

GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

Subcommittee on Basic Education

July 28, 1976

TESTIMONY ON INTERMEDIATE UNITS

Submitted and Presented by:

*E. K. Webster, President of Bucks County Intermediate
Unit Board*

*Richard Creasey, President, Bucks County Chief School
Administrators*

*George E. Raab, Executive Director, Bucks County
Intermediate Unit No. 22*

We appreciate your kind invitation to be present today to share our position on Intermediate Unit matters, some of which are related to the Report on the Pennsylvania Intermediate Unit System prepared by the Legislative Budget and Finance Committee dated May 1976.

We would like to take this opportunity to commend the Legislative Budget and Finance Committee for the thorough and unbiased manner in which they conducted the 1976 evaluation of the Intermediate Unit System. We welcome the invitation to respond to the Report Findings and Recommendations and to share other impressions related to the conduct of a thorough and efficient educational system in the Commonwealth of Pennsylvania.

Since the passage of Act 102 mandating a system of Intermediate Units in Pennsylvania, the Bucks County Intermediate Unit has subscribed to a set of fundamental principles which have guided us on Intermediate Unit services, staffing, and evaluation. Therefore, our present reactions grow out of our own experiences over the past years as we attempted to implement these guiding principles:

- (1) Help all Bucks County School Districts develop the highest possible degree of independence in the matter of local adequacy in organization and operation;
- (2) Provide leadership in educational development including research, curriculum innovations, teaching methodology, and teacher training;
- (3) Provide assistance without interference and leadership without domination;

- (4) Seek to improve the working relationships of all Bucks County School Districts with other organizations and agencies serving children and youth;
- (5) Through collaborative effort work toward excellence in education on one hand and on the other hand strive for prudent economy through avoidance of any unnecessary duplication of effort, time, money, and services by individual Bucks County School Districts;
- (6) Give support to and assist all local Bucks County School Districts on the one hand and the Pennsylvania Department of Education on the other hand;
- (7) Help all school districts in Bucks County develop the optimum degree of cooperation and interdependence for their mutual benefit;
- (8) Cooperate with the Pennsylvania Department of Education in developing the optimum of interdependence of the regional areas of the State for their mutual benefit;
- (9) Serve as an example of highly developed democratic processes through its ways of working with school districts, with community agencies, with institutions of higher education, and with the Pennsylvania Department of Education;
- (10) Conceive of its functions in terms of these principles and continually work at the State, Intermediate Unit, and district levels for improved ways of performing its emerging functions.

The above guidelines, we believe, are consistent with both the intent and content of the Intermediate Unit legislation. With this guiding philosophy as background, we chose to react to a selected number of items in the Report. Our reason for limiting our reactions is because we are aware of the fact that similar hearings are being conducted throughout the Commonwealth and much of the substance in the Report will receive

attention over and over again. We, therefore, will respond to certain key observations contained in the Report Findings and/or Conclusions and Report Recommendations.

REPORT FINDINGS AND CONCLUSIONS

"...Variation in Intermediate Unit Programs and Services - and Pennsylvania Department of Education requests, etc..."

Reactions

This is logical and what is to be expected.

Recapitulating two guidelines embraced by the Bucks County school community:

- (a) Give support to and assist all local Bucks County School Districts on the one hand and the Pennsylvania Department of Education on the other hand.
- (b) Cooperate with the Pennsylvania Department of Education in developing the optimum of interdependence of the regional areas of the State for their mutual benefit.

It has been our policy, and we believe in the best interest of education, to implement local control and accountability by assisting school districts through coordinative and supplementary services as both provided by law and by responding to school district needs and interests.

There is great diversity of educational needs in different parts of the state, as well as in individual Intermediate Units. Our own Intermediate Unit varies from urban to rural, from concentrations of students with English as a second language to vast

numbers of students whose basic language is English, from wealthy to needy, from stable communities to communities in rapid transition - all with varying needs and interests.

Changing populations and economic conditions make it imperative that Intermediate Units retain the flexibility to meet the changing needs of the constituent school districts. Ten years ago few people could have predicted the growing concern for career education, alternative schools for disinterested youth, Day Care Centers, Neighborhood Youth Corps, Right-to-Read Programs, court decisions regarding due process and equal educational opportunities for all students, services to non-public schools, and the extension of services for exceptional children.

To meet the needs of this diverse education market requires a large variety of services and programs developed cooperatively by local districts and Intermediate Units, and a changing staffing pattern. (See Appendices A and B.) Variety of services and programs, therefore, is a strength and not a weakness of the Intermediate Units.

REPORT FINDINGS AND CONCLUSIONS

"...Duplication of Services of Local Districts and Intermediate Units..."

Reactions

This is an important observation if reviewed in the proper

perspective. Again let us refer to another guideline embraced by the Bucks County school community:

- (a) Through collaborative effort, work toward excellence in education on one hand and on the other hand strive for prudent economy through avoidance of any unnecessary duplication of effort, time, money, and services by individual Bucks County School Districts.

In order to fulfill its primary function, the Intermediate Unit must provide those services which can be rendered more efficiently and effectively on a regional (Intermediate Unit) basis. The most important consideration then is not whether the Intermediate Unit is duplicating services of the Pennsylvania Department of Education and of local school districts, but rather, the question is "Are Intermediate Units providing those services which should be provided on a regional basis based on cost and effectiveness?" In order to answer this question, the General Assembly will probably have to take a close look at district-by-district services as well as Pennsylvania Department of Education services. Only after this kind of close scrutiny can any government agency be in a position to evaluate the nature and extent of Intermediate Unit services as they relate to the Pennsylvania school community.

We would like to reconfirm, however, that we adhere doggedly to the belief and practice that where actual duplication of services does occur the duplication should cease and the services be delivered by the most effective, efficient, and economical unit whether it be Pennsylvania Department of Education, the Intermediate Units, or the local school districts.

It should be pointed out that since the State is assisting in the funding of Intermediate Units, it is further incumbent on the Pennsylvania Department of Education to identify those State services which can be most effectively delivered through the offices of the Intermediate Unit.

REPORT RECOMMENDATIONS

"...Changing Name of Intermediate Unit System..."

