

# 500 Cost Reduction Strategies for Local Education Agencies

A Product of the PASBO Benchmarking Committee

Originally drafted by Robert Schoch, PRSBA

(2003)

Revised 2010-2011

(March 18, 2011)



# Cost Reduction Can Take Many Forms

- Expenditure Reduction
  - Program Elimination
  - Reduction in Service Level
  - Deferral of Planned Expenditures or Elimination of Discretionary Purchases
- Efficiency (Time & Cost Savings)
- Future Cost Avoidance
- Revenue Enhancement From Existing or New Sources

# Administration

- Administrative assistants perform duties of assistant principals
- Assign administrative duties to clerical staff
- Replace departmental chairpersons with teacher coordinators
- Principals serve more than one school
- Reassign center office duties to principals
- Inter-district sharing of administrators
- Contract for outside administration (i.e.: benefits)

# Administration

- Placing operational and fiscal management in the hands of a team of professionals led by an experienced executive officer leaves certified educators to focus on program and optimizing the teaching and learning environment
- Allowing more non-certified leadership in LEAs widens the pool of capable administrators able to steer public schools through the challenges they face today and in the years to come

# Alternative Education

- Charter high school countywide for alternative education services now covered by out-of-district ES placements
- Contract with a private alternative education provider
- Consider district created of Charter or Cyber Charter School

# Athletics

- Volunteers work gates, do cleanup and other activities at athletic events to reduce school staff overtime
- Community Service – Youth Organizations utilized to perform maintenance work on athletic/ playing fields
- Structure extracurricular programs as self-supporting activities
- Limit free passes to individuals performing required or voluntary function

# Athletics

- In-house laundry
- Athletic boosters pay sports insurance
- Evaluate programs with low participation (within restrictions of Title IX)
- Eliminate or increase restrictions for charter buses
- Male / female teams to travel together
- Evaluate Need for JV / Junior high/Middle school sports

# Athletics

- Assess fee to outside organizations that use school athletic facilities
- Pay officials every two weeks / direct deposit
- Encourage the establishment of Booster Clubs (Title IX compliance)
- Usage Fee for Booster Clubs
- Increase length of time before uniforms are replaced/plan ahead for replacement with Booster Clubs



# Athletics

- Discontinue providing athletic equipment that participants normally own
- Combine minor sports with neighboring districts

# Banking

- Bid banking services / RFP
- Electronic transactions / remote deposits - scan checks onsite
- Utilize ACH or Wires for reimbursements or checks
- Charge for NSF (insufficient funds) checks.
- Utilize contracted service to collect on NFS checks
- Set up credit card programs for payments

# Benefits

- Life insurance consortium
- Self insure workers compensation insurance
- Establish Certified Workplace Safety Committee
- Alternative position placement/light duty assignments for worker's compensation
- Include sick leave and personal leave on pay stubs to eliminate annual notifications

# Benefits

- Workers compensation-required physicians list
- Evaluate deductibles based on workers compensation claims
- Analyze and address all employee absenteeism
- Limit transfer of sick leave from one entity to another
- Develop policies to prevent sick leave abuse
- Workers compensation direct from insurance company, no broker (benefit of broker is professional expertise)
- Section 125 program

# Benefits

- Reduce benefits eligibility for part-time employees
- Limit tuition reimbursement to one standard (state rate) and limit to a regional accredited program
- Recapture expenditures relating to tuition reimbursement/Professional development reimbursement ( 1 to 3 years)
- Establish wellness provisions in health care plan to reduce claims and monitor treatments

# Benefits

- Early retirement incentives, not bonus
- Payment in-lieu of benefits option for employees with coverage under another plan with internal and external spousal language
- Annual Survey of Employee Dependent Data to ensure accuracy
- Monitor accuracy of district health benefits census data (verify against healthcare provider census)
- Flexible Benefits Salary Conversion plan
- Health Insurance consortium

# Bids/RFPs

- Audit services
- Integrated pest management services
- Chemical disposal services
- Modular classrooms
- Photographic services
- Yearbook
- Copiers awarded on total costs of ownership over 3 years

