

**Dexter Community Schools
Service Consolidation Plan
February 1, 2011**

Language in Section 11(d) of the State School Aid Act that was in effect for the 2009-10 fiscal year allowed any district to enter into an agreement to develop a Service Consolidation Plan in exchange for the flexibility in recording the 2009-10 Section 11(d) State Aid Reduction in revenue to otherwise restricted revenue (i.e. at-risk, vocational education, and early school readiness programs). Participation in the Service Consolidation Plan agreement was voluntary. The Dexter Community Schools Board of Education adopted by resolution to enter into an Agreement with the Michigan Department of Education on January 11, 2010.

Language in Section 11(d) of the State School Aid Act in effect for 2010-11 further requires the districts which entered into a Service Consolidation Plan agreement to now report on the status of the plan. *MCL 388.1611d (3) Not Later than February 1, 2011, a district shall submit to the department, in the form and manner prescribed by the department, a report on the status of the district's implementation of the service consolidation plans under this subsection. (4) In addition to developing the service consolidation plan under subsection (2), a district or intermediate district that purchases diesel fuel shall explore possibilities for coordinating regional purchasing of diesel fuel.*

This Service Consolidation Plan, in compliance with Section 11(d) of the State School Aid Act (MCL 388.1611D(2)) and MDE Guidelines, was developed to reduce school operating costs. The intent of the Michigan Department of Education (MDE) Guidelines for Service Consolidation Plans (SCP) is to encourage districts to reduce school operating costs by considering consolidation of services. The Guidelines promote flexibility and collaboration as determined by local needs and desired outcomes; and they assist districts in the planning process.

Service Consolidation Initiatives Update

Shared director-food services

Dexter Community Schools employed a full time Director of Food Services up to and including the 2009-10 fiscal year. Chelsea Area Schools employed a full time Director of Food Services up to and including the 2009-10 fiscal year, who retired after the 2009-10 school year. Dexter Community Schools and Chelsea Area Schools determined that one full time food services director could adequately run both programs by implementing like programs and sharing best practices between buildings in both districts. In the 2010-11 fiscal year, Chelsea Area Schools and Dexter Community Schools entered into an agreement of cooperative arrangement in performing the function of directing and managing the food service programs for both districts. Dexter Community Schools continues to employ a full time Director of Food Services. Chelsea Area Schools shares the cost based on a prorated portion (based on total student count) of the compensation package plus 15% administrative support.

Financial Implications:

2010-11	General Fund (increased revenue)	\$ 24,187
	Food Services Fund (increased revenue)	\$ 24,187

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Restructured transportation services

From September 2007 to April 2008, Washtenaw ISD and the University of Michigan, Ford School of Public Policy, studied the county special education center program transportation. The project's purpose was to identify potential recommendations for efficiency, effectiveness, and a possible consolidation of special education transportation services at the county level. The study suggested that further analysis of countywide routing for special education transportation services had the potential for savings, but the local districts would still run operations. The study produced no defined plan for implementation.

In March 2009, Dexter Community Schools launched a process that became known as Reimagining Dexter Transportation. The goal was to investigate the feasibility of moving the transportation facility onto the central campus and restructure transportation operations in order to provide operational savings.

In the Fall 2009, Washtenaw ISD coordinated an effort Designing a Consolidated School Transportation Operation for Washtenaw County. Consultants from Xavier Leadership Center facilitated the design work. All county districts agreed to participate in the design phase. The goal was to maintain the quality and safety of transportation services while creating a more efficient, consolidated operation that would generate cost savings in the range of 18%-25%, and implement the program for 2010-11. An interim report issued in March 2010 proposed a WISD transportation organization and an implementation timeline.

