

BLUE RIBBON COMMISSION ON PUBLIC EDUCATION

ADMINISTRATIVE OPERATIONS

BUILDING CAPACITY THROUGH SHARED SERVICES

Administrative Operations are the essential infrastructure that keeps schools running, from finance and human resources to technology, procurement, transportation, and compliance. Yet North Carolina's districts vary dramatically in size, staffing, resources, and access to specialized expertise, even as they manage many of the same responsibilities. Shared services offer a way to strengthen that capacity by pooling expertise, purchasing power, systems, and services where working together can accomplish more than districts working independently, while preserving local governance and decision-making.

The Commission's proposed recommendations will be provided to the Executive and Legislative branches in early 2027.



For more information on the Blue Ribbon Commission on Public Education, including membership, meeting dates, and resources, go to fi.ncsu.edu/blue-ribbon-commission-on-public-education

SHARED SERVICES IN NORTH CAROLINA

North Carolina has considerable experience using shared infrastructure, cooperative purchasing, statewide systems and technical assistance to help public school units address operational challenges. These approaches can allow the state and district to help schools and districts achieve economies of scale, reduce duplication, and expand access to specialized expertise and services. They can be particularly valuable when districts face similar operational needs but differ considerably in size, staffing, purchasing power, or internal capacity.

How can shared services strengthen capacity across schools and districts?



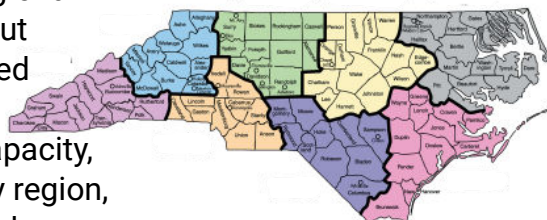
Shared services do not necessarily mean centralizing functions that are best managed locally. Rather, they create opportunities to identify functions where coordination can reduce administrative burden or strengthen local capacity while allowing districts to remain focused on the needs of schools and students.

In some areas, the state may provide common infrastructure or systems; in others, districts may pool purchasing power, share specialized personnel or expertise, or collaborate regionally. The central question is where shared capacity can accomplish something more effectively or efficiently than districts working independently. As a district manages increasingly complex financial, personnel, technology, procurement, compliance, and administrative responsibilities, opportunities may exist to build on the state's experience by identifying functions that could be provided, purchased, or supported more effectively through state, regional, or interdistrict collaboration.

NC REGIONAL EDUCATION SERVICE ALLIANCE (RESA)

North Carolina has an existing regional structure for districts through the Regional Education Service Alliances (RESA). Districts participate through regional arrangements, generally aligning with the NC State Board of Education regions. Membership requirements and annual fees based on district enrollment established by each alliance.¹ For example, the Central Carolina Regional Education Service Alliance (CCRESA) allows additional districts to join with a majority vote of its board of directors.² NC RESAs primarily support professional learning, regional development, technical assistance, and communication between districts and state agencies.

The existing structure demonstrates that regional collaboration among districts is occurring, but the alliances do not operate as a standardized statewide system for delivering shared operational services. Their organizational capacity, leadership, governance, and services vary by region, and there is not currently a common statewide framework for performance or support.



CAPACITY CHALLENGES ACROSS NC DISTRICTS



School districts of every size are responsible for increasingly complex administrative and operational functions, including financial management, human resources, information technology, cybersecurity, procurement, transportation, facilities, compliance, and specialized services for students with exceptionalities. Many of these functions require specialized expertise, systems, and processes regardless of student enrollment. North Carolina's school districts vary dramatically in size, ranging from some of the nation's largest school systems alongside small districts serving only a fraction of that enrollment. For example, in 2025-2026, district enrollment ranged from 447 students in Tyrrell County to 161,321 in Wake County.³ Yet each district is responsible for many of the same core financial, personnel, technology, compliance, and operational functions. This variation in scale creates different operating environments and capacity needs across the state.

Larger districts may have greater capacity to employ specialized staff, but they also operate at a scale that creates its own management challenges. Research on large, urban districts has documented *fragmented processes, overlapping responsibilities, organizational silos, and challenges in coordinating central office functions*.⁴

Smaller districts face a different structural challenge as the demands associated with many essential operational functions do not scale proportionately smaller with district size. Research has consistently shown that small districts face *structural diseconomies of scale*.⁵ Whereas a large district can spread certain fixed costs across more students, smaller districts have fewer students over which to spread those costs.