# Bids/RFPs

- Transportation contracts
- Travel services
- Cafeteria services
- Banking services
- Athletic equipment conditioning
- Evaluate bids against use of state contract pricing
- Understand historical cost data



# Budgeting

- Zero based budgeting - annual review/justification of selected programs/positions (must fit to curriculum)
- Site-based budgeting promotes cost consciousness, allows allocation
- Hybrid budgeting
- Multi-year budget forecasting
- Require buildings to report inventory of books and supplies (prior to ordering new)
- Compute per-unit costs of services to enable districts to look for “out-of-whack” spending
- Convert big numbers to per-unit costs to better convey the relative magnitude

# Calendar

- Four day school weeks-staggered schedules increase capacity by 20%
- Common calendars for neighboring districts/transportation
- Administration: 4 – 10 hour work days during summer

# Community

- Promote interagency collaboration with municipal and county governments
  - Social Service Agency (i.e.: Headstart)
  - Hospital – Pupil Health Services
  - Colleges – Gifted Programs
  - Chamber of Commerce – establish business community links
  - Establish Community Task Force to recommend budget savings
-

# School Consolidation

- In 2007 Standard & Poor's did a study of the cost-effectiveness of consolidating PA School Districts
- There were five (5) objectives:
  1. Determine whether consolidation could help smaller and more rural districts save money with regard to purchasing power of supplies and services
  2. Evaluate whether the consolidation of school districts at the county, intermediate unit, or other level would enable larger school districts to provide more services such as extensive special-needs programs, after-school programs, and other services that poorer districts traditionally cannot provide or afford.

# School Consolidation

3. Analyze whether services could be shared among two or more school districts, much like many municipal services on other levels, without necessarily consolidating the districts.
4. Investigate whether, by pooling state moneys together to provide better services for more rural school districts, the Commonwealth could run a more efficient and ultimately a better system of education for its young people.
5. Study the effects of consolidation on transportation issues, logistical issues, and other situations that may not be considered on the surface.

# Contracted Services

- Analyze district-operated vs. contracted transportation services
- Contract supervision of custodial and maintenance functions
- Contracting driver's education
- Contract nursing services
- Contract food service operations
- Tax collection

# Contracted Services

- Pilot outsourcing of custodial/maintenance services in one building
- Substitute calling services
- Educational consultants rather than permanent staff
- Snow removal services
- Technology Support Services

# Copying

- Reduce information copies
- Reduce public copies for board meetings
- Eliminate copies (i.e.: paperless Board meetings)
- One copy per family where multiple children
- Duplex (two sided) copying (saves 16% of total cost)
- Contracted full service copying, with courier



# Copying

- Centralized copying
- Benchmark copy costs
- Examination of Copy Contracts
- Use of codes for copier usage
- Hiring a provider to bid the copy service for educ. Institution
- Use of multi-functional devices

# Cost Analysis

- Cost comparisons, elementary/middle/high school
- District comparison of teacher/pupil ratios
- Utilization of staff (administration/teacher) comparison between districts
- Benchmarking of all aspects of LEA comparisons of operations
- Statewide cost comparisons using PDE AFR data and PASBO Benchmarking Survey results

# Debt Service

- Refinance debt
- Minimize fees paid for bond issues-True Interest Cost comparisons
- Finance construction with long-term note rather than bonds with higher costs of issuance
- Variable rate debt-percentage of the portfolio
- Arbitrage rebate liability calculation methodologies

# Debt Service

- Negotiate Paying Agent fees
- Negotiate Bond Counsel fees
- Project future debt service payment  
(Monitor Act 1 exception debt)
- Capitalized Interest from Construction Fund to General Fund.
- Develop a rate stabilization fund.
- Pay Debt Service Electronically

# Drivers Ed

- Eliminate on-the-road portion of drivers education
- Parent Paid for on-the-road portion
- Provide alternative means for on-the-road portion
- On-line program for classroom portion

# Educational Foundations

- Solicit equipment donations
- Establish "Adopt a School" program for business
- Alumni donations
- Musical instruments
- Publish wish list to solicit community donations
- Corporate sponsorship of field trips
- Conduct capital campaign

