McBride agreed that it could be looked at. Ms. Falcon inquired if local funding was included; Mr. McBride responded that it was. Mr. Willis inquired about how daycares are funded and whether their quality is tracked. Secretaries Woodruff and DeSantis explained that they are funded based on children's eligibility and the Stars program will begin to track quality.

Mr. Willis inquired if something could be learned from analyzing private schools' budgets and if there would be a value in asking them to share these. Secretary Woodruff, Mr. Schoenhals, and Secretary DeSantis noted that there may be something to be learned, but agreed private school spending was likely out of the scope of this effort. Mr. Riegel noted that charter schools are a prime area to examine different ways of operating in order to learn and improve. Mr. Pritchett noted that an evaluation might be conducted as to whether they are providing less services and if they are educating their students more efficiently. Mr. Willis asked if their results were tracked by the state; Ms. Allen, Secretary Woodruff, and Mr. Meece responded that they were.

Mr. Locke noted that it will be important to look at the return on investment in various schools and districts to determine which benchmarks to use in their study. Dr. Rich inquired if there is a national peer group based on performance for Delaware schools. Mr. McBride responded that the data for cross-state comparisons is difficult. Mr. Schoenhals suggested that an attempt be made to address performance comparisons. Mr. McBride noted that, based on previous examinations of Delaware districts, there is no correlation between performance and spending amount. Mr. Riegel inquired about the purpose of the study based on that finding; Mr. Webb responded that below the macro level, finding better ways to spend money is important, to which Secretary Woodruff agreed. Mr. Riegel reiterated that the study should bring together spending and performance. Mr. Webb responded that the connection with student performance is with the recommendations of Vision 2015, which have a price tag.

Dr. Rich inquired if figures accounted for cost of living differences. Mr. McBride responded that they did. Dr. Rich inquired about a small state or scale effect; Mr. Pritchett responded that there is one but it doesn't explain the entire story of why Delaware spends more.

Mr. Locke introduced the hypotheses, noting that in the next month for each, BCG will be digging into the size of the figure, how quickly the savings can be realized, feasibility, and any potential negative effects.

Mr. Riegel inquired about technology savings opportunities. Mr. Meece offered that his school uses donated computers and open source software, which could produce significant savings; Secretary Woodruff agreed that these areas should be explored. Dr. Rich inquired if technology could be used to reduce non-instructional personnel expenses. Secretary DeSantis noted that charging fees for driver ed courses could be a mistake for needy families. Ms. Bond Stuart suggested that fees be based on need if they are charged. Mr. Meece suggested that BCG examine how Pennsylvania deals with the issue. He also offered that district consolidation could reduce choice and innovation. Mr. Schoenhals responded that Vision 2015 recommends that decisions be made closest to the student, and it would be possible to devolve responsibility to the school or region to avoid this issue. Mr. Puckett noted that this best practice observation has been demonstrated in the business world but there is not enough evidence in education to test this hypothesis. Mr. Schoenhals suggested using charter schools as a model. Mr. Puckett cautioned that leadership capacity must be built before responsibility is turned over.

Dr. Rich inquired if a certain personnel benefit is driving increased costs more than others. Ms. Falcon responded that the lower contribution by educators to their benefits may be driving the cost. Ms. Grogg noted that there may be impacts on teacher retention and recruitment if benefits are changed. Secretary DeSantis inquired what supplementary benefits include; Ms. Grogg responded eyecare, elder care, dental,

and that these are often referred to as a “cafeteria” style since employees can pick and choose from an array of benefit options.

Dr. Rich inquired if it would be possible to reduce instructional personnel time on non-instructional activities, citing the recent Delaware Academy for School Leadership study of principals’ use of their time. Secretary Woodruff suggested that a waiver may be appropriate to allow districts to hire differently.

Secretary Woodruff suggested that initial capital outlays should take into account the lifespan to avoid maintenance costs in the future. Dr. Rich suggested BCG look into multi-state purchasing. Mr. Riegel suggested they look into site-based management further, through charter schools or otherwise.

Dr. Rich inquired about the scope of the study, suggesting that embedded inefficiencies in the system may not be outside the scope. Secretary Woodruff suggested that there should be more flexibility, and Representative Lofink suggested that even within capital funding more flexibility could be useful. Secretary DeSantis suggested that in the next BCG report, she would be looking for sustainable savings rather than one-time savings, as capital expenses might be. Mr. Meece noted that as charter schools do not receive capital funding, it is an ongoing, sustainable expense for him. Secretary Woodruff encouraged BCG to look into capital, as funding that could go into operations is being used in capital budgets. Mr. Ingram suggested districts sharing architectural services to save costs.

Secretary DeSantis inquired about getting materials in advance of the next meeting; Mr. Schoenhals responded suggesting that BCG send materials a couple days in advance, with the understanding that the materials may change or be added to as they are still under development. Mr. Riegel inquired if the items in the next report would include what was covered in this meeting; Mr. McBride responded that it would, plus along with hypotheses added by the group today.

Mr. Schoenhals thanked BCG for their presentation.

**NEXT STEPS:**

- **Present slide examining correlation between performance and spending amount in Delaware schools (BCG)**
- **Send materials in advance of next meeting (BCG)**

**VI. Funding study (4c): proposed process (*Discussion/Action*)**

Mr. Schoenhals drew the group’s attention to the funding study process proposal, developed by himself, Secretary Woodruff, Paul Herdman, and Madeleine Bayard. Secretary Woodruff announced that Kevin Carson and Scott Reihm would be serving as co-chairs of this subcommittee, which is to produce a report by March 15, 2008, and this study could potentially lead to epilogue language for pilots.

**NEXT STEPS:**

- **Begin process as proposed (funding subcommittee)**

**VII. Confirmation of next steps and closing**

Mr. Schoenhals noted that Ms. Bayard sent a document requesting clarifications on the dashboard work done at the last meeting. Ms. Bayard will resend the document for further clarifications, followed by a document to prioritize the items on the dashboard. Mr. Schoenhals and Secretary Woodruff encouraged the Committee to participate and give its time and attention to this matter.

Mr. Willis inquired about educating the public on school finance. Mr. Schoenhals agreed it was a good idea that the group should continue to consider.

Mr. Schoenhals asked for further comments, and hearing none, adjourned the meeting.

**NEXT STEPS:**

- **Resend document with dashboard clarification items; create prioritization approach (Madeleine Bayard)**

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

October 30, 2007  
2:30-5:00 pm  
Board Room, WSFS Bank Center, Wilmington

## Simplified Minutes

**Members attending:** Marvin N. “Skip” Schoenhals, Valerie Woodruff, Greg Meece, Connie Bond Stuart, Vince Lofink, Bill Willis, Sally Coonin, Barbara Grogg, Dan Rich, Scott Reihm, Paul Herdman, Raye Jones Avery, phone: Jean Allen, Kevin Carson

**Also attending:** Emily Falcon, Jerry Gallagher, Meghan Taylor, Lane McBride, Javier Seara, Derek Locke, William Pritchett, Kent Riegel, Joe DiPinto, Madeleine Bayard, J Puckett, Cindy DiPinto, Dori Jacobson, John Carwell, Sarah Grunewald, Kate Fitzgibbon, Jack Polidori, Howard Weinberg, Diane Donohue, Eric Paradise, Kathy Wian

### Discussion overview:

- I. Call to order
- II. Opportunity for public comment
- III. Approval of the October 4 minutes (*Action*)
- IV. Funding study (4c) subcommittee presentation (*Information*)
- V. LEAD decision-making process (*Discussion*)
- VI. Cost efficiency study (4b): review of efficiency opportunities by Boston Consulting Group (*Information/Discussion*)
- VII. Other business from the group
- VIII. Confirmation of next steps and closing

### Discussion notes:

#### I. Call to order

Mr. Schoenhals called the meeting to order and asked those on the phone to introduce themselves.

#### II. Opportunity for public comment

Mr. Schoenhals announced that the meeting agenda would be reordered so that the opportunity for public comment would be moved to the end of the meeting. He stated that he would entertain non-committee members’ questions on a limited basis throughout the meeting, giving the Committee members priority.

### III. Approval of the October 4 minutes

Mr. Schoenhals asked for any comments or questions to the October 4 minutes. Mr. Reihm motioned to approve the minutes, Mr. Herdman seconded the motion, which was unanimously approved.

### IV. Funding study (4c) subcommittee presentation

Mr. Carson reported that the subcommittee will begin conversations about the funding study following the December 1 cost efficiency report. Mr. Herdman inquired if the process proposal circulated at the last meeting had reached Mr. Carson, who asked that it be sent to him.

#### NEXT STEPS:

- Send funding study process proposal to Mr. Carson (Madeleine Bayard)

### V. LEAD decision-making process

Mr. Schoenhals introduced Kathy Wian, of the Conflict Resolution Program at the University of Delaware. She explained that the Boston Consulting Group (BCG) would present six major hypotheses over the next two hours.

Ms. Wian reminded the group that an additional meeting had been tentatively scheduled on November 14, and November 19 would be the last scheduled meeting before the December 1 due date for the study. She asked Committee members to hold feasibility questions until the end of this presentation.

Mr. Schoenhals reminded the group that the goal of this meeting would be to understand the material, not assess the political will to do any of the recommendations.

### VI. Funding study (4c): proposed process (*Discussion/Action*)

Mr. Schoenhals introduced the BCG team to present on the cost efficiency study progress. Mr. Locke began by outlining the presentation. He noted that three types of questions may emerge: (1) questions of understanding/clarity – he encouraged the group to ask these as BCG made their presentation; (2) challenge questions about the assumptions behind the hypotheses – he encouraged the group to ask these questions after each of the sections of the presentation; and (3) doability / barrier / feasibility questions – these would be postponed. He encouraged the group to write the third type of question out on the form that was passed out.

Mr. Locke outlined two types of opportunity areas for savings: seven specific cost buckets to be discussed and five cross-functional areas.

Mr. Carson inquired about peer comparisons and if salaries and administrative costs were included in these; Mr. Locke confirmed that they are. Mr. Carson inquired if personnel costs would be covered; Mr. Puckett responded that in they would, in the form of “administration/central support” and as they are embedded in each of the cost buckets.

BCG's current estimate of annual savings is \$68-145 million (cumulative across the set of major opportunity areas). BCG will continue to explore a few smaller additional areas, including custodial, technology, and non-core activities. Recommendations related to the funding model and financial incentives are embedded in the analysis of each opportunity area. And food service was not found to be a significant opportunity. Mr. Herdman inquired about the timeline for exploring these additional areas; Mr. Locke responded that by the next meeting BCG will have these explored.

