

*Voters in Alton, Bradley, Greenbush, Milford, and Old Town will go to the polls on January 27th to vote on a Reorganization Plan that would consolidate the five municipal school districts into a single Regional School Unit (RSU) under Maine's new school consolidation law. The Times asked Dave Wollstadt, school board and Reorganization Planning Committee (RPC) member from Old Town to give us a final update on school consolidation and what it would mean for the five communities.*

**Q. What should people be thinking about when they go to the polls on January 27th to vote on the consolidation plan?**

A. We're sure that voters in all five communities want to know whether consolidation will save money. We also think that they should look at the longer-term picture, and how statewide trends will affect school budgets.

**Q. OK, lets start with money. Do you think consolidation will actually save money, or will it just cost less than the penalties?**

A. We think it will actually save money over the long-term. When we tallied up the major costs of forming an RSU and the potential savings from operating an RSU, the savings came out ahead.

For the RSU as a whole, we project that savings will exceed costs by \$250,000 to \$500,000 annually, depending on our ability to find operating efficiencies that are made possible by consolidation.

For Old Town only, we project that the savings will exceed the costs by \$50,000 to \$180,000.

**Q. Now, wait a minute. Haven't you been telling us all along that the RPC doesn't project any savings from consolidation? How come you're projecting savings now?**

A. What we've been saying is that the Reorganization Planning Committee (RPC) doesn't see any *immediate* cost savings from consolidation. However, the plan does state that there are a number of areas where we believe that potential savings can be achieved over the long term. The RSU will be combining up to five municipal school district budgets into one, and there's no doubt in our mind that efficiencies can be found in a number of areas.

**Q. So, how did you determine that consolidation will actually save money?**

A. Basically, we looked at the costs that are likely to result from setting up an RSU, and then looked at the potential savings from operating an RSU. Please bear in mind that most of the costs and savings will come three to six years after the RSU is formed.

**Q. What are the major cost items?**

A. Right off the bat, the RSU will have some start-up costs, such as establishing a new banking relationship that will allow it to be financially self-sufficient, printing new stationary, and getting new tax ID numbers. The list is too long to recount here, but our best guess is that it will probably cost about \$50,000.

Once the RSU is up and running, the most significant cost item will be "leveling up"

**Q. What is "leveling up"?**

A. Leveling up is the cost of adjusting salary and benefit levels after employee bargaining units are combined into district-wide units in compliance with the consolidation law. This won't happen immediately—the law says it must occur by the time the last contract expires, or three years after the RSU forms. When the first district-wide contracts are negotiated, the salary adjustments may take place over several years. This will be a considerable expense, but the district will benefit from being able to attract and retain better teachers as the pay scales throughout the RSU become more competitive.

**Q. How much will it cost?**

A. We don't know for sure. Commissioner Gendron has said that leveling up is likely to result in increased state aid, which would reduce the impact, so our best guess is that the total cost would be approximately equal to the penalties for failure to consolidate.

**Q. Isn't leveling up a big problem for the Brewer RSU?**

A. Yes. They believe it will cost them so much money that they'd rather take the penalty than consolidate.

**Q. Why isn't it that much of a problem for us?**

A. As I said, it's likely to be a significant expense, but salary levels in Brewer are very high, and the difference between Brewer and the surrounding towns is much greater than the difference between Old Town and the Union 90 salary levels.

**Q. What are the potential cost savings from consolidation?**

A. There are two major areas for cost savings for the RSU. One is reduced tuition costs. The other is finding long-term operating efficiencies that become possible because of consolidation.

**Q. Aren't you speculating about these savings, and aren't the actual dollar savings several years away?**

A. Sure. But we're also speculating about leveling up, and those costs are also three to seven years away.

**Q. If the consolidation law guarantees school choice, how would the RSU save money on tuition?**

A. Good question, because the RSU certainly doesn't intend to interfere with students who want to exercise school choice. Nevertheless, we believe that over time, the citizens of the Union 90 communities that vote to join the RSU will come to recognize the Old Town High School is *their* high school, not just one of several high schools to which they can send their students. OTHS will be the high school that these communities help govern; it will be the high school that their tax dollars support. As these communities increasingly take ownership of Old Town High School, it stands to reason that an increasing number of students and parents will exercise their choice by choosing to attend OTHS. Right now, about 100 Union 90 students are tuitioned to schools outside of Old Town. We believe it is reasonable to speculate—since any serious discussion of future RSU costs involves speculation—that consolidation will reduce the number of tuition students going out of district by 50%. That would save about \$400,000 in tuition payments to out-of-district schools.

