

# RIPEC

## NEWS RELEASE

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### **RIPEC Releases Aquidneck Island Consolidation and Feasibility Study**

**- Opportunities exist to generate significant savings to the three districts through consolidation, while providing enhanced educational opportunities -**

Over the course of the last months, RIPEC, in conjunction with the Aquidneck Island Advisory Group, made up of the chairs of the school committees of the three districts, superintendents, and town/city managers, as well as the Aquidneck Island Planning Commission, engaged in a comprehensive study on the feasibility of school consolidation or cooperation initiatives for the three school districts of Middletown, Newport and Portsmouth. The attached study is embargoed until Monday, June 29, and can be accessed on RIPEC's website at [www.ripec.org](http://www.ripec.org).

**When the three communities consider their options there are potential benefits if school districts were to consolidate:**

- Opportunities exist to generate significant savings to the districts through consolidation while enhancing educational opportunities.
- Neighborhood schools on the elementary level can be maintained.
- Estimated average annual operating budget savings for all three districts combined range from \$2.8 million to \$12.3 million between FY 2012 and FY 2014.
- The State offers a financial incentive to districts that are looking to consolidate in the form of increased reimbursement rates for school construction. If the districts were to consolidate, they would be able to effectively double the State reimbursement rate from the current 30.0 percent to an estimated 60.0 percent. Current capital borrowing plans are between \$175 and \$200 million.
- There also exists the potential for increased savings via increasing the level of shared services with municipal government (e.g., financial operations and purchasing).

- The districts may be able to generate additional revenue through land sales/rental fees or alternate uses for properties that may no longer be necessary post-consolidation.
- Consolidation may provide an increased critical mass of students for a wider range of academic offerings to better meet the academic needs of students at all levels.
- Increased numbers may also allow for expanded extra-curricular opportunities (e.g., arts/music/drama and athletics). The opportunity for other activities (intramurals, academic teams) will also likely increase.

**Highlights of the report**

The study looked at community profiles, staffing analysis, budget profiles, and provides for a forecast on the fiscal picture of the districts. It also includes a capacity analysis and the impact school consolidation would have on facilities. Highlights of the report include:

Enrollment

Grade	2005	2009	2005-09		2009	2014*	2009-14*	
			Amount	Percent			Amount	Percent
Middletown	2,566	2,378	-188	-7.3%	2,378	2,173	-205	-8.6%
Newport	2,608	2,096	-512	-19.6%	2,096	1,649	-447	-21.3%
Portsmouth	3,061	2,908	-153	-5.0%	2,908	2,671	-237	-8.1%

\* Projected  
SOURCE: RIDE fall enrollment; Whitehall, NESDEC, and Middletown projections; RIPEC calculations

- All three districts face declining enrollments over the next few years.
- In 2009, the combined enrollment for all three districts is at 7,382 students. In 2014, enrollment is projected to decline to 6,493 students, a decline of 12.0 percent during that time period.
- Enrollment is projected to decline by 8.1 percent in Portsmouth, 8.6 percent in Middletown, and 21.3 percent in Newport between 2009 and 2014.

Projected Enrollment and Capacity

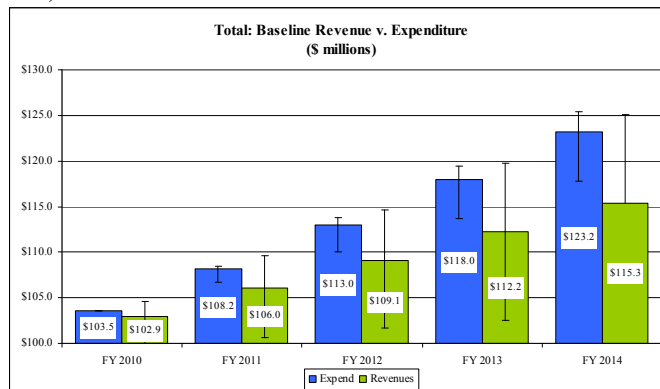
Projected FY 2014 Enrollment and Capacity								
	Middletown		Newport		Portsmouth		Total	
	Enroll	Capacity*	Enroll	Capacity*	Enroll	Capacity*	Enroll	Capacity*
Elementary**	657	795	636	1,272	1,006	1,324	2,299	3,391
Middle	870	1,000	523	760	579	1,056	1,972	2,816
Secondary	606	920	448	1,200	955	1,250	2,009	3,370
<i>Total</i>	<i>2,133</i>	<i>2,715</i>	<i>1,607</i>	<i>3,232</i>	<i>2,540</i>	<i>3,630</i>	<i>6,280</i>	<i>9,577</i>