Reactions

While the Intermediate Unit has its financial umbilical cord tied to both the State and local districts, it is not, as the title suggests, the middle administrative echelon in a three-level system of education in Pennsylvania. (See Appendices C and D.) Therefore, from the point of view of function and public understanding, it might be well to consider a name which more appropriately defines the real purpose of the Intermediate Unit. To suggest a few names might help the Committee in its deliberations:

- (1) Regional Educational Service Agency
- (2) Education Center
- (3) Regional Education Service Center
- (4) Cooperative Education Service Center
- (5) Regional Educational Support Center
- (6) Regional Education Development Center
- (7) Board of Cooperative Educational Services

The importance of regional educational organizations is recognized nationwide. During the last ten years, twenty-four states

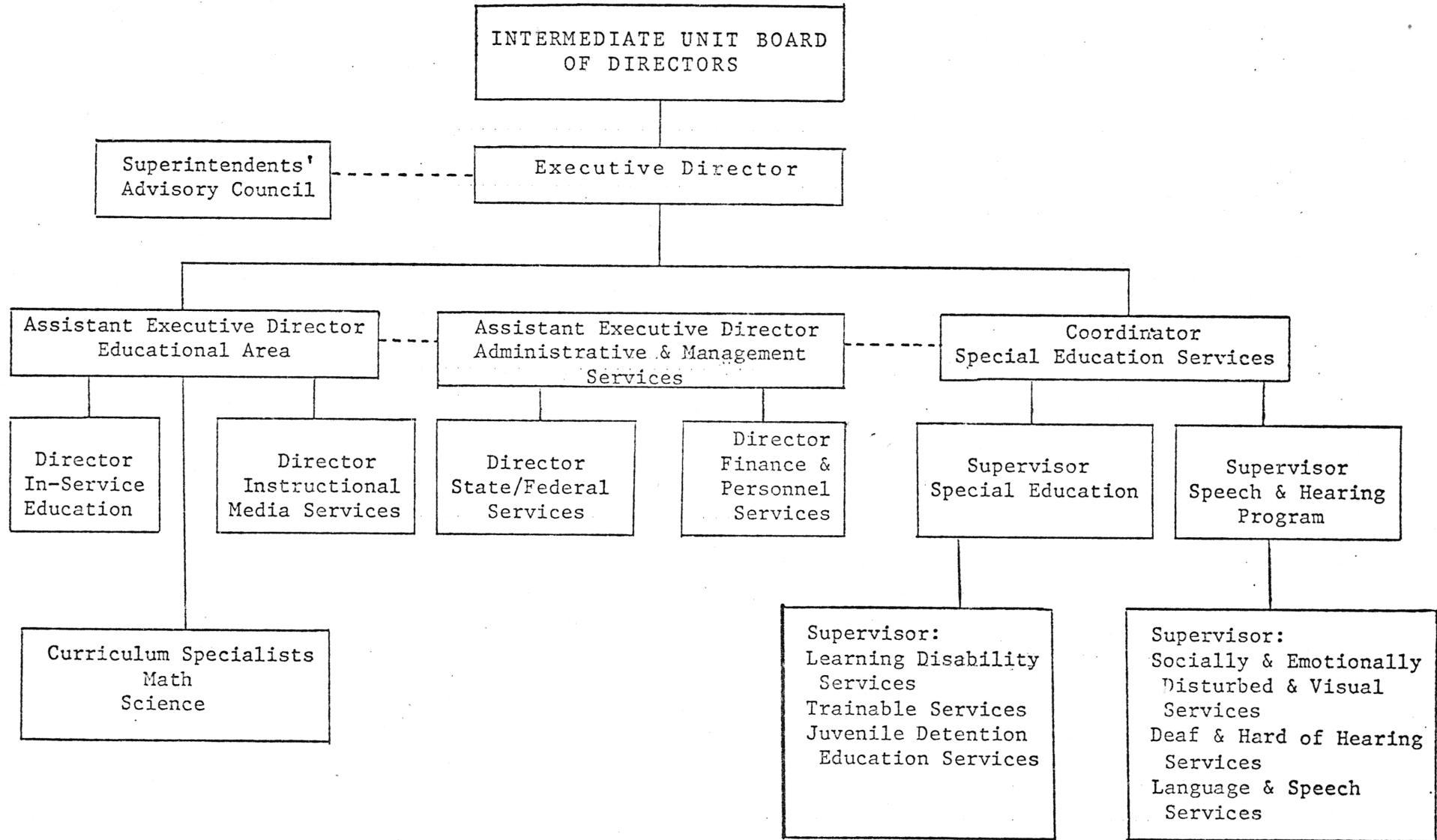
have adopted education services delivery systems on regional bases, by a variety of names. Some are called Intermediate Units and some are organized along strong county lines. But all have one purpose - to provide educational services more economically and efficiently than on a local basis.

We have long felt the Intermediate Units have suffered an identity crisis. This was borne out both by the findings in the Report and even more dramatically at our July Intermediate Unit School Board Meeting when our Board members in open meeting strongly urged that the name be changed to one more easily identifiable with the Bucks County Schools.

Many of our Board members feel that the public confuses the Intermediate Unit with the intermediate schools we have scattered throughout the County. Increasingly newspapers wishing to conserve space use the initials "IU" which even further contributes to the identity crisis.

While the Intermediate Unit name does signify meaning to those of us actively involved in public education, it does not convey to the citizens any relationship to education, does not describe any function, and does not ascribe a geographical location. A quality education program for each child in the Commonwealth in balance with a prudent concern for the best use of available resources is the goal which we all share. The effectiveness of this goal depends in large measure upon the teamwork of the school communities and the Commonwealth.

Again, we thank you for the opportunity to express our recommendations and observations with you.