Independently and simultaneously, planning continued for Reimagining Dexter Transportation and Designing a Consolidated School Transportation Operation for Washtenaw County. In May 2010, the Superintendent of Dexter Community Schools presented the Board of Education a draft transportation plan. The plan recommended the transportation center remain at the current site for 2010-11, the transportation department would reduce overhead, the WISD consolidated service would take over out of district special needs transportation using the countywide consolidated operation, a pilot of a central transfer location using the existing intra-campus roadway, community stop/no transport zone within the Village of Dexter, single-tier bus run for K-12 students, and hub bus stops on routes. Subsequently, the WISD could not implement the planned program and scaled back implementation to three school districts. Dexter Community Schools continued to operate the special needs transportation.

Financial Implications:

2010-11	General Fund (reduced expense budget)	\$ 255,000
2009-10	General Fund (reduced expense budget)	\$ 80,000

Implementation of Reimagining Dexter Transportation is a multi-year initiative. When fully implemented, savings are projected to total \$880,000 when compared to the former operation.

Shared manager-transportation services

Dexter Community Schools employed a full time Director of Transportation up to and including the 2008-09 fiscal year. Whitmore Lake Public Schools employed a full time Transportation

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Director, who retired after the 2008-09 school year. Dexter Community Schools and Whitmore Lake Public Schools determined that one full time transportation director could adequately run both programs by implementing like programs and sharing best practices in both districts. In the 2009-10 fiscal year, Dexter Community Schools and Whitmore Lake Public Schools entered into an agreement of cooperative arrangement in performing the function of directing and managing the transportation programs for both districts. Dexter Community Schools continued to employ a full time Director of Transportation. Whitmore Lake Public Schools shared the cost based on a prorated portion (based on total student count) of the compensation package.

Financial Implications:

2009-10	General Fund (increased revenue)	\$ 17,994
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When Washtenaw ISD began planning for a countywide consolidated transportation model, Whitmore Lake Public Schools indicated intent to use WISD transportation services for the 2010-11 school year and not continue with our shared service agreement. In the end, the new Washtenaw ISD transportation program did not have sufficient resources to fully implement a countywide model and limited implementation to three districts. Neither Dexter nor Whitmore Lake was included. In 2010-11, Dexter Community Schools implemented the Reimagining Dexter Transportation restructuring plan. The full attention of the Transportation Manager was necessary and the shared service agreement with Whitmore Lake was not reestablished.

Safe Routes to School

Dexter Community Schools, Chelsea Area Schools, and Manchester Community Schools wrote a joint grant through the Chelsea-Area Wellness Foundation to hire a coordinator to plan and implement safe routes to schools initiatives within our three communities. The target is for the coordinator to be on staff Spring 2011.

Financial Implications:

2010-11	Internal Activity Fund	\$ 38,500
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Disposal of obsolete equipment

We developed a practice to provide a simple, predictable, broadcasted, and definitive way to communicate when the District has property for sale to all stakeholders. We were focused on reaching out to our community, parents, students, staff, taxpayers, and surrounding communities. We had to be able to sustain the program with minimal time commitment of our small Business Office and without assistance from our technology department.

To sell obsolete property, we leveraged two familiar resources: our own business office website and the Ann Arbor craigslist.org. We post the items on craigslist.org. The advantages of using craigslist.org were it already existed, it is simple to use, it has become a commonly used forum for free classified advertising, it is specifically designed to target local buyers, and postings automatically expire after 30 days. Once the item is posted, we place the link on our Business Office web page developed specifically to communicate how we dispose of obsolete property, all items for sale, all items that we have sold, and the prices received. The Business Office staff

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maintains our own website through Savvy Content Manager. By combining the two forums, we were able to target our local constituents and minimize the time involved in selling obsolete property.

Financial Implications:

2010-11 (at 12/31)	General Fund (increased revenue)	\$ 17,105
2009-10	General Fund (increased revenue)	\$ 44,115
2008-09	General Fund (increased revenue)	\$ 26,971

The program has received recognition through the Michigan School Business Officials (MSBO), being awarded the 2010 Meridian Achievement of Excellence. Several other districts have contacted our Business Office with questions as they have adapted this program for their own districts.