\* Capacity assumes closure of Kennedy and Carey elementary schools at the end of the 2008-09 academic year.  
 \*\* Middletown Elementary is K-3; Newport is K-4; Portsmouth is K-5, kindergarten students count as .5 FTE; totals exclude pre-K programs

- All three districts currently have excess capacity in their school buildings, which is projected to increase as enrollments decline.
- On the elementary level, all three districts combined are projected to have an excess capacity of 1,092 seats in FY 2014.
- On the middle school level, the excess capacity is projected to be 844 seats in FY 2014.
- On the high school level, the excess capacity is projected to reach 1,361 seats in FY 2014.

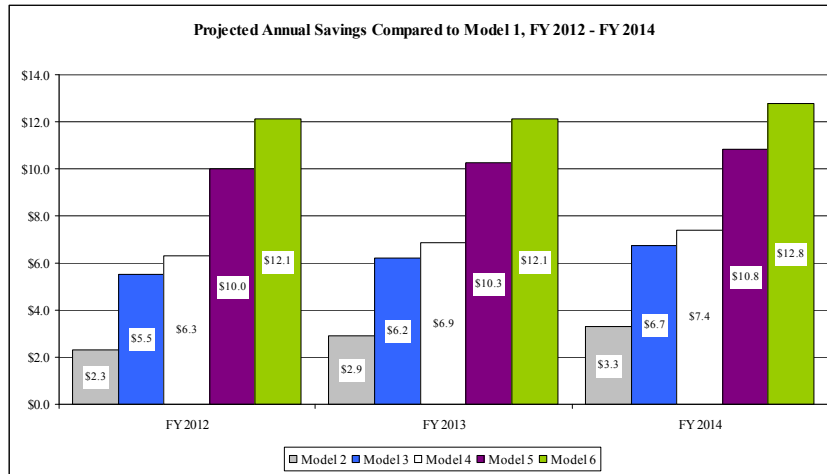
Baseline expenditure and revenue forecast (Model 1)

RIPEC developed six models to show various scenarios (see appendix for more detailed explanation of the models).



- The chart above shows the projected collective budget implications if all three districts were to increase both their revenues and expenditures at the baseline, as well as providing error bars to show a projected range (Model 1).
- Using the forecasted baseline estimates, the three districts are projected to face deficits ranging from \$0.6 million in FY 2010 to \$7.8 million in FY 2014. This translates into projected deficits of 0.6 percent to 6.4 percent of the total forecasted operating budgets across all three communities.

Expenditure Forecast Results (Models 2-6)



- The above chart shows projected savings compared to Model 1 (status quo) if the districts were consolidated.
- Depending on the model used, if districts were consolidated, projected annual savings range from \$2.3 million in FY 2012 (Model 2) to \$12.8 million in FY 2012 (Model 6).

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Middletown	\$14,816	\$15,707	\$16,685	\$17,553	\$18,607
Newport	18,656	20,426	22,608	24,766	27,201
Portsmouth	12,550	13,261	13,985	15,006	15,824
Model 1	\$14,719	\$15,747	\$16,883	\$18,116	\$19,363
Model 2	14,719	15,747	16,539	17,667	18,845
Model 3	14,719	15,747	16,057	17,159	18,305
Model 4	14,719	15,747	15,940	17,061	18,203
Model 5	14,719	15,747	15,387	16,540	17,663
Model 6	14,719	15,747	15,067	16,254	17,353

NOTE: Newport projections include the district's OPEB liability, which is excluded in the "combined district" expenditure projections. Totals do not include restricted funding.

- The above table shows projected per pupil expenditures assuming the status quo (Model 1) and school district consolidation (Models 2-6).
- In Model 1, per pupil expenditures are projected to increase from \$14,719 per pupil in FY 2010 to \$19,363 per pupil in FY 2014.
- Assuming school district consolidation, per pupil expenditures are projected to be lower under all scenarios. In FY 2014, per pupil expenditures would range from \$18,845 per pupil under Model 2 to \$17,353 per pupil under Model 6.

### **Next Steps**

RIPEC recommends as next steps the following:

- Increase use of shared services

All three districts have a number of shared services agreements with collaboratives, statewide organizations and State and local governments. However, our review of their use of these services indicates that there are potential areas for expansion. Specifically, as the districts further evaluate the feasibility of consolidation, performing common services, such as IT and financial services such as payroll, together may yield cost savings and help build a common culture between the three districts. Special attention should be paid to who should provide the service and how, in order to reap the maximum benefit from the collaboration. In addition, the districts should continue working to enhance their use of the existing collaboratives, such as the East Bay Education Collaborative (EBEC) in areas such as joint purchasing.

