

**Nebraska Educational  
Service Units (ESUs)  
A Study of Mission, Services, and  
Organizational Structure**

**EXECUTIVE  
SUMMARY**

Prepared by the  
Statewide ESU Regionalization/Restructuring  
Task Force

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## Section I - Introduction

Nebraska Department of Education Commissioner Doug Christensen asked the Nebraska Educational Service Unit boards and administrators to develop a pro-active plan to reduce costs and improve delivery of services to school districts through regionalization and/or reorganization of ESUs. This was to be a continuous improvement process. It was urged that this plan include the following focus:

1. ESUs continue to be true to the mission and purpose of serving schools
2. ESUs be an educational system and not eighteen independent units
3. ESUs have a “bottom-line” accountability; an effect on school improvement
4. ESUs add value to what schools are doing; improve student achievement

A Task Force, consisting of the administrator and a board member from each ESU, was formed in April, 2003 and began preparing this report. The Task Force was facilitated by Dr. John Boniuto, Executive Director of the Nebraska Association of School Boards, Burma Kroger, Director of Board Development, Nebraska Association of School Boards, and Dr. Larry Dlugosh, Department of Educational Administration, University of Nebraska –Lincoln.

*In congruence with LR 180 study*

## Section II - Mission

**Critical Question #1 – Is the Mission of ESUs Changing?** The committee reviewed the following documents: 1) 79-1204, the statute that outlines the role and mission of ESUs; 2) A concept paper developed in 2002 by the Nebraska ESUs that redefines the mission of ESUs; and, 3) A study on ESUs completed by Bob Stevens (1995) as part of a legislative study.

**Finding:** “The role and mission of the educational service units is to serve as educational service providers in the state’s system of elementary and secondary education.” (79-1204) This mission has been constant; however, it has become more focused on issues of teaching and learning (e.g. STARS, NCLB). There is an expectation that ESUs provide equitable services to all Nebraska schools.

**Critical Question #2 – What is the relationship to the Nebraska Department of Education (NDE)?** The Committee briefly reviewed Rule 84, the rule that governs ESUs, and reviewed current and past relationships between NDE and the ESUs. Statutory Relationships include:

- 1) NDE is a creation of the Nebraska Legislature; 2) ESUs are creations of the Nebraska Legislature; 3) ESU funding for Core Services, as provided by the Nebraska Legislature, is administered by NDE; 4) NDE, through statutory authority, devises “rules” or Administrative Codes for the accreditation of ESUs. Rule 84 states that ESUs “act in a cooperative and supportive role with NDE in developing plans, strategies, and

goals for the enhancement of educational opportunities in elementary and secondary education.” ESUs and NDE collaborate on numerous activities including the management of grants, sharing of staff and expertise, sharing of resources, and planning for state initiatives.

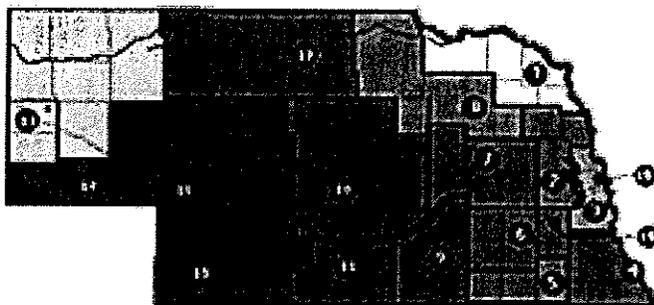
**Finding:** There is no single relationship between NDE and the ESUs, but a constantly evolving relationship, dependent on numerous factors, both internal and external to ESUs. NDE provides support and funding to ESUs with the expectation that ESUs assist in the implementation of state initiatives (e.g. statewide writing). ESUs provide the delivery system and technical expertise to assist NDE.

**Critical Question #3 – Who do ESUs serve?** The Committee reviewed the statutes specific to ESU customers.

**Finding:** The primary customers for ESUs are elementary and secondary public schools. As individual ESUs identify other local supplemental services, there are additional customers (e.g. non-public schools, state supported schools such as School for Visually Impaired). To a degree, NDE is a secondary customer.

**Critical Question #4 – What are the implications of geography and demographics?** The Committee reviewed five documents: 1) A comparison of ESU student population and valuations; 2) A map of current ESU boundaries; 3) A map of ESUs with county populations; 4) Assessed Property Valuations; Tax Levies & Core Services; and 5) An enrollment history and projection to 2013 for ESUs.

**Finding:** Simply, the mission remains largely the same for ESUs, however, geography and demographics have (and will continue to have) a tremendous impact on the delivery of services and on organizational structures of ESUs. It will be necessary to consider geography and demographics in any future reorganization of ESUs.