Mr. McBride provided for each hypothesis (1) a summary of how things work today; (2) series of related findings, (3) recommendations, and (4) estimated savings potential, beginning with **transportation**. Mr. Willis inquired about special cases in epilogue language of the budget bill related to bus transportation for otherwise ineligible students. Mr. McBride and Mr. Reihm clarified the way these cases worked. Ms. Coonin inquired about foster children; Ms. Woodruff responded that they fall into a federally mandated "homeless" category that comprises almost \$1 million in costs. Mr. Schoenhals inquired about the expense of districts operating their own buses, and the related incentives to do so including purchase allowances, returns on investments, replacement, and salvage costs. Dr. Rich asked if the general transportation rules are comparable to other states; Mr. McBride responded that Delaware's mileage eligibility is lower than some, and other states use competitive bidding processes. Dr. Rich inquired if the number of districts in a smaller area had an affect; Mr. Puckett responded that other districts have bigger radiuses, and efficiencies could be found by expanding to multi district regions. Mr. Meece stated that the current expectations of children walking to school are already demanding based on age. Ms. Woodruff asked if the fuel allowance is included in the formula BCG analyzed; Mr. McBride confirmed it is. Mr. Willis asked if BCG's figures are based on bus eligibility or ridership. Mr. McBride responded that they are based on eligibility, but Delaware districts report a high percentage of ridership. Mr. Reihm noted that the BCG costs do not include activities after school, only the base routes. Mr. Willis asked if mileage was considered in the bus replacement formula; Mr. McBride confirmed it was. Mr. Herdman inquired if ridership is worth investigating; Mr. McBride responded that 84 percent of students are eligible and about 95 percent of students are reported by the district to ride the bus.

Mr. Locke stated that the costs reflected estimated annual impacts over time, but any costs needed to achieve the savings are not included. He encouraged Committee members to complete the form handed out to discuss the considerations and barriers associated with implementing the recommendations.

Mr. McBride continued, discussing **purchasing** next. Mr. Schoenhals inquired if consolidated service centers were considered as a part of purchasing. Mr. Locke and Mr. McBride responded that service centers are one option, but that more centralized purchasing is possible with or without them. They pointed out that better participation would occur with ownership by the districts. Mr. Puckett noted that the state and districts should avoid becoming compliance focused. Mr. Willis encouraged the group to consider local retailers' interests in their deliberations.

Mr. McBride moved onto **energy**. Mr. Carson inquired about class size effecting square footage. Mr. Locke and Mr. Puckett responded that BCG's analysis of energy expense is on a per-square foot basis, rather than per-student. Mr. Pritchett added that square footage figures were based on district reports to the state. Mr. Carson noted that as the fiscal agent for special schools, some districts' financial figures will be affected. Mr. Reihm noted that some districts use buildings differently, for example, for night school. Mr. Reihm asked why Appoquinimink's figures were so high; Mr. Pritchett offered to look into those costs.

Mr. McBride then addressed **administration and central support**, noting that costs associated with operations, maintenance, buses, teachers employed by districts, cafeteria, and custodians. Mr. Locke and Mr. McBride explained the scale in district administration (96 percent) associated with the current unit count, that a scale of 80 percent might be achieved, and how some items are not scalable. Mr. Reihm noted that vo-tech districts have more students than they may appear to, as they offer night school. Dr. Rich asked about comparing with other districts and states; Mr. McBride responded that that is difficult because of the difference in funding formulas across states. Ms. Falcon inquired if, as districts get larger, scale would decline. Mr. Schoenhals asked for clarification that, in fact, leveling up was set to the highest costs in the state. Mr. Reihm inquired as to why cafeteria, custodial, administration, and secretarial workers were included; Mr. McBride responded that they were as BCG had mirrored a previous study's approach. Mr. Herdman asked if scenarios across spending buckets were considered; Mr. Locke responded that BCG would consider this in future analyses.

Mr. McBride discussed **benefits**. Mr. Carson inquired if a cost analysis of leveling up benefits was considered. Mr. Schoenhals inquired if higher benefits might be correlated with lower salaries in Delaware relatively; Mr. McBride responded that Delaware salaries are above the national average. Ms. Grogg inquired if a regional average was considered. Mr. Puckett noted that bringing benefits down would be complicated as teachers are state employees, and it is difficult to determine whether Delaware is attracting better talent due to higher benefits.

Mr. McBride discussed saving opportunities related to **construction**. Mr. Reihm stated that any savings achieved on education capital expenses could not be reallocated to operating expenses, and likely would be reallocated to capital projects outside education. Ms. Falcon responded that if capital funding were decreased, the bond bill could be reduced and more funding could be allocated toward operating expenses. Mr. Puckett pointed out that those types of questions could be discussed during feasibility discussions. Ms. Coonin inquired about the potential effect of exempting schools from the prevailing wage requirements on use of union contractors. Mr. Pritchett noted that schools are not required to use union contractors, but they are required to pay the prevailing wage.

Mr. Locke noted that the goal of this meeting was to confirm the hypotheses and give BCG direction to move forward, considering the feasibility concerns noted on the barrier forms and questions raised today.

Mr. Schoenhals thanked BCG for their presentation and stated that he felt it was inevitable that the group needed the November 14 meeting. Mr. Carson inquired about sharing BCG's findings with groups represented by Committee embers, noting that meetings are public. Ms. Woodruff responded that while we would not encourage these interim results to be released to the newspapers, the business community, charter school and district leaders, and other constituencies should be updated on progress. Mr. Schoenhals asked the group to communicate that this is a work in progress that should be respected as such and not released to the media. Mr. Reihm noted that the report is BCG's, not the Committee's recommendations. Mr. Schoenhals reminded the group that media inquiries should be directed to him or Ms. Woodruff.

#### **NEXT STEPS:**

- **Explore noted additional areas (BCG)**
- **Investigate why Appoquinimink's figures are so high (BCG)**

- **Consider scenarios that cut across buckets (BCG)**
- **Consider barriers to implementation noted on forms (BCG)**

## **VII. Opportunity for public comment**

Mr. Schoenhals asked if there were any comments from the public.

Mr. Riegel noted that: bus insurance/self-insurance should be considered; learnings from charters on purchasing could be useful; potential savings are enormous, but generally, financial managers achieve disappointing results; and heating/cooling gas may be shared across state lines for savings. He noted that purchasing networks generally fail because loyalty often prevents effective decisionmaking, but purchasing “superstars” should be identified and copied, and a profit center could prove worth the effort. He also pointed out that as employees opt to elect for cash rather than benefits, benefits prices could go up.

Ms. DiPinto noted that self-reporting mechanisms for transportation will not be sufficient, and she suggested a ridership study or looking into previous studies.

Mr. Polidori noted that comparable salary schedules generally fall off as teachers gain experience, and that teacher attraction and retention are inter and intra- state issues, so national averages are dangerous.

### **NEXT STEPS:**

- **Explore previous bus ridership studies (BCG)**

## **VIII. Other business from the group**

Mr. Schoenhals asked for any other business items from the group. Ms. Woodruff reminded the group that the key indicators for the dashboard had been sent for clarification twice. Ms. Bayard will be sending document to prioritize the items on the dashboard.

### **NEXT STEPS:**

- **Send dashboard prioritization document (Madeleine Bayard)**

## **IX. Confirmation of next steps and closing**

Mr. Schoenhals reminded the group about the next meeting. BCG collected the forms with Committee members’ questions in regard to feasibility.

Mr. Schoenhals asked for further comments, and hearing none, thanked the group for their participation and adjourned the meeting.

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

November 14, 2007

3:00-6:00 pm

Board Room, State Chamber of Commerce, Wilmington

## Simplified Minutes

**Members attending:** Marvin N. "Skip" Schoenhals, Greg Meece, Connie Bond Stuart, Frank Ingram, Vince Lofink, Bill Willis, Sally Coonin, Barbara Grogg, Kevin Carson, Raye Jones Avery, Dan Rich, Paul Herdman; phone: Jean Allen

**Also attending:** Emily Falcon, Michael Morton, Steve Yeatman, Meghan Taylor, Lane McBride, Eric Paradise, Javier Seara, Derek Locke, Kent Riegel, Madeleine Bayard, J Puckett, Cindy DiPinto, Diane Donohue, Kim Turner, Rob Rescigno, Sarah Grunewald, Kate Fitzgibbon, Dori Jacobson, John Taylor, Kathy Wian; phone: William Pritchett

### Discussion overview:

- I. Call to order
- II. Approval of the October 30 minutes (*Action*)
- III. Cost efficiency study: discussion of efficiency opportunities by Boston Consulting Group (*Information/Discussion*)
- IV. Opportunity for public comment
- V. Confirmation of next steps and closing

### Discussion notes:

#### I. Call to order

Mr. Schoenhals called the meeting to order and asked those on the phone to introduce themselves.

#### II. Approval of the September 14 minutes

Mr. Schoenhals asked for any comments or questions to the September 14 minutes. Ms. Coonin motioned to approve the minutes, Mr. Herdman seconded the motion, which was unanimously approved.

#### III. Cost efficiency study (4b): review of high priority efficiency opportunities by Boston Consulting Group

Mr. Schoenhals outlined the process for the meeting. Members were encouraged to raise questions or objections throughout the presentation. He encouraged the group to make recommendations or propose amendments that were as specific as possible, and the group would conduct a 2/3 majority vote to change anything in the BCG presentation. Members will have the opportunity to express a dissenting opinion. He explained that this process was successful when used by the Vision 2015 Steering Committee. He introduced Kathy Wian who would be facilitating the conversation and bringing the group to consensus.

Mr. Schoenhals reported that he and Secretary Woodruff would be providing an oral update to Governor Minner on November 21, with the full report from BCG following. Mr. Carson inquired if members were expected to solicit feedback from their constituents between today's meeting and Monday, November 19 (the next meeting). Mr. Schoenhals responded that the goal would be to do so, but the Committee would decide on Monday as a group as to whether the group is prepared to move forward. Ms. Grogg inquired if votes would be valid over the phone; Mr. Schoenhals responded that they would be.

Ms. Jones Avery inquired why the state Department of Education size, staff, and functions were not examined in further detail by BCG. Mr. McBride responded that further analysis on this subject may be useful. BCG did examine this topic but ran into analytical challenges such as comparing the Delaware Department of Education and other state departments of education when they maintain different functions and operate with different structures and under different laws. Mr. McBride notes that the state DOE fits into some of the recommendations in the report and that the report is not final and could be modified.

Mr. McBride outlined the four documents to be produced by BCG and the LEAD Committee, the six areas covered in their report, and the system recommendations/crosscutting themes including consolidation. BCG presented their framing and findings to date, organized into six areas with key findings and recommendations for each.

The first subject covered was **transportation**. Mr. McBride described each of the recommendations and related estimated impact. He noted that BCG had asked a bus contractor outside Delaware for a bid to base their estimates on, but these estimates do not include the ability to improve the existing route structure. Mr. Schoenhals inquired if bus replacement was potentially double-counted in the estimates; Ms. Taylor responded that it had been accounted for in the total summation on the page.

Ms. Grogg inquired if the recommendation to bid out routes included costs such as driver salaries and various routes. Mr. McBride clarified that the estimate does not assume that route management is bid out, and that potential savings could be achieved if this were included. Ms. Grogg noted that impacts could be different for districts that contract out versus those that hire their own drivers. Ms. Taylor noted that the estimates do include driver salaries. Ms. Falcon inquired if districts could be forced to contract out or would still have the option to provide all services in-house; Mr. McBride responded that the state may not mandate but could provide incentives. Mr. Schoenhals noted that the level of detail is probably too in depth for this report, but that there should be a mechanism at the state where districts are given incentives to improve. Mr. Locke noted that the recommendations could include a clarifying statement that encourages incentives to districts for improving. Mr. Herdman inquired if cross district service delivery was considered;

Mr. McBride responded that related savings are part of the “plus” in the estimates (e.g., “\$4.6M+”). Mr. Locke noted that these approaches were addressed in the cross cutting scenarios.

Mr. Carson asked for clarification as to whether recommendations are considered within the current 19 district system or within the system explained in area six (administration) of the report. Mr. Puckett responded that all the recommendations in the first five areas could be done independently of other decisions.