BUCKS COUNTY SCHOOLS INTERMEDIATE UNIT NO. 22
LEVELS OF RESPONSIBILITIES AND SALARY GUIDELINES

<u>LEVEL</u>	<u>POSITION</u>	<u>SALARY GUIDELINES</u>
I	Executive Director	Set within discretion of the Intermediate Unit Board
II	Assistant Executive Directors	Within range of salaries of district commissioned officers
III	Directors and Supervisors of Special Education and Speech and Hearing Programs	Within range of salaries of secondary principals
IV	Curriculum Specialists and Special Education Supervisors	Within range of salaries of district curriculum specialists
V	Special Education Teachers	Salary schedule of a local school district
VI	Classified Personnel (Secretaries, Bookkeepers, Film Library Technicians, etc.)	Salary schedule compares to median of local school districts

CHART I

BUDGET RELATIONSHIPS (EXPENDITURES), 1976-77

TOTAL INTERMEDIATE UNIT BUDGET

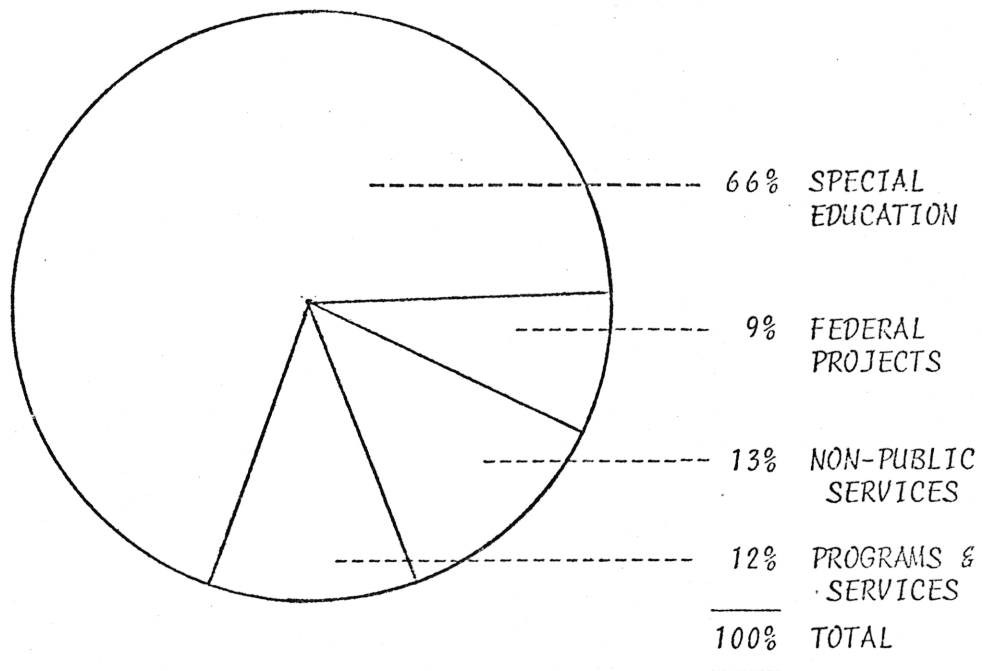
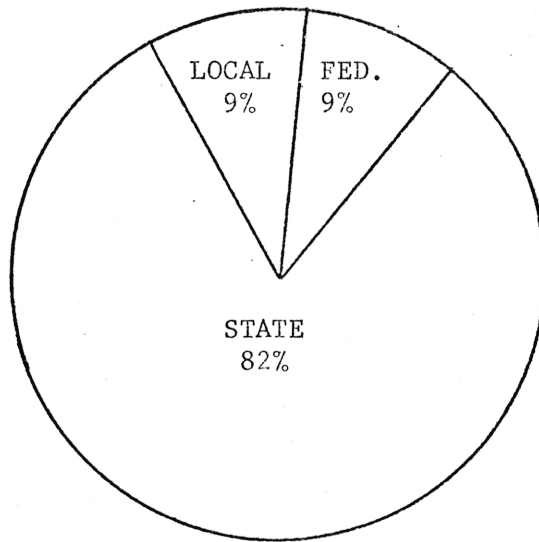


CHART II

BUDGET RELATIONSHIPS (REVENUES), 1976-77

TOTAL INTERMEDIATE UNIT BUDGET REVENUES



TESTIMONY REGARDING
INTERMEDIATE UNIT LEGISLATION

Presented on July 28, 1976, to the House Subcommittee for
Basic Education, The Honorable J. William Lincoln, Chairman

Testimony presented by Dr. Dennis Harken, Executive Director,
Intermediate Unit #23.

INTRODUCTION

I want to thank the members of the Subcommittee on Basic Education for providing this opportunity to present testimony regarding the report on Intermediate Units that was prepared by the Legislative Budget and Finance Committee. It is most gratifying that this committee would make time in its heavy schedule to hold hearings throughout the state so that Intermediate Unit Executive Directors and other school officials can give their reactions to the report and to express their ideas regarding the current status of Intermediate Units in the Commonwealth. The report has been thoroughly reviewed at both the Intermediate Unit level and by the state organization of Intermediate Unit Executive Directors. We find that the report is very objective and accurately presents Intermediate Units as they currently function. In short, the report is praiseworthy and we wish to commend the Legislative Budget and Finance Committee and especially Mr. Richard Dario and Mr. Ronald Smith on the success of their endeavor. The report provides the reader with an excellent historical and legal background on I.U.'s as well as an accurate current picture. It should be required reading for anyone seeking knowledge on the governance system of education in Pennsylvania. As you have obviously intended in the scheduling of the hearings, it is our purpose this morning to react to certain portions of the report.

Generally, the points of view which will be expressed are given with the intent to strengthen the concept of Intermediate Units as that concept was conceived by the General Assembly. It may be of interest to you to know that the Intermediate Unit legislation, as established in this Commonwealth, is viewed as a model by other states. I've had many opportunities to discuss state legislation in this area with other Regional Educational Service Agency personnel from across the country, most of whom look on Pennsylvania as a national leader. In addition, before moving to

Pennsylvania two years ago I was deeply involved in the movement toward a state-wide structure for Regional Educational Service Agencies in Iowa. After several years of intense study and debate by both the General Assembly and the education profession, the resulting system of Area Education Agencies is very similar in structure and financing to the Intermediate Units in Pennsylvania. Because of our leadership position, the recommendations I will be making are intended to be suggestions that might be considered by the members of this subcommittee to further refine legislation that is generally considered to be of superior quality by those of us committed to the RESA movement.

