



INDIANA GOVERNMENT EFFICIENCY COMMISSION

STEPHEN BARANYK CO-CHAIRMAN

JIM BAKER CO-CHAIRMAN

MINUTES K-12 EDUCATION SUBCOMMITTEE 27 MARCH 2006 Conference Room 1, IGCS 10:00 A.M.

The Subcommittee was called to order at 10:00 a.m. A quorum of the members of the Subcommittee was present.

I. REVIEW OF MINUTES FROM 24 FEB 06 MEETING

The Minutes from the 24 Feb 06 meeting were reviewed. No changes were required.

II. LEGISLATIVE REVIEW

It was suggested that the Subcommittee should check with the key Education Associations to obtain their views of the just ended session and the passed legislation impacting K-12 Education

It was noted that H.B. 1006 Requires the Department of Education and the State Board of Education to develop a plan to upgrade the financial management, analysis, and reporting system for school corporations and schools. This bill was due for signing by the Governor on 28 March 2006 and is effective upon passage. This bill contains an October 1 "drop dead date" for completion of this work with recommendations to the Governor and the Legislature. The last time the financial reporting systems of K-12 public schools were reviewed was back in 1980 – they are due for revision.

The State Board of Education will be meeting on Wednesday, April 5 in the Riley Room at 151 W. Ohio Street. Members of the Subcommittee are encouraged to attend as their schedules permit. S. W. Baranyk will coordinate with Jeff Zarring of Superintendent Reed's office (done).

The Subcommittee requested that the Governor's office provide the Subcommittee with a summary of legislation impacting K-12 Education passed during the just ended session. The IDOE (Scott Minier) has responded. A summary of their report is attached. The full copy of their report will be e-mailed to the Subcommittee along with these minutes.

III. STATUS REVIEW OF SUBCOMMITTEE ACCOMPLISHMENTS

A. REVIEW OF MULTIPLE REGRESSION MODEL (CINDY)

The Senior Technical Advisor, Dr. William Styring, was unable to be present at the meeting. In his absence the Acting Subcommittee Chairman, S. W. Baranyk, informed the Subcommittee of the meeting held on

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Friday, March 17 with C.E.E.P. in Bloomington during which the Cindy Supermodel was discussed in detail. C.E.E.P. has agreed to work with the Subcommittee and other interested parties to move the analyses forward with the objective of identifying, to the extent possible with available data, those INPUTS into K-12 Education which most influence the OUTCOMES of K-12 Education as measured by ISTEP scores.

A meeting is scheduled for Thursday, March 30 at 9:00 a.m. in the Professional Standards Board Conference Room, Third Floor, Old National Bank Building, 101 W. Ohio Street. All members of the Subcommittee who are available are invited to attend. IDOE staff will host the meeting which will include representatives of C.E.E.P., IDOE, ISTA, the Subcommittee and other interested parties.

As reported by Dr. Styring at the 24 February meeting of the Subcommittee, the initial results of the model strongly suggest that some of the items included in the Complexity Index of the K-12 School Funding formula do not demonstrate a statistically significant relationship to student outcomes as measured by ISTEP scores. It is the determination of the Subcommittee and those other interested parties to probe these relationships as thoroughly as possible to provide guidance to the Governor and to the Legislature in their efforts to improve both the efficiency as well as the effectiveness of K-12 School Funding.

III. STATUS REVIEW OF SUBCOMMITTEE ACCOMPLISHMENTS (continued)

B. ANALYSIS OF EDUCATIONAL SERVICE CENTERS (BUYING COOPERATIVES)

Neither Mark GiaQuinta nor Lee Marchant, who are heading up our effort to analyze the Educational Service Centers, were able to attend the meeting. However, both have committed to continuing their work to determine how these Centers can be more effectively utilized by the individual K-12 School Corporations around the State to reduce their costs.

Hutch Schumaker described how these types of services are used in his business (soft drink bottling) and provided several examples of situations where it can be more cost effective to utilize local services without the aide of the buying co-op. One of the factors which may influence the participation of local School Corporations with the Service Centers could be the annual fees charged for membership. Both Hutch and Steve Holloway have expressed their willingness to participate in the review and analysis of the Educational Service Centers with Lee and Mark. I ask that these four members communicate with each other to coordinate their efforts and be prepared to provide an update at our next Subcommittee meeting.

The general sense of the Subcommittee is that the Educational Service Centers appear to represent an underutilized opportunity by which local school corporations can reduce their overall operating costs. The Acting Chairman will make direct contact via e-mail with Dr. Gambaiani of the Educational Services Centers Association to arrange for a meeting with Subcommittee members and several representatives of the ESCs at a central location (State offices) to review their work in a time effective manner. Subcommittee members can anticipate e-mail contacts on this.