Mr. Carson inquired if a supplier would be available to accommodate a regional transportation system; Mr. Locke responded that large contractors would be willing to consider this type of approach even if there are not currently suppliers that can easily take this on. Mr. Schoenhals agreed that investors and corporations would be interested in this enterprise. Mr. Meece noted that a lack of competition produced by this type of approach could reduce service. Mr. Puckett noted that the values of competition, aggressive thinking, and incentives should be weighed. Mr. Schoenhals recommended that a district could offer an incentive to optimize routes in which districts keep some of the savings. Mr. Carson noted that the model would be borne by the state, so savings would be captured at the state level; Mr. Schoenhals responded that a different structure may be needed. Mr. Puckett provided an example where a state would sign bus contracts to optimize routes and save millions, the new total allocated to districts as a ceiling. Districts would have the option to provide transportation better or cheaper, and if they did, they would retain 50-100 percent of savings. Mr. Locke noted that implementation steps were beyond the scope of the study at this stage.

Mr. Schoenhals asked for any specific amendments for the recommendations on transportation. Mr. Willis, Mr. Ingram, and Ms. Allen discussed the mileage limit for bus replacement (150,000) and the number of school days used for the estimates (180). Ms. Jones Avery inquired as to a national standard on mileage limits. Ms. Taylor noted that national research is not available on this topic. Ms. Allen suggested more research on national practices on bus replacement. Mr. Ingram noted that busses go through in-depth motor vehicle inspections at the Department of Motor Vehicles, greater than what cars go through. Mr. Schoenhals proposed an amendment that buses be replaced after 150,000 miles or an equivalent standard of bus safety. Ms. Allen asked that a national norm be investigated.

Representative Lofink recommended that all the recommendations be submitted to the Governor and General Assembly, but commented that he may not be able to be on the record in support of each individual recommendation. Mr. Schoenhals responded that the Vision 2015 Steering Committee used a 2/3 vote for amendments, acknowledging that some members felt that they did not agree with about 20 percent of the recommendations but they would support the full slate of recommendations. He noted that political will will be a challenge, but he feels that it would be intellectually dishonest not to put all the recommendations on the table. Mr. Herdman recommended that the overarching document should explain this principle.

Ms. Coonin asked for clarification that homeless and foster children’s transportation would not be affected; Mr. Locke explained that that was not BCG’s intent, and Ms. Falcon explained that they are protected by federal regulation. Ms. Jones Avery asked for clarification on the unique hazard board; Mr. Locke explained that the recommendation would establish that this body would be the final authority on exceptions.

Mr. McBride next addressed **purchasing**. Ms. Falcon inquired if estimated savings include the additional staff that would be required to implement the recommendations. Mr. Seara responded that this was taken into consideration from the state and district levels. Mr. Willis encouraged the group to make clear that they are not trying to run Delaware businesses out of Delaware; Mr. Schoenhals responded that nothing suggested that this was the case. Ms. Falcon noted that the state is implementing a state-of-the-art procurement tool currently that would enable much of the functionality recommended. Mr. Locke noted that this system would enable the type of activity recommended and may reduce up front costs.

Mr. McBride next addressed **energy**. Dr. Rich suggested that the group consider reframing the first recommendation in terms of the “demand management best practices, such as those currently implemented in Seaford and Colonial districts,” in order to preserve longevity of this document.

Mr. McBride outlined the recommendations related to **benefits**, describing a scenario in which we could maximize individuals’ choices and save the state money. He noted that more information was included in the presentation than in the last meeting on health care liabilities and defined contribution plans. Mr. Herdman inquired about salary implications for new teachers for the recommendations; Mr. McBride responded that discretionary benefits (pension and health care) are equal to about 24 percent of salary, so just less than 24% would be the theoretical maximum for any salary increase as a result of choosing lower-cost benefits (assuming the state lowers its own cost in the exchange). Mr. Puckett noted that the recommendations would preserve (not replace) the benefit options on the table today, but present additional options beneficial to the state. Mr. Ingram inquired about the details of the scenarios considering coordination of benefits. Mr. Locke responded that BCG would further investigate the likelihood that certain profiles of individuals would accept alternative benefits. Mr. Herdman suggested this should be explored further by Monday. Mr. Carson noted that there is a ceiling for pre-tax benefits that should be taken into account as well.

Ms. Falcon noted that younger, healthier workers might be the ones who would demonstrate a preference to decline the state’s health insurance in exchange for a greater salary, pointing out that this may threaten the viability of pensions, and additional choices may drive up administrative (staff) costs. Ms. Grogg noted that educators are state employees and these recommendations could affect all state employees. Mr. Morton noted that about 50 percent of state employees are educators, and they receive the same benefits as other state employees. Ms. Jones Avery inquired if potential increased state costs for the uninsured were considered. Mr. Locke noted that they would recommend that the option only be provided to employees who could demonstrate that they were insured elsewhere. Ms. Falcon referenced research that indicated that teachers may not employ the same thought process and may not take advantage of benefits alternatives at the same level as other employees. Dr. Rich recommended that an amendment address the implementation implications.

Mr. Schoenhals drew the group’s attention to the discrepancy of Delaware teacher salaries and benefits with those regionally, noting that as a business leader, he would ask his employees to explore if this discrepancy could be adjusted to become more competitive. He noted his caution in this recommendation because teacher compensation may directly affect student achievement. He encouraged the group to note that Delaware is out of synch, investigate why this is so, and as a state choose whether to continue on this path or not. Mr. Willis agreed that as a state, we should at least look at market rate and consider changing our spending, and while we wouldn’t have to change, we should at least consider our options.

Ms. Grogg asked if BCG had considered comparisons with contiguous districts. Mr. Pritchett responded that BCG investigated contiguous counties in Pennsylvania and found that these districts' salaries may be slightly higher than Pennsylvania's average, but the contiguous Delaware districts are also higher than the Delaware average. Ms. Grogg inquired about New Jersey and Maryland; Mr. Pritchett responded that BCG could look into these in more depth. She noted that recruitment and retention should be considered in this discussion, since generous benefits packages are a tool for Delaware to attract and retain top talent. Mr. Willis noted that as a parent, he feels teachers are underpaid.

Ms. Falcon noted that a state benefits committee actively addresses these issues, and she recommended that the Committee not recommend the flexible benefit design as that is the role of the benefits design committee. She pointed out that there are six benefit plan options from the state. Mr. Pritchett noted that the state currently does allow employee choice, but that the state pays the same amount per person for each option. She also noted that the capture would happen at an overall state level, not just within education.

Dr. Rich asked if the Committee could address the issue without addressing the whole structure of state compensation but keep in mind recruitment, retention and working conditions. He inquired if we know enough to identify potential savings with improved advantages for employees. Mr. Schoenhals reiterated that the compensation and benefits structure could be a tool for recruitment and retention, and should be analyzed and strategically determined whether to continue with that structure. Mr. Locke noted that based on the information examined, BCG had not felt that a recommendation should be put forward at this point. Mr. Puckett asked the committee if exhaustive research would enable the committee to consider putting forward Mr. Schoenhals' recommendation. Mr. Yeatman clarified that the Kids Department can't vote for a family to choose more money rather than insurance. Mr. Locke clarified that the intention was not to allow anyone to go uninsured. Mr. Puckett noted that BCG found no research/evidence that higher benefits result in higher quality teachers (nor any research / evidence that higher benefits don't result in higher quality teachers).

Mr. Schoenhals recommended that the report should acknowledge that compensation/benefits are not in line with the market. He reiterated that he believes teachers are underpaid but that they could be paid smarter. He suggested that he would work with BCG to put forward a proposed amendment for Monday's meeting. Ms. Allen requested that this proposal be included in the pre-read materials.

Ms. Falcon inquired if this recommendation would be in addition to or instead of the current recommendations. Mr. Schoenhals responded that he would determine this over the next couple of days.

Mr. McBride then addressed **construction**. Mr. Herdman inquired if the Ohio example of savings on prevailing wage was an anomaly; Mr. Pritchett responded that while it is not common for schools to be exempted from prevailing wage, it is more common for states to abandon prevailing wage entirely. There are states similar to Ohio, such as Oregon, and many states have proposed this change. Mr. Pritchett noted that 18 of 51 states and DC did not have a prevailing wage law or had repealed the law. Ms. Grogg noted that previous attempts have demonstrated no political will for this recommendation; that the group should consider how this recommendation could change the cost and quality of living for many employees; and that safety considerations should be examined. Mr. Herdman inquired about other safeguard solutions. Mr. McBride noted that estimates were based on two sources: the percentage savings Ohio achieved and

estimates from Delaware facility managers and district CFOs. Ms. Jones Avery noted that charter schools must comply with the same safety regulations (though are not required to pay a prevailing wage). Mr. Locke noted that minimum standards could accompany this recommendation. Ms. Falcon asked about charter school construction costs; Mr. Meece noted that Newark Charter School has built two buildings for about \$100/square foot, while Christina School District has asked for about \$260/square foot for new school construction.

Mr. McBride began to outline **administration and support**, explaining that the options range from cooperation to consolidation of districts and that there are disruptions and complexity implications for each. Mr. Schoenhals noted the time and asked if there were any further questions for BCG before Monday. Mr. Meece asked about seeing how charters would fit into the concepts described under administration and support. Mr. Carson asked for this topic to be first on the agenda on Monday.

Mr. Schoenhals thanked BCG for their presentation. Mr. McBride said that BCG would share their materials on Friday for Monday's meeting.

#### **NEXT STEPS:**

- **Revise recommendations to reflect bus safety amendment (BCG)**
- **Explore national bus safety benchmarks (BCG)**
- **Edit framing of energy best practice recommendation (BCG)**
- **Explore further coordination of benefits and sizing implications (BCG)**
- **Put forward amendment on compensation/benefits in the pre-read materials for Monday's meeting (Mr. Schoenhals and BCG)**
- **Explain charter implications for administration and finance recommendations (BCG)**
- **Send materials in Friday for Monday meeting (BCG)**

#### **IV. Opportunity for public comment**

Mr. Schoenhals asked for public comment. Mr. Riegel responded that he was disappointed that state DOE costs were not examined in the report and encouraged BCG to further investigate this area. He noted that as he understood it, the bus replacement recommendation from BCG applies to bus purchasing, not to bus safety. Finally, he said that BCG should examine prevailing wage to see how it is calculated to determine if savings could be found.

#### **V. Confirmation of next steps and closing**

Mr. Schoenhals announced that the next LEAD meeting would be held Monday, November 19 from 9-Noon in the Cabinet Room of the Townsend Building in Dover. He reminded Committee members to submit their dashboard prioritization surveys to Madeleine Bayard, and noted that a subcommittee will be called to discuss the dashboard.

Mr. Schoenhals asked for further comments, and hearing none, adjourned the meeting.