# Energy – Awareness

- Consolidate evening programs into fewer nights
- Consolidate evening and weekend programs into several schools
- Shared use of school space with community
- Increase energy awareness curriculum for students, teachers, parents & community
- Collect all direct costs when outside groups use schools
- Electrical demand limiting by employee training
- Consolidate summer programs into several schools

# Energy – Building Envelope

- Reduce fresh air ventilation after school hours
- Reduce fresh air ventilation during school hours in certain areas
- Demand control ventilation systems
- Direct outdoor air supply
- Energy recovery
- Building envelope improvements
- Storm windows



# Energy – Control Systems

- Guaranteed energy savings act
- Energy service contract (Act 57 & 77)
- Check refrigerator and freezer gaskets
- Energy audits
- Preventative maintenance to prolong equipment life
- Ensure steam traps are operating properly
- Variable frequency drives
- Timers for lighting, fans, motors, etc.
- Motion sensors control lights

# Energy—Green Schools

- LEED for Schools
- LEED for Existing Buildings
- LEED for Campuses
- Coalition for High Performance Schools
- Green Globes

# Energy - HVAC

- Temperature setbacks & step-ups before/after school
- Energy management system-daily monitoring of use
- Schools compete for maximum energy savings
- Thermostats locked at 68 degrees for heat, 78 degrees for air conditioning
- Work four 10 hour days in summer, shutdown air conditioning
- EPA Indoor Air Quality Tool-Kit
- Morning warm-up without outside air

# Energy - Lighting

- Lighting replacement & retrofit (Act 129 rebates)
- Turn off outside lighting at night
- Use motion detectors for outside security lighting at night
- Dark skies initiative (focus lights on ground)
- Daylight harvesting
- Reduce corridor lighting
- Separate lighting circuits to take advantage of natural light
- Occupancy sensors for lighting (use dual technology sensors)
- Vacancy sensors
- Use proper illumination levels
- Turn off lights campaign

# Energy - Procurement

- Monitor fuel purchases for district vehicles
- Solicit competitive electricity, utility, and fuel rates
- Energy incentive programs
- Power purchasing agreements
- Environmentally preferred purchasing programs
- Energy purchasing consortium

# Energy Star Programs

- Energy Benchmarking with Energy Star Portfolio Management System
- Benchmarking water usage with Waterwise
- Energy Star Program Assessment Matrix
- Energy Star Program Target Finder
- Energy Star Cash Flow Opportunity
- Energy Star Quantity Quotes (bulk purchasing of lighting, energy, etc.)
- Energy Star Performance Specifications
- Energy Star Labeled Building (75<sup>th</sup> percentile)
- Curriculum

# Energy - Transportation

- Fuel district vehicles at low bid fuel stations if cheaper than district tank
- Evaluate alternative fuels & infrastructure
- Use regular gasoline for district vehicles
- Tanker load purchasing of district gasoline
- Enforce anti-idling legislation
- Walking school buses & safe pathways to school

# Energy – Utility Costs

- Limit electrical demand component of electrical bills
- Duty cycling
- Smart metering
- Electrical demand response
- Time of use programs (before 7am & after 7pm)
- Thermal energy storage systems
- Interruptible natural gas rates
- Custodians light and heat only working areas after hours
- Negotiated utility rates
- Install cogeneration systems
- Fire art kilns at times other than peak demand periods with full loads (dependant on rate schedule)



# Energy – Utility Costs

- Pocket fuel cells (power bricks)
- Close schools completely during winter recess & January
- Extend winter recess one week
- Start school later in winter-after 10 a.m.
- Renewable energy (solar, wind, etc.)
- Cogeneration/Trigeneration of power
- Electrical demand limiting by load shedding controls
- Preheat ovens for minimal time necessary
- Eliminate standing pilot lights
- Electricity demand restrictions (art kilns, ovens & other large loads)
- Power factor correction
- Load factor correction
- Restrict personal appliances

# Energy - Water

- Repair leaking hot water faucets
- Electric water coolers
- Install hot water heaters near use