We should also follow up with additional meetings with individual school corporations to explore with them their participation with the ESCs.

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III. STATUS REVIEW OF SUBCOMMITTEE ACCOMPLISHMENTS (continued)

C. SCHOOL FINANCIAL CONTROL SYSTEMS AND RELATED ISSUES

1. FINANCIAL CONTROLS AND EFFICIENCIES

H.E.A. 1006, which was just passed by the Legislature and was scheduled to be signed by the Governor on 28 March 2006, contains specific provisions relating to improving the system of Financial Controls and Management used by K-12 School corporations. A summary of this bill is contained in the attached Legislative Summary. The Acting Chairman of the Subcommittee is planning to attend the next meeting of the State Board of Education on April 5 during which this issue will most likely be discussed. It is the intention of the Acting Chairman to offer to the State Board of Education the support and active participation of this Subcommittee in their efforts under H.E.A. 1006.

The members of the Subcommittee should note that it may be appropriate for the Subcommittee to continue its own independent work on this issue as a means of providing the State Board of Education and the IDOE with an outside assessment. Tom Taylor and Steve Baranyk have committed to continuing with this effort.

Hon. Sen. Mills brought up the issue of further consolidation of either local school corporations or the adoption of systems of Administrative Consolidation as a means of bringing new efficiencies to K-12 Education. He described a system similar to a divisional corporate structure where several local K-12 School Corporations could share the Office of Superintendent and related administrative staff to reduce the overhead of each corporation without reducing the professional support needed for effective management.

This raises the question of how the current State statutes either impede or encourage such actions at the local level.

This is an issue which needs to be explored by the Subcommittee via contacts with various groups such as the Superintendent's Association and others.

2. SCHOOL CONSTRUCTION AND OPERATING/OCCUPANCY COSTS

The Subcommittee continued to express concerns about the costs of constructing and operating/occupying school buildings. The available information strongly suggests that, since these costs tend to be funded through local tax levies with somewhat cursory oversight at the State level, each individual community tends to "do their own thing" with little emphasis on cost effectiveness. The meetings held to date by the Subcommittee with local school corporations, architectural firms and State officers all support this conclusion.

It can also be said that there are no clear standards available at this time to measure the cost effectiveness (benefits as measured by academic achievement) of the types, sizes and included amenities of individual school buildings being built by local school corporations within the State of Indiana. We need to identify those aspects of school construction cost (size, amenities, etc.) and occupancy costs which directly impact educational outcomes in the individual school districts. This needs to be addressed by our Subcommittee.

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III. STATUS REVIEW OF SUBCOMMITTEE ACCOMPLISHMENTS (continued)

C. SCHOOL FINANCIAL CONTROL SYSTEMS AND RELATED ISSUES

2. SCHOOL CONSTRUCTION AND OPERATING/OCCUPANCY COSTS (continued)

This appears to be another instance where current State Legislation may represent an impediment to improved efficiencies by prohibiting the transfer of local dollars from one Fund to another thereby restricting what can be done and providing unintended incentives to do what can be done which is to build impressive structures for K-12 schools.

There may be instances where local spending by school corporations for buildings and related costs have choked out the flow of funds to other legitimate needs such as new court houses and other municipal buildings thereby making some local citizens feel the necessity to raise money through extraordinary means such as posing for risque calendars.

The issue of controlling school construction and occupancy costs can be expected to take on a very urgent character in the near future because of the movement to provide for All-Day Kindergarten. In many school districts this will result in a demand for additional permanent classroom space far beyond currently available capacity. Meeting this need may well strain the capacity of many local school corporations to raise funds through increased taxation. One wonders if this could result in the proliferation of risque calendars as a means of raising funds. Regardless, it is obvious that stipulating that local school corporation must offer all day kindergarten will have a dramatic impact on all aspects of local school spending.

3. CHARTER SCHOOLS

The Charter Schools now operating within Indiana present a unique K-12 School Corporation model to compare to traditional public school corporations. The Acting Chairman has made direct contact with both the Tindley School and the Fall Creek 21st Century Charter School. It is my intention to pursue both of these and other Charter Schools to learn how they operate in comparison to traditional public schools as a means of identifying opportunities for applying new cost efficiencies to public school corporations. I hope others on the Subcommittee will join me in this effort.

IV. FUTURE ACTIONS TO FULFILL OUR LEGISLATED MANDATE

Each subcommittee member has pledged to pick up the pace over the next five months so that we can complete our work in a timely manner with meaningful recommendations for the Governor and the Legislature.

V. NEXT MEETING DATE AND ADJOURNMENT

The next meeting will take place on Monday, April 17 at 10:00 a.m. in room 130 of the IGC South Conference Center. Meeting adjourned about 12:15 p.m.