**NEXT STEPS:**

- **Submit Dashboard Priorities to Madeleine Bayard (LEAD Committee members)**

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

November 19, 2007  
9:00 am – 12:00 noon  
Cabinet Room, Townsend Building, Dover

## Simplified Minutes

**Members attending:** Marvin N. “Skip” Schoenhals, Valerie Woodruff, Greg Meece, Frank Ingram, Vince Lofink, Bill Willis, Sally Coonin, Kevin Carson, Paul Herdman, Jean Allen, Frank Ingram, JJ Davis, Scott Reihm, David Sokola; phone: Connie Bond Stuart, Dan Rich, Barbara Grogg

**Also attending:** Jeff Taschner, Emily Falcon, Michael Morton, Meghan Taylor, Lane McBride, Eric Paradise, Javier Seara, Derek Locke, Madeleine Bayard, J Puckett, Cindy DiPinto, Sarah Grunewald, Kate Fitzgibbon, Dori Jacobson, John Taylor, Kathy Wian, William Pritchett; phone: Howard Weinberg, Mary Jo Faust, Diane Donohue

### Discussion overview:

- I. Call to order
- II. Approval of the November 14 minutes (*Action*)
- III. Cost efficiency study: discussion of efficiency opportunities by Boston Consulting Group and decision on report to Governor (*Discussion/ Action*)
- IV. Formal report and public release plan for cost efficiency study (*Discussion/ Action*)
- V. Other business from the group (*Information/ Discussion*)
- VI. Opportunity for public comment
- VII. Confirmation of next steps and closing

### Discussion notes:

#### I. Call to order

Mr. Schoenhals called the meeting to order and asked those on the phone to introduce themselves. He clarified that Committee members are invited to appoint designees to attend in their place, but only the Committee member may vote. Secretary Woodruff asked guests to sign in if they would like to speak at the end of the meeting.

#### II. Approval of the November 14 minutes

Mr. Schoenhals asked for any comments or questions to the September 14 minutes. Ms. Allen motioned to approve the minutes; Dr. Herdman seconded the motion, which was unanimously approved.

### III. Cost efficiency study (Executive Order #98, 4b): review of high priority efficiency opportunities by Boston Consulting Group

Mr. Schoenhals outlined the process for the meeting. The administration and support area was to be discussed first, and then the other opportunity areas would be discussed. He noted that the term “efficiency opportunities” may be the best way to present the findings to the Governor. He also indicated that, at the end of the meeting, the Committee would decide whether to move ahead with a preliminary report to the Governor or request an extension.

Mr. McBride outlined the agenda, objectives, and process going forward, and then he began with the **administration and support** topic. Dr. Carson inquired about any differences between the November 14 and 19 meeting slides; Mr. McBride responded that they are consistent except the November slides reflect a few private sector examples and small additions.

Dr. Carson noted that consolidation was not discussed during his interview with BCG, asked if interview questions were the same for each Committee member, and inquired how it became an efficiency opportunity. Mr. McBride responded that consolidation had been part of the conversation all along, and while he couldn’t say with certainty it was addressed with each member, many members raised it as an issue during their conversations with BCG. Senator Sokola pointed out that as BCG reviewed past work on education in Delaware, this topic would have naturally come up. Dr. Carson expressed concern that this was not an explicit part of interviews with some educators. Mr. Puckett noted that the facts, synthesis of interviews, and BCG’s judgment led to a conclusion that a shared service or consolidation model would be a possibility because they were looking to achieve scale. Mr. Willis noted that while it was not a question posed by BCG during his interview, he had brought it up himself. Dr. Carson explained that was seeking clarification on this issue so would be able to answer questions about the Committee’s work when asked by non-members.

Ms. Davis inquired if bigger is necessarily better for districts when the state is supporting the proliferation of charter schools that feature the benefits of local control and often need a great deal of support from the Department of Education. Mr. Puckett noted that the charter movement is about autonomy, decisionmaking, and ownership at the school level, not about scale. He encouraged the group to consider the benefits of scale while preserving autonomy, suggesting that non-core, value-added services could be aggregated for economies of scale. Ms. Davis urged that this territory be discussed more broadly, noting that the recommendations focus principally on traditional public schools without considering the full picture.

Mr. Schoenhals added that Vision 2015 was designed to increase decisionmaking at the school level with some centralized control, noting the difficulty of doing so while preserving autonomy and accountability. Dr. Herdman added that the student should be at the center of every decision, no matter at what level the decision is made. He noted that charters could likely benefit from some consolidation of services, as well. Secretary Woodruff agreed that school autonomy needs significant, well-qualified support, but that having district management in the community is helpful in many cases. Mr. Puckett noted that this recommendation addresses sharing services no matter how many districts and charter schools are in Delaware. Ms. Davis noted that there may be an opportunity to centralize charter services, although this is a smaller portion of the budget; she asked that a recommendation be added to this end.

Mr. Meece added that the topic would not be up for discussion unless BCG thought it would save money, but noted that private practices may not apply to government agencies. He expressed concerns that consolidation could reduce student achievement and not save any money (due to leveling up of salaries or new needs). He provided history of statewide committees and research at the University of Delaware that has found that consolidation would not save money. Mr. Locke pointed out that the way in which shared services or consolidation is executed and the related incentives would be extremely important to its success in providing efficiencies. Mr. Puckett noted that previous studies had assumed that the current funding system would remain in place, and the group should not be constrained to the current funding system but consider potential changes.

Dr. Carson illustrated that bigger may not be better by comparing district size to student achievement and by sharing an example of how personalization in the community can be positive. Mr. Meece expressed concern that bigger districts do not promote flexible decisionmaking, school pride, or parent engagement.

Ms. Davis noted consolidation of some services, such as human resources, technology, and transportation, make the most sense. She urged the Committee to look across business centers to see where pooling might occur.

Mr. McBride walked through the three options under the administration and support cost savings bucket: 1) cooperation, which addresses what could be done differently in the current system to save money, 2) shared services, in which service agreements may be needed, and 3) consolidation, which is the simplest structure but may be the most disruptive.

Mr. Schoenhals asked if charters could cooperate with districts today. Mr. Meece responded that some do, for example, on food service. Secretary Woodruff added that cooperation does not happen to the extent it should due to local control. Mr. Locke added there is a scale at which districts can achieve savings, and the hope would be that charters would leverage that benefit. Secretary Woodruff expressed that cooperation/shared services should be applied broadly to both charters and districts. Mr. McBride noted this approach requires tradeoffs and courage to overcome the inefficiencies of the current system. Dr. Carson noted small districts must achieve efficiencies by assigning individuals to multiple job functions.

Ms. Allen reasserted the guiding principle that student outcomes must drive decisions. Mr. Puckett explained that BCG has not been able to show a correlation between spending and student achievement, and BCG would need a reason to believe student achievement would go down in order not to recommend these items. He added that BCG has no reason to believe that scale would move student achievement up or down, noting that governance may have a correlation, but urged the group to consider whether they are buying the best they can and whether it might be worth trying to get some of the savings put forth. Senator Sokola noted that some studies have looked at the result of desegregation and found that efficient spending can deliver more to the same classroom. Mr. Willis noted that if Delaware were rated first nationally, the group would not be in the room discussing the topic of efficiencies.

Mr. Reihm cautioned that using the unit count for enrollment does not take into account the adult populations served by some districts. Mr. McBride noted that estimates did not take into account leveling

up of salaries and that previous studies have assumed that there would be a need to level up. Ms. Davis, Ms. Allen, and Mr. Taschner agreed with that conclusion. Mr. Locke noted that those types of issues might drive a decision to consolidate to 4-5 districts.

Mr. Schoenhals and Secretary Woodruff concluded that the group generally was not supportive of consolidation of districts but is supportive of consolidation of services and realignment of roles and responsibilities. Mr. Schoenhals added that the group needs to figure out how to get some piece of the savings and they may need to ask for more time to develop such a plan. Dr. Herdman suggested that shared services and realignment of roles and responsibilities be considered a first step, and consolidation could be considered later. Ms. Grogg suggested a better definition of roles and responsibilities be developed. Secretary Woodruff suggested that additional time would allow the group to lay out what that means and how roles could be realigned, and what economies would be found.

Mr. McBride turned the group's attention to the recommendations and findings related to the **Department of Education**. Secretary Woodruff and Ms. Davis questioned some of the data shared and asked BCG to work with their data sources at DOE to make sure the data used is correct, particularly in the travel and purchasing areas. Mr. Schoenhals shared with the group that the DOE had not been examined until suggested at the November 14 meeting, and he credited Secretary Woodruff with encouraging BCG to examine her department as part of this study. Secretary Woodruff noted that DOE provides a number of centralized services to districts.

Mr. Schoenhals reiterated that he would presume that the group agreed the recommendations should be included unless items are removed by a 2/3 vote. Secretary Woodruff clarified that the group would go through recommendations page by page rather than voting on the entire slate at this time.

Mr. McBride then addressed **transportation**. Ms. Davis recommended that the second recommendation about bus safety be considered. Ms. Allen noted that the area of bus safety had been discussed at the last meeting. Ms. Davis suggested a financial incentive be provided but that the Committee not recommend changing the required replacement age. Senator Sokola noted that there is a national movement to retire school buses earlier and replace with hybrids, which may make this recommendation moot in the near future. He also noted that, for political reasons, he didn't believe the third recommendation about eliminating public support for non-public school student transportation could be implemented. Mr. Schoenhals and Secretary Woodruff asked for language and a vote about Ms. Davis' proposed amendment about replacement age. The group voted, with 12 in favor\* to keep the recommendation as it is written. Ms. Davis offered to write a "minority" opinion for the Appendix of the report to address her concerns.

Senator Sokola and Ms. Allen again expressed that the recommendation about non-public school student transportation will be a difficult political battle to take on. Mr. Schoenhals asked for a recommendation to reword or remove the recommendation. Senator Sokola asked that the recommendation be to consider ways to consolidate and save going forward. Mr. Puckett pointed out that this is not a matter of

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\* The following individuals voted to preserve the amendment as written: Ms. Grogg, Mr. Herdman, Mr. Ingram, Rep. Lofink, Mr. Meece, Mr. Reihm, Dr. Rich, Mr. Schoenhals, Sen. Sokola, Ms. Stuart, Mr. Willis, Secretary Woodruff. The following individuals voted to add Ms. Davis' proposal: Ms. Allen, Ms. Davis, Mr. Carson, and Ms. Coonin.

efficiency, as families get a stipend whether the student rides the bus or not, but rather it is a benefit families get for their choice of attending private school, and therefore a philosophical decision as to whether the state should provide it or not. Senator Sokola pointed out that the public already funds nurses and drivers' education courses for nonpublic school students, and that Pennsylvania even provides transportation for public school students for students attending private schools in Delaware. Mr. Meece noted that in contrast, public charter schools in Delaware don't necessarily get nurses currently available to private schools or other types of funding, such as capital. Dr. Herdman suggested that we preserve the recommendation to remain intellectually honest about where savings could be found and not to be swayed by political considerations. Ms. Allen, Ms. Coonin, Senator Sokola, and Representative Lofink reasserted that common sense and other considerations should come into play. An amendment was not suggested on the fly, but Mr. Schoenhals suggested that a Committee member submit an amendment at the next meeting for the group to revisit the recommendation at the next meeting.

Mr. McBride introduced the topic of **purchasing**. Ms. Davis suggested that the recommendations should apply to districts and charter schools. Secretary Woodruff inquired if the recommendation would make the purchasing voluntary or required. Mr. Locke noted that BCG's intention is that they be mandatory. Mr. Schoenhals recommended a stronger wording of the recommendation, and Ms. Allen suggested that the recommendation be clarified. Mr. Puckett suggested adding language such as "with required participation from state, district, and charter schools." Dr. Carson inquired how this would be different from the office of purchasing currently at the Office of Management and Budget. Ms. Davis suggested that a council would inform the contract officers at OMB, and participation on the council would be mandatory, as well as the buying that resulted from it. Mr. Schoenhals suggested that this be reworded to indicate that it would be user-friendly required participation in purchasing, or something similar. Mr. Willis encouraged the group to consider the impact of these recommendations on the interests of small businesses in Delaware.