Nebraska Educational Service Units

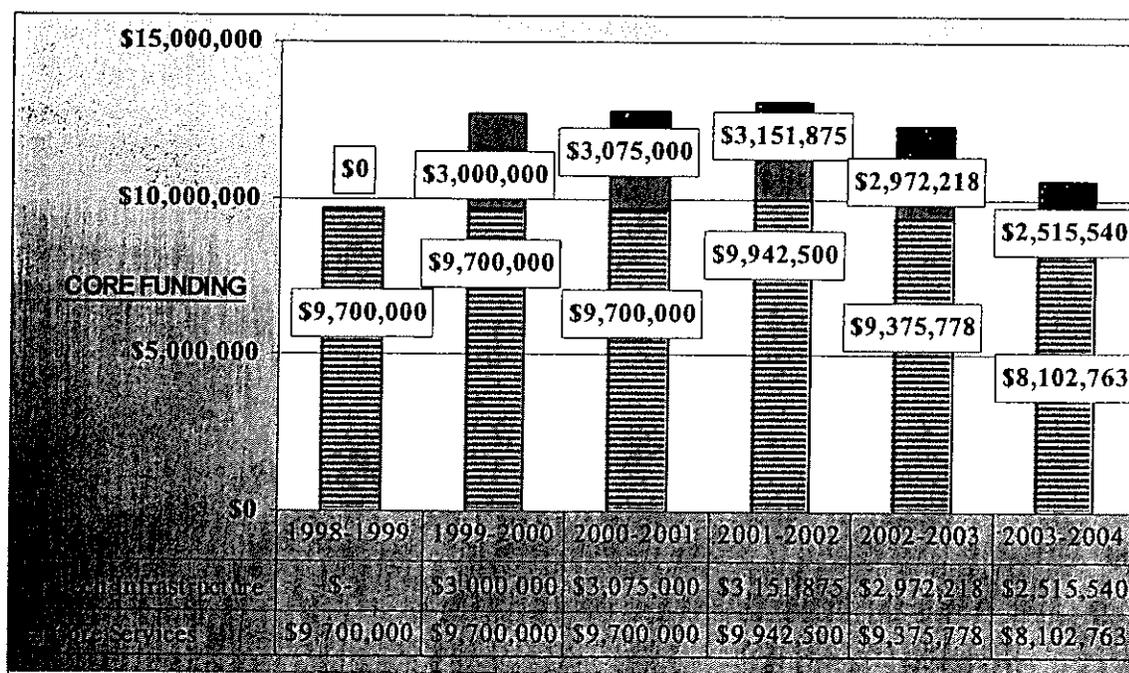
## Section III - Organization

**History of Nebraska Educational Service Units:** The Nebraska Legislature created educational service units in 1965 to deliver numerous requested services to schools. These services were locally identified and delivered either individually or collectively through locally administered, organized and funded programs, such as special education.

Additionally, in 1997 the State of Nebraska through legislative action assigned ESUs the responsibility to organize and administer, through state-supported funding, core services that included instructional technology, staff development, instructional materials, and technology infrastructure.

Educational service units have become increasingly involved in carrying out State and Federal initiatives, such as No Child Left Behind, at the local level; and assisting school districts in improving student success through school improvement.

**History of Core Funding:** LB 1110 (1998) appropriated nine million seven hundred thousand dollars from the General Fund for the initial year (FY98-99) to be distributed proportionally to each ESU by the Department of Education based on the membership in member districts in the preceding school fiscal year, except that no unit was to receive less than two and one-half percent of the funds appropriated. LB 386 (1999) appropriated three million dollars for FY99-00 for use by ESUs for technology infrastructure with an increase calculated each following fiscal year. With this State funding for Core Services, the ESU taxing authority was reduced from three and one-half cents to one and one-half cents for the General Budget (and the one-half cent telecomputing authority was eliminated). The following graph shows the funding history for Core Services:



**Critical Question #1 – What is the current cost of “doing business”? (cost analysis)**

The committee studied the various ESU data, including valuation, student enrollment, levy, taxes generated, and funding. The current cost of “doing business” could be examined several ways; however, since the business of ESUs is delivery of services to schools and students, then it follows that the local and state funding are areas to be studied. Federal grants and contracted services are flow-thru monies and were not included in the data analysis.

Finding: Local property taxes per student and State core funds per student are influenced by smaller student populations in the units. The combined taxes per student and core funds per student ranges from \$83.52 to \$232.66 with \$97.79 being the average.

**Critical Question #2 – What is the current structure and cost of ESU administration?**

The committee examined the 2002-2003 cost data for each ESU administrator (i.e. salary, benefits, travel, etc.) and the source of funding.

Finding: The current structure of ESU administration is one chief administrator plus office staff per ESU. The data indicated that administrative cost was a local levy expense that averages roughly twelve percent of the local taxes; however, this equates to an average of one percent of the total statewide ESU budget of expenditures. No state core funds were used for administration of the ESUs.