403(b) retirement plan

In response to new IRS 403(b) regulations effective January 1, 2009, the school business officials from Chelsea, Dexter, Washtenaw ISD, and Wayne RESA joined efforts to develop a better 403(b) retirement plan for our school districts, our employees, our colleagues, and our profession. The result was the 4-Bucket Plan: a better 403(b) retirement plan. Implemented January 1, 2009 by 15 school districts in Washtenaw and Wayne Counties, we have achieved a retirement plan with investment choices of just about any mutual fund available, performance results beating the category average in nearly every risk category, and low administrative and investment costs. As the total assets in the consortium grow, Plan Fees charged to participants drop. The consortium exceeded \$8,500,000 as of 12/31/2009 and the asset-based plan fees were 0.73%. The consortium exceeded \$16,200,000 as of 12/31/2010 and the asset-based plan fees were 0.67%.

Financial implications:

NEW PLAN (2009 Calendar year)

Net Costs Charged to Employees	\$10,011
Net Costs Charged to District	\$ 0

OLD PLAN (2008 Calendar year)

Net Costs Charged to Employees	\$112,265
Net Costs Charged to District	\$ 6,823

The program has received international recognition through the Association of School Business Officials International (ASBO), being awarded the 2010 Pinnacle of Achievement Award. Several other districts have contacted our Chief Financial Officer for information as they determine feasibility to join our collaborative.

Coordinating and contracting substitute teachers and paraprofessionals

Previously Dexter Community Schools employed a full time paraprofessional whose sole function was to manually coordinate, track, and arrange for substitute teachers and substitute

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paraprofessionals. The cost of the paraprofessional was \$24,282 in 2006-07.

In addition, Dexter Community Schools recruited, hired, and maintained its own substitute pool of teachers and paraprofessionals, often competing with neighboring districts for the local substitute pool. All substitute teachers and paraprofessionals were employed by the school district and paid directly for services. The District had a cost burden for payroll taxes and retirement contributions that was 24.37%, 24.19%, 24.59%, and 28.31% in 07-08, 08-09, 09-10, and 10-11, respectively.

In February 2007, Washtenaw ISD and its constituent school districts issued a joint Request for Proposal for a substitute management system, incorporating a calling system and an employee contracting component, and entered into a contract with Professional Educational Services Group, LLC (PESG). We implemented the system beginning the 2007-08 school year.

WISD now does central coordination of the recruiting of new substitutes, including a countywide substitute registry system to track substitute certification, fingerprinting, etc. It is an online automated system. The teacher or paraprofessional enters his or her absence into the web-based system or calls into the system by telephone. The automated system notifies and calls substitutes to arrange for coverage. WISD negotiates the contractual arrangement with PESG, manages the relationship, and pays PESG for all contract employees, issues PESG the 1099-MISC, and invoices all districts for services.

WISD is also the fingerprint-processing center for the county, saving significant equipment and travel costs for local districts, especially during this implementation phase of the School Safety legislation, by fingerprinting all local district employees at their work site.

Financial Implications (substitute management system):

2010-11 (at 12/31)	General Fund (reduced expense)	\$ 11,262
2009-10	General Fund (reduced expense)	\$ 21,755
2008-09	General Fund (reduced expense)	\$ 22,533
2007-08	General Fund (reduced expense)	\$ 22,809

Financial Implications (contracting component):

2010-11 (at 12/31)	General Fund (reduced expense)	\$ 12,846
2009-10	General Fund (reduced expense)	\$ 25,565
2008-09	General Fund (reduced expense)	\$ 24,328
2007-08	General Fund (reduced expense)	\$ 27,159

Contracting non-education association coaches

The master DEA contract defines compensation stipends for all athletic coaching positions. Previously all Dexter Community Schools coaches were employed by the school district and paid directly for coaching services. This posed several issues. Non-staff coaches often complained that they were required to be part of the Michigan Public School Employees

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PaySchools

Dexter Community Schools began providing an alternate approach for parents to make payments to the District by implementing the PaySchools online payment processing system that was developed by the Iowa Association School Boards and sponsored by MSBO, MASA, and MASB. PaySchools offers the convenience of making school-related payments on our school's website by e-check, Mastercard, Visa, Discover, and PayPal.

