

# Schools Could Save Big With Cooperative Buying

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*Think New Mexico*

Gov. Bill Richardson proposes reallocating savings from central office school administration to instruction, where it will directly benefit students.

Not surprisingly, the governor's school reform efforts have recently run into a hailstorm of criticism from central office administrators, who argue that Richardson's plans will result in program cuts.

Specifically, the governor's plan would shift 5 percent, or \$90 million of New Mexico's total \$1.8 billion education budget, from administration down to the schools and classrooms where the actual learning takes place. Although central office administrators for the 89 school districts say they would be willing to reallocate 1 percent of their individual district budgets, they claim there is no room for additional administrative savings.

This response, however, conveniently overlooks the potentially enormous savings from eliminating duplication across districts.

For example, New Mexico's system of 89 public school districts fails to exploit the one major competitive advantage that the public schools enjoy over private and parochial schools: the sheer volume of students — approximately 320,000. Consider the buying power and economies of scale that could be productively used to benefit students.

Yet, the public school system continues, for the most part, to purchase and deliver non-educational services — such as transportation, food services, computers, software and payroll — through 89 separate school districts.

In the fall of 2000, Think New Mexico suggested creating a statewide buying consortium to harness the public schools' buying power. Under this plan, even Albuquerque Public Schools, the largest school district in the state with the most individual buying clout, could benefit.



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There are already excellent vehicles in place through the Cooperative Education Services, Regional Center Cooperatives and Regional Education Cooperatives, which could serve as the infrastructure for a single statewide buying cooperative. The Legislature could strongly encourage school districts to use these entities for purchasing all of their non-educational goods and services. Taxpayers and students would then reap the savings.

Another area for big savings across school districts would be to eliminate duplication among district personnel. The potential savings are best illustrated by the two school districts that serve the city of Las Vegas. Until the consolidation of the city of Las Vegas and West Las Vegas in 1968, Las Vegas had two city halls, two mayors, two fire departments and two police departments.

More than three decades later, however, Las Vegas still has two school districts: one for the city of Las Vegas and one for West Las Vegas, at presumably double the administrative cost.

To get an accurate sense of the dimensions of the administrative duplication and bloat among school districts, it is helpful to read the New Mexico State Department of Education's "New Mexico Educational Personnel Directory (2002-2003)."

From this document one can count, for example, the number of food directors in New Mexico's public schools: 66. If we were genuinely interested in working together to put children first, we could probably get by with eight food directors serving multiple school districts.

Unfortunately, this pattern is repeated across virtually every service that the 89 central administrative offices provide to the schools.

As a consequence, New Mexico spent only 56.4 cents out of every public educational dollar

on instruction in the 1999-2000 school year. This figure comes from a 50-state comparison by the federal Department of Education, which reveals that only Alaska and the District of Columbia spend a greater proportion of each public educational dollar on administration and support services than New Mexico.

If schools, and not the bureaucracies that administer them are our real priority, then it is time to rethink how we fund public schools. Under the

current system, the \$1.8 billion education budget is appropriated to the state Department of Education, which takes a cut for its administrative costs. The remainder is sent to 89 school districts, which in turn subtract funds to pay their administrative costs. Finally, what is left over trickles down to the schools and classrooms.

A better approach would be to turn the pyramid over and fund schools directly. The remaining dollars could then be used for administration.

Richardson is right. The potential savings exist to reach his 5 percent goal without cutting programs — if you know where to look. The adults who run the school system can get us there if they are willing to work together and sacrifice on behalf of the children they serve.

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