**Critical Question #3 – What is the current structure and cost of ESU governance?**

The committee reviewed the 2002-2003 fiscal year expenses for each unit’s board and its funding source.

Finding: The current structure of ESU governance is an elected local board member per county plus four at-large members. The cost of governance includes travel to meetings, organization dues, election costs, legal notices, supplies, etc. This is a local levy expense that averages two percent of the local taxes. No state core funds were used for governance of the ESUs.

**Critical Question #4 – What are the existing inequities in resources among ESUs and how does that impact the quality and delivery of services?** The committee studied ESU changes in valuation, local taxes generated, and student population.

Finding: The existing inequities in resources among ESUs include the vast range in student population with four ESUs having large numbers, eight with average numbers, and six with small enrollment totals. ESUs with population increases realize increases in property valuations that provide for greater local tax funds that somewhat offset decreases in state funding and increases in costs of delivery of services.

**Critical Question #5 – What are the implications of the state’s geography and changing demographics for the organization and structure of ESUs?** The committee studied the square mileage of each ESU and the east-west travel factors in the State.

Finding: The ESUs with greater geographic area have challenges providing points for delivery of services. The new locations of merging schools and the highway connections are important in delivery of services.

## Section IV - Services

The Services Committee was charged with the task of identifying services offered by ESUs across the state. Through the use of a survey, both local and regional services were identified that were provided to meet the needs of local, state, and federal requests/mandates.

In addition to this information, three other questions were proposed. The first question focused on the amount of tax dollars being used to support core service programs. The second question attempted to better define what were considered essential services offered by ESUs. The third question was an attempt to identify any additional regional services that should be provided in the state.

Findings: After looking at a summary of the data received from the statewide services survey the committee found a number of findings that seem significant.

1. All ESUs in the state provide similar basic services to the school districts in their assigned region through the use of all funding mechanisms.
2. Numerous regional and statewide programs that involve more than one ESU are already being utilized in the state.
3. Those regional programs financed through special education funding or state/federal grants have higher statewide participation levels.
4. There seem to be two tiers of “essential service”.
  - a. Self-funded essential services – special education, cooperative purchasing, distance learning.
  - b. Funded essential services – professional development, technology training, instructional materials, and technology infrastructure.
5. \$6,609,490 of local tax levy dollars (above and beyond State Core service funds of \$10,618,303) is budgeted to fund core service programs in 2003-2004.
6. Local ESU discretionary spending for locally identified needs is diminishing.

## Section V - Recommendations

**Nebraska Educational Service Units commit to provide expanded regional/ statewide systems designed to deliver value-driven service to the State's system of elementary and secondary education.**

1. **Nebraska Educational Service Units are committed to expanded regionalization of mandated core services**
  - “Regionalization” is defined as multi-ESU systems forming interlocal agreements to provide efficient and equitable delivery of Core Services.
  - Begin regionalizing services immediately;
  - Reorganize Core service delivery to ESUs around geographic regions.
  
2. **Nebraska Educational Service Units are committed to increased Efficiency and Consistency of Service**
  - Increased depth and quality of services;
  - Decreased operating costs;
  - Emphasis on regional programs and funding;
  - Decreased duplication of services;
  - Increased specialization of staff expertise.
  
3. **Nebraska Educational Service Units are committed to Accountability**
  - That will be designed to measure the effectiveness of core services on school district performance;
  - Effectiveness will be described through correlation connections between teacher training and school performance data;
  - Related studies of the ESU system's capacity to deliver consistent core service training and support across the network will further demonstrate the value that the ESU system provides local school districts.
  
4. **Nebraska Educational Service Units are committed to State Provided Core Service Funding (State Aid)**
  - That will be organized into 8-10 core service delivery systems no later than September 1, 2007. Voluntary multi-ESU mergers will evolve from these systemic regional organizations.

5. **Nebraska Educational Service Units are committed to revised Governance Structure (as dictated by regionalization needs)**

- Governance and administration of the regional services shall be funded by member ESUs local property taxes through interlocal agreements with the state aid being used for programs and services;
- In addition, each ESU shall continue to assist as possible in the financial support of Core services through local funding for its member schools.

6. **Nebraska Educational Service Units are committed to Other Interlocal Partnerships**

- “Partnerships” are defined as formal or informal agreements to provide non-core services in such areas as: special education, nursing, essential education, cooperative purchasing, etc.
- Local programs requested and financed by school districts continue to be a part of the ESU mission.

7. **Nebraska Educational Service Units are committed to LEA Criteria**

- All LEAs shall belong to an ESU;
- An LEA that is contiguous to another ESU may elect to join another ESU through the board-to-board reorganization process.