

Testimony to the New York State Commission on Property Tax Relief

**Presented by
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Realizing the Potential of Shared Services

Good Morning Chairman Suozzi and Members of the Commission. I am Gary Bixhorn, Chief Operating Officer of Eastern Suffolk BOCES. I wish to thank you for inviting me here this morning to testify about shared services and functional consolidation. In the few minutes we have together, I will talk about shared services as a matter of public policy, the ability of BOCES to establish and facilitate these services, our experience at Eastern Suffolk BOCES, and make a few recommendations for your consideration.

In an environment with multiple municipal delivery systems existing side by side, duplication of services is virtually inevitable. On Long Island, this is especially prevalent for all levels of government including education. Within this type of structure, creating shared services is an effective strategy to limit duplication. Shared services promote efficiency through the elimination of duplication, they promote cost effectiveness through economies of scale, and they promote equity through program availability.

The state recognized the potential of shared services within the educational system a half-century ago. There were hundreds of more school districts across the state at that time. Fortunately, the state realized that the districts could share certain services in order to enhance cost effectiveness and reduce expenses. Boards of Cooperative Educational Services (BOCES) were established by the Legislature in 1948 in order to promote regional sharing. Further, the state supported school district participation in BOCES services by offering state aid to offset the cost of these services and established guidelines within which BOCES services were to be structured. These guidelines, which regulate cooperative service agreements, are known as CoSers.

Beyond shared services, the state has also sought to promote school district reorganization and consolidation. Despite these efforts, communities have repeatedly rejected consolidation as a cost savings measure. School districts tend to bind communities together and are a source of pride to residents.

In the absence of school consolidation, and within the construct of shared services, the concept of functional consolidation emerged. This refers to the consolidation of functions amongst school districts. While it can involve any type of service, it typically

refers to non-instructional services within the business area. Efforts to promote large scale functional consolidation have had mixed results. Although combining these types of services doesn't engender the same kind of community resistance, it creates school district concerns related to operational control, flexibility, and autonomy. Addressing these concerns requires expertise and study. Unfortunately, financial support for this type of analysis is not readily available in this economic environment.

Shared services and functional consolidation can be structured in a number of ways. Schools may establish agreements with one another. On occasion, schools will enter into intermunicipal agreements with local towns or villages for certain non-instructional services. Schools sometimes take advantage of relationships with colleges and cultural institutions to address mutual needs. However, in most cases, schools are involved in shared services through BOCES. BOCES services meet standards for sharing established by the state and are created within regulatory guidelines.

There are 37 educational service agencies in New York State known as BOCES, and each is governed by a locally elected board. Each board, in conjunction with the Commissioner of Education, appoints a District Superintendent who is an employee of both the local agency and the State Education Department (SED). The District Superintendent provides the link between the BOCES and SED. All BOCES offer regional Special Education Programs for children who cannot be served by local school districts, as well as regional Career and Technical Education Programs (CTE).

In addition, BOCES provides shared services to districts that elect to purchase them. In essence, the demand for services determines what the BOCES provides. It is really a public entity guided by a private sector business model. This structure makes BOCES especially sensitive to market needs and available to offer new shared services and promote functional consolidation. Districts that purchase BOCES services receive aid from the state to subsidize the cost of the services.

My organization, Eastern Suffolk BOCES, offers the greatest array of services to the most diverse group of school districts in the state. We were the first intermediate educational agency to be fully accredited by the Middle States Association of Colleges and Schools, based upon our planning and community engagement efforts. Our organization is governed by a 15-member volunteer board elected by the 51 component school districts.

It surprises most people, both on and off of Long Island, that 72% of the students in Eastern Suffolk County are enrolled in schools districts of below average wealth (when compared to the state average). These are districts that continue to enjoy tremendous community support despite a grossly disproportionate dependence on property taxes. On average, 60% of the cost of education in this region is funded through property taxes. Over one-third (19) of our districts raise 90% or more of their revenues through property taxes. Despite this over-dependence, last year when a reasonable state aid increase was directed to our districts, 46 of 50 school budgets passed with an average approval rate of 58% to 42%.

This year, districts are concerned that a greater share of school expenses will be shifted to the property tax base due to formula changes and rising costs. Within the Executive Budget Proposal, 39 of our 51 districts are projected to receive the 2% minimum increase in Foundation Aid. This includes eight low-wealth districts enrolling 60,000 students. A massive decrease in BOCES Aid, the elimination of supplemental excess cost aid, and shifts of high-tax aid also fuel concerns.

To give you an idea of the degree to which districts participate in shared services, I wish to offer some data and examples from Eastern Suffolk BOCES. Our districts enroll 1654 students in our special education programs which represents 1% of the region's enrollment. These are the children that need the highly-specialized, oftentimes expensive services that we offer. Over 2300 high school students are enrolled in our five CTE centers. Districts from well beyond our borders participate in our shared instructional support, management, technology, regional transportation, and other services.

Districts share buses for students attending non-public schools through our cooperative program. Sixty-three (63) school districts are joined by several municipalities in our Cooperative Bidding Program. Districts required to provide textbooks to students attending non-public schools have worked with us to regionalize this service. We offer shared staff to school districts in highly specialized areas such as health and safety, data analysis, instructional technology, and business operations. We also help districts share information through our Negotiations Information Service.

Overall, districts purchase over \$225 million in shared services from our agency. They receive \$37 million in aid on these services, with nearly two-thirds of that directed to low-wealth school districts.

Our BOCES has also used our regional status to lead efforts to identify new partners for shared services. We are actively engaged with Suffolk County Executive Steve Levy in several initiatives that will coordinate efforts of the County with the schools. Unfortunately, the state has twice rejected our application for a grant to study the combined purchasing power of the County and the schools for health care benefits for employees. Despite this situation, we continue to work together in this and other areas. Aside from Suffolk County, we are almost always in discussions with other County-wide or Island-wide organizations looking to coordinate services. Stony Brook University, Suffolk County Community College, and the Long Island Works Coalition are examples of such organizations.

I believe that this Commission can have a significant influence over the future of shared services in the state. I would recommend that you address the following areas of need:

- SED must have improved capacity to support district interest in functional consolidation. School districts need access to expertise to fully consider significant functional consolidation and it is not, at present, readily available. This

type of support, either centrally available through SED or decentralized through BOCES, needs to be provided. If state functions are decentralized and shifted to BOCES, funding for such functions must be directed to BOCES. School district payments to BOCES should not subsidize SED operations.

- The Legislature and SED should re-establish the Efficiency Grant Program to provide school districts with funding to study functional consolidation and reorganization.
- The loss of BOCES Aid currently proposed in the Executive Budget will result in the loss of state support for shared services. This is a disincentive to participation.
- There are limitations in statute and regulation that restrict school district ability to create certain shared services through BOCES. A thorough review of these impediments should be initiated.
- Support for BOCES partnerships with institutions of higher learning and the coordination of school based career academies with BOCES CTE programs should be promoted.

On behalf of Eastern Suffolk BOCES and all other BOCES in the state, thank you for inviting me to testify and share this information. I would be happy to answer your questions or provide additional information at this time.