# Equipment

- Establish repair limits for equipment (percentage of replacement cost)
  - Cooperative use of equipment by departments- photography, darkroom
  - Utilize life cycle costing for capital purchases
  - Labor saving office equipment-folders, stuffers, money counting, lawn care, snow removal, custodial floor care, etc.
  - Lease vs. Purchase
  - Re-purposing of technology equipment (re-cycle to other areas/departments)
-

# Extracurricular

- Establish user fees for all extracurricular activities - scholarships for economically disadvantaged
- Eliminate extracurricular programs with low activity
- Eliminate out-of-state travel.
- Solicit for volunteers vs. paid positions

# Facilities Benchmarking and Data Management

- Compare costs of contracted services vs.. district employees
- Review facilities costs with PASBO Facilities Benchmarking Study

# Facilities Capital Improvement and Construction

- Control change orders
- Not permit district generated change orders
- Review Architect/Engineer change order history
- Design team concept
- Continuous value engineering
- Incorporate unit pricing and allowances in the bid
- Long-range master plan for district facilities
- Evaluate LEED certification

# Facilities Capital Improvement and Construction

- Design buildings with efficient ratio of gross to net square footage
- Remove furniture from architect's % fee
- Architect selection based on design efficiency
- Time bidding for best seasonal pricing-construction
- Design buildings for modular building components construction
- Fast track construction to minimize overhead

# Facilities Capital Improvement and Construction

- Life cycle costing of building fixtures, finishes
- Maximize school construction reimbursement
- Request waiving or reducing building permit fees for school construction



# Facilities Environmental Safety

- Recycle to reduce waste disposal costs
- Train custodians to do 6-month asbestos re-inspections.
- Do Right to Know training and updates with in-house staff.
- Get students to help with school recycling efforts.
- Sample “assumed asbestos” to determine if it can be removed from the AHERA management plan.

# Facilities Grounds Management

- Purchase correct size lawn mowing equipment
- Consider contracting
- Community Gardens
- Edible school yards
- No mow zone
- Hard surface preventative maintenance
- Use booster clubs and outside groups to maintain facilities
- Raise the cut height of non-athletic fields

# Facilities Grounds Management

- Restructure full-time grounds position job-descriptions to allow them to serve substitute custodians during the winter months.
  - Schedule dormant, rather than spring, fertilization
  - Reduce the use pesticides where not needed.
  - Train staff to do pesticide applications.
  - Reduce trimming through the use of non-selective herbicides.
  - Evaluate existing staff for full-time status
-

# Facilities Maintenance and Management

- Complete and accurate analysis of facility utilization and enrollment projections to create a plan that eliminates any unneeded leased property and sells or rents excess facility space.
  - Ask municipalities to “up zone” school property for future resale.
  - Lease property for central administrative staff
  - Computerized Maintenance Management Program (Work Orders, Preventative Maintenance, Etc.)
-

# Facilities Maintenance and Management

- Recover true costs for facilities usage by outside groups
  - Voluntary land development contributions
  - Sell air and mineral rights and rent cell tower access
  - Maintain educational specifications to guide all improvements
  - Investigate Electricity Demand Response program
-

# Facilities Maintenance and Management

- Share maintenance equipment/services with other districts and municipalities
- Sell district vehicles, including maintenance van, reimburse mileage
- Run split sessions if temporary bubble in enrollments
- Issue keys to minimal number of staff, recall at end of year

# Facilities Staff Management

- Workload analysis-custodians (ERC custodial staffing formula)
- Control Overtime-custodial
- Evaluate district staff vs. contractors
- Develop performance standards and inspect areas regularly
- Minimize non cleaning custodial duties(such as running errands)
- Tier skill levels for custodial and housekeeping

# Facilities Staff Management

- Provide effective custodial supervision by facilities professional
- Schedule custodial coverage to allow evening and weekend coverage
- Consider using team cleaning
- Establish cleaning/maintenance standards



# Facilities Staff Management

- Reassign non-maintenance duties from maintenance staff to others
- Invest in labor saving maintenance/ custodial tools and equipment
- Train maintenance staff to service HVAC equipment
- Maintenance manual specifying maintenance procedures for each building

