

Legislative Council Study Committee on Shared Services

Request for Additional Information – Jeff Dellutri

1. Identify any barriers to the successful implementation of shared services by your school districts (*examples could include – statutory barriers, financial uncertainty, community relationships*)?
 - The Nicolet Partner School Districts are comprised of Nicolet High School District (UHS), Fox Point-Bayside School District (K8), Glendale-River Hills School District (K8), and the Maple Dale-Indian Hill School District (K8).
 - These four school districts are in a tight geographic area (a total of 16.45 square miles) within the City of Glendale (5.76 square miles), and the Villages of Bayside (2.39 square miles), Fox Point (2.8 square miles), and River Hills (5.5 square miles). All four communities are in northeastern Milwaukee County (and a small portion that the Village of Bayside crosses into southeastern Ozaukee County). Due to the close geographic proximity, it has been very easy for these four school districts to share services.
 - The Nicolet Partner School Districts currently share the following services:
 - Contracted school bus services (all 4 districts)
 - Contracted Food Services (3 K8 districts)
 - Director of Buildings and Grounds (3 districts)
 - School Nurse (2 districts)
 - Physical Therapist (1 district with Brown Deer School District)
 - Prior shared services, included:
 - The Glendale-River Hills and Maple Dale-Indian Hill School Districts shared the following positions over 10 plus years:
 - Superintendent, Business Manager, Director of Buildings and Grounds, Accountant, Payroll Clerk, Accounts Payable Clerk, and district level Administrative Assistants all within a shared district office.
 - The Fox Point-Bayside and Nicolet High School Districts shared the following positions over 2 plus years:
 - Superintendent (3 years), Business Manager (2 years), Director of Buildings and Grounds (5 years), Accountant (3 years), without a shared district office (travelling positions).
 - Successful implementation and/or barriers to the successful implementation of shared school district services:
 - The major contributing factors in the successful 10-plus years run of shared district-level positions in the Glendale-River Hills and Maple Dale-Indian Hill School Districts was due to a shared district office and the sharing of back-office positions (administrative assistants, accountant, payroll clerk, accounts payable clerk). In the first two years of this shared services arrangement, the administrators travelled to two separate district offices with separate back-offices. In conversations at the time with the Superintendent and Business Manager, both attributed the combined district office and back-office staff, as making the shared services arrangement manageable. The shared services arrangement between these two districts slowly dissolved, first with the retirement of the shared superintendent and a few years later the retirement of the

shared business manager, and finally with the splitting of the back-office personnel and return to two district-level back offices. It is challenging for a newly hired administrator to acclimate into a new community, let alone acclimate into two new communities with different school district and community cultures, making sustainability of shared district-level positions difficult.

- From first-hand experience, as the shared business manager in the Fox Point-Bayside and Nicolet High School Districts shared administrator arrangement, the relatively short run of sharing services was due to the lack of a shared district office and the sharing of back-office positions (administrative assistants, accountant, payroll clerk, accounts payable clerk). When I would leave one district and travel to the second district, a throng of employees was waiting to meet with me at the second district. When I returned to the first district, the same effect. Being able to have quick, just-in-time, on-going conversations with back-office staff is necessary to make the shared business manager position a possibility. I believe the same is true for the superintendent position, but less so for the director of buildings and grounds position.

2. In your experience, have you tried to share services that proved not to be beneficial, if so please explain?

- The Nicolet Partner School Districts have discussed sharing the Director of Technology position, but have found that to be difficult due to the complexity and diversity in the infrastructure and systems/application software in use in each district. Many small school districts use contracted services for complex issues where a contractor can hire a multitude of engineering experts to address very specific issues.

3. Can you identify any solutions that could address barriers to or incentivize greater use of shared services?

- Speaking on behalf of the Nicolet Partner School Districts, we don't see barriers that prohibit us from sharing services. We do it all the time. If the sharing arrangement makes sense for both districts, we have a financial incentive to make it happen. Other state-level incentives likely wouldn't help if the sharing arrangement doesn't make sense to both districts at the start.