Using PaySchools, all payments are deposited directly into the District's bank accounts, less a 3.5% credit card processing fee that is charged by PaySchools. The fee has proven to be very cost effective by reducing the significant administrative burden associated with collecting cash and checks and mitigating the potential for fraud. There is no fee to the parent for this service.

District staff can generate an up-to-date list of all payments received from PaySchools and use it as a roster or order listing. We adapted documents created by PaySchools. Implementation was efficient.

We offer PaySchools for athletic pay-to-participate fees, athletic donations, band camp, yearbooks, district sale of obsolete equipment, and middle school band fees. We are working to expand usage into many Internal Activity Accounts, where the largest volume of cash and checks are manually collected and processed.

Financial Implications:

Transactions Processed	\$	#
2010-11 (at 12/31)	\$155,606	3,314
2009-10	\$225,666	3,916
2008-09	\$167,005	2,577
<u>2007-08</u>	<u>\$ 12,799</u>	<u>145</u>
Total	\$561,076	9,952

PaySchools 3.5% transaction fees	\$ 19,638
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Average transaction size	\$ 56
Estimated cost per manually processed transaction	\$ 7
Estimated net savings to district	\$ 50,000

Cooperative insurance pooling

In May 2007, Washtenaw Intermediate School District and its ten constituent schools districts, which are Ann Arbor, Chelsea, Dexter, Lincoln Consolidated, Manchester, Milan, Saline, Whitmore Lake, Willow Run, and Ypsilanti decided that they wanted to collaborate in various purchasing areas and created Washtenaw Intermediate School District Purchasing Consortium (WISDPC).

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One of the areas of collaboration was employee fringe benefits. In January 2008, the Consortium issued a joint Request for Qualifications and Information for an Employee Benefits Insurance Consultant. The selected consultant was Oak Pointe Group.

The complexities of bargaining agreements stalled progress. Individual districts continued to use Oak Pointe Group for district-specific solutions and many districts have implemented recommendations of Oak Pointe Group.

Dexter Community Schools had previously used a dually funded medical plan (high deductible BCBS policy wrapped by the third party administrator to the negotiated level of benefits) and self-funded dental, vision, and prescription plans. All were administered through Michigan Employee Benefit Services (MEBS) as well as the Flexible Spending/Cafeteria Plan. The life and long-term disability policies were purchased through National Insurance Services (NIS).

Using the work of Oak Pointe Group, effective September 1, 2010 we moved the Flexible Spending administration to NGS CoreSource. Effective January 1, 2011 we began self-funding the medical plan and also moved the dental, vision, and prescription plans to NGS CoreSource. All employee benefit plans are now processed through NGS CoreSource for a single point of information for the District and the employee, streamlining benefit administration at the District.

Purchasing of diesel fuel

Several transportation directors, including from Dexter Community Schools, under the Washtenaw Intermediate School District Purchasing Consortium (WISDPC), issued a joint bid for high volume bus parts and a cooperative fuel bid. Geographic barriers and mechanic preference prevented the proposals from being developed into an effective diesel fuel purchasing arrangement.

Dexter Community Schools had been participating in the Michigan Schools Energy Cooperative (MISEC) for purchasing electric and gas utilities since 2006. MISEC developed a Diesel Fuel Program and in order to engage this service, MISEC's bylaws needed to be amended by member districts. On July 6, 2009 the Dexter Community Schools Board of Education adopted the First Amendment to the Michigan Schools Energy Cooperative Interlocal Agreement to amend the bylaws. Not enough member districts adopted the Amendment to the Interlocal Agreement so the Diesel Fuel Program never launched. On July 6, 2010 the Dexter Community Schools Board of Education again adopted the Amendment.

We are not actively using a purchasing cooperative for diesel fuel purchases.