

BANGOR SCHOOL DEPARTMENT

73 Harlow Street - Bangor, Maine 04401

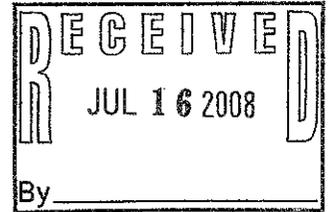
www.bangorschools.net

Betsy M. Webb
Superintendent of Schools

207-992-4150
Fax: 207-992-4163

Alan F. Kochis
Director of Business Services

207-992-4160
Fax: 207-992-4163



July 15, 2008

Commissioner Susan Gendron
Maine Department of Education
State House #23
Augusta, ME 04333

RE: Revised Alternative Plan

Dear Commissioner Gendron:

Please accept this response to your letter of April 11, 2008. As you know, Bangor submitted an alternative plan because it currently serves more than 2,500 students.

Enclosed are the following requested documents and information:

- Alternative Plan Submittal Sheet
- Alternative Plan Cover Sheet
- Copy of your letter dated April 11, 2008
- Alternative Plan Re-Submittal Information dated July 11, 2008
- Copy of the last submitted plan dated March 31, 2008

Please contact me if you need additional information.

Sincerely,

Betsy M. Webb
Superintendent of Schools

Enclosures

ALTERNATIVE PLAN SUBMITTAL SHEET

School Administrative Unit Submitting Alternative Plan:

- Bangor School Department

Contact Information:

Name: Betsy M. Webb, Superintendent

Address: Bangor School Department

73 Harlow Street

Bangor, ME 04401

Telephone: 207-992-4150

email: bwebb@bangorschools.net

Date Plan Submitted by SAU: July 8, 2008

The intent to submit an alternative plan has been approved by the Commissioner in the approval of the Notice of Intent?

YES NO

(If NO, please explain.)

Alternative Plan Cover Sheet

(Please attach Alternative Plan as Exhibit A)

Plan Requirements				
Item	Complete	In Progress	Not Yet Started	Need Assistance ¹
Plan addresses how the SAU will reorganize administrative functions, duties and noninstructional personnel so that projected expenditures of RSU in fiscal 2008-2009 for the following areas will not have an adverse impact on the instructional program.				
system administration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Enrollment meets requirements (2,500 except where circumstances justify an exception)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
When viewed in conjunction with surrounding proposed units, may not result in one or more municipalities being denied the option to join an RSU	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Consistent with policies set forth in section 1451	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Does your plan currently include information/documentation on collaborative agreements? <i>(not required, but encouraged)</i>			<input checked="" type="checkbox"/>	<input type="checkbox"/>

¹ Please explain what assistance you need to complete this portion of your plan, and state from whom you need assistance, on the next page.

BANGOR SCHOOL DEPARTMENT

Alternative Plan Re-Submittal – July 11, 2008

System Administration

2007-2008 Budget	2008-2009 Budget	Projected Savings/Increase	Percent of Inc/Dec
\$922,999	\$943,951	+\$20,952	+2.3%

Bangor School Department efficiencies in system administration:

1. Business services. Formerly creating a duplication of municipal labor, the City now “keeps the checkbook,” but the school department conducts all other fiscal operations. The working relationship results in very few problems or errors with obvious savings through reduced personnel. As part of our relationship, the City leases central administration space to the school department at \$7 per square foot including utilities. Similar space rented locally would be \$13 per square foot plus utilities. The side by side municipal offices present a daily opportunity to address shared projects and problems efficiently and amicably.
2. Insurance. The Bangor School Department and City share the expense of workers compensation insurance through shared self-insurance. Compared to the expense of a private policy last year, our savings were \$100,000.
3. In the larger sense, the school department annually reviews expense and designs a budget that incorporates savings. Combined with the effect of LD1, property tax rates for education and the city have steadily dropped.

<u>FY</u>	<u>Education Rate</u>	<u>Full Local Rate</u>
2002	12.20	23.75
2003	12.01	23.60
2004	12.39	23.35
2005	11.72	22.05
2006	10.49	20.40
2007	8.87	18.80

The Bangor School Department enjoys a profitable relationship with its municipal partners. Through agreements and shared services, the school department annually saves tens of thousands of dollars that would otherwise go to more expensive private options. These savings and efficiencies have existed for some years explaining the comparatively low expense of some budget divisions.