# Facilities Staff Management

- Minimize the technicians time required for shop and prep work by grouping buildings by type, equipment or other criterion and assigning technicians to those building groups

# Finance

- Utilize procurement cards
- Ensure all vendor payments are net of sales tax
- Ensure all vendor payments are made timely to avoid late payment charges
- Pay vendor invoices within discount periods
- Daily deposit of cash receipts in all funds
- Consolidate checking accounts to maximize investment earnings
- Establish fiscal impact analysis procedures for all proposed programs
- Evaluate leasing of computers and technology equipment

# Finance

- Always evaluate costs from multiple providers prior to purchasing even with the smallest purchases
- Use coupons and special promotions to receive vendors discounts
- Determine whether vendors use online ordering and offer additional discounts
- Consolidate shipping destination to save freight charges
- Ask for free shipping and handling
- Direct deposit for travel reimbursements
- Utilize sweep accounts

# Finance

- Charge fee for use of equipment/fitness facility
- EasyProcure - Create an electronic transfer instead of multiple credit card payments
- Purchase used furniture / equipment instead of new
- Asset sales
- Evaluate in-house vs. contracted services such as tax bill printing, etc.
- Lease or rent musical instruments

# Food Service

- Participate in the National School Lunch Program
- Universal feeding program-statistical sampling rather than parents completing F&R applications
- Investigate Contracted Food Service
- Use PASBO and PDE mentor program to assist schools with developing cost reduction procedures and practices.
- Centralize food preparation in a central kitchen to maximize staff productivity and minimize equipment expense.
- Warehouse USDA commodities
- Fully utilize commodity allocations

# Food Service

- Increase lunch prices for students and faculty, particularly a la carte items.
- Provide option for parents to purchase classroom party food from the school foodservice program.
- Investigate competitive bidding of all food and supplies
- Combine food service and home economics bids for food
- Use group bids for best pricing
- Analyze the value of food service contributions to overhead expenses
- Promote Free and Reduced meal applications
- Have food service management company contract with school for use of school personnel to repair equipment

# Food Service

- Institute Breakfast Program
- Promote breakfast program
- Participate in the PDE SN Incentive program, especially at the elementary school level.
- Sell discarded metal equipment to scrap dealers
- Use compactor to reduce size of waste containers needed and reduce waste removal fees.



# Food Service

- Promote Free and Reduced meal applications
- Institute Breakfast Program
- Promote breakfast program
- Consider participation in the PDE SN Incentive program, especially at the elementary school level.
- Sell discarded metal equipment to scrap dealers
- Use compactor to reduce size of waste containers needed and reduce waste removal fees.

# Grants

- Corporate support of grant applications
- Hire or contract for a grant writer (possibly on a commission basis)
- Utilize community groups for grant writing
- Foundation support

# Healthcare

- Multi-tier Prescription Drugs
- Self-funded program with reinsurance
- Premium share
- Managed care program
- Increase premium share for dependants discourages duplicate coverage
- Post-retirement healthcare benefit eligibility, more years service required
- Preferred Provider Organizations

# Healthcare

- Wellness program
- Dental insurance consortium
- Premium reduction for employees meeting 14 health indicators
- Buy-out plan for employees with access to another health plan
- Cash payments in lieu of health insurance benefits
- Increase premium share and deductibles
- Tiered eligibility for employees

# Instruction

- Share vocational education
  - Interlibrary loan program
  - Interschool loan of instructional resources
  - Contract physical education
  - Align pre-school, child care, mental/social services with district programs
  - Share electronic courseware through consortium
  - Increase on-line learning
  - Eliminate low utilization elective courses that have a high per unit cost
-

# Instruction

- Determine cost benefit including potential additional charter school costs of eliminating full day kindergarten
- Early intervention programs to reduce costs over long term
- Drop classes within classifications
- Annual Share Fair of teacher supplies-spring cleaning and exchange
- Clustering early childhood into centers