By way of illustration, a small district may need the same level of expertise in budgeting, financial forecasting, accounting, cash management, debt, audits, compliance, and financial reporting as a much larger district, but may not have the enrollment or resources to support a full-time CFO position or a broader finance team. Recent evidence points to a significant capacity and succession challenge among North Carolina school finance officers, particularly in smaller districts. In 2024, the North Carolina Association of School Budget Officers (NCASBO) reported that 15 districts were relying on interim CFOs following a period of high turnover, and 31 public school units had requested mentoring support.⁶



REVISITING NC'S VISION FOR SHARED SERVICES

The differences in district capacity have previously prompted North Carolina to consider how shared services could strengthen organizational and operational capacity across the state.

- A 2015 NC Government Efficiency and Reform (NC GEAR) recommendation proposed a broad approach to regional or statewide shared services, including administrative and financial services, information technology, procurement, facilities management, security, transportation, and nutrition, with the goal of allowing districts to operate more efficiently and generate economies of scale.⁷
- The Governor's Recommended Budget that year proposed \$4.124 M to establish regional or statewide shared services, including administrative and financial services; however, the General Assembly ultimately advanced a narrower component of the broader vision.⁸
- The 2015 Appropriations Act directed NCDPI to collaborate with the Friday Institute for Educational Innovation at North Carolina State University to establish cooperative purchasing agreements for information technology goods and services, specifically to leverage economies of scale and reduce costs.⁹



NCDPI's 2025 Strategic Plan: Achieving Educational Excellence renews the focus on operational capacity and efficiency.¹⁰ Pillar 5 Optimize Operational Excellence emphasizes modernized systems, streamlined processes, reduced administrative burdens, and more effective use of technology and data across NCDPI and districts.

Shared services are one mechanism for advancing these priorities, particularly where districts could benefit from pooled expertise or capacity. A shared CFO or business office could provide access to specialized financial management expertise while distributing the costs of supporting staff and systems across participating districts.



TECHNOLOGY SERVICES AS A MODEL FOR NC

IT PROCUREMENT

North Carolina's IT procurement model has evolved through three broad stages.

- 1 The state centralized IT procurement expertise and authority with the creation of the Statewide IT procurement Office in the late 1990s and early 2000s, with the Statewide IT Procurement Office developing rules, policies, and procedures governing statewide IT procurement.¹¹
- 2 The state built scale and standardization into the model, developing statewide contracts, specifications, and volume-purchasing programs that aggregate demand.¹²
- 3 Beginning around 2022-2023, the state shifted substantial attention toward modernizing the procurement process itself, using standardized workflows, eProcurement integration, dashboards, automation, and enhanced training opportunities to address bottlenecks and increase transparency.¹³

By 2026, NCDIT reported that **average procurement time** had fallen from more than 266 days to 111 days.¹⁴



SCHOOL CONNECTIVITY INITIATIVE

The collaborative procurement effort grew into sustained statewide shared technology services, with NCDPI and the Friday Institute supporting cooperative purchasing, technical assistance, network engineering, and related services for public school units. The School Connectivity Initiative has leveraged state investments to generate substantial additional value for North Carolina schools through E-rate and cooperative purchasing.¹⁵

While this approach has established a statewide model for sharing technology infrastructure and expertise, the broader vision of pooling administrative personnel and expertise, including financial and business-office functions, has not yet fully developed into a comparable statewide or regional infrastructure.



EXAMPLES FROM OTHER STATES: NEW YORK



Established 75 years ago, New York's Board of Cooperative Educational Services (BOCES) was created in response to the challenges facing small and rural districts that could not efficiently provide a full range of academic, vocational, and administrative services on their own. Initially envisioned as a temporary regional structure, the model persisted because districts found that working across lines expanded access to specialized services while maintaining substantial local control.¹⁶ Today, 37 BOCES serve nearly 700 school districts and 2.33M students across most of New York.¹⁷ At a high level, BOCES are public regional organizations governed through participating school districts, rather than consolidated school districts.

Governance



BOCES operates primarily through a service-purchase model: (1) districts select the services they want for the coming year, (2) BOCES provides those services, and (3) participating districts pay the associated costs. The state subsequently provides BOCES aid for eligible expenditures, with the amount of aid determined through a formula that accounts for district fiscal capacity and lower-wealth districts receiving a greater state share.