**Q. What about long-term operating efficiencies? What's the potential in this area?**

A. We believe that the RSU can achieve significant savings in a variety of ways. A number of areas are listed in the consolidation plan, including having one superintendent and one central office instead of two, consolidating certain services, possibly hiring staff to perform certain special education services instead of contracting for those services on a per-student or per-school basis, and so on.

The point to remember is that the total RSU budget will be in the neighborhood of \$25 million (the approximate total of the five municipal school department budgets). If we can save just 2% of that, the savings would total \$500,000 a year. If the savings are only 1%, the total is still \$250,000 a year..

**Q. So, how do the numbers add up?**

A. The math is pretty simple. For the RSU as a whole, the costs and savings are as follows:

	<u>Costs</u>	<u>Savings</u>
Start-up costs	\$50K	
Leveling up	\$334K	
Tuition		\$400K
Operating efficiencies		<u>\$250-500K</u>
<b>TOTAL</b>	<b>\$384K</b>	<b>\$650-900K</b>

As you can see, the potential savings exceed the costs by \$266,000 to \$516,000, depending on whether we project savings from long-term operating efficiencies to be 1% or 2% of the total RSU budget.

**Q. What are the figures for Old Town?**

A. Here are the numbers:

	<u>Costs</u>	<u>Savings</u>
Start-up costs	\$25K	
Leveling up	\$167K	
Tuition		\$200K
Operating		

efficiencies	\$125-250K
Cost-shift (year 3)	\$77K
TOTAL	\$269K \$325-450K

As with the RSU as a whole, the potential savings for Old Town exceed the costs by \$56,000 to \$181,000 per year. Note that this includes the “cost-shift” to Old Town.

**Q. What happens if Old Town votes “no” on consolidation?**

A. One of the things we’re really concerned about is the impact of a “no” vote on the number of tuition students attending Old Town High School. If Old Town votes “no” on consolidation, residents of the Union 90 towns would have no reason to think of OTHS as their high school. Rather, they will continue to view it as one of several high schools where they can “spend” their town’s tuition dollars. They may also feel that that Old Town doesn’t want students from Union 90 schools. (Old Town voters should be aware of the fact that the Orono-Glenburn-Veazie reorganization plan explicitly states that if their RSU is formed, it will immediately undertake an aggressive marketing campaign to ensure the viability of Orono High School. We expect the primary focus will be on recruiting students from the Union 90 schools.) For those reasons, we believe a “no” vote on consolidation could eventually wind up costing Old Town between \$200,000 and \$400,000 a year in lost tuition revenue, as both Orono and John Bapst take advantage of increased opportunities to recruit Union 90 students.

**Q. When you say that consolidation would save \$250,000 to \$500,000, does that mean our tax bills will be reduced by that amount?**

A. Unfortunately, no. The Department of Education has announced that state aid to education will be “flat-funded” for the next two years (which means that Old Town will receive \$300,000 to \$500,000 less from the state *each year*), so there will be a lot of pressure on school budgets. The state has also announced that municipal revenue sharing funds will also be cut back, so there will be additional pressure on municipal budgets, as well.

**Q. Is that what you meant when you said voters should look at the longer-term picture and at statewide trends?**

Yes, that’s part of it. People need to look around the state and see what’s happening, not just with school funding, but with state and municipal budgets generally.

The trends we see include:

- Reductions in state aid to education . The schools have already seen reductions in this year’s general aid to education payments (\$107,300 for Old Town), and, as mentioned above, state aid will be flat-funded for the next two years.
- Declining revenues for both state and municipal governments as the recession deepens.
- Declining enrollments (a statewide trend, not just in our schools), which will further reduce state education subsidies and increase the competition for students (and tuition revenue) from “choice” towns.

**Q. What does that have to do with school consolidation?**

A. We don’t see any near-term relief for the challenges facing state, municipal, and school budgets. It’s not a pretty picture.

Ultimately, the school consolidation plan that is being offered to voters on January 27th does not propose that we spend more on educating our children; it suggests that we consolidate our five municipal school districts so that we can spend our education dollars more efficiently—so that we can get better results for the dollars that we do spend.

If we fail to consolidate now, the trends that we described above won’t stop. Revenues for both educational and municipal services will keep getting tougher to raise, and in five years we’ll look back and wonder why we missed the opportunity to spend our education dollars more wisely when we had the chance.