# Insurance

- Increase deductible for property insurance after consultation with insurance advisor
- Proper Insurance coverage for individuals/ organizations outside of the LEA when utilizing school property
- Require certificate of insurance
- Limits on C of I should be equal or exceed LEA coverages – List LEA as additional insured
- Have Broker of Record analyze cost of coverage from limited availability of vendors offering coverage
- Price-out coverage on regular basis – RFP Process
- Examination of Riders to Policies

# Intergovernmental Cooperation

- Municipal government mows some lawns
- Coordinate youth services/programs
- Share warehousing services with local government
- Share field mowing and athletic facilities with local recreation departments and other agencies
- Library services
- Shared services with PennDOT and other local municipalities
- Work with taxing authorities (i.e.: printing Bills)
- Review of zoning and land development re: cost on school construction/fees/placement of schools



# Intermediate Unit Services

- Production of educational services
- Media services
- Management information systems
- Act 48 Software
- Online Advanced Placement test review tools
- Standardized Test Scoring

# Intermediate Unit Services

- Resource room for creation of classroom instructional materials
- Repair of AV, computer, and science equipment
- Wide area network services
- Technology consultation
- Video services-TV studios, video production, videoconferencing

# Intermediate Unit Services

- Employee health care cooperative
- Life insurance consortium
- Property insurance pool
- Workers compensation insurance pool
- Computer consortium
- Instructional materials services
- Public relations services

# Intermediate Unit Services

- Joint purchasing consortium
- Online contract service
- Recruiting consortium
- Staff development services
- Special education services
- Special education transportation

# Intranet

- Budget presentations
- Orientation of new employees process
- Frequently asked questions
- Bids in lieu of advertising—Mandate waiver

# Investment

- Tax and revenue anticipation notes
- Bid investment services
- Hire an investment manager
- Negotiate minimum interest on checking account for an extended period (i.e. 5 years)
- Insure certificate of deposits are within FDIC limits.
- Utilize pooled investment groups.

# Joint Purchasing

- Insurance
- Data processing
- Commodities
- AHERA
- Programs including US Communities, KPN & IUs
- Natural gas/Electric/Custodial/Food Supply consortium(s)
- Educational Commodities (science, arts, tires, athletics, diesel fuel, propane, etc.)

# Legal

- Reduce settlements, legal issues due to special education noncompliance (free and appropriate vs. free and the best)
  - Monitor district solicitors assignments and renegotiate billing rate
  - Revise compensation package for the solicitor
  - Legal specialists, special education/labor law/negotiations/construction
  - Cost/benefit analysis methodology-legal settlements
-



# Library

- Library partnership-increased library services at decreased cost
- Merge school and community libraries

# Negotiations

- Maintain ability to transfer professional employees
- Petition legislature to remove sick days and sabbaticals from school code
- Limit “binding” contract language relative to benefits and management rights
- Eliminate reimbursement and movement for undergraduate credits
- Eliminate bumps for master’s degree except in science and math

# Negotiations

- Eliminate paid healthcare after retirement
- Medical co-pay contribution in %'s
- Assign day reimbursement for substitutes from union
- Pay increase must include step – Not step on top of increase
- Negotiate length of day – Not specific hours in time
- Pro-rate benefits for part-time employees (minimum number of hours per week for medical benefits)

# Negotiations

- Permanent certification credits should not be subject to reimbursement but can result in movement on the salary schedule
- Limit column movement (salary track) to one time/year with a specific deadline date
- Eliminate restrictive language on how grant funds must be utilized
- Establish historic contract costs
- Grievance procedure – Union decides on arbitration –  
Not employee

# Other

- Enforce warrantee repairs
- Performance measurement system, central support services
- Reduce contribution to municipal recreation commission, phase down
- Loaned executives from private sector
- Section 8 housing-spread throughout county, avoid concentration in urban area
- Increase education foundation activity

# Other

- Shared public relations services
- Offer surplus equipment to other schools within district/region – Create clearing house for districts to share
- Enforce warrantee repairs, requires procedure and good filing system
- Require car pooling when traveling on official business
- Establish employee suggestion award program
- Establish periodic program analysis procedures for all existing programs