FINANCES

One of our basic concerns is the method by which Intermediate Units receive their General Operating subsidies from the Commonwealth. As you know, the Commonwealth subsidy for Intermediate Units is provided for in the Governor's Budget. Consequently, the total amount of dollars available each year for Intermediate Units remains unknown until too late in the year for adequate planning, much less the type of long range fiscal projections that are essential. Further, the present distribution system used to allocate the Commonwealth's subsidy for the General Operating Budget, in our opinion, is an inequitable process. The present system is based on a formula which takes into consideration an aid-ratio factor. This aid-ratio factor is based on the collective wealth of the constituent school districts of an Intermediate Unit. The utilization of the aid-ratio for the distribution of state funds to local school districts is defensible. However, to use this same procedure for allocating General Operating funds to Intermediate Units seems to us to be inequitable because Intermediate Units have no way of drawing upon the wealth of

their constituent districts, since the Intermediate Unit Board does not have taxing power. Further, the current method of allocating Commonwealth subsidies to Intermediate Units does not appear to be consistent with the method by which special education funds and funds for various federal projects are distributed. In general, it is observed that in no case does money come from the state to Intermediate Units by using the aid-ratio, except in the case of the General Operating subsidy. Local school districts, in effect, receive triple aid-ratio treatment by the present distribution system. First, the state aid they receive for their own budgets is determined by the aid-ratio. Secondly, the contributions local districts make to the Intermediate Unit for most programs are determined by the aid-ratio. Finally, depending upon the Intermediate Unit to which the school district is assigned, the district may be further penalized because its Intermediate Unit receives its General Operating subsidy based on the aid-ratio. This whole process appears to us to be completely unfair.

As a result of this current method of determining state subsidies for the General Operating Budget for Intermediate Units, the Montgomery County Intermediate Unit receives approximately \$238,000 per year. This amount of money results from the fact that Intermediate Unit #23 falls under the "grandfather clause" which stipulates that Intermediate Units will not receive less than the County Superintendent's Office received. Under the present system, we will continue to receive \$238,000 per year until the amount in the Governor's Budget is approximately \$15,000,000. The current amount for Intermediate Units in the Governor's Budget is approximately \$7,000,000. It does not seem reasonable to expect an \$8,000,000 increase in that budget in the foreseeable future. In effect, the Montgomery County Intermediate Unit is working with a "frozen" amount of state subsidy for its General Operating Budget. This means that the local districts' share of

Intermediate Unit programs in Montgomery County will have to increase disproportionately in relation to school districts that are members of Intermediate Units that receive at least a small increase in state aid each year.

A number of ideas have been discussed among Intermediate Unit Executive Directors, members of the General Assembly, and members of the Department of Education regarding alternative methods for the distribution of Commonwealth subsidies to Intermediate Units. It is our opinion that allocations should be based on a WADM basis; that is to say, the Commonwealth subsidy to Intermediate Units should be apportioned among Intermediate Units according to the number of students served by each I.U. It also seems desirable to determine the total Commonwealth subsidy to all Intermediate Units by some percentage factor of the total Actual Instructional Expenses (AIE) for the Commonwealth. It is not my intent at this time to explore all of the possibilities and various rationales for distribution of subsidy to Intermediate Units but, rather, to present to you the problems with the current system. In a very positive manner, I would like to suggest that the current method of subsidizing Intermediate Units be thoroughly re-evaluated and more rational alternatives explored.

LOCAL CONTROL

The report on Intermediate Units suggests that current legislation should be expanded to include (and therefore legitimize) a number of the activities in which Intermediate Units are currently engaged. We feel that it is desirable that legislation governing Intermediate Units not become specific to the extent that Intermediate Units may do only those things listed in the law. Since any legislation governing Intermediate Units will undoubtedly become part of the recodification of the Pennsylvania School Code, it should be noted that Recodification is based on a reversal of Dillon's Rule - that local boards may do anything not prohibited by law. Legislation specifying exactly what Intermediate Units may

do appears to be opposed to the intent of reversing Dillon's Rule. Also, flexibility is essential to the whole concept of an Intermediate Unit designed primarily to serve local needs.

Further, in relation to the Recodification of the Pennsylvania School Code, one of the often-stated objectives in that effort is to provide a greater degree of local control. Hopefully, the educational programs thus governed would address local educational needs. The initiative for identifying and developing such programs would be placed with the local boards. If legislation becomes highly prescriptive, then the intent of the legislature and the Department of Education in promoting greater local control could not be carried out.

RESPONSIBILITY TO PDE

Another aspect with which the report on Intermediate Units was concerned dealt with the question of the relationship of the Intermediate Unit to local districts and also to the Department of Education. Generally, it is my position that the Intermediate Unit is, and must be, responsible to both of those agencies. A fundamental concept underlying the existence of Intermediate Units is that the Intermediate Units are to provide services and programs based on the needs of local school districts as those needs are defined by the local districts. We certainly subscribe to this basic premise. On the other hand, we recognize that there are certain functions required of the Pennsylvania Department of Education which might best be assigned to Intermediate Units for their implementation; that is, the Intermediate Unit is probably the best organization to operate certain educational programs. For example, Intermediate Units have been called upon to handle Act 89 and various federally funded responsibilities because of legislation and/or PDE directions.

In my opinion, there is no room for the "purist" who would have the I.U. only be a local service agency or an arm of the State Education Agency. The I.U. is truly the organization "in the middle" and that's where it must operate to be effective. This not an easy role, but it can be done.

It has been our experience that the Department of Education has never unilaterally thrust responsibilities upon us; rather, they have involved the Intermediate Unit on a consultative and cooperative basis. This type of relationship should be allowed to continue.

PROVIDING SERVICES OUTSIDE I.U. BOUNDARIES

Another concern in the report relates to certain I.U.'s who provide some services to school districts and school personnel beyond Intermediate Unit boundaries. We feel that it is quite justifiable that an Intermediate Unit might be called upon to provide services that serve a region or the state. We take this position based on the notion that some services can be provided more efficiently and economically by one Intermediate Unit than if those services were duplicated by a number of Intermediate Units. In addition, we have had projects that began here in Montgomery County that were so exemplary that PDE wanted to expand them to the entire state. In a situation such as this, it would make no sense to move the project to a location away from where it was developed. We have several projects for which Montgomery County serves as the LEA, which respond to the needs of a region or the state as a whole. For each Intermediate Unit in the state to try to duplicate these services would involve great expense with little or no improvements over the current services. Further, the fact that the Montgomery County Intermediate Unit does serve as the LEA for these programs provides the condition that the projects are immediately accountable to a local board and that the administration of those projects is not obscured by a massive bureaucracy.