Mr. McBride offered the recommendations related to **energy**. No comments or amendments were discussed.

He then moved onto **benefits**. Mr. Schoenhals' proposed amendment on studying benefits and salaries was discussed. Ms. Grogg inquired about the regional comparisons; BCG provided background on the regional counties and states used as well as the total compensation package included in the analysis. Senator Sokola suggested that looking at trends rather than how to save currently might provide some thoughts about restructuring in the future to give a higher percentage of benefits in salaries, noting that healthcare costs have gone up quite a bit in recent years. Mr. Locke clarified that the recommendation was not intended to reduce benefits but rather to attract, recruit and retain employees through the benefits structure. Ms. Grogg inquired about implementation given the impact on other state employees; Ms. Davis responded that state benefits could not be bifurcated but rather additional benefits at the district level might be renegotiated. Mr. Schoenhals reiterated that he is suggesting that Delaware's benefits package is out of synch and should be considered to determine if this is a choice that is serving us well to give teachers what makes the most sense. Ms. Grogg suggested that while the recommendation could be a possible recruitment tool, it may not be as effective for retention and the entire system should be considered. Mr. Puckett reiterated that the recommendation would provide a choice to teachers. Dr. Herdman encouraged the group to think in terms of the future and not limit the recommendations based on their applicability to all state employees.

Secretary Woodruff noted that the legislatively-mandated compensation committee is addressing these issues and has begun the discussion. She suggested that LEAD recommend that the compensation committee examine the compensation package broadly. Dr. Rich suggested that that group be tasked with a recommendation in 2008. Ms. Grogg urged that base level salaries should be “professional” during these considerations; Dr. Rich and Mr. Schoenhals agreed. Mr. Schoenhals noted that the statement shouldn’t be made in a vacuum and other considerations should be included in the amendment. Dr. Herdman suggested that recommendation call for the compensation committee to report back by June 2008. Secretary Woodruff suggested that such language be reviewed before the next meeting.

Mr. Schoenhals suggested that he and Secretary Woodruff would ask the Governor for an extension beyond December 1, and he suggested the Committee meet again before the scheduled December 17 meeting.

**NEXT STEPS:**

- **Include explicit discussion of the desired impact of these recommendations on charter schools (BCG)**
- **Review language about benefits recommendations before the next meeting (LEAD Committee)**
- **Send materials in advance for December meetings (BCG)**
- **Schedule additional meeting (LEAD Committee)**

**IV. Opportunity for public comment**

Mr. Schoenhals asked for public comment; no members of the public responded.

**V. Confirmation of next steps and closing**

Mr. Schoenhals announced that an additional meeting would be scheduled if possible. He reported that six dashboard submissions had been contributed and asked for interest in the subcommittee, which would be meeting in the coming month or so. Ms. Coonin, Ms. Falcon, and Ms. Grogg expressed interest in serving on the subcommittee. Mr. Schoenhals distributed the DPPI report “How Good is Good Enough? Student Achievement, Spending, and Delaware’s Future.”

Mr. Schoenhals asked for further comments, and hearing none, adjourned the meeting.

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

December 4, 2007  
2:30 – 5:00 pm  
Cabinet Room, Townsend Building, Dover

**Members attending:** Marvin N. “Skip” Schoenhals, Valerie Woodruff, Greg Meece, Frank Ingram, Bill Willis, Kevin Carson, Paul Herdman, JJ Davis, Scott Reihm, Barbara Grogg, Dan Rich, Raye Jones Avery, Cari DeSantis; phone: Sally Coonin, Connie Bond Stuart, David Sokola

**Also attending:** Emily Falcon, Michael Morton, Meghan Taylor, Lane McBride, Eric Paradise, Javier Seara, Derek Locke, Madeleine Bayard, J Puckett, Cindy DiPinto, Dori Jacobson, William Pritchett, Howard Weinberg, Diane Donohue, Jack Polidori, Pat Savini

## **Discussion overview:**

- I. Call to order
- II. Approval of the November 19 minutes (*Action*)
- III. Cost efficiency study: discussion of efficiency opportunities by Boston Consulting Group and decision on report to Governor (*Discussion/ Action*)
- IV. Confirmation of next steps and closing

## **Discussion notes:**

### **I. Call to order**

Mr. Schoenhals called the meeting to order and asked those on the phone to introduce themselves. He asked guests to sign in if they would like to speak at the end of the meeting and noted that the next meeting will be held December 17 at 2:00 pm in the Cabinet Room.

### **II. Approval of the November 19 minutes**

Mr. Schoenhals asked for amendments to the November 19 minutes. Ms. Grogg asked that her name be moved up to the members list and that Mary Jo Faust’s name be corrected. Secretary Woodruff motioned to approve the minutes as amended; Mr. Reihm seconded the motion, which was unanimously approved.

### **III. Cost efficiency study (4b): review of high priority efficiency opportunities by Boston Consulting Group**

Mr. Schoenhals outlined the process since the last meeting, for the meeting, and for moving forward. He noted that BCG had spoken with 13 of the 18 members of the Committee in order to prepare for the meeting. Amendments had been proposed and circulated; they would require a 2/3 vote to be adopted. The entire slate of recommendations as amended will be voted on as well after the discussion of each individual recommendation. He announced that the Governor had provided additional time for the Committee to complete its work to ensure adequate participation from members, but encouraged the Committee to submit its findings as soon as possible. The goal is to submit the report by the end of December, or, at the latest, early January.

He noted that during his and Secretary Woodruff's conversation with the Governor, she encouraged the Committee to put all the findings on the table for discussion. Secretary Woodruff pointed out that some recommendations will create angst for various members of the Committee, but encouraged the committee to present all the findings to the Governor and her successor, noting that many will require further consideration and study.

Mr. Schoenhals noted that the Committee had used the terms "recommendations" but "efficiency opportunities" might serve as the preferred term for the Committee. Citing his personal preference for "recommendations," he agreed that "efficiency opportunities" would serve the Committee's purposes as long as the Committee keeps all the opportunities on the table. Mr. Schoenhals drew the group's attention to a handout, which provided draft text for the preamble introducing the report. The text was drafted to explain the process of ensuring that all the facts are put on the table while qualifying the support of the Committee. Ms. Bond Stuart asked if she might express her perspective as she would have to leave the meeting early. She underscored the work of the Committee and BCG to date, and the investment that had been made, and she noted her strong preference for all the findings to be kept on the table. She continued that as LEAD is not the decision body, the burden is not on the Committee to implement the efficiency opportunities, but to put forth recommendations of efficiencies that might be reinvested to benefit children. *[Note: As Ms. Bond Stuart could only participate in the beginning of the meeting, her votes are not included in the tallies below.]* Secretary Woodruff asked the Committee if they were comfortable with the "efficiency opportunity" language; the group unanimously supported the use of this term.

Mr. Schoenhals then began to take the Committee through the amendments as submitted in advance of the meeting, beginning with those related to **transportation**. Mr. Willis suggested language specifying that comprehensive districts, charter schools, and vocational districts share buses and bus routes if it would improve route efficiency. Ms. Grogg asked why this would not be covered in the second opportunity related to management of bus routes, suggesting that this level of detail may be too specific and limiting. Mr. Willis agreed it may be too detailed, and he suggested a footnote to the second opportunity. Secretary Woodruff suggested that this should be added as an example of something that should be considered.

Ms. Grogg expressed concern that examples could limit how some items may be implemented, and recommended that broad exploration be encouraged. Mr. Schoenhals noted that a balance would need to be struck when writing the report, and the Committee will get an opportunity to review the report before it becomes final. Dr. Carson recommended that any important implementation details be included in the language, not the footnote or appendix, as many policymakers may not read the fine print. Dr. Herdman's proposed amendment specifying the areas to which the opportunity applied was discussed. Dr. Herdman

and Mr. Schoenhals suggested that this amendment may be too detailed and is already included in the currently listed opportunities. The group agreed that they were comfortable moving on.

Mr. Schoenhals drew the group's attention to an opinion Ms. Jones Avery had submitted in writing in advance. She noted a correction to the second to last sentence of the fourth paragraph, which should read "private" instead of "public" schools. Mr. Meece agreed with her submissions.

Mr. Schoenhals introduced the topic of **purchasing**. Mr. Meece argued that, given the intent (as expressed in Delaware code) that charters be free of most laws and regulations, that charters not be required to participate in statewide purchasing. Mr. Meece further stated that he expects many charters would participate regardless. He expressed concern that a one-size-fits-all system will not provide flexibility or fit the needs of charter schools' mission and purpose. He also noted that since charters currently constitute only seven percent of the state spend on education, an exemption would have little effect on the economies of scale the state could achieve. Ms. Grogg asked how, if the opportunity was advantageous to all schools, it would not benefit charter schools as well. Mr. Meece responded that charters are fast-moving and by design have been freed from the bureaucratic decisionmaking that can hinder their flexibility. He also noted that charters often can save more at times by negotiating with local contractors or parents than they may by working through the state's contract. Mr. Willis noted that his amendment had the same intention. Dr. Rich noted that his concern was that the amendment was categorical and only applies to a subset of schools, adding that this may be an implementation decision beyond the scope of this Committee.

Secretary Woodruff pointed out that LEAD recommendations address items that may need to be changed in code, and the task of the Committee is to evaluate how money can be used in the most efficient way possible. She recommended that the recommendation specify that charters would purchase off the state bid unless they can negotiate a better deal elsewhere. Dr. Herdman suggested that should be the default position for all schools. Secretary Woodruff responded that the state will be able to leverage purchasing power and should include all schools, adding that an exemption for charters from the outset would not make sense. Mr. Meece expressed that the current process for working within existing contracts is not simple, given the time and paperwork required, noting that a mandate would change the way charters are fundamentally different. Mr. Schoenhals commented that the discussion was philosophical, but being applied practically.

Dr. Rich suggested that the group consider the third proposed amendment before taking a vote on the second. Mr. Willis agreed with this approach if "equal or better" was added on the next to last line and amendments two and three were combined. Dr. Herdman and Dr. Rich agreed. Mr. Puckett illustrated that the two amendments were different; one was attempting to ensure fairness to Delaware retailers and the other was to allow purchasing around the state contract. Ms. Davis asked about the intention of the language regarding fairness to Delaware retailers. Mr. Willis responded that the required process and cost to businesses to become bonded was too cumbersome, but conceded that he would agree to move on without that amendment. Dr. Carson noted that providing an option to opt out may weaken the state's negotiating power with vendors; he asked if districts could piggyback onto charter's contracts if they can negotiate lower rates. Ms. Davis responded that if districts or charters regularly could find better deals in a given category, the state should revisit the corresponding statewide contracts. Dr. Carson asked about vendor capacity issues. Mr. Schoenhals reminded the Committee that their task is not to solve implementation challenges. Secretary Woodruff suggested an amendment that would allow DOE to

participate in the purchasing recommendation in addition to districts and charter schools. Dr. Herdman and Mr. Meece asked if speed, flexibility, and business loyalty would be adequate in such a system. Mr. Schoenhals called for a vote on the third opportunity as amended; the group unanimously voted in favor. He then asked about the first amendment; Mr. Meece agreed to move on without a vote, although he maintained that he philosophically did not agree [with mandating charters' participation].