- Joint educational planning

In addition to increased cooperation with regard to purchasing or performing services, RIPEC recommends that the districts look into joint educational planning. While State mandates have moved, and continue to move, all the districts in a common direction, special attention should be paid to alignment of curriculum, standards, graduation requirements, etc. This includes joint curriculum development, which also has the potential to generate additional savings for the districts. Joint educational planning should also include a comprehensive facility review by a single entity, which will provide for a common baseline in order to assess where additional savings could be found, and where opportunities to enhance current facilities or develop new facilities exist.

- Legal and structural analysis

While the literature does not offer any solid conclusions regarding the benefits or detriments of consolidation, what is clear is that the organization of the consolidated district will have a significant impact on the success or failure of said district. To this end, it is important that the districts undertake a careful legal analysis, paying special attention to issues such as governance, funding and school committee representation. The three districts might want to pay special attention to the challenges faced by regional districts in the State and in Massachusetts as they outline their framework.

The districts should also consider structural questions that relate to the physical and pedagogical aspects of the district. One area of consideration might be whether to build one large high school (or middle school), develop school-within-a-school models, or retain two separate high schools (or middle schools). Another consideration might be graduation requirements, which currently differ slightly between the three districts (for example, Middletown includes a community service requirement).

## Appendix

### Explanation of assumptions for the six models

RIPEC has developed six models for this study. Model 1 assumes no changes. Models 2-6 assume a consolidated district under various scenarios.

#### Model 1

- Combines the individual district forecasts;
- The Newport OPEB liability has been taken out of the forecast, based on the assumption that this would remain with the town. School revenues have been decreased by the forecasted OPEB liability;
- Provides a picture of what the total expenditures across the entire island would be if nothing changed.

#### Model 2

- A “combined district” student/teacher ratio was forecast through FY 2014 maintaining the current ratios as they exist in each district;
- Consolidation was assumed in FY 2012;
- The model includes 2 LEP teachers in each district, and does not modify any other certified staff;
- The number of teachers that could be reduced due to declining enrollments was then calculated;
- Average certified staff salary and benefits were determined and the lowest average salary/benefit was used to estimate projected savings;
- These savings were calculated for FY 2010, inflated using the methodology outlined earlier and applied to FY 2012-FY 2014 estimates.

#### Model 3

- This model was forecast in the same manner as Model 2, but modifies the student/teacher ratio based on the maximum ratio in each district in FY 2009, except for kindergarten, which uses the lowest ratio (20:1).

#### Model 4

- Builds on the assumptions of Model 3, and includes reductions in special education teaching assistants based on estimated reductions in special education enrollment (held at a constant ratio to the total student population);
- The model also includes estimated reductions in central administration and assume one superintendent, two assistant superintendents and one director for finance, facilities, student services, technology, athletics, and standards/teaching/learning;
- Support staff for finance, student services and human resources are added back;
- Eliminated positions assume the lowest salary (either average or based on RI-ASC data) and lowest benefit. Positions were added back at the highest pay and benefit rate;

- An additional \$500,000 was also added back to account for the potential need to add positions.

Model 5

- Model 5 eliminates 1 high school based on enrollment projections and capacity;
- Total enrollment/school assignment was projected using Providence Plan maps;
- The model also increases the student/teacher ratio to 20:1 for high school;
- School specific staff was eliminated/retained (using the same methodology as earlier models) as follows:

Principal (1; Retains 1)	Nurse (1)
Librarian (1)	Guidance (1; Retains 1)
Clerical (5)	Custodians (2; Retains 2)
- Operations savings due to building closure were estimated to be ~\$520,000 in FY 2010, and were inflated using CPI.

Model 6

- This model builds on the assumed savings of earlier models and closes a middle school based on projected enrollments and capacity;
- As with Model 5, student assignment was determined using Providence Plan maps;
- Middle school student/teacher ratios were calculated using the lowest contract maximum (23:1);
- School specific staff was eliminated/retained (using the same methodology as earlier models) as follows:

Principal (1; Retains 1)	Nurse (1)
Librarian (1)	Guidance (1; Retains 1)
Clerical (4)	Custodians (2; Retains 2)
- Operations savings due to building closure were estimated to be ~\$575,000 in FY 2010, and were inflated using CPI.