The explanation for the increase in system administration is as follows:

- Salaries and benefits for existing administrative staff and central office personnel

100% EPS Allocations 2008-2009	2008-2009 Budget	EPS Status
\$804,474	\$943,951	Above by \$139,477

Note: The Bangor School Department system administration expenditures cannot meet the EPS projection and still have a functioning administration given the size of the school department both in terms of personnel and business transactions. Per pupil figures have been well under state figures prior to the insertion of allocation into the FY09 budget process that are based on spurious research by GrowSmart.

Transportation

2007-2008 Budget	2008-2009 Budget	Projected Savings/Increase	Percent of Inc/Dec
\$1,320,000	\$1,350,000	+\$30,000	+2.3%

Bangor School Department efficiencies in transportation:

The school department has engaged in an examination of student transportation in the past two years that has and will produce savings. The current contract with the Cyr Bus Company requires the use of software to improve routing and scheduling. While the school department has been well under the state per mile expense figures, additional savings appear possible.

The reductions are as follows:

- | | |
|----------------------------|----------|
| 1. Eliminated two buses | \$50,000 |
| 2. Eliminated two bus runs | \$ 5,000 |

The explanation for the increases in this account is as follows:

- The price of diesel has doubled
- Contractual increase of 3%

100% EPS Allocations 2008-2009	2008-2009 Budget	EPS Status
\$964,328	\$1,350,000	Above by \$385,672

Note: The actual FY08 budget amount for transporting student to and from school was \$1,320,000 (not \$1,240,000) due to the addition of State Agency client expense. The budgeted amount for FY09 is \$1,350,000 or an increase of 2.25%, which includes \$125,000 in bus "monitors" for special education children. This minimal increase is

possible in spite of a 50% rise in the cost of 90,000 gallons of purchased diesel fuel (up \$90,000) but with a curtailment in the number of daily bus runs (saving \$55,000). Additional improved routing and consolidated stops will provide greater, though undetermined, savings in the year ahead. In light of the rise in energy costs, full savings are difficult to project but overall expenditure will likely remain flat year to year keeping the per mile cost constant (in spite of the state EPS reduction).

Special Education

2007-2008 Budget	2008-2009 Budget	Projected Savings/Increase	Percent of Inc/Dec
\$5,201,870	\$5,553,639	\$351,769	+6.7%

Bangor School Department efficiencies in special education:

With nearly 600 IDEIA identified students and over 250 Section 504 Plans, the administration of the lengthy and paper-driven process of identification and instructional planning is costly. The school department has developed software that expedites the process and quantifies data. While our attempts to maintain currency are frustrated by the confusion, imprecision, and ambiguity of state and federal definitions and requirements, savings will be realized in the year ahead by reduced numbers of PET “coordinators.” However, it must be made crystal clear that the Bangor School Department has a very high caliber special education program. It attracts desperate parents with increasingly more complicated children. At the same time, the department creates classroom solutions to autism, a burgeoning issue. Bangor has 62 autistic children with more coming.

Founded in 1978, the Southern Penobscot Regional Program for Exceptional Children continues to provide cost-effective programming for students with significant disabilities. If required to stay in their home school or transported to highly restrictive out-of-district programs, local expense would be significant. Through shared governance and programming, children can stay close to home and receive appropriate instruction at a reasonable cost.

A number of children with autism are exhibiting extreme behaviors, resulting in placements in a regional day treatment program. These placements are costly (\$35,000 - \$40,000 per year). The Bangor School Department anticipates savings may be generated through the development of a focused behavior stabilization classroom for children with autism at the K-3 level. This program will be staffed by skilled professional and paraprofessional staff, will include procedures for physical restraint and the active support of a school psychological service provider who possesses a strong background in autism and challenging behavior.

The Bangor School Department has a number of occupational therapists, speech therapists, physical therapists, and school psychological service providers working under individual service contracts. Giving consideration to the creation of permanent positions

covered by the teachers' contract, and creating teacher contract positions for full-time positions consolidated from several contracted positions will create budget savings. During budget deliberations, comparative costs will be generated, and discussion of cost-savings through the creation of full time positions will be completed.