Mr. Schoenhals offered the opportunities related to **energy**. No comments or amendments were discussed.

He then moved to **benefits**, and asked if the first three amendments submitted by Secretary Woodruff, Dr. Rich, and Dr. Herdman could be combined. Secretary Woodruff suggested that this opportunity be considered by the legislative Compensation Task Force to ensure it becomes part of the conversation underway. Dr. Rich noted that a combined amendment would be most beneficial. Ms. Grogg reiterated her concern about examples limiting the scope explored by the Committee. Dr. Rich suggested that it be amended to read "include but not be limited to." Mr. Reihm asked if this amendment would be in addition to the opportunities on the original slide or would replace them. Dr. Herdman suggested that it should be in addition to, as the opportunities address the "what" and the amendment would address the "how." Secretary Woodruff suggested that there would be no need for other opportunities as listed because the intent was to incorporate or replace those proposed previously. Mr. Reihm inquired about attaching savings to that type of recommendation. Ms. Davis suggested a range of \$0-29m be attached.

Ms. Grogg inquired if the pension plan could be addressed by the Compensation Committee given its scope and charge, and she noted that she would like pensions to be removed from the conversation altogether. Secretary Woodruff urged that the Committee consider pensions, particularly in light of changing teacher preferences with regard to their salary and benefits package. Ms. Grogg cited research that new teachers don't always choose more salary in lieu of pension benefits, and that these types of choices could have broader impacts on healthcare in Delaware. Mr. Locke noted the original intent was to consider salary, benefits and pension together as a package. Ms. Davis noted that they are all connected to each other and to a bigger statewide discussion beyond education. Ms. Grogg reiterated that this may not be within the charge of the Committee; Secretary Woodruff responded that it could be. Mr. Reihm noted that the BCG cost estimates are associated with a specific recommendation, so it will be difficult to associate a savings opportunity figure with this. Dr. Herdman encouraged the group to keep all the opportunities on the table but suggested this amendment as an action step. Secretary Woodruff argued that the action step could be included in the proposed amendment which would replace the opportunities. Dr. Rich suggested that the footnotes imply connections between all the opportunities; Dr. Herdman noted that he wanted to ensure that the items currently detailed on page 24 are accurately reflected in the final draft. Mr. Schoenhals asked for a vote on replacing the opportunity with the proposed amendment and a \$0-29m range.<sup>i</sup> Mr. Willis noted that there could be an opportunity to double these savings through implementation if the policies were implemented for all state employees.

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<sup>i</sup> The following individuals voted to incorporate the language changes suggested by Ms. Davis and Mr. Schoenhals: Dr. Herdman, Ms. Jones Avery, Mr. Meece, Mr. Schoenhals, Senator Sokola, Dr. Carson, Ms. Coonin, Ms. Davis, Secretary DeSantis, Mr. Ingram, Mr. Reihm, Dr. Rich, Mr. Willis, and Secretary Woodruff. Ms. Grogg voted against this amendment.

Mr. Schoenhals then drew the group's attention to **construction**, in particular to the first amendment proposed by Mr. Meece. Mr. Meece noted that this amendment was presented in the spirit of cost efficiency, as conduit bond financing can save charter schools money and they should be explicitly allowed to participate as any other 501(c)3 in Delaware can do. Ms. Davis suggested that since this will be debated in the General Assembly this year, it should not be included in the LEAD report. Mr. Meece responded that including it here could influence that debate. Ms. Davis stated that there are fundamental technical and financial issues associated with the issue. Ms. Jones Avery expressed concern about whether this topic actually would be fully discussed in the General Assembly this year. Ms. Grogg suggested that this amendment is outside the scope of the recommendations of the LEAD Committee. Mr. Meece countered that it is relevant because capital and interest rates have been addressed; Ms. Jones Avery supported Mr. Meece's statements about relevance. Mr. Schoenhals noted that there is an appearance that an opportunity exists for charters to save interest costs and implementation issues may exist, and he suggested the Committee indicate this opportunity. Ms. Grogg assured the group that a bill would be introduced in the General Assembly this year to clarify this point.

Dr. Herdman suggested that the word "evaluate" be added and that the amendment could apply to financing for districts and charters, which would raise the issue without making a hard recommendation. Mr. Meece agreed with the intention but noted that this did not completely cover the point made in his proposed amendment, noting that if the Committee was to be intellectually honest, this was an area where savings could be found. Ms. Davis stated that this was not a question of savings but of long-term policy and economic development consequences in the state. Mr. Ingram noted that the state does not currently finance capital projects in charters.

Senator Sokola agreed the issue was a bigger policy discussion, but noted that the law already states that funding to charter schools may be used for a variety of purposes including capital, and they should not be the only nonprofit that are ineligible for conduit bond financing (both as a matter of policy and as an interpretation of the current law). He noted that the risks taken in such financing are entirely on the investors, not on the state. He expressed concern that discussions about conduit bond financing were including misinformation and irrelevant information.

Secretary Woodruff noted that the savings in this case would not be captured by the state. Ms. Jones Avery pointed out that there are costs and potential savings as charter schools have to finance capital expenses. Ms. Davis noted that funds would be saved at the local level (i.e., by the charter school itself) and suggested adopting Dr. Herdman's recommendations or removing the amendment. Secretary Woodruff noted that the Committee's discussion indicates that this issue needs to be addressed. Dr. Rich proposed that words to the effect of "should be" and "financing" also be added. Mr. Schoenhals called for a vote on the proposed changes, asking what would satisfy Mr. Meece if the Committee were to withdraw his amendment; Mr. Meece suggested adding "such as conduit bond financing" to the existing opportunity listed. Dr. Rich asked if any Committee members would be opposed; Ms. Grogg, Ms. Davis, and Dr. Carson indicated they were. Mr. Schoenhals then called the vote for whether conduit bond financing should be mentioned; the amendment was not approved.<sup>ii</sup> He then called for a vote on the

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<sup>ii</sup> The following individuals voted to include language about bond financing: Dr. Herdman, Ms. Jones Avery, Mr. Meece, Mr. Schoenhals, and Senator Sokola. The following members voted against this amendment: Dr. Carson, Ms. Coonin, Ms. Davis, Secretary DeSantis, Ms. Grogg, Mr. Ingram, Mr. Reihm, Dr. Rich, Mr. Willis, and Secretary Woodruff.

language proposed by Dr. Rich and Dr. Herdman; the amendment was approved.<sup>iii</sup> He then asked if Mr. Meece would like to withdraw his amendment; he agreed that he would.

Ms. Grogg offered an amendment suggesting that the second construction opportunity on prevailing wage should be eliminated as Delawareans are experiencing stagnant wages and that prevailing wages has provided greater safety and quality in some construction projects. Mr. Schoenhals called for a vote on the amendment to remove the prevailing wage opportunity; the Committee did not approve the amendment.<sup>iv</sup> Mr. Schoenhals suggested that the report explicitly mention an idea uncovered in the research: the five-year trial of school exemption from prevailing wage by Ohio. Dr. Herdman agreed that it should be explicit. Ms. Davis suggested that the language suggest a pilot to study the opportunity. Mr. Schoenhals reiterated that he feels it is the responsibility of the Committee to inform policymakers and the public of the cost of policy decisions, understanding that immediate policy change may not occur. Ms. Grogg reiterated that the Committee should consider concerns for workers and savings for Delaware. Mr. Schoenhals recommended that both the pilot and the Ohio approach be incorporated and that the new amendment text be circulated for approval, and he asked for a vote as to including such language. The new amendment was adopted.<sup>v</sup>

Secretary Woodruff outlined her recommended amendments on the topic of **administration**. She noted that bigger may not always be better, adding that local relationships and communities have value in education. She suggested the Committee not recommend consolidation, but rather (1) remove the opportunity related to smaller school districts (2) remove the language about “considering broader consolidation” and (3) clearly state the recommendation to examine shared services among districts and charters. Regarding the third point, she offered that DOE could provide the convening function for a group that would include districts, charter schools, and higher education. Mr. Puckett pointed out that if the state were committed to a shared services model (over a district consolidation approach), it could be attempted, and if the state discovers that the stakeholders were not as committed as they should have been, the recommendation as originally stated provides an opportunity to do something differently. Dr. Rich argued that the statement was contradictory and should be revised to be as clear as possible. Ms. Jones Avery noted that some community members in the city of Wilmington feel that, as a state, we should be looking more carefully at the distribution of city students among districts. Mr. Schoenhals responded that he felt that idea was consistent with the comments of considering consolidation.

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<sup>iii</sup> The following individuals voted to incorporate the language changes suggested by Dr. Rich and Dr. Herdman: Dr. Herdman, Ms. Jones Avery, Mr. Meece, Mr. Schoenhals, Senator Sokola, Dr. Carson, Ms. Coonin, Ms. Davis, Secretary DeSantis, Mr. Ingram, Mr. Reihm, Dr. Rich, Mr. Willis, and Secretary Woodruff. Ms. Grogg voted against this amendment.

<sup>iv</sup> The following individuals voted to remove the opportunity regarding prevailing wage: Ms. Coonin, Secretary DeSantis, Ms. Grogg, and Mr. Ingram. The following members voted against this amendment: Dr. Carson, Dr. Herdman, Ms. Jones Avery, Mr. Meece, Mr. Reihm, Dr. Rich, Mr. Schoenhals, Senator Sokola, Mr. Willis, and Secretary Woodruff.

<sup>v</sup> The following individuals voted to incorporate the language changes suggested by Mr. Schoenhals regarding the approach to the prevailing wage exemption: Dr. Carson, Ms. Coonin, Ms. Davis, Dr. Herdman, Ms. Jones Avery, Mr. Meece, Mr. Schoenhals, Senator Sokola, Mr. Ingram, Mr. Reihm, Dr. Rich, and Secretary Woodruff. Ms. Grogg voted against this amendment. Secretary DeSantis and Mr. Willis were absent during this vote.

Mr. Schoenhals expressed a conviction that if the Committee does not take a position on consolidation, it would suffer credibility challenges. He granted that if the group could make the argument that shared services would provide significant savings, it could be a possible way to deal with the topic. Secretary Woodruff observed that Vision 2015's recommendations related to autonomous schools are different than the notion of consolidation, adding that shared services could result in major savings. Dr. Rich added that the assumption that consolidation of governance would result in cost savings has not been completely evaluated and runs against the Vision 2015 plan, which was designed to be school-based, and flexible. Mr. Schoenhals agreed but pointed out that "bounded autonomy" has nothing to do with the size of a district. He provided the example of Edmonton, Alberta, Canada, a district with almost the same number of students as Delaware that provides high-quality education under one district. Secretary Woodruff noted that Edmonton's students are located in a smaller geographic area.

Dr. Rich noted that the group was making assumptions about management without including the details. Dr. Herdman suggested that implementation was not the task of the Committee, but rather the potential savings was the task. Noting agreement on the shared services approach, he suggested that the long-term possibilities of consolidation should be stated. Mr. Schoenhals clarified that the opportunity would recommend a shared services approach, which at the end of three years would be revisited. Mr. Schoenhals added that language should be included to the effect that bigger may not always be better regarding governance. Secretary Woodruff suggested removing consolidation from the opportunity report and revisiting this option after five years rather than three. Mr. Schoenhals called for a vote a revision of Secretary Woodruff's amendments as follows: (1) remove the opportunities related to smaller school district consolidation (2) change the time after which shared services would be considered to five years rather than three (3) edit language about "reconsidering broader consolidation" to read "considering consolidation" and (4) remove the language about considering consolidation "if savings and/or high service quality have not been achieved." The amendments were adopted.<sup>vi</sup>

Mr. Schoenhals turned the group's attention to the recommendations and findings related to the **Department of Education**, but noted that the meeting time had expired.