# Other

- Establish Instructional Technology Foundation
- Complaint management process
- Implement formal quality management system
- Implement internal audit program
- Implement corrective action process for entire district
- Alternatives to paper worksheets-blackboards, slates, laminated sheets
- Utilize PASBO Business Office Review Service

# Overtime

- Overtime-implement strict approval criteria
- Overtime for individuals with multiple job classifications (FLSA)
- Restrict overtime to hours worked according to FLSA



# Paperwork

- Online forms
- Document sharing
- Reduce duplicate file keeping
- Online high school course selection
- Records retention schedule
- Online job applications
- Reduce unnecessary approvals required on forms
- Electronic document archiving

# Paperwork

- Document control to avoid confusion on most current version
- Review necessity of multiple part forms
- Review necessity of reports
- Review necessity of informational copies
- Reduce printed copies

# Payroll

- Negotiate direct deposit - (utilize electronic pay stubs)
- Increase computer automation of payroll process
- Perform payroll functions in-house
- Utilize automated time and attendance systems that upload into payroll system.
- Combining payroll services with other school districts, municipalities, etc.

# Personnel Administration

- Maintain up-to-date job descriptions (ADA Compliant)
- Performance evaluation plans for administrative and support staff
- Analyze & balance workloads of support staff
- Examine outsourcing possibilities
- Stacking benefits for FMLA purposes (3-day rule)
- Establish goals/objectives for each position
- Establish employee incentive programs
- Consider dean of students drawn from professional staff to fill administrative vacancies
- Employ non-certified staff for in school suspension

# Postage

- Reduce express mail
- Email attachments to reduce postage
- Use bulk rate whenever possible
- Redeem mistakes in metering for a credit up to 90%
- Outsource mail services
- Add four digits on postal codes for postage discounts

# Postage

- Reduce mailing of report cards, failure notices, newsletters, etc.
- Coordinate mailings in August
- Reduce incoming junk mail

# Printing

- Print on demand items such as curriculum syllabi
- Analyze costs/benefits of district publications, including calendar

# Procedures

- Update policy and procedure manuals



# Pupil Health

- Health clinics in schools-hospital supported, sliding scale fees, maximize insurance/Medicaid reimbursement
- Local hospitals provide in-kind services for pupil health services
- Provide only required services to Non-Public LEAs

# Purchasing

- Natural gas consortium
- Award supplies bid on a per item basis, not single vendor takes all
- Bid electrical rates
- Bid financial audit services
- Utilize groups offering free merchandise to schools for annual subscription fee
- Implement a comprehensive inventory control system
- Evaluate central warehouse and inventory system
- Joint purchasing & purchasing consortiums
- Reverse auctions

# Purchasing

- Internet purchasing
- Bid custodial supplies
- Bid maintenance supplies
- Bid all food equipment and supplies
- Combine purchase orders to a vendor to reduce shipping costs
- Avoid science equipment houses for batteries, balloons, etc.
- Systems contracting-vendors warehouse needed supplies

# Purchasing

- Catalog discount bidding
- Procurement card to reduce process costs of purchasing and obtain rebates
- eProcurement discount
- Rebates from vendors for eProcurement
- Procurement card clause on bids and RFPs
- Piggyback purchasing clause

# Recovery Plans

- Tax exempt community makes payments in lieu of property taxes
  - Increase delinquent tax collections
  - Space utilization study
  - Improve intergovernmental cooperation, municipal and county governments
  - Eliminate LERTA tax abatement program
  - Volunteer for performance audit
  - Complete implementation of financial management reports on financial software
-

# Recovery Plan

- Reduce original approval signatures on purchase orders – replace with electronic signatures
- More effective use of open purchase order system, \$500 limit
- Improve procedures to verify receipt of merchandise
- Consolidate billings
- Establish management innovation fund
- Limit payroll deductions for multiple bank accounts
- Participate in community economic development programs
- User fees set at levels to cover all costs
- Eliminate clothing allowances