4. Provide examples of barriers that currently prevent school districts from moving forward with consolidation?

- The Nicolet Partner School Districts have discussed consolidating into a K12 school district many times over the years, including: 1976, 1985, 2002, 2012, and 2018.
 - Consolidation advantages for our school districts:
 - We already share many services through 66.0301 agreements.
 - Each of our school districts receive "primary only" equalization aid (low aided/high property tax districts) in the state general aid formula. This means there are no winners or losers when state general aids are recalculated under consolidation.
 - 2011 WI Act 10 removed restrictions on collective bargaining, which removed the most difficult collectively bargained contract barriers toward consolidation (negotiated salary schedules and memorialized employee benefits offered and benefit levels). This does not mean there wouldn't be

difficult conversations, but it would be structurally easier to implement changes.

- Consolidation barriers for our school districts:
 - Each of the school districts have operational referendum amounts that expire upon the formation of the new consolidated school district. These amounts are significant and a major barrier toward even discussing consolidation. The operational referendum amounts for each school district and the current terms are as follows:
 - Nicolet High School District
 - \$3.9 million/year from 2022-23 through 2027-28
 - Fox Point-Bayside School District
 - \$3.1 million per year from 2019-20 through 2022-23
 - \$3.1 million per year from 2023-24 through 2026-2027 (operational referendum question for November 2022)
 - Glendale-River Hills School District
 - \$1,580,000 per year from 2020-21 through 2024-25
 - Maple Dale-Indian Hill School District
 - \$980,000 per year from 2019-20 through 2028-29
 - The combined annual operational referendum amounts from these four school districts total \$9,560,000 starting in the 2022-23 school year, or approximately 16% of the combined current general fund budgets of the 4 school districts.
 - While there would be savings from the reduction of duplicate administrative and support staff positions, the elimination of a school building, economies of scale, and the elimination of duplicate professional and personal service contracts and alignment of systems between the school districts, the reductions are not enough to overcome the expiration of the operational referendum funds on day 1 of consolidation.
 - Unfortunately, in 2018, the last time all four school boards met, there was not unanimous agreement between the four school districts for a further detailed study of consolidation (enrollments, facilities needed, and finances).
 - Currently, all four of the school districts have non-recurring operational referendum authority in their revenue limit calculations. The consolidated district is unable to assume this operational referendum authority. Therefore, any operational referendum authority available to the individual districts in the years following a potential consolidation would be removed from the consolidated district's revenue limit calculation.
 - To cure this barrier to consolidation, a recommendation would be to revise (additional language in **bold**) Wisconsin Statute s.117.25(1) to read: **On the effective date of the consolidation, the school districts that were consolidated cease to exist and the title to all property and the assets of the school districts become vested in the new consolidated school district. Additionally, all claims, voter**

approved operational referenda, obligations, and contracts of the original school districts become the claims, **voter approved operational referenda**, obligations, and contracts of the new consolidated school district. The employees of the original school districts become the employees of the new consolidated district, and the new district assumes the rights and obligations of the original school districts under the provisions of any collective bargaining agreement that applies to those employees.

- A second barrier to the consolidation consideration process, has been that not all of the school districts agree to spend money on an unbiased contracted consolidation study. Without first having an unbiased contracted consolidation study, the districts will never get to the point of each district adopting a Consideration Resolution.
 - To cure this barrier, legislation should be enacted that provides a carrot and funds unbiased contracted consolidation studies. The legislation should also provide a stick requiring each of the school boards that accept the funding of an unbiased contracted consolidation study to be required to minimally adopt a Consideration Resolution.
 - The funding for an unbiased contracted consolidation study should include components for school district enrollment projections, facility analysis, and financial analysis.
 - A further barrier could be each school board adopting a Consideration Resolution but not a Consolidation Resolution. Perhaps, new legislation could allow the electors of any of the affected school districts, where the school board has denied the Consolidation Resolution, to petition that school district to enforce the Consolidation Resolution, as follows (new language in **bold**): In the first July following the adoption of the consideration resolutions, the affected school boards must each adopt a second resolution ordering or denying consolidation of the school districts (“consolidation resolution”). Failure of a school board to adopt a resolution either ordering or denying the consolidation before August 1 constitutes a denial of the consolidation by that school board. **When the denial of the consolidation by a school board occurs by August 1, a denial can be reversed if a petition ordering adoption of the consolidation resolution is signed by at least 10 percent of the electors who reside in the affected school district and filed with the clerk of the school district with the highest equalization valuation**

of the affected school districts by September 1. Note:

The electors petitioning for a consolidation resolution does not guarantee that a consolidation will occur, it only guarantees that the consolidation study process will continue.