The explanation for the increases in this account is as follows:

1. Increase in contractual obligations
2. Three additional ed techs due to autism projections
3. Increase in salaries and benefits for existing employees

100% EPS Allocations 2008-2009	2008-2009 Budget	EPS Status
\$4,057,422	\$5,553,639	Above by \$1,496,217

Note: Given changes in state accounting, undetermined calculations on the "281" report, and the effect of the inclusion of State Agency Client expenditures, actual savings cannot be figured. However, overall expense is certain to be higher. The proposed FY09 special education budget is 6.7% higher (or \$351,769) than last year. This increase is due primarily to contractual obligations, but given the increasing complexity of children with disabilities, this expense cannot be avoided without a strong adverse educational effect on the education of the special education population of 581 pupils.

Facilities and Maintenance

2007-2008 Budget	2008-2009 Budget	Projected Savings/Increase	Percent of Inc/Dec
\$4,293,344	\$4,800,814	+\$507,470	+11.8%

Bangor School Department efficiencies in facilities and maintenance:

1. Purchasing. Where combining purchases results in savings, there is close collaboration between the school department and city government. For example, a shared evaluation of the futures market led to the timely purchase of heating oil in 2007 at \$1.82 per gallon, down from the \$2.05 per gallon of a year earlier, for an \$85,000 savings. In the previous year, uncoordinated decision-making resulted in a costly delay. In another area, the Bangor School Department purchases municipal services such as snowplowing and sanding at low cost through the City. Previously at \$18,000, our "bid" cost would be over \$50,000 as determined by the experience of neighboring school units. In similar manner, the City provides all grounds maintenance, including athletic facilities, far under the expense of private contracting. Even in such minor services as the purchase and distribution of wood chips on playgrounds, the City has saved the school department money. In return, the school department

pays nominal fees that keep city services healthy, or sister departments such as the Bangor Parks and Recreation Department use school facilities, without charge, for community activities.

2. Energy Conservation. The school department is actively pursuing energy efficiency in all buildings.

A. The Bangor School Department is in the third year of a complete replacement of windows at our largest energy consumer, Bangor High School. In the past three years heating oil consumption at the school has dropped from 114,948 gallons to 83,294 gallons despite an increase of thirty thousand square feet in new construction eight years ago. It is not possible to have immediate dollar reductions in maintenance lines and also invest in energy conservation. Energy conservation investments delay, but guarantee, savings.

B. All schools have new or substantially upgraded boilers. Major problems in heat circulation have been solved in older buildings. Planned upgrades will bring even greater efficiency. Six schools will be converted to natural gas saving approximately \$400,000.

C. Lighting has been replaced in all schools, especially in areas of high use such as gymnasiums. Estimated savings from year ending Oct 31, 2006 compared to year ending Oct.31, 2007 are 191,000 KWH or nearly \$19,000. Three additional gymnasiums have been completed this summer.

D. In an effort to bring greater savings, the school department has partnered with the City and Honeywell Inc. in a complete energy audit to identify deficiencies and build conservation measures. In addition to this effort, we continue to evaluate an aging HVAC system and recently found poorly functioning components as part of stepped-up maintenance. Greater savings are probable.

Taking into account the energy conservation measures mentioned, savings in these areas have been realized. Efficiency is developed by a well qualified maintenance team that covers nearly every aspect of building repair and improvement. Very few private contracts are required. There is no better example than Bangor High School, a well maintained building built in 1964 for 1,500 students that refuses to age. Years of careful attention will save the city and state the significant expense of new construction.

The explanation for the increase in this account is as follows:

1. Major increase in electricity, sewer, and heating oil
2. Increase in snow removal
3. Increase in purchased services
4. Increase in salaries and benefits of maintenance and custodial staff

100% EPS Allocations 2008-2009	2008-2009 Budget	EP Status
\$3,933,221	\$4,800,814	Above by \$867,593

Note: The MDOE analysis of Facilities and Maintenance indicates 100% EPS calculations for FY08 are nearly the same as local expenditure planning. The FY09 budget is \$4,800,814 or \$507,470 more than the current year. Deducting the dramatic increase in heating fuel cost of \$313,000 and a rise of \$21,000 in snow removal, the budget increases \$173,470 or 4%. If energy conservation projects are removed (high school windows at \$96,000 and upgraded boilers at \$190,000), the facilities/maintenance line would drop well under EPS levels, but this action would create a long term cost.

