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**Superintendent's Report
December 1, 2007**

Three critical areas of school district operation have occupied my attention during the last three weeks in November, local school district budgets, research into the costs of education, and improved practices at OWSU.

Budget Wind-Down and Inter-District Cooperation

Over the next four weeks we will be developing final budgets in our five town school districts. One area to which we are paying particular attention is the cost of providing education to some students outside our schools. 2.9 percent (2.9%) of our students receive specialized instruction outside our school districts at considerable cost in tuition and additional charges for transportation or room and board. We are looking for ways to provide some of those services in a more cost-efficient manner, closer to 'home.'

In my November 8 report, I highlighted the desire among OWSU principals to collaborate across town school district lines to achieve benefits for students and economies within our budgets. The first and, by some accounts, most obvious area might be in Special Education, if we have a critical mass of students with disabilities and treatment plans that are *similar enough to constitute a class*. Many OWSU Board members heard our Special Services Coordinator, Don McMahon discuss the possibilities at the full OWSU Board meeting on November 14. However, board members expressed three particular cautions: 1) That we are not simply going to create a program to meet needs as they may appear appropriate now, then pressure ourselves into providing student numbers sufficient to justify its existence [build it and they will come syndrome]. 2) That we do not plan to change student placements in outside programs without giving careful thought about the disruption it may cause for students and their families, and 3) That we carefully consider the managerial implications before we agree to 'house' or 'manage' a program within OWSU which may provide benefits for other supervisory unions.

Don and I met last week to review options and variables as we try to determine what kinds of Special Education programs might be viable for us to pursue instead of placing students with outside schools or agencies. For example, although Don mentioned fact that the Pittsfield Academy program for students with behavioral disabilities might relocate from Pittsfield to Bethel, we are not counting on that move, nor are we going to agree to any proposal that requires OWSU or any member school district to sign onto a long-term commitment which may not fulfill our needs in another two or three years. Similarly, we are only going to look at an OWSU-focused approach if we can project authentic need out over time. We will bring any proposals

back to OWSU Board with fully developed rationale outlining educational, logistical, and financial advantages as reasons to act. In the event that we find or develop other appropriate placements, we will engage parents and students through the IEP process in assuring a smooth transition. Finally, as a part of the planning process we will look at current staffing and facilities to determine our capacity to house and manage any collaborative OWSU-wide programs. I will keep board members informed about our discussions.

Cost-Driver Study

I was asked by a member of the Business Education Alliance if I would be willing to participate in a comparative study to determine the cost-drivers in public, K-12 school districts. The Business Education Alliance is comprised of representative of the Vermont School Boards Association, the Vermont Principals Association, the Vermont Superintendents Association, the Vermont Business Roundtable, and the Champlain Valley Chamber of Commerce. The purpose of the study is to inform the Vermont State Board of Education about the factors which have contributed to the growth in per-pupil educational spending over the past 10 years.

Designed as a combination of a statistical review and a case study, it is designed to compare pre-Act 60 and post-Act 60 in six school districts representing high-per-equalized pupil spending districts and low-per-equalized pupil spending districts by comparing each school's expenditures in 1996 to those in 2006. The districts chosen are Randolph UHS, Mount Mansfield UHS, south Burlington SD, Morristown SD, South Royalton SD, and Chelsea SD. The project design calls for an initial review of demographics and the statistical reporting to the state DOE, followed by visits to the schools and the gathering of qualitative data such as course catalogues, program additions, deletions, and changes, and shifts in district goals and objectives. In addition to the superintendents, principals, and business managers, the study will use the services of two consultants, retired Addison Rutland SU Superintendent, Dick Stewart, and retired CVU Principal Val Gardner to collect and analyze data and to draft the report. The report will then be presented to the State Board and will ultimately, be forwarded to the legislature. Again, I will keep you informed about information gleaned from the study.

Improvements considered for OWSU.

As part of the budgetary process for OWSU we made a proposal to the full OWSU Board to consider five one-time expenditures, the formal establishment of a reserve account and returning surplus revenues to the member districts (see attached chart). The server room upgrade is designed to give us more room in the closet that houses our servers and allow us to improve air circulation and reduce waste heat. The security wall upgrade is to prevent voices carrying through the wall between the superintendent's office and the conference room, risking inadvertent

sharing of confidential information. The inventory control system is required our auditors as a means of tracking and accounting for equipment purchases using federal funds. The new accounting software line item was an estimate of the cost of purchasing software to promote sound business operations between the schools and OWSU, to allow us to integrate the human resource functions allowing us to better track salaries and benefits and to improve planning and budgeting functions.

In addition, I have proposed that \$70,000 of OWSU's accumulated surplus be returned to the member districts in proportion of support. This would leave a reserve of \$18,000.

Donna and I attended a workshop featuring the software and we have received price quotations since the OWSU meeting. We have two options for this purchase, to fund it fully, up front, or to do a lease purchase. The full purchase price turned out to be considerably higher than our first estimates. However, we returned to the vendor and asked for different options and configurations. We will have a firm recommendation to present to the OWSU Board on December 12.

ANTICIPATED FUND BALANCE FY 2008*

	\$	
FY 2008 anticipated receipts less expenditures*	14,356	
	\$	
Fund balance carryover*	74,917	
	\$	
audited adjustment for deferred revenue*	38,679	
	\$	
Projected cumulative fund balance sub-total*	127,952	

ONE TIME EXPENDITURES

Proposed one-time expenditures:

	\$	
Server room upgrade - 3 monitors	600	
Security wall upgrade (conference room/superintendent's office)	\$	1,400
	\$	
Inventory control system (\$5000 - \$7000)	7,000	
	\$	
New accounting software	30,000	

	\$	\$
Total one-time expenditures	39,000	39,000

	\$
Available balance	88,952

RETURN TO TOWN SCHOOL DISTRICTS

	\$
Return to town School districts	70,000

RESERVE ACCOUNT

	\$
Allocated to reserve account FY 2008	18,952

* Based on Financial statement 11/07/2007