- The Fox Point-Bayside and Maple Dale-Indian Hill School Districts discussed consolidating into a larger K8 school district in May 2020. The third K8 district that feeds into the Nicolet High School District, the Glendale-River Hills School District, was not interested in a K12 consolidation study in 2018, and based on the talking points at the time in 2018, was not considered for the K8 consolidation study in 2020.
 - Consolidation barriers for the two K8 school districts:
 - See the linked study: [Fox Point-Bayside & Maple Dale-Indian Hill Joint School Board Work Session](#).
 - Study background details:
 - The superintendents and business managers of these two K8 districts participated in the analysis of background information including enrollment and school finances over an 8-month period.
 - All Nicolet Area Partner Districts contracted with the UW-Madison Applied Population Laboratory to project future student enrollments for each of the four districts. Analysis of the two districts is used within this report.
 - Representatives of EUA (architect) and Miron Construction (construction manager), who were currently contracted with both districts, provided value-added facilities information on how to structure the schools for grade level configurations, and reduce the use of one school building) and then providing cost estimates of renovating Stormonth or Bayside for use as the consolidated district's middle school.
 - A representative of Robert W. Baird and Co, assisted the school district superintendents and business managers with some of the financial nuances of consolidation.
 - Brown Deer School District Superintendent, Dr Deb Kerr, facilitated the Joint Board Workshop based on her prior experience as a superintendent involved with the 2007 Trevor-Wilmot Consolidation of two K8 school districts.
 - Barriers to consolidations:
 - Pages 47 and 48: Current consolidation aid estimate of \$170,000 per year is minor compared to the approximately \$4.1 million per year in operational referendum authority (approximately 18% of the combined current general fund budgets of the 2 school districts).
 - To cure this barrier, and full transparency to electors, allow for the prior operational referendum amounts to continue, or alternatively, require a consolidation referendum of electors that provides for an operational referendum as part and parcel of the consolidation question, prior to consolidation.

- Pages 49 through 55: Either one of the Fox Point-Bayside Schools (Stormonth or Bayside) would need capital renovations, with the school not renovated being rented or sold. This is a savings (savings of approximately \$640/year for an average \$500,000 Eq Value home) to the taxpayers of Fox Point-Bayside, who without consolidation would need to renovate both schools. The renovation of one of the schools would be a property tax increase (cost increase of approximately \$400/year for an average \$500,000 Eq Value home) to the taxpayers of Maple Dale-Indian Hill, who had already approved a capital referendum to renovate their two schools (Indian Hill and Maple Dale).
 - To cure this barrier, provide a mechanism to smooth the Fox Point-Bayside tax savings and the Maple Dale-Indian Hill tax cost over a 10-year period.
- Pages 23 through 26: All four schools within the consolidated district would need to be used until/if a capital referendum of the consolidated district can be approved by electors to renovate one school and close a second school. Like the loss of operational referendum funding, the requirement to wait until after July 1 of consolidation, adds risk to the consolidation process.
 - To cure this barrier, and full transparency to electors, allow that if a consolidated district will need a capital referendum to make the consolidation be efficient, then require a consolidation referendum of electors that provides for a capital referendum as part and parcel of the consolidation question, prior to consolidation.

5. In what ways could the state incentivize school district consolidation:

- I can only speak on behalf of the Nicolet Partner School Districts. For our four districts the best state incentives are the various pieces of potential legislation proposed in item#4 above to cure the current barriers.
- Many school districts do not have operational referendum funds, so removing these barriers will not apply to them, and may need other state incentives to assist with financial needs in the consolidation process.