The Impact of Projected Expenditures in 2008-2009.

The school department will continue to examine all non-instructional expense for increased saving. Developing efficiencies will require continuous adjustment, not sweeping change. The administrative organization and costs of similar school units have been examined, and our expenditure “model” has established a delicate balance between frugality and student achievement. It is either naïve or callous to believe that continuing to shrink “non-instructional” expenditures will not have an adverse on instruction and learning. In fact, forced curtailments within EPS may present compromises in fundamental public promises such as the safety of children.

Published per pupil figures and assessment data indicate that the Bangor School Department allocates resources prudently for safe, well-maintained schools that support instruction for academic excellence, but there is emerging reason to be concerned about the future.

The school does anticipate increased specific savings in the year ahead, but it is uncertain whether net savings, in the face of pending teacher negotiations, increased energy costs, and the provision for children with disabilities, will materialize. The school department continues its goal to conserve local funding.

As earlier stated, the history of local budget construction and the record of expenditures emphasize the instruction of all children as the first priority of the school department. In fact, an analysis of MDOE financial data shows that savings in recent years realized by being below average state expenditures in “non-instructional” areas have been invested in the classroom. With that being said, the projected expenditures in FY 2008-2009 for system administration, transportation, special education, and facilities and maintenance will not have an adverse impact on the instructional program.

ALTERNATIVE PLAN SUBMITTAL SHEET

School Administrative Unit Submitting Alternative Plan:

- Bangor School Department

Contact Information:

Name: Robert Ervin

Address: 73 Harlow Street

Bangor, Maine

04401

Telephone: 207-9924153

email: bangorsupt@bangorschools.net

Date Plan Submitted by SAU: March 31, 2008 (revised)

The intent to submit an alternative plan has been approved by the Commissioner in the approval of the Notice of Intent?

YES

NO

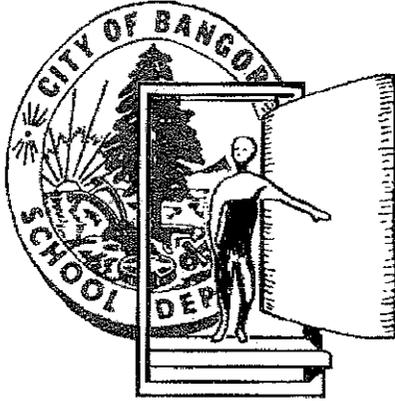
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Alternative Plan Cover Sheet
(Please attach Alternative Plan as Exhibit A)

Plan Requirements				
Item	Complete	In Progress	Not Yet Started	Need Assistance ¹
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APR 01 2008



BANGOR SCHOOL DEPARTMENT

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Robert Ervin, Ed.D.
Superintendent of Schools

207-992-4150
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Alan F. Kochis
Director of Business Services

207-992-4160
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March 31, 2008

Susan A. Gendron, Commissioner
Department of Education
23 State House Station
Augusta ME 04333

Dear Commissioner Gendron,

Please find attached the revised Alternative Plan for Bangor School Department as requested.

Sincerely yours,

Robert Ervin, Ed.D.
Superintendent of Schools

Bangor School Department
Alternative Plan (Revised)
March 24, 2007

Current Status under Maine's Consolidation Law

On August 31, 2007, the Bangor School Department filed its Notice of Intent to submit an Alternative Plan as a school unit with over resident 2500 pupils. The Intent was approved with the proviso that the school department meet with the Commissioner of Education and the Glenburn School Department to discuss possible consolidation. That meeting was held on October 15, 2007 with the conclusion that consolidation was not profitable. The Commissioner approved the designation of the Bangor School Department as a single Municipal School Unit.

This designation follows a thorough examination of potential regional consolidation that started in March 2007 and concluded with numerous meetings with neighboring RPC members and the city council. Both fiscal and educational factors were evaluated in depth.