RECODIFICATION

In closing, I would like to take a few moments to address certain provision relating to Intermediate Units which are currently part of HB-770. I would like to point out that, generally, we are very pleased with this portion of the recodification effort. However, I would like to bring to your attention the following and hope that you will give consideration to these recommendations and comments.

First, Section 2711 specifies that Intermediate Unit Boards may have up to 20 members, rather than 13 members. Since Montgomery County has 22 school districts, the effect of this provision is to exclude two districts from voting membership. It is our opinion that it would be best to do one of the following: (a) maintain the present system where there are 13 board members seated on the Intermediate Unit Board, or (b) make provision for all school districts within an Intermediate Unit to have a voting member on the Intermediate Unit Board. We recognize that this latter suggestion could present an unworkable situation for Allegheny County, and perhaps others, since that Intermediate Unit has 46 constituent school districts. Special attention would have to be given to this and any similar situations.

Next, Section 2718 indicates that an Intermediate Unit may not lease facilities from a constituent school district, unless it is unanimously agreed upon by the constituent districts of the Intermediate Unit. We would like to suggest that this provision be changed to a 2/3 majority for approval to lease a facility. We feel that one school district should not have the complete power of veto, especially when such action could result in an undesirable situation for the rest of the school districts.

And finally, I would like to draw your attention to the condition that current law seems to prohibit Intermediate Units from ownership of property and motor vehicles with the exception of vehicles for transporting special education students. It seems that, in some instances, it may be more economical if Intermediate Units were permitted to own property, rather than being limited to the leasing of property and motor vehicles.

Now I would like to conclude the prepared statement and we would be pleased to attempt to answer any questions you may have. Several of our staff members are present, and with your approval, I will call upon them to assist in answering when such seems desirable. If we cannot deal directly with a question, we will do our best to respond in writing to the committee as a whole, or to individual committee members.

CHESTER COUNTY INTERMEDIATE UNIT #24

Serving all the schools in Chester County

Assistant Executive Directors

HENRY U. WALKER
Management

CHARLES R. KEIM, JR.
Pupil Personnel Services

STANLEY K. LANDIS
Executive Director

JOHN S. BAKKEN, Coordinator
Non-Public School Services

JOHN N. BUCH, Director
Research, Federal & State Liaison

LLOYD HALL, Director
Instructional Materials Services

DR. WILBUR V. REESE, Director
Curriculum & Inservice

MRS. SARA U. TOLLINGER
Director of Special Education

July 27, 1976

TO: Education Committee of the
House of Representatives
Pennsylvania Legislature

FROM: Stanley K. Landis, Executive Director

SUBJECT: Public Hearing on Intermediate Units
Plymouth-Whitemarsh High School
on July 28, 1976

The Chester County Intermediate Unit Board and the member districts of our unit wish to express our appreciation for the opportunity to testify before the sub-committee today. Intermediate units have been studied and restudied, evaluated and reevaluated, to the degree that it has caused an extreme self-consciousness that has led us to feel that we are "under suspicion" by a great many people. We have spent endless hours in completing reports to justify our existence and this costly process has made it very difficult to "get on with the job" because much needs to be done. The chance to sit with you and to mutually discuss the problems and the criticisms of the intermediate units will be much more productive than all of the studies which have gone before.

We are aware, however, that this actual meeting today is the result of the most recent study by the Legislative Budget and

Finance Committee, under the direction of Mr. Richard Dario, and this excellent report has made it now possible to consider intermediate units in an unemotional, but positive, manner for the first time. We are deeply indebted to the House Education Committee to be willing to pursue some of the findings in this report. Again, we wish to commend Messrs. Dario and Smith and their staff for the very comprehensive and honest presentation of the facts as they exist and, if this report is to be fruitful, what has been said there and what will be said today, and in other similar meetings, will result in improvement in regional educational services in the Commonwealth of Pennsylvania.

Intermediate units in the Commonwealth of Pennsylvania have been launched in a slow, but auspicious start. The initial thrust has been painfully deliberate because there have been many who entertained grave doubt and reservation about the need for intermediate units; but, following the birth pangs, the intermediate units slowly, but surely, "struggled to their feet" and they have left a mark on education in Pennsylvania which will not be removed. They are here to stay. Much evidence assembled in the report on intermediate units by the Legislative Budget and Finance Committee speaks to the success and to the service these agencies have experienced and contributed to the Department of Education and the local school districts.

Regionalism in Education: A Growing Movement

This has not been an isolated experiment in Pennsylvania because approximately thirty-five (35) states in the nation have,

either wholly or partially, established regional educational service agencies in very similar forms. Some states have had these agencies in operation since the 1920's.

And when you think of it, what is happening in education is simply a parallel to what is going on in business and industry, in religion and in law, in banking, and also in municipal government; services are being delivered by the joining of individuals or agencies to provide more efficiently the necessary supportive services. This is being forced by the limitation of funds.

Local Control

Contrary to the belief of some that these intermediate units will eventually replace local school districts in the reorganization process, this is not necessary nor advisable. Local control of the educational process is a matter of grave concern to those who work in intermediate units, as well as the local school districts. There are few agencies which undergo greater control than the intermediate units in Pennsylvania, whose budgets must be approved at four different levels and whose services cannot be provided without the willingness and acceptance of local school districts. The report compiled by Messrs. Dario and Smith reflects some indecision whether the Pennsylvania intermediate units are extensions of the Pennsylvania Department of Education or the local school districts. We hope the Committee sees clearly the concept that the control rests with the local districts. The State Department, in the interest of time and finance, finds it advisable to deliver required information and services through the twenty-nine

(29) intermediate units, rather than 505 local school districts. It should be recognized by all, however, that there is a clear and ongoing need for this "intermediate agency", which can function in coordination and/or in liaison with both the State Department and the local school districts. While the primary function of the intermediate units must be service agencies, they cannot be divorced from the liaison function.

Funding of Services

When the intermediate unit law was passed the Pennsylvania Legislature, in its infinite wisdom, mandated the services of vocational education and special education. Since that time, nonpublic school services have been added to the mandated services and the money for these services has been forthcoming from the Commonwealth. By far, the outstanding successes experienced by intermediate units have been in the areas of mandated services and the report brings this fact out very forcefully. In fact, 80% of the funds expended by intermediate units was for mandated services and only 7% was utilized for the voluntary services, such as instructional materials services, research services, legislative services, pupil personnel services, educational support services, etc. This brings into focus the need for a reassessment of the support for intermediate units.