Secretary Woodruff suggested that the Committee see all the final edits in front of them before voting on the full slate of opportunities. Mr. Schoenhals suggested a straw poll to gauge whether the group agreed the report was headed in the right direction if all the modifications from today's meeting were included. Twelve of the fourteen members remaining agreed that it was.

Mr. Schoenhals suggested that the group reconvene at the next meeting to discuss the amendment relating to charter schools at the end of the meeting document.

#### **NEXT STEPS:**

- **Incorporate amendment language as agreed upon, circulate for comment (BCG)**

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<sup>vi</sup> The following individuals voted to incorporate the language changes suggested by Secretary Woodruff: Dr. Herdman, Mr. Meece, Mr. Schoenhals, Senator Sokola, Ms. Coonin, Ms. Davis, Secretary DeSantis, Mr. Reihm, Dr. Rich, Mr. Willis, and Secretary Woodruff. Ms. Grogg, Mr. Ingram, and Ms. Jones Avery voted against this amendment. Dr. Carson abstained.

- **Review draft text submitted in advance of the next meeting (LEAD Committee)**
- **Send materials in advance for December 17 meeting (BCG)**

#### **IV. Confirmation of next steps and closing**

Mr. Schoenhals asked for further comments, and hearing none, adjourned the meeting.

# Leadership for Education Achievement in Delaware LEAD Committee

*Established by Governor Ruth Ann Minner, Executive Order #98*

December 17, 2007  
2:30 – 5:00 pm  
Cabinet Room, Townsend Building, Dover

## **Preliminary Minutes (not yet approved)**

**Members attending:** Marvin N. “Skip” Schoenhals, Valerie Woodruff, Greg Meece, Frank Ingram, Kevin Carson, Paul Herdman, Scott Reihm, Barbara Grogg, Dan Rich, Sally Coonin, Connie Bond Stuart, David Sokola, Vince Lofink; phone: Raye Jones Avery

**Also attending:** Emily Falcon, Meghan Taylor, Lane McBride, Eric Paradise, Javier Seara, Madeleine Bayard, Cindy DiPinto, Dori Jacobson, William Pritchett, Howard Weinberg, Diane Donohue, Sue Francis; phone: J Puckett

### **Discussion overview:**

- I. Call to order
- II. Approval of the December 4 minutes
- III. Cost efficiency study: discussion of efficiency opportunities and decision on report to Governor
- IV. Funding study (4c): proposed process
- V. Confirmation of next steps and closing

### **Discussion notes:**

#### **I. Call to order**

Mr. Schoenhals called the meeting to order and asked those on the phone to introduce themselves. He asked guests to sign in if they would like to speak at the end of the meeting.

#### **II. Approval of the December 4 minutes**

Mr. Schoenhals asked for any comments or questions to the December 4 minutes. Senator Sokola motioned to approve the minutes as amended; Ms. Grogg seconded the motion, which was unanimously approved. Mr. Schoenhals noted that roll call voice votes would be recorded going forward.

#### **III. Cost efficiency study (4b): review of high priority efficiency opportunities**

Mr. McBride outlined the documents presented and the process moving forward. Dr. Carson inquired if the appendix would be considered part of the full report; Mr. Schoenhals responded that it would be. Secretary Woodruff noted that all the materials would be made available online.

Mr. McBride outlined the agenda for the discussion, beginning with amendments, then addressing the data in the DOE section, voting on the slate, discussing the documents, and outlining next steps. He noted that any member would have the opportunity to submit a minority report (*NOTE: these are now referred to as "committee member statements"*) on any item regardless of his or her vote. The next steps would be for BCG to make edits, which would be sent to Secretary Woodruff and Mr. Schoenhals for review, shared with the Committee, and then presented to the Governor and General Assembly. Mr. Schoenhals noted that the group would plan to reconvene if necessary. Ms. Grogg inquired if minority reports will be attached to the report and considered part of the report. Mr. Schoenhals responded that it was the case.

Mr. Schoenhals drew the Committee's attention to the administration opportunities and amendments. Secretary Woodruff restated her suggested amendment that DOE would convene a committee to research shared services models and develop a business plan for implementation. Senator Sokola noted that this issue has been discussed in other states and inquired if we had any relevant data. Secretary Woodruff stated that she had some reference points, mostly through conversations with colleagues in other states. She noted the need to evaluate the logical approach, whether regional or statewide. Senator Sokola suggested that research from other places might help Delaware avoid some pitfalls.

Dr. Carson spoke in favor of the amendment, but he questioned the relationship with the current documents that are specific about cost savings and how they would occur. For example, he noted, a portion of the appendix calls for state- or county-wide models with an associated cost of \$25-34M. He distributed pages 163 and 165 of the appendix, drawing the group's attention to the personnel adjustments recommended. He expressed a concern that the group had not discussed this opportunity as a group adequately and noted that the documents will all become subject to media review and, as a result, will raise issues for the employees that would be affected. He believes that implementation is a function of the Committee, noting that this opportunity is the only one that carries forward with a specific recommendation on a significant reduction of personnel. He inquired if the report needed this level of specificity.

Secretary Woodruff asked if slides 163 and 165 were still appropriate and correct given her amendment; Dr. Carson suggested that the amendment provides a different picture. Secretary Woodruff stated that the full extent of the implementation and implications associated with this opportunity had not been discussed by BCG, and she is concerned the appendix will no longer be accurate depending on the implementation recommendations. She believes that regional models need to be explored in addition to county and state models. Mr. Reihm noted that if the appendix is removed the savings estimates would no longer be appropriate to include. Secretary Woodruff agreed that we don't yet know the exact savings, but she suggested adding a notation to this effect. Mr. Reihm noted a caution that, even with a note, the savings figures would be made public and could raise issues. Dr. Carson noted a concern that personnel and physical costs had not been fully considered. Mr. Schoenhals responded that this level of detail may not need to be noted here. He urged that as the majority of the system investment is spent on salary, the LEAD report should be up front about cost efficiency opportunities. He suggested that the savings figure be kept in the report with a notation referencing the figure as an estimate based on two models used by

BCG, but that further study would consider what the appropriate model would be. Ms. Grogg opposed this suggestion, urging that the two appendix pages be removed but be shared with the group convened by DOE. She expressed concern at this content, noting the main purpose of the group—to develop an efficient system and support high achievement—was in conflict with the discussion of personnel related to instructional support. Ms. Stuart stated that the Committee would be less than honest if this figure was not considered, as the efficiency opportunity could mean that, through reinvestment, we could put more staff in the classroom to help students. She continued that it shouldn't be seen as a reduction necessarily, but could be a net tradeoff. She recommended the group honestly present all the potential savings opportunities. Dr. Herdman suggested the Committee move forward with Secretary Woodruff's recommendations, noting the figure is based on assumptions of implementation. Mr. Meece asked for clarification if the numbers of personnel reductions were net losses; Mr. McBride responded that they were.

Mr. Schoenhals called for a vote on the amendment first and then the two slides. The amendment was adopted.<sup>i</sup> The group voted to include the two slides with a notation per Secretary Woodruff's recommendation.<sup>ii</sup>

Mr. Schoenhals then drew the group's attention to Mr. Meece's proposed amendment. Mr. Meece introduced his amendment, noting that he could also use this language for his minority report. He stated that Delaware operates two systems of education: one for traditional schools and one for charters. He noted that the functioning of each is intended to be different, and he expressed concern that many of the recommendations could inadvertently reduce the flexibility of, or close down, charter schools, adding that charters are different and should be considered differently in regard to the proposed amendments. He provided the example that requiring geothermal energy best practices could mean that his school would be out of compliance because he does not have capital funding to invest in such a project. Mr. Meece added that he agrees with slide 9, the statement on charters written by BCG. Ms. Grogg suggested that his proposed amendment on slide 8 be discussed first.

Ms. Grogg stated that she is not clear on why this amendment would be needed, as she didn't see how the implementation of efficiency opportunities could be detrimental to charters and didn't believe they should be separated out in a different way. Mr. Meece responded that vo-tech schools are considered differently because they have a different function, as charters do. Ms. Grogg noted that the details of implementation have not been decided and that public education is the same mission for any school. Mr. Meece responded that charters have another component to their mission about being a catalyst for change and a model of innovation. Representative Lofink expressed that the General Assembly would not fund charter school construction costs, but if they did, they would be exempt from prevailing wage. Mr. Meece noted that if charter schools had the opportunity to receive capital funding, they might not have some of the challenges that concern him.

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<sup>i</sup> The following Committee members voted to incorporate the amendment suggested by Secretary Woodruff: Dr. Herdman, Mr. Meece, Mr. Schoenhals, Senator Sokola, Dr. Carson, Ms. Coonin, Mr. Ingram, Mr. Reihm, Dr. Rich, Ms. Grogg, Representative Lofink, Dr. Rich, Mr. Reihm, Ms. Stuart, and Secretary Woodruff.

<sup>ii</sup> The following Committee members voted to include the two slides with a notation per Secretary Woodruff's recommendation: Dr. Herdman, Mr. Meece, Mr. Schoenhals, Senator Sokola, Ms. Coonin, Mr. Ingram, Dr. Rich, Dr. Rich, Ms. Stuart, and Secretary Woodruff. The following members voted against including the slides and notation: Dr. Carson, Ms. Grogg, Representative Lofink, and Mr. Reihm. Ms. Avery abstained.

Senator Sokola noted that some charter schools have existing affiliations, such as the Delaware Military Academy with the U.S. Navy. He pointed out that they may be able to achieve efficiencies as a result of this affiliation, and requiring them to participate in the state service could defeat the purpose of such a relationship. He continued that there are a number of possible examples, and the amendment addresses the unintended consequences that could result. Mr. Schoenhals agreed that we should proceed with an abundance of caution in regard to unintended consequences, noting that some current policies may need to be reviewed to implement some opportunities. Dr. Rich suggested that this not be used as a substitute for the existing language, as it reads as a categorical exclusion allowing charters to opt in or out of state requirements based on their choice. He noted that the ability to have alternative opportunities is based on collaboration of districts and schools. Mr. Meece responded that the language on page 9 encouraged collaboration, adding that the two systems of education are equally valid but charters are being treated with prejudice. Dr. Rich noted that some of the opportunities may restrict the discretion of districts and unintended consequences may result from those as well. Ms. Avery suggested language to the effect of “efficiency opportunities are not intended to bound or create new compliance activities for districts and charters.” Ms. Grogg stated that such an addition would not change Dr. Rich’s point. Mr. Meece expressed that the intent behind the charter law had already been chipped away through the flexibility on teacher qualifications that had been lost through NCLB. Dr. Herdman suggested that the language reference a threshold that might apply to a small district as well as a charter regarding statutory, financial or other consequences.