Priorities and Efficiencies

The per pupil 2005-06 Financial Indicators for Bangor, published by the Maine Department of Education, tell the story of school department priorities and efficiency. First, overall local expenditures (\$8983) are below the state average (\$9356). Second, system administration (\$213) is well under the state average (\$371). In spite of the significant special education population that is served, the school department expenditures are at the state average (\$1275). Most importantly, the school takes the per pupil funds that are saved in non-instructional cost centers and invests them in instruction and the support of instruction. And within these categories, the greater amount of funding goes to elementary education. The priority of a good school start has been a longstanding ("Instructional Plan for the Year 2000" and "Beyond 2000") strategic goal of the school department. Furthermore, the turnover in the student population is addressed by investment in programs that support instruction for accelerated achievement. Achievement reports at all levels support the local fiscal approach.

The Bangor School Committee and its administration are well aware of the balance between educational excellence and fiscal responsibility. Whether through creative purchasing, energy conservation, regional programming or efficiency software, the school department gains significant short and long term savings every year. The following serve as examples:

A. Fiscal Relationship with the City of Bangor

In recent years, the Bangor School Department and the City have recognized the value of shared business services as well as mutual assistance. The result has been a significant savings in money for both sides that translates into reduced property taxes.

1. Business services. Formerly creating a duplication of municipal labor, the City now "keeps the checkbook," but the school department conducts all other fiscal operations. The working relationship results in very few problems or errors with obvious savings

through reduced personnel. As part of our relationship, the City leases central administration space to the school department at \$7 per square foot including utilities. Similar space rented locally would be \$13 per square foot plus utilities. The side by side municipal offices present a daily opportunity to address shared projects and problems efficiently and amicably.

2. **Purchasing.** Where combining purchases results in savings, there is close collaboration between the school department and city government. For example, a shared evaluation of the futures market led to the timely purchase of heating oil in 2007 at \$1.82 per gallon, down from the \$2.05 per gallon of a year earlier, for an \$85,000 savings. In the previous year, uncoordinated decision-making resulted in a costly delay. In another area, the Bangor School Department purchases municipal services such as snowplowing and sanding at low cost through the City. Now at \$18,000, our "bid" cost would be over \$50,000 as determined by the experience of neighboring school units. In similar manner, the City provides all grounds maintenance, including athletic facilities, far under the expense of private contracting. Even in such minor services as the purchase and distribution of wood chips on playgrounds, the City has saved the school department money. In return, the school department pays nominal fees that keep city services healthy, or sister departments such as the Bangor Parks and Recreation Department use school facilities, without charge, for community activities.
3. **Insurance.** The Bangor School Department and City share the expense of workers compensation insurance through shared self-insurance. Compared to the expense of a private policy last year, our savings were \$100,000.
4. In the larger sense, the school department annually reviews expense and designs a budget that incorporates savings. Combined with the effect of LD1, property tax rates for education and the city have steadily dropped.

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2. All schools have new or substantially upgraded boilers. Major problems in heat circulation have been solved in older buildings. Planned upgrades will bring even greater efficiency.
3. Lighting has been replaced in all schools, especially in areas of high use such as gymnasiums. Estimated savings from year ending Oct 31, 2006 compared to year ending Oct.31, 2007 are 191,000 KWH or nearly \$19,000.
4. In an effort to bring greater savings, the school department has partnered with the City and Honeywell Inc. in a complete energy audit to identify deficiencies and build conservation measures. In addition to this effort, we continue to evaluate an aging HVAC system and recently found poorly functioning components as part of stepped-up maintenance. Greater savings are probable.

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Founded in 1978, the Southern Penobscot Regional Program for Exceptional Children continues to provide cost-effective programming for students with significant disabilities. If required to stay in their home school or transported to highly restrictive out-of-district programs, local expense would be significant. Through shared governance and programming, children can stay close to home and receive appropriate instruction at a reasonable cost.

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physical restraint and the active support of a school psychological service provider who possesses a strong background in autism and challenging behavior.

The Bangor School Department has a number of occupational therapists, speech therapists, physical therapists, and school psychological service providers working under individual service contracts. Giving consideration to the creation of permanent positions covered by the teachers' contract, and creating teacher contract positions for full-time positions consolidated from several contracted positions will create budget savings. During budget deliberations, comparative costs will be generated, and discussion of cost-savings through the creation of full time positions will be completed.