# Revenue

- Development office for grant writing
- Pursue all Medicaid reimbursements
- IU Medicaid reimbursement distributed by eligibility proportion
- Sell logo merchandise / advertisement space
- Food service retained earnings comparison, subsidy comparison
- Maximize eRate – pursue increased identification of free/reduced lunch participation
- Exclusive beverage contracts
- Commercial sponsorships
- Community donation of services

# Revenue

- Community donation of funds
- Tax lien recovery service (bundle/sell tax liens)
- Corporate funding/adoption of instruction programs
- Tax exempt properties due to county seat-sseek some reimbursement
- Apply for liquid fuels tax refunds
- Small district and Parochial contracts with larger district to provide complete food service program
- Reimbursement for extraordinary expenses in special education
- Naming rights to stadiums, buildings, bricks, etc.



# Revenue

- Sell instructional services to nonpublic schools
- Market building use
- Market sports facilities for regional competitions
- Sell advertising at stadium
- Market professional center
- Sale of surplus equipment-board established prices- utilize online auction
- Rent technology labs for training programs for local business
- Pursue endowment of selected programs

# Revenue

- Organize/run conferences on topics of district expertise
- Vending machine profits to General Fund
- Recycle for cash
- Seek grant for energy conservation programs
- Replace existing fleet by purchasing electric vehicles
- Cell tower rentals
- Sell wireless rights / fiber
- Sell art created by students

# Safety

- Use a Safety Committee for the premium credit and to provide leadership on safety programs
- Analyze accidents for patterns of place, cause, time of day, type
- Establish/Review WC Physician Panel on a regular basis and set expectations for appointments & other procedures
- Establish Defined Modified Duty Program
- Examine return-to-work practices
- Educate/Train ALL school staff on safety and risk management
- Encourage use of employee assistance programs
- Development Use and Upkeep of School Emergency Plan along with input/interaction from all community partners

# Salaries

- Negotiate a limitation on increases that establishes the Act 1 Index as the maximum percentage increase in salaries
- Reduce overtime
- Delegate duties to lowest skill level, analyze by process costing
- Flexible job descriptions allow balancing of variable workloads

# Salaries

- Reduce substitute teachers by use of administrative personnel
- Non-teaching duty coverage by non-instructional staff
- Hire all long-term substitutes at bachelor's step 1
- Performance compensation, administrative staff
- Use interns (business office/psych interns) for special assignments

# Salaries

- Annual performance evaluations for support staff
- Phase out administrative base salary increases with performance increases
- When feasible hire teachers at entry level salary
- Teachers paid for extra teaching load, savings in benefits
- Revise contract-paying secondary teachers for class coverage
- Establish limits on sabbaticals
- Use stipends rather than hourly pay for certain duties
- Develop MOUs to reduce contractual rates for supplemental daily work

# Special Education

- Determine cost effectiveness of operation of special education classes from district to Intermediate Unit or from Intermediate Unit to district.
- Open up services to neighboring districts
- Avoid out-of-district placements for special education
- IEP software
- Strengthen IST process
- Improve paperwork for special education
- Focus on prevention/support at elementary level
- Closer monitoring of high cost IEP provisions- transportation, bus assistants

# Special Education

- Software that tracks compliance and facilitates paperwork
- Monitor out-of-district placements, set performance standards
- Identify common high cost exceptionalities, offer joint service rather than high cost out-of-district placements
- Financial analysis of benefits of early intervention
- Look closely at expense for special education remediation to assure properly trained staff in the subject area



# Staff Utilization

- Aides/assistants for nonteaching duties(hall, recordkeeping, lunchroom, etc.)
- Staffing based on mid-year rather than first of year enrollment
- Align staff to class size maximum policy
- Low enrollment classes offered every other semester/year
- Combine fourth and fifth year foreign language classes
- Differentiated staffing
- Administrators serve as substitutes 3 days per year
- Enrichment program of community speakers rather than substitutes
- Combine grade levels to balance class size in small schools
- Job sharing/partnership teaching

# Staff Utilization

- Staffing ratios-instructional
- Caseload analysis-specialists, psychiatrists, speech therapists, nurses, etc.
- Review staff utilization
- Nurses at state regulation, