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When School Districts Join Forces, Taxpayers Win

By John R. LaPlante

Speaker Mike O'Neal (R- Hutchinson) has called for the Kansas Legislature to study whether it's possible to consolidate the number of school district administrators. He cited the budget shortfall as a way of looking at doing things "fundamentally differently." I think he's onto something, but the possibilities are broader than that.

Four scholars with the Reason Foundation, a California-based think tank that focuses on making governments more efficient, have suggested that school districts can save money by going in with each other, or with other units of government, to purchase services and supplies.

School districts might be able to share a large number of non-instructional services. Here's a partial list: administrative computing and information technology systems; payroll and auditing; legal services; management of bus systems; employer health insurance and worker's compensation insurance purchasing and management; monitoring compliance with state and federal programs; managing grant programs; acquiring and maintaining buildings; food service; employee recruitment and personnel management; gas and electric utilities; and staff training and development.

A district that shares services with other units of government (or even, in some cases, a private company) can get many benefits.

Instead of having one person on staff who tries to wear three hats, a district can, along with several others, draw on an outside company that has a full-time specialist in the task.

It can also purchase more or fewer services (as financing allows and student enrollment requires) without going to the trouble of hiring or laying off workers.

It can also achieve some economies of scale from making bulk purchases of food, fuel, cleaning supplies or other goods.

Through purchasing in bulk and taking advantage of specialized organizations, a district can stretch its dollars so that more of them are used in the classroom.

There are several way to share services. One district can contract out to another. Several districts can jointly enter into a contract with an outside vendor that specializes in, say, payroll management.

How much money could the joint purchase of administrative services and supplies save? The Reason Foundation scholars suggest that school districts could conservatively save 20 percent of their non-instructional costs.

How much is this? According to the National Center for Education Statistics (NCES), only 55 percent of Kansas's school expenditures during the 2005-06 school year were "instruction expenditures," meaning that 45 percent were not. There's some room to debate what should and what should not be included in which category, but if we simply take the NCES data, districts in Kansas could shave 9 percent off their spending. (Twenty percent savings applied to 45 percent of the budget is 9 percent). In 2005-06, that came out to some \$393 million. By contrast, the Kansas Association of School Boards has suggested that districts respond to the state's budget deficit by preparing for cuts of 5 percent.

So in the abstract, there's room for Kansas public schools to pitch in and help address the state's budget situation. As the saying goes, the devil's in the details. At least two districts (USD 371 Montezuma and USD 476 Copeland) already share a superintendent, and the state is dotted with organizations, called "educational service centers," which districts use to jointly purchase some of their services.

Legislators may wish to investigate just how widely the state's local education authorities already make use of shared administrative functions. An across-the-board reduction in state aid would certainly stimulate school districts to investigate shared services.

An across-the-board cut could be useful, though it would have the unfortunate effect of punishing those districts that are more lean than others, while letting less efficient districts off the hook, relatively speaking.

For that reason, legislators might wish to consider an additional option: Enlist the state's 2.7 million residents as budgetary watchdogs by requiring each district to put its check registry online. "Google government," as this idea is sometimes called, is based on the idea that the best government is open government. It's hard to tell what sorts of savings a keen-eyed observer outside the school system could find. This won't be an immediate money saver, but it could set the state up for long-term health.

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