Data. Given changes in state accounting, undetermined calculations on the "281" report, and the effect of the inclusion of State Agency Client expenditures, actual savings cannot be figured. However, overall expense is certain to be higher. The proposed FY09 special education budget is 6.5% higher (or \$330,000) than last year. This increase is due primarily to contractual obligations, but given the increasing complexity of children with disabilities, this expense cannot be avoided without a strong adverse educational effect on the education of the special education population of 581 pupils.

D. Transportation

The school department has engaged in an examination of student transportation in the past two years that has and will produce savings. In a large school department offering extensive after-school and weekend activities, especially in athletics, the expense of transportation is significant. In the current year, the administrative policy for the use of coach versus school buses has been revised with immediate savings (through February \$30,000).

More significantly, the current contract with the Cyr Bus Company requires the use of software to improve routing and scheduling. While the school department is well under the state per mile expense figures, additional savings appear possible.

Data. The actual FY08 budget amount for transporting student to and from school was \$1,320,000 (not \$1,240,000) due to the addition of State Agency client expense. The budgeted amount for FY09 is \$1,350,000 or an increase of 2.25%, but this amount includes \$125,000 in bus "monitors" for special education children that may more properly reside in another budget line. This minimal increase is possible in spite of a 50% rise in the cost of 90,000 gallons of purchased diesel fuel (up \$90,000) but with a curtailment in the number of daily bus runs (saving \$70,000). Additional improved routing and consolidated stops will provide greater, though undetermined, savings in the year ahead. In light of the rise in energy costs, full savings are difficult to project but overall expenditure will likely remain flat year to year keeping the per mile cost constant (in spite of the state EPS reduction).

E. Facilities and Maintenance

Taking into account the energy conservation measures earlier mentioned, savings in these areas have been realized. Efficiency is developed by a well qualified maintenance team that covers

nearly every aspect of building repair and improvement. Very few private contracts are required. There is no better example than Bangor High School, a well maintained building built in 1964 for 1500 students that refuses to age. Years of careful attention will save the city and state the significant expense of new construction.

Data. The MDOE analysis of indicates 100% EPS calculations for FY08 are nearly the same as local expenditure planning. The FY09 budget is \$4,800,814 or \$491,221 more than the current year. Deducting the dramatic increase in heating fuel cost of \$313,000 and a rise of \$20,000 in snow removal, the budget increases \$158,221 or 3.7%. If energy conservation projects are removed (high school windows at \$96,000 and upgraded boilers at \$190,000), the facilities/maintenance line would drop well under EPS levels, but this action would create a long term cost.

System Administration

System administration costs have been historically low in the Bangor School Department. Given the size of the school department both in terms of personnel and business transactions, the efficiency is obvious. Per pupil figures have been well under state figures prior to the insertion of allocations into the FY09 budget process that are based on spurious research by GrowSmart.

Data: Nevertheless, System Administration expenditure will actually drop from FY08 to FY09, though it cannot meet the EPS projection and still have a functioning administration. This reduction will occur in spite of the required insertion of technology administration into the division line. The Bangor School Department is well aware from comparative analysis that its division personnel numbers are well below school districts of comparable size and welcomes specific suggestions on ways to create efficiency and improve savings.

The Impact of Projected Expenditures in 2008-2009.

The school department will continue to examine all non-instructional expense for increased saving. Developing efficiencies will require continuous adjustment, not sweeping change. The administrative organization and costs of similar school units have been examined, and our expenditure "model" has established a delicate balance between frugality and student achievement. It is either naïve or callous to believe that continuing to shrink "non-instructional" expenditures will not have an adverse on instruction and learning. In fact, forced curtailments within EPS may present compromises in fundamental public promises such as the safety of children.

Published per pupil figures and assessment data indicate that the Bangor School Department allocates resources prudently for safe, well-maintained schools that support instruction for academic excellence, but there is emerging reason to be concerned about the future.

The school does anticipate increased specific savings in the year ahead, but it is uncertain whether net savings, in the face of pending teacher negotiations, increased energy costs, and the

provision for children with disabilities, will materialize. The school department continues its goal to conserve local funding.

As earlier stated, the history of local budget construction and the record of expenditures emphasize the instruction of all children as the first priority of the school department. In fact, an analysis of MDOE financial data shows that savings in recent years realized by being below average state expenditures in "non-instructional" areas have been invested in the classroom.

APR 14 2008



STATE OF MAINE
DEPARTMENT OF EDUCATION
23 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0023

JOHN ELIAS BALDACCI
GOVERNOR

SUSAN A. GENDRON
COMMISSIONER

April 11, 2008

Robert Ervin, Superintendent
Bangor School Department
73 Harlow Street
Bangor, ME 04401

Dear Superintendent Ervin:

Thank you for the revised Alternative Plan that you submitted on behalf of Bangor School Department on April 1, 2008 for Department review for compliance with the school reorganization law, P.L. 2007, chapter 240, Part XXXX.

I recognize how much time, effort and thoughtful work is required to complete an alternative plan and appreciate the efforts made, to date, by all those involved.

Members of my staff and I have reviewed the submission and offer the comments and notes listed below to assist you in completing the plan. If you make any substantive change(s) to any part of the plan beyond those listed below, please be sure to note those on the Updated Alternative Plan Cover Sheet Checklist, along with notation of those items that have changed per the notes contained in this response.

General Documentation (Submittal Sheet)

- All information submitted as required.

Checklist/Plan Text Items

Items Checked "Complete"

With respect to the items you checked as "complete", please note the following:

** Required Items*

Each alternative plan must provide detailed projected expenditures and cost savings in FY 2008-2009 for system administration, transportation, special education, and facilities and maintenance in accordance with P.L. 2007, chapter 240, Part XXXX-36(6)(F). Please use FY '09 budget information, or a projection of it, and remain consistent in your reporting style among the four categories. When providing the projected budget, expenditures and cost savings, you may

want to consider using the guidance offered in the Drummond Woodsum workshop materials. If you have questions, please email Karla Miller or Suzan Beaudoin at karla.miller@maine.gov or suzan.beaudoin@maine.gov for assistance.

In Section D. Transportation, the amount budgeted for bus monitors for special education students must remain in Transportation. These costs should be charged to transportation and will be used to compute the Transportation subsidy. Special education costs for subsidy purposes do not include transportation to and from school. For further guidance, please see the Frequently Asked Questions section of the *Accounting Handbook and Chart of Accounts*, pages 15 and 16.

The language in the reorganization law, P.L. 2007, chapter 240, Part XXXX-36(6)(F) requires that "... the projected expenditures in FY 2008-2009 for system administration, transportation, special education, and facilities and maintenance will not have an adverse impact on the instructional program". Please provide an assurance to that effect in the plan; Department staff will check that assurance against data that was required to be submitted to the MEDMS Financial System in August, 2007.

We will review all items on the checklist again, upon your completion of the plan.

SUBMISSION OF REVISIONS:

Please provide the additional materials to complete your plan by June 13, 2008. Please include:

- Any additional data required
- An updated Submittal Page with Signatures
- An updated Cover Sheet Checklist
- A copy of this Response from the Commissioner.

I will respond no more than 14 days after the revisions/additional materials are refiled with the Department. As you are the contact person identified on the Submittal Sheet, this response is addressed to you but with the understanding that you will share it with your school administrative unit board members.

Finally, what I am reviewing for approval is a plan (or a submission, if the plan is incomplete) which is by its very nature prospective, with steps yet to be taken or finalized; and any review comments or approval given are in relation to the elements required under P.L. 2007, chapter 240, Part XXXX but not the legality of all the activities proposed. Thus, I strongly recommend that you have your own legal advisor(s) review the details of any particular transaction proposed in your plan (particularly with respect to the disposition of property, to debt, and to employee contracts/relations) as you proceed, to ensure the legality of the steps you'll be taking to implement the plan. If that review

leads to any substantive changes in any parts of your plan, please be sure to submit an amended plan to the Department for our review and our file.

Again, my sincere thanks for your efforts.

Sincerely,

A handwritten signature in cursive script that reads "Susan Gendron". The signature is written in black ink and is positioned above the printed name.

Susan A. Gendron
Commissioner of Education