

Consolidation of Services

State Superintendent Mike Flanagan's Consolidation Testimony



State Superintendent Mike Flanagan has offered a proposal that will create much-needed administrative efficiencies for local school districts that will allow them to focus on quality teaching and learning.

The following is a summary of the testimony given on July 31, 2013 by Superintendent Flanagan to the House K-12 Appropriations Subcommittee:

To give some perspective to what I am about to present, I'd like to offer some context:

- 1913 = 7,327 school districts in Michigan
- 1938 = 6,558
- 1963 = 1,515
- 1988 = 562
- 2013 = 549

Where do you think all of those local school districts have gone ?

As you see, there is no magic number as to how many districts Michigan should have – only practical reasons why they consolidated over time.

And now, again for practical reasons, the Legislature is considering that maybe the time has come again.

You are looking into whether Michigan can continue to maintain over 500 separate school districts.

Yet, I think there is a hybrid that could save local districts – let me repeat...SAVE local districts and gain efficiencies.

*“To clarify, because I still hear confusion – **this plan is NOT to eliminate local school districts** – but to consolidate duplicative administrative functions and responsibilities.”*

~~State Superintendent Mike Flanagan

At the June 2013 joint House-Senate subcommittee meeting on Deficit Districts, I shared my thoughts on changing Michigan's education delivery system over to county-wide school districts.

I then was asked at that meeting to develop a plan to share with the Legislature.

We can't continue dealing with these deficit districts one at a time – and currently we have 55 in deficit – these decisions are painful for the communities.

That is why I'm happy to be here today, sharing my plan so we can all work together to help local school districts in Michigan.

Recently, I shared my plan with Senator Walker and Representative Rogers, the Chairmen of Appropriation Subcommittees on K-12 Education.

Consolidation of Services

In that letter, I expressed that I still believe it makes sense, from my experience as both a local and intermediate school superintendent, and now as state superintendent, to realign to the county-wide, or ISD-wide configuration.

However, I realize the sizable resistance that such a plan would cause, therefore, I have proposed a hybrid system to centralize various administrative functions and responsibilities at the county or regional level.

I've been approached, unsolicited, by at least two ISD superintendents and one local superintendent who have suggested that their district could become a pilot for this implementation – I'll be meeting with them next week to explore their ideas.

Another ISD superintendent in West-Central Michigan wrote to me and said: "As you know, we were one of the state leaders in this area eight years ago and would be able to do it all tomorrow if asked."

I believe that it makes sense to realign in the hybrid configuration to:

- Provide administrative efficiencies and improved utilization of state funding
- Better absorb the enrollment fluctuations one local school district might be suffering through leadership and dialogue at the ISD level...Wayne ISD and Saginaw ISD are leading that now...

but *after* dissolution – would we have had dissolutions in the last two weeks?"

- Providing a more equitable education for all students

As I mentioned in the letter to the Legislature, I realize that other work groups are meeting to discuss and evaluate the broader issues of education funding, financial well-being, and student achievement. What I offer here is just one slice of that bigger picture... but, it is an important piece we need to act on now.

This will be local districts getting services from the ISD, when more efficient and there's a cost savings. Or, if a local district can provide an administrative service at a less cost, then the ISD could contract with them to do so for all of the local districts in the region...and the ISD still would be the facilitator of that.

To clarify, because I still hear confusion – **this plan is NOT to eliminate local school districts** – but to consolidate duplicative administrative functions and responsibilities.

For example, a couple of functions include school food services and transportation systems. Do we really need hundreds of separate transportation systems?

On the instructional side, we can look at things like teacher evaluations systems (NOT the actual evaluations) and assessment and data analysis. We

Consolidation of Services

ask districts to make data driven decisions, but most don't have staff or time to do this.

By achieving these economies of scale, there are likely millions of dollars in savings. Why do you think we don't have individual school buildings with their own transportation system; payroll system; accounting system; purchasing system; information system? Because money was saved by consolidating it at the district level.... Now is a practical, and urgent, time to move those administrative functions to the ISD level.

And all that money can go back into the classroom... Just as I would hope that charter school operators would invest more of the savings they see from their consolidation efforts with their authorizer back into their classrooms.

This allows local districts to focus on two things especially: higher levels of achievement and educator evaluation and effectiveness.

It's not all about the money, it's about getting resources into Michigan classrooms... and **it's about letting local districts focus on learning.**

In an ideal world, there would be a **statewide sales tax on services earmarked for education.** These should be done in tandem – implement efficiency reforms and a sales tax on services for education.

I believe that much of the public would agree,

*“In an ideal world, there would be a **statewide sales tax on services earmarked for education.** These should be done in tandem...”*

~~State Superintendent Mike Flanagan

especially if we get these economies of scale. Having said that, we don't deserve that model, including revenue, if we can't spend the money responsibly.

By the way, I've always thought it was unfair that we don't collect taxes for going to a movie, but the state collects tax on a poor mom who buys a winter coat for her child.

Some have suggested more studies to look into the merits of this proposal...I was a new ISD superintendent in 1994 and we had a (consolidation of services) plan then where all the ISD superintendents met, we don't need much more study– especially when meanwhile, as you saw in the last week, students and employees in Buena Vista and Inkster don't have the benefit of years of study and delay.

At that dissolution hearing, the testimony of an 80-year-old Inkster alum speaking about how many of the great things that happened in her life revolving around the schools, it broke my heart.

It put a face on Inkster for me. And a moral responsibility for me to get ahead of this.

Consolidation of Services

But, no one got ahead of this, including me. We didn't get the efficiencies that may have helped these districts.

We need to get ahead of this quickly, for those districts that are coming. Decisions are being made that affect those students, those staff, and those communities future as we speak.

We need to act quickly to prevent other districts in deficit from following that same path.

We can't continue dealing with these deficit districts one at a time – and currently we have 55 in deficit, with more on the way – we need to save money where we can, and I know that **“one size doesn't fit all”**... but my plan is to start the discussion.

To clarify again, **this plan is NOT to eliminate local school districts – but to consolidate duplicative administrative functions and responsibilities, when that makes sense.**

Centralized ISD services, where it makes sense....
Not “one size fits all.”

By the way, I've heard that not all ISD's can provide those services. If an ISD can't offer those services, my proposal calls for them to merge with another ISD.

As I said earlier, local schools then can focus on student achievement; and fair teacher evaluations.

I realize that this proposal is not perfect, but it has started a much needed and thoughtful conversation here in Lansing and in school communities across Michigan.