New York law requires districts to notify BOCES whether they intend to participate in specific services.¹⁸ Districts retain their independent governance while gaining the option to pool resources when doing so is more efficient or provides access to expertise they could not economically maintain independently. A BOCES is established at the request of participating school boards, and its board is elected collectively by representatives of the component districts.¹⁹ Annual BOCES report cards are published to increase accountability and transparency.²⁰

Services



Services have expanded well beyond the original educational offerings to include career and technical education, special education, professional development, technology, cooperative purchasing, transportation, and administrative functions such as business-office services.²¹

Impact



A 2008 NYSED Regents review identified BOCES as a mechanism for reducing duplication and financial-management costs.²² One Central Business Office example reported cumulative savings of \$6.1M for its largest participating district after BOCES aid, compared with \$1.8M in savings before accounting for BOCES aid. The Regents also identified benefits including cross-training and continuity of personnel, stronger internal controls, cooperative purchasing power, and the ability for district administrators to devote more attention to educational rather than administrative matters. A subsequent 2009 Regents report similarly concluded that shared BOCES business offices could reduce financial-management costs while improving long-range budget planning, multi-year forecasting, and internal controls.²³



EXAMPLES FROM OTHER STATES: TEXAS



Texas operates 20 Regional Education Service Centers (ESCs), serving a statewide network of 1,208 school districts and charter schools with a combined enrollment of approximately 5.54 million students in 2024-2025.²⁴ Unlike an intermediate governmental layer that exercises regulatory authority over districts, ESCs are explicitly designed as voluntary, service-oriented organizations. State law requires the centers to assist districts in improving student performance, operating “more efficiently and economically,” and implementing state initiatives. Districts are not required to purchase services from their regional ESC and may purchase services from another ESC.²⁵

Governance



The system combines local board governance with state-level oversight. Each ESC is governed by a seven-member lay board, with members elected by the local school boards in the ESC's service area. The local board establishes policies, approves the annual budget after a public hearing, and employs the executive director; however, the commissioner's approval is required for the hiring or dismissal of the executive director.

The Texas Education Agency commissioner retains authority over the number and location of ESCs, regional boundaries, allocation of state and federal funds, and systemwide accountability standards.²⁶

ESCs have a mixed funding model rather than relying primarily on local tax revenue. They have no taxing or bonding authority and receive revenue from state funds, federal funds, and contracts with school districts. State support for required “core services” is appropriated through the Foundation School Program and distributed according to a formula that considers the minimum cost of operating a center, the number and size of campuses served, and the geographic size of the service area.

Districts can purchase additional services from ESCs, allowing the centers to operate partly as shared-service providers in a regional marketplace.²⁷ Recent Texas appropriations have directed additional ESC resources according to geographic considerations and the number of districts serving fewer than 1,600 students, with enhanced funding for centers primarily serving small and rural districts.

Services



Texas law explicitly permits districts to delegate purchasing and other administrative functions to an ESC when doing so creates efficiencies. The statutory performance framework specifically requires ESCs to document regionally shared services that produce more economical and efficient school operations.²⁸ ESCs provide or coordinate services ranging from professional development and technical assistance to special education, technology, business operations, compliance, and other administrative functions. Texas's school-district efficiency resources identify ESCs as a mechanism through which small districts can pool resources and obtain services, such as payroll, benefits, and business-office support, that may be difficult to provide independently.



EXAMPLES FROM OTHER STATES: TEXAS (CONT'D)



Impact

Texas requires ESCs to report estimated savings generated for districts, including total savings, savings per student, and comparisons between ESC costs and alternative providers. A 2024 Texas Education Agency report examining the 2022–23 audited fiscal year reported that the \$11.875M state investment in ESC core services was associated with an estimated \$188M or more in cost savings to local education agencies.

The report also documents savings across business- and technology-related services, core services, and state initiatives.²⁹ Earlier state reports show a similar pattern.

- For example, the 2014–15 ESC report estimated nearly \$600M in savings to Texas local education agencies across business-related, technology-related, core, and state-initiative services.³⁰
- For a sample of small districts, the 2016 report documented an average estimated savings of approximately \$312,000 per district, or about \$580 per weighted average daily attendance.³¹

There is also a formal performance-accountability mechanism beyond financial savings. Texas law requires the commissioner to evaluate each ESC annually using indicators that include student performance, district effectiveness and efficiency, economical and efficient regional services, core services, and outcomes associated with state initiatives.³² Annual evaluations must include financial audits and client-satisfaction measures. If an ESC is deficient, the commissioner has progressively stronger intervention authority, including requiring an improvement plan, replacing the executive director or board, and ultimately closing the center after two consecutive years of deficient performance.³³



ENDNOTES

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