Secretary Woodruff drew the group’s attention to page 10, which she described as stating that charters were only affected in the construction recommendations. She expressed a feeling that a neutral amendment would not add to the report. Mr. Meece expressed his purpose of referencing unintended consequences while not meaning to thwart efforts. Dr. Herdman suggested language that considers opportunities for all schools in light of state code and charters. Mr. Meece stated that he was comfortable with slides 9 and 10. Ms. Grogg asked for clarification on the purpose of 10. Mr. McBride responded that BCG had created it to explain the implications for charters where these were not stated, but that the slide is consistent with previous pages. Ms. Grogg asked about this being included as part of the report. Mr. Schoenhals asked about including slide 9 only in the report and not adopting Mr. Meece’s amendment; Mr. Meece responded that he would be okay with that approach.

Ms. Coonin suggested that in the last paragraph the phrase “particularly in the area of purchasing and shared services” be removed. Ms. Avery stated that the “(currently very low)” language was not accurate and suggested it be removed. Ms. Grogg asked why this language was necessary as it was composed of general statements. Mr. Schoenhals responded that the language was a middle of the road attempt to prevent unintended consequences. Ms. Grogg replied that this seemed like an attempt to control districts but allow charters to be creative and innovative. Dr. Carson asked if his district would be legally able to purchase goods and services at Mr. Meece’s price. Representative Lofink responded “yes.” Senator Sokola noted that some districts have developed nonprofit foundations that have flexibility on how they spend money and are recognized as nonprofits by the state. Mr. Meece stated that he would rather the discussion focus on granting charter-like freedoms to other schools than protecting charter schools’ characteristics. Dr. Herdman suggested that in the narrative prose document this issue be addressed by adding a statement about implications. Secretary Woodruff suggested that it address Vision 2015’s intent to provide flexibility in decisionmaking and to provide to all schools the greatest flexibility at the lowest

level of decisionmaking. Mr. Meece suggested that the language should mention that charters operate in a different system. Mr. Schoenhals asked Mr. Meece to withdraw his amendment and offered to work with Secretary Woodruff and BCG offline to develop the language discussed. The language will be circulated to all Committee members for their review. Mr. Meece responded that he would be comfortable with such an approach. Mr. McBride clarified that the three slides discussed would not be included but that language would be added to the implementation section of the narrative document.

Secretary Woodruff turned the group's attention to the recommendations and findings related to the Delaware **Department of Education**, pointing out that she had asked that this topic be discussed as the numbers were inaccurate at the last meeting due to a glitch in the system. Mr. McBride outlined the findings on DOE spending. Mr. Schoenhals noted that he would like to make a stronger recommendation that DOE quantify the impact of state regulations by conducting a cost-benefit analysis of compliance. Dr. Rich suggested this be incorporated into the implementation language as well. Mr. Schoenhals also noted that the funding study (4c of Executive Order #98) should address categorical funding and challenges created by administrative policies and procedures. Mr. Schoenhals and Dr. Herdman suggested this be included in the language as well. Secretary Woodruff noted that most unfunded mandates are federally or state imposed, adding that the federal mandates would not be possible to change and the state mandates would be difficult to change. Mr. Schoenhals asked if anyone was opposed to the proposed language related to DOE and received no comments. Secretary Woodruff noted that most unfunded mandates are federally imposed. Mr. Schoenhals asked if anyone was opposed to the language and received no comments.

Mr. Schoenhals called for a vote of the full slate of efficiency opportunities as amended, noting the opportunity for minority reports from any member of the Committee, which would be appended, unedited, to the report. The slate was agreed upon.<sup>iii</sup>

Mr. Schoenhals noted that Mr. Willis had expressed his support in favor of the slate before the meeting. Secretary Woodruff and Dr. Carson noted that absent members could not vote. Ms. Coonin added that if the Committee counts one vote, other absent members would want to vote. Secretary Woodruff offered to confirm this with her attorney, and she reminded the group that they would have the opportunity to submit a minority report. Ms. Avery asked about the deadline for submissions, requesting more time as these should be thoughtfully prepared. Secretary Woodruff suggested Friday, January 4. Mr. Schoenhals noted that the goal would be to get the narrative document finished before the Christmas holiday and deliver the report to the Governor the second week in January. Dr. Carson asked when the appropriate time would be for clarifying questions on the appendix; Mr. Schoenhals encouraged him to inquire offline if he could.

Mr. Schoenhals drew the group's attention to the written report, which included all submissions to date. He suggested they address the report page by page. On the first page, Ms. Grogg asked if the last sentence in the third paragraph was necessary. Secretary Woodruff suggested taking out the language referring to the majority of the Committee supporting the report. Mr. Schoenhals responded that the

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<sup>iii</sup> The following Committee members voted to approve the full slate of efficiency opportunities: Dr. Herdman, Mr. Meece, Mr. Schoenhals, Senator Sokola, Ms. Coonin, Mr. Ingram, Ms. Avery, Dr. Rich, Dr. Rich, Ms. Stuart, and Secretary Woodruff. The following members voted against the slate: Dr. Carson, Ms. Grogg, Representative Lofink, and Mr. Reihm.

language acknowledges that members voted for the slate but have reservations about specific sections. Ms. Grogg pointed out the language about the Committee endorsing the report in its totality. Mr. Schoenhals suggested that the actual vote be noted; Ms. Coonin disagreed. Senator Sokola noted that it would be a reflection of public information and fact. Ms. Grogg expressed that she did not feel it was necessary and that the vote would be recorded either way. Mr. Ingram suggested removing “in its totality”; Ms. Avery agreed. Mr. Meece noted that the second paragraph included similar endorsement language. Mr. Schoenhals noted that he would like to report the vote and collect and note the absent members’ votes had they been present. Secretary Woodruff suggested that this was not necessary, as the minutes would be attached to the report. Ms. Coonin restated that the voting language would not be necessary. Mr. Ingram added that the Committee intended to be intellectually honest about its findings. Representative Lofink agreed that the Committee should present the full set of opportunities, but he didn’t necessarily endorse every aspect of the report. He suggested that “in its totality” be removed. Ms. Grogg suggested the endorsement language be removed. Secretary Woodruff suggested removing the middle clause of the sentence. Mr. Schoenhals identified a consensus and moved on to pages 2-5, hearing no feedback. Ms. Coonin asked if changes had been made since the document was shared last Wednesday; Mr. McBride responded that they had made modest edits but none that that changed the context or meaning.

On page 6, Ms. Grogg requested that Delaware research be included about salary competitiveness, noting that BCG used national data. She added that as the LEAD Committee would be entrusting the Compensation Committee with more work, the report should use their findings. Mr. McBride and Mr. Pritchett noted that there were different methodologies and data sources used to draw conclusions. Mr. Schoenhals suggested that a footnote referencing the differences be added. Ms. Grogg offered that the Delaware data could also be put in parentheses. Dr. Herdman suggested that the notion of long-term viability of the system be considered. Secretary Woodruff responded that this was already covered in the report. On page 7, Ms. Grogg noted that the name of the Public Education Compensation Committee should be corrected. She also added that Delaware’s efforts to address the health care liability had been recognized nationally and should be noted in the report. Mr. McBride and Secretary Woodruff agreed that a sentence be added to this effect. Mr. Schoenhals moved on to pages 8-10, with no feedback. On page 11, Dr. Carson drew the group’s attention to consolidation and leveling up. He circulated pages 172 and 177 from the appendix and indicated the impression that the report was sending a confusing message on net savings, considering the cost to level up. He asked about the legal precedent established in regard to leveling up and suggested the report remove the word “might” and clarify this position. Mr. Schoenhals responded that he believed Ms. Davis had stated that consolidation would require leveling up. Mr. McBride clarified that slide 177 was intended to provide additional detail to the middle column of slide 172; Dr. Carson suggested that this be clarified for readers, with a consideration about including vocational districts in this scenario. Secretary Woodruff offered to have her deputy attorney general check into this position.

Mr. Schoenhals moved on to pages 12 and 13, with no feedback. He stated the next steps: amendments discussed during the meeting would be circulated in the next few days, with comments required by the end of the week (by December 21). Secretary Woodruff noted that the timeline may be tight; Mr. Schoenhals added that they would do their best to provide the Committee with as much time as possible. Mr. Meece requested that changes be tracked or highlighted when the next version is circulated.

Mr. Schoenhals outlined each of the documents that would be part of the submission to the Governor: the narrative document, slides, appendix, meeting minutes, and minority reports (now referred to as “Committee Member Statements”). Secretary Woodruff suggested that not every copy of the report distributed would include all the attachments, but that cover materials would indicate the website housing the backup materials.

**NEXT STEPS:**

- **Incorporate amendment language as agreed upon, circulate for comment (BCG)**
- **Review draft text circulated by BCG (LEAD Committee)**
- **Inquire with attorney about absent members voting at public meetings and about a legal precedent regarding leveling up of salaries during consolidation (Secretary Woodruff)**
- **Submit minority reports (now called “Committee Member Statements”) (LEAD Committee members)**

**IV. Funding study (4c): proposed process**

Dr. Carson suggested that the full Committee continue conversations, rather than convening a subcommittee on the funding study. He noted that the beginning portion of the work would be an exercise in Delaware history, which would be beneficial for all the Committee members to understand. He referenced the potential path forward drafted by the Rodel Foundation, which included a national expert on school funding, indicating that he had hoped that she could join the meeting. He asked if there was consensus about Mr. Schoenhals continuing to act as chair and convening the full Committee. Ms. Coonin and Ms. Grogg agreed with the proposed direction and suggested the group move ahead.

Dr. Herdman suggested that the process be refined by email before the next Committee meeting. He provided background on Marguerite Roza, the consultant referenced, who would be engaged to provide a sense of the national landscape. She is a professor at the University of Washington’s Center on Reinventing Public Education. She has done research on district spending, referenda, and weighted student funding and would provide a landscape based on her work in other places. Dr. Herdman noted that the process proposed was for six-month, so the work would have to be truncated to meet the March 15 deadline. He noted that the scope may have to be refined, as we do not have a full staff team to work on this project as BCG has done on the cost efficiency study.

**NEXT STEPS:**

- **Refine process proposal for funding study, circulate for comment (Dr. Herdman, Mr. Schoenhals, Secretary Woodruff)**

**V. Confirmation of next steps and closing**

Mr. Schoenhals asked when the next meeting would be held. Secretary Woodruff's office will be scheduling future meetings after the cost efficiency study release plan has been confirmed.

Mr. Meece inquired if media calls should be directed to Mr. Schoenhals and Secretary Woodruff or if Committee members should respond. Secretary Woodruff responded that after the embargoed briefings, Committee members should be prepared to answer calls. Mr. Schoenhals noted that individual members may have different perspectives from which to answer media questions, but that comments prepared for Secretary Woodruff and Mr. Schoenhals would be circulated for everyone's information.

Secretary Woodruff noted that she will be scheduling the meeting with the Governor to discuss how to proceed with the release, whether a legislative leadership lunch or through the Education Committees.

Dr. Carson inquired if the media would receive the full packet. Secretary Woodruff responded that they would receive the documents without the full appendix, but could access it online. A media briefing may be scheduled close to the release to provide an opportunity for Secretary Woodruff and Mr. Schoenhals to discuss the report. Dr. Herdman and Dr. Carson discussed the level of interest in the appendix materials anticipated by the media.

Mr. Schoenhals asked for other business and public comments, and hearing none, adjourned the meeting for an opportunity for leadership review.

**NEXT STEPS:**

- **Schedule 2008 meetings (Secretary Woodruff)**