Local district funding of the intermediate units, as presently conceived, has worked well in the Chester County Intermediate Unit. Our districts have accepted the principle, which is based on the same concept as our present subsidy system, and we

have expressed the desire to our legislators that this funding continue at the time the School Code is revised and adopted. We fully understand that this does not have total agreement throughout the state, but we have prepared a position paper showing how the present funding and the proposed method will affect Chester County school districts. In effect, those with limited resources will be required to pay more for the services and those with greater ability to support services will actually be required to pay less. We think the House Education Committee should study this matter very carefully because we find that it is generally not completely understood and we hear that the wealthy districts are being required to make the "double dip". Close investigation will reveal that the current method of funding is sound and should be considered for continuation.

Distribution of Services

The recent budgetary process in local school districts has caused an impact which has resulted in a cutback in programs and personnel due to fiscal constraints and this has led to a concentrated effort to bring from the State Legislature financial relief for the fiscal "bind" in which local districts find themselves. But, at the same time, local districts are practicing some fiscal intemperance and lack of responsibility by duplication of services which could be shared on a regional basis, either through the intermediate unit or a consortium basis. For example, in Chester County alone, about \$300,000 is being expended by all districts, including the Intermediate Unit, for data processing services when it is estimated that all such services could be

provided through a fully equipped State funded data center at the West Chester State College that could perform the same functions at an estimated cost of \$175,000.

In the same regard, school districts within the Intermediate Unit employ, wholly or partially, professional non-teaching personnel to assume a curriculum leadership role and, in some cases, curriculum personnel, both at the elementary and secondary levels, whose task is to oversee and implement the instructional process in the local school districts. Endless numbers of curriculum committees and inservice experiences are held to bring this about. In fact, Chester County school districts are now expending approximately \$500,000 for their work in curriculum and \$250,000 for inservice education. This is justified because of the "uniqueness" of the school districts and the need to develop curriculum that is appropriate in each instance. We must recognize the inescapable fact that, within a given area such as the intermediate units represented here today, all school districts are preparing their students for the same institutions of higher education and for the same job markets and the need for such diversity in curriculum may be desirable, but it is subject to serious question. More meaningful inservice experiences could be planned on a broader base and this could be done just as effectively, efficiently, and certainly more economically. The intermediate units are frequently accused of duplicating services, but the duplication actually exists because it is an area which needs study. Perhaps the Education Committee, through its staff, could prepare legislation to create incentives for greater cooperation in these and similar areas.

But now comes the inquiry of local control and this is where fallacy enters the picture. If there could be a regional approach to such services to which we have just referred, it would be inescapably controlled by the local school districts and there is no sacrifice or loss of the local control; in fact, local control will be enhanced because the outcome should be improved and the improved service ^{will} should be realized at a lower cost.

Herein lies the strength of the regional educational service agency, or the intermediate unit. If successes have been realized in the mandated services, the way to improve the function of the intermediate units would be to broaden the mandated services with adequate funding of these services by the General Assembly for those districts wishing to participate. In this way, the Legislature would be funding services for local school districts and make it unnecessary for those districts to fund in their local budgets those services which they may be duplicating unnecessarily. More money would then be available within local school districts for those purposes that are critical and must remain the function thereof.

Budgetary Process

One of the primary concerns with which intermediate units have had to live has been the burdensome budgetary process. No public agency can be critical of the required accountability of the funds provided for its operation, but we do think the budgetary process which was designed in Act 102, creating the intermediate units, was a compromise between those factions who

not specified on this

① IU ② Indiv Bds ③ Convention ④ Dept of E approval

were intermediate unit proponents and those who wished no part of this regional educational enterprise. The executive director of each intermediate unit prepares and submits to the intermediate unit board a budget in accordance with those sections of the Public School Code that are applicable. The intermediate unit board of directors must approve the budget prior to its submission to local school districts, at least thirty (30) days prior to the annual convention, in April, for their consideration and subsequent approval by a majority of the member districts in the intermediate unit. Following this adoption by a majority of the component school districts, the budget must then be approved by a majority of the proportionate votes cast by the school directors present and voting at the annual convention. When a budget reaches this stage of approval, it must then be immediately submitted to the Secretary of Education, to be filed with the Office of the Comptroller through the Bureau of School Accounting and Subsidies. In effect, intermediate unit budgets must have four approvals, as follows:

1. By the intermediate unit board
2. By a majority of component member district boards
3. By the weighted vote in the annual convention
4. By the Department of Education

Because intermediate units must respond to local district needs, the initial phases of the budget preparation must occur with the Professional Advisory Council, which includes the local district superintendents in each intermediate unit. This also can be added as another major budgetary hurdle and could be considered a fifth level of budgetary review and approval because nothing will happen



unless the Professional Advisory Council understands and agrees to support the respective intermediate unit budget. It is our considered opinion, from the five years of experience in this budgetary process, that it needs to be simplified and streamlined because it is difficult to start a budgetary process with the P.A.C. in the fall of the year to provide services in the ensuing school year and have no definite confirmation of the availability of funds until the month of June. We propose several changes in the Intermediate Unit law to accomplish this purpose and these are as follows:

1. Revise the requirement for budgetary approval in local districts and at an intermediate unit convention. While we understand the reason for the weighted vote by school directors, such a vote could be registered at the time the voting occurs in the local district and the annual convention, if held, could be directed to other critical matters of school directors.

*budgetary
interest.*

2. Permit the interpretation of the funds required by each local district in terms of a tax millage which could then be levied by each district, and identified separately from the local district tax which will be for local purposes only. In this way, the intermediate unit cost could easily be identified by all concerned and the district would not have to defend any inflationary factor in the local budget as the result of intermediate unit costs.

We strongly urge the House Education Committee to consider improvement in the budgetary process for the funding of intermediate

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units. The recent report by the Budget and Finance Committee has created a climate for an assessment of this and other problems related to the intermediate units and we look forward to cooperating with the committee and the General Assembly in accomplishing the changes which are needed.

#5

July 28, 1976

Presentation: To Subcommittee on Basic Education on the
Report of the Legislative and Finance Committee
on the Pennsylvania Intermediate Unit System

By: Almon H. Wilson, Executive Director
Delaware County Intermediate Unit #25

Mr. Chairman and members of the Subcommittee on Basic Education.

I wish to thank the committee for the opportunity to appear before you today and make this statement.

Before going into the substantive content of this presentation, I would like to compliment Mr. Richard Dario and Mr. Ronald Smith on their "Report on the Pennsylvania Intermediate Unit System." Their insight, hard work, attention to detail, and impartiality are to be highly commended.

As a very new Executive Director (since July 1, 1976), I wish to convey to you how gratifying working for an Intermediate Unit in Pennsylvania has been. I came to the County Office in 1970 as an Assistant County Superintendent -- with no assurance that I would have a job when the Intermediate Unit went into operation on July 1, 1971.

I accepted the position under those conditions because I believed then, that as more and more demands were placed on the public schools, a cooperative approach to meet those demands effectively and efficiently was essential. Later, I was appointed an Assistant Executive Director effective July 1, 1971.

I believe the Delaware County Intermediate Unit has been responsive, effective, and cost efficient in meeting the needs of our local districts over the last five years.

The Legislature that passed the legislation that created the Intermediate Unit system in Pennsylvania should be complimented on their foresight and wisdom in providing the Intermediate Units with the flexibility to formulate programs to meet the particular needs of districts in a specific region.

I invited the superintendents of the Delaware County Intermediate Unit, at the advisory council meeting held on July 19, to voice their concerns on our Intermediate Unit operations so I might include those concerns in this presentation. The only problem discussed was the method of paying for the Instructional Materials Service.

A concern was voiced that the inverse aid ratio method of charging districts for this service could be a problem as costs increased for this service. The average cost per pupil for the operation of the Delaware County Instructional Materials Service for 1976-77 will be \$2.95 per pupil. However, the costs will range from about a low \$1.50 per pupil in one district to a high of approximately \$4.00 per pupil in another district.

It is not suggested that each district should have the same per pupil cost but, that the range may be too great.

Interestingly enough, in 1975-76 the Delaware County Instructional Materials Service provided film to its member districts that would account for 3.6% of all instructional time at a cost of less than half of 1% of all instructional costs.

In 1976-77 the total cost of this service to member districts and participating nonpublic schools (those who contract for the service with their own funds) will be approximately \$300,000, of which at least \$130,000 will be spent for film replacement. However, the amount to be spent for film replacement is insufficient to prevent the library from deteriorating over an extended period of time. Therefore, the costs for this service must inevitably increase to maintain an effective service and to counteract inflation. It should here be noted that the Department of Education is authorized to make special grants to intermediate units to support this service. However, no such subsidy program has been implemented to this date. It would be very helpful if such grants could be forthcoming in the future.

With the exception of this one concern, the consensus of the superintendents was that their Intermediate Unit was functioning in a manner satisfactory to them.

A concern of everyone, of course, is increasing costs. In the Delaware County Intermediate Unit, the state operating subsidy was \$189,852 for 1971-72. It will be \$189,852 for 1976-77.

Our districts contribute \$2 toward our operations for every \$1 provided by the State.

I would hope that this committee would consider recommending legislation that would provide for increased state subsidies as district contributions increase, and that would provide a formula

based on a method that would allow intermediate units to calculate and predict the amount of state subsidy as they prepare budgets in January.

The Report on the Intermediate Unit System in Pennsylvania contains a number of recommendations with which I very strongly concur.

One of these recommendations concerns legislative clarification of whether intermediate units may own motor vehicles and/or real estate. I believe that legislative clarification on this issue and on any other capital expenditure is very important.

A study of school transportation in Delaware County, prepared for the Department of Education by Simpson and Curtin, Transportation Engineers, during 1973-74, concluded that if the Delaware County Intermediate Unit purchased rather than leased buses a 20% saving of capital costs. (at that time \$25,000) could be realized.

The report goes on to say:

"While it has been demonstrated that leasing buses and contracting for maintenance is far more costly than a purchase and retention program, and even more costly than buy-back, the institution of either program is restricted due to the lack of power and authority of the intermediate unit to purchase equipment. However, these substantial savings should be sufficient impetus to change this policy. The intermediate unit is now permitted to purchase specially

equipped school buses. It is recommended that this policy be expanded to include all school buses."

The ownership of real estate by intermediate units has generated many pros and cons and the subject is one that requires much consideration and deliberation. Not only the economies of ownership versus leasing should be considered, but the efficient delivery of service. The emotional and psychological impact in some areas of this subject must also be studied. If the resolution of this question would seriously affect the relationships between intermediate units and member districts, then more might be lost than gained by intermediate unit ownership of real estate.

The prohibition on real estate ownership does leave the Delaware County Intermediate Unit with a future problem. As operating agent for the Delaware County Area Vocational-Technical Schools, to whom will the ownership of these schools pass when the Authority (in this case, a school district created authority when the County Office was in operation) incurred debt is satisfied?

As is apparent from the foregoing, we would find legislative clarification of this subject very desirable.

However, I must report that I do disagree partially with one recommendation. The final recommendation of the study deals with evaluation. I agree that evaluation is an important component of any operation. It assists in planning and the more effective

utilization of resources. In any effective organization evaluation and planning must be continuous. However, formal evaluations every year does require considerable staff time of both the Intermediate Unit and the Department of Education - time that, with limited staff, does detract from the delivery of services. I would respectfully suggest that these formal evaluations be limited to every second or third year.

It would be easy to continue to address problems raised by the "study." Just a few statements:

1. We see, and we believe the districts see, Intermediate Units as being controlled locally for program and operational purposes.
2. The Intermediate Unit is a service agency providing those programs desired by our user agencies.
3. The relationship between the Intermediate Unit and the Pennsylvania Department of Education is a cooperative one. One that we find desirable, reassuring, and supportive.

Finally, I am appreciative of the interest and concern of the Legislature concerning the Intermediate Unit's role and operation. I believe the creation of the regional service agency concept has helped provide a more adequate educational opportunity to the young people of this Commonwealth at reasonable cost.

Mr. Chairman and members of the committee, thank you for your interest and attention.

TESTIMONY FOR PRESENTATION TO HOUSE COMMITTEE ON BASIC EDUCATION
JULY 28, 1976

PHILADELPHIA INTERMEDIATE UNIT 26 APPRECIATES THE OPPORTUNITY TO PRESENT TESTIMONY ON THE REPORT OF THE LEGISLATIVE BUDGET AND FINANCE COMMITTEE DEALING WITH THE INTERMEDIATE UNITS. AS THE INTERMEDIATE UNIT WITH THE LARGEST STUDENT POPULATION AND AN ORGANIZATIONAL STRUCTURE DIFFERENT FROM OTHER INTERMEDIATE UNITS BECAUSE OF SERVING ONLY ONE SCHOOL DISTRICT, WE WISH TO INDICATE OUR SUPPORT OF THE INTERMEDIATE UNIT CONCEPT OF THE I.U. ACTING AS THE "INTERMEDIATE" AGENCY SITUATED BETWEEN THE PENNSYLVANIA DEPARTMENT OF EDUCATION AND THE LOCAL SCHOOL DISTRICT. IN THE THREE YEARS THAT THE PHILADELPHIA INTERMEDIATE UNIT 26 HAS BEEN FULLY INVOLVED AS AN ACTIVE INTERMEDIATE UNIT, WE HAVE ACTIVELY ATTEMPTED TO IMPLEMENT THE INTENT OF THE LEGISLATION CREATING INTERMEDIATE UNITS. OBVIOUSLY, THE PHILADELPHIA INTERMEDIATE UNIT IS DIFFERENT IN MANY WAYS AS THE REPORT INDICATES ON PAGE 160, AND OUR PROBLEMS, PRACTICES, AND PROGRAMS ARE NOT EASILY COMPARABLE WITH THE OTHER INTERMEDIATE UNITS.

WE DO OPERATE VERY LARGE SPECIAL EDUCATION AND NON-PUBLIC SCHOOL SERVICE PROGRAMS. APPROXIMATELY 120,000 NON-PUBLIC SCHOOL STUDENTS RESIDE WITHIN THE CONFINES OF INTERMEDIATE UNIT 26 AND RECEIVE AUXILIARY SERVICES PROVIDED FOR UNDER THE TERMS OF ACT 89 OF 1975. THESE SERVICES ARE AVAILABLE IN VARIOUS GEOGRAPHIC LOCATIONS THROUGHOUT INTERMEDIATE UNIT 26. IT IS FAIR TO STATE THAT THE SERVICE FUNCTION TO NON-PUBLIC SCHOOLS IN INTERMEDIATE UNIT 26 HAS BEEN RESPONSIVE AND FUNDS AUTHORIZED FOR THESE SERVICES HAVE BEEN USED FOR A VARIETY OF SERVICE.

OUR POSITION IN REGARD TO SPECIAL EDUCATION IS NOT AS SANGUINE. BECAUSE OF THE RELATIONSHIP OF INTERMEDIATE UNIT 26 AND THE SCHOOL DISTRICT OF PHILADELPHIA THE FUNDING OF SPECIAL EDUCATION BY THE INTERMEDIATE UNIT AND A SINGLE SCHOOL DISTRICT, WE ARE BESET WITH SOME VERY SERIOUS FINANCIAL PROBLEMS THAT ARE NOT THE SAME IN THOSE INTERMEDIATE UNITS WITH MULTIPLE DISTRICTS.

LET ME BE MORE SPECIFIC. PROGRAMS IN SPECIAL EDUCATION ARE MANDATED BY THE PENNSYLVANIA DEPARTMENT OF EDUCATION. THE ATTENDENT REGULATIONS AND OTHER DEMANDS NECESSITATE THE ESTABLISHMENT OF PROGRAMS. HOWEVER, THE FUNDING TO THE INTERMEDIATE UNIT IS INADEQUATE TO COMPENSATE FOR EXCESS COSTS TO EDUCATE THESE CHILDREN. AS AN EXAMPLE, IT WILL BE NECESSARY FOR US TO HAVE APPROXIMATELY \$55,000,000 TO FUND THE 1976-77 SPECIAL EDUCATION PROGRAMS. OUR TOTAL FUNDING TO INTERMEDIATE UNIT 26 WILL BE APPROXIMATELY \$47,000,000. THIS DEFICIT CANNOT BE ASSUMED BY LOCAL SCHOOL DISTRICTS AS THERE IS ONLY A SINGLE DISTRICT. THEREFORE, THE SCHOOL DISTRICT OF PHILADELPHIA MUST ASSUME AN ADDITIONAL \$7.5 MILLION OUTLAY FROM ITS GENERAL FUNDS BUDGET. INASMUCH AS WE ARE ALREADY FACING A DEFICIT OF \$66,649,639, THIS PLACES AN ADDITIONAL BURDEN ON THE TAXPAYERS OF PHILADELPHIA. THE DISTRICT THEN IS PLACED IN A POSITION WHERE PRIORITIES ARE BEING DETERMINED BY A FINANCIAL FORMULA THAT IS INADEQUATE FOR THE INTERMEDIATE UNIT.

IT IS OUR PLEA THAT ANY LEGISLATION REGARDING REORGANIZATION OF THE INTERMEDIATE UNITS WOULD INCLUDE A PROVISION THAT MANDATED PROGRAMS BE FULLY FUNDED THROUGH ADEQUATE PAYMENTS TO THE INTERMEDIATE UNITS.

WE AGREE WITH THE RECOMMENDATION (1e) ON PAGE 165 OF THE REPORT REGARDING THE CLARIFICATION OF THE "SPECIAL SITUATION" OF PHILADELPHIA AND PITTSBURGH PARTICULARLY IN REGARD TO "ADMINISTRATIVE AND BOOKKEEPING REQUIREMENTS" BECAUSE WE SERVE A SINGLE DISTRICT. WE WOULD MOST CERTAINLY WISH TO BE INCLUDED AS AN INTERMEDIATE UNIT IN TERMS OF RESPONSIBILITIES AND FUNDING MECHANISMS.

IN CONCLUSION, PHILADELPHIA INTERMEDIATE UNIT 26 WISHES TO AGAIN THANK THE COMMITTEE FOR THIS OPPORTUNITY TO MAKE OUR POINT OF VIEW KNOWN TO BASIC EDUCATION SUBCOMMITTEE. MY COLLEAGUE, MR. MARIO NASCATI AND I WILL BE HAPPY TO RESPOND TO QUESTIONS OR ELABORATE UPON OUR PRESENTATION.

Bernard F. Rafferty
Assistant Executive Director
Intermediate Unit 26