

# Intermunicipal Sharing:

## BOCES helps Towns and Schools Cooperate across New York

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**SUMMARY:** As the cost of municipal services increases faster than inflation, municipalities facing fiscal crisis increasingly seek savings by jointly purchasing, producing, or delivering goods and services. These arrangements increase purchasing power, make efficient use of resources, and create economies of scale. However, challenges such as finding partners, the costs of managing and designing contracts, and maintaining consistent leadership have prevented consistent success for ad-hoc agreements and Councils of Government. New York State Boards of Cooperative Educational Services (BOCES) across New York State are helping many municipalities, school districts, and educational nonprofits overcome these challenges, and they may be able to play an even greater role in the future. This brief discusses case studies and the result of key informant interviews on the potential for intermunicipal sharing with BOCES.

### What are BOCES, and what services do they provide?

BOCES are fee-for-service cooperatives that school districts across the state have used for over half a century to share services. Municipalities require many non-instructional services BOCES offers (see page 4 for a list of potential services). In fact, many BOCES units already share numerous services with counties and towns. Notably, although the state reimburses school districts for some BOCES services, local governments are not able to be reimbursed. Nevertheless, governments have found cost savings and other benefits from cooperating with BOCES.

BOCES units geographically cover all of New York State, but not every BOCES unit provides all services. However, BOCES may add a desired service if two or more school districts request it.

A BOCES unit may not initiate a service solely for a municipality, but in many cases, a municipality engages in a discussion with two or more school districts and a BOCES to form a new service.

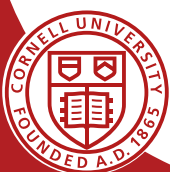
In other cases, a municipality contracts for a service the BOCES unit uses internally. For example, a technician may work on BOCES' own computers and a municipality's computers, even if she does not work in component school districts.

Finally, municipalities may contract with any BOCES unit, not just the BOCES they are geographically within.

### What is a Co-Ser?

Cooperative Service Agreement (Co-Sers) are the one-year, fee-for-service contracts between a BOCES and a school district, nonprofit, or government. They use standardized formats, minimizing contract design costs. CoSers must:

- Be used by at least 2 districts
- Involve districts in the planning and operation of services
- Must have a benefit of improved cost or service
- Must be approved by Commissioner of Education



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## How do BOCES cooperate with municipalities?

BOCES across the state are already implementing innovative shared service programs with municipalities. Many services BOCES offer can be shared by municipalities easily—such as cooperative purchasing of office supplies. Already, self-funded insurance pools and coalitions for shared purchasing of fuel and energy control long-term costs.

More complex services, such as business office services, tax assessment, long-range planning, or coordination of human services such as health and paratransit need to be adapted to the regions that request them. They require complex facilitation and coordination, and they require the facilitator to work closely with partners of different sizes and relative wealth.

However, coordination between school districts and municipalities may provide many benefits.

Combined planning can allocate resources efficiently and reduce consultant costs through combined bidding. Coordinated human services may simplify service delivery for families and children while removing redundancies (such as two sets of administrative staff for a health program) or take advantage of idle capacity (such as the time school buses spend parked when not transporting children). In addition, BOCES has familiarity, data, and expertise about at-risk students and families that is valuable to share with other human service providers.

The following cases, Onondaga-Cortland-Madison (OCM), Nassau, Delaware-Chenango-Madison-Otsego (DCMO), and Broome-Tioga, offer examples of both simple and complex services in different contexts, from rural to urban/suburban mix.

**Table 1: Selected Shared Services Initiatives between BOCES and Municipalities**

	Onondaga-Cortland-Madison	Nassau	Nassau	Delaware-Chenango-Madison-Otsego	Broome-Tioga
Initiative	New York State Energy Consortium	Information Technology, Telecom	Natural Gas Purchasing Cooperative	Cooperative Purchasing	Early Childhood Coalition
Services	Natural gas and electricity consortium. OCM BOCES organizes and purchases for members and audits bills.	Cooperative cell phone service and data plan bid. School and county assets were mapped to remove redundant phone lines and create a Wide Area Network.	Cooperative natural gas bid placed by Nassau BOCES and fuel bid by Nassau County.	Cooperative purchasing of office and custodial supplies, fuel, paper products, computers, and vehicle equipment.	Coalition coordinates home visits, preventive healthcare, childcare, other initiatives. Draws on member organizations' specialties.
Players	140 school districts and 30 municipalities	Nassau County and Nassau BOCES	Nassau BOCES, Nassau County, 6 Component Districts	BOCES, School Districts, Chenango County, Village of Sherburne	Broome County, BOCES, Local Colleges, Binghamton City School District, Local Nonprofits, Private Childcare Providers
Example Benefits	3-6% aggregate savings from retail	Nassau County est. \$90,000/yr savings on cell phones	\$8 million aggregate savings 2010-2012, including 25 cents per gallon vehicle fuel savings	Chenango County \$116,388/yr on food purchase	Increased fundraising and utilization of funds

### **Delaware-Chenango-Madison-Otsego (DCMO): Cooperative Purchasing**

DCMO organized a cooperative purchasing service among 15 school districts in 1992. It extended the service to municipalities, and now serves 63 school districts, 6 BOCES units, the Village of Sherburne, and Chenango County. Members may order 42 types of commodities, including office and custodial supplies, food, electronics, fuel and vehicle equipment. Annual or semiannual bids are put out for these commodities, which often come in below the state contract price and well below retail. **In 2011-2012, Chenango County saved \$116,388 over the state contract cost on food for its jail, for Head Start, and for other human services. The Village of Sherburne participates in cooperative fuel bidding, which saved \$450 over the state contract per 1000 gallons in 2006.**

### **Nassau County: Telecom and Information Technology**

As part of an initiative funded by a New York State Local Government Efficiency Grant, Nassau County, Nassau BOCES, and several school districts compared their cell phone plans with one another. The partnership developed a **cooperative bid that saves the County an estimated \$900,000 a year** off the prior existing state contract. Building from this success, Nassau BOCES developed a Wide Area Network called NassauNet, providing internet connectivity among school districts with an estimated \$60,000 of savings. BOCES is now working to extend the network to Nassau County and other interested municipalities. As part of the same initiative, **redundant phone lines were analyzed and removed, saving school districts \$240,000 annually.** Asset mapping paid through the grant has shown opportunities to extend similar services to municipalities.

### **Onondaga-Cortland-Madison (OCM) BOCES: New York School and Municipal Energy Consortium**

OCM BOCES is the administrative member of a consortium of 140 school districts and 30 municipalities that jointly purchase natural gas and electricity. OCM staff handles billing, leases meters to members, and audits bills. These **audits have prevented millions of dollars of overcharges over the life of the consortium.** The consortium is organized under both the state law organizing BOCES and Municipal Law 5G—the law setting rules for intermunicipal agreements, meaning any town, city, county, school district, special district, or village may be a member. An additional benefit beyond savings over retail is a lock-in of prices over many years, reducing unpredictable fluctuations in energy cost.

### **Broome-Tioga BOCES: Early Childhood Coalition**

In the late 1990s, Broome-Tioga BOCES, Broome County, and other governments cooperated in a study evaluating cost-saving methods such as shared services and consolidation. Partnership 2000, a business group, played an advisory role. One of the recommendations was to provide a single point of entry for human services and to provide for all children, from prenatal through entry into school. The County and BOCES formed an Early Childhood Coalition with many providers, which received grant funding and performed private-sector fundraising to combine and coordinate their services for home visits to at-risk families and other single-point programs. By 2006, a **thirty-member group had been formed that shares expert knowledge among its members and with the community.** BOCES plays a role with knowledge of State programs, educational needs of local at-risk families, and special educational expertise.

## Sample BOCES Non-Educational Services

- Negotiations with labor unions
- Labor recruiting
- Employee assistance program with behavioral/medical problems
- Staff development: Clerical and maintenance
- Cooperative Bidding
- Records management
- Computer data management
- Telecommunications
- Health Care Benefit Coordination
- Bus Maintenance
- Transportation Coordination (Could coordinate with paratransit services)
- Long range and strategic planning
- GASB 45 Planning and Valuation
- Facility Services and Maintenance
- Engineering Service (Inservice training, preventative maintenance, and review of problems)
- Energy management and fuel purchasing
- Safety/risk management
- Food Services management
- Business Office Services
  - Accounts Receivable / Billing
  - Benefits
  - Budget Administration
  - Budget Development
  - Capital / Project Management
  - Cash Management
  - General Accounting
  - Internal Claims
  - Inventory Monitoring
  - State / Federal Reports
  - Personnel/HR
  - Purchasing
  - Records Management
  - Secretarial/Clerical

### What advantages do BOCES offer municipalities?

Sharing typically aims to reduce the “production cost” of a service: the labor and/or material costs of actually providing the service. However, sharing often increases the “transaction costs”: the cost of creating and monitoring contracts, coordinating with other parties, finding buyers or sellers, and researching information. These transaction costs are a significant barrier to service sharing among municipalities. Already stretched thin, municipalities find it difficult to pay the up-front cost in staff time or money to set up and monitor a shared service agreement.

**A prime advantage to institutionalized sharing such as BOCES is that it reduces these “transaction costs.”** BOCES provides the staff time, legal expertise, administrative structure, and facilitation skills required to create shared service arrangements. Much like a Council of Governments, BOCES is a neutral ground to discuss arrangements, but BOCES have expertise and administrative budgets that many Councils of Government lack. BOCES units work with local governments interested in a particular service to tailor that service to them, and may assist in identifying services which may be improved through sharing. Once a new service is developed, a standardized, year-long contract ensuring fiscal equivalence of all production costs reduces the need for continued negotiation.

Because contracts are only a year long, local governments can easily exit a contract if it does not work for them, letting governments experiment to find which services make sense to contract with BOCES. In essence, BOCES operates in a market in which they must ‘sell’ services to local purchasers. By definition, BOCES are accountable to their constituents, because local governments and schools are free to leave contracts after a year if unsatisfied or if they prefer to “shop around for a better arrangement.”

Additionally, the flexibility inherent in this shared-service design along with the structure of BOCES’ governing boards, elected by local school districts, is viewed by some as superior to giving up control of a service to a county or other regional agency, as there is less risk of the system becoming set in stone or removed from local control.

Finally, BOCES can provide a way to achieve savings in the long-term without immediate staff reductions. A local staff member may transfer to a BOCES central business office, and savings are achieved through attrition as other staff members retire or leave.

## Is it legal for municipalities and BOCES to share services?

BOCES is covered by General Municipal Law 5G, allowing entities “to enter into, amend, cancel and terminate agreements for the performance among themselves or one for the other of their respective functions, powers and duties on a cooperative or contract basis or for the provision of a joint service...” BOCES units’ intermunicipal agreements with municipalities are usually based on this statute, giving BOCES units wide latitude to create service contracts with interested municipalities. In addition, BOCES have used New York General Municipal Law, Section 119-o to provide cooperative purchasing services to municipalities.

However, some courts have interpreted NYS ED 1950(4)(h), which lists specific entities BOCES may contract with for specific purposes, to preclude other arrangements. This appears to have created a situation in which some municipalities are uncertain over which services they are legally allowed to share. For interested municipalities, it is best to discuss any potential legal issues with cooperating BOCES units. On a larger scale, it is recommended that the State develop clear guidance to encourage greater intermunicipal sharing through BOCES and uniform application of the law.

## What about differences in mission and in existing community relationships?

Although 20% (by dollar value) of all BOCES services are managerial, BOCES’ mission is educational. Different BOCES units have different approaches to how much cooperation with local government is appropriate given their educational focus. Therefore, local governments must be sensitive to this issue, acknowledging that each BOCES unit may have a unique outlook on inter-municipal sharing. However, most BOCES units agree that some inter-municipal cooperation will be win-win, lowering costs for school districts and municipalities, paving the way for important services, and leading to better outcomes for children.

Local governments should also be sensitive to informal roles local staff play in relation to nonprofits, libraries, or nearby school districts or towns. These often-unwritten arrangements, including pro-bono technical assistance or equipment sharing, may be lost if a staff member is transferred from a local government to a BOCES. These are important factors to discuss when considering contracting with BOCES.

## What next?

Municipalities interested in sharing with BOCES are encouraged to speak with their BOCES District Superintendent. BOCES may assist with identifying services a municipality may benefit from sharing. In addition, BOCES may help counties, towns, villages, or cities cooperate

with their school districts to apply for grant funding and complete larger shared service feasibility studies to recommend new programs to bring longer-term cost savings or quality benefits. District Superintendents may also recommend other BOCES units that may be able to provide desired services that their BOCES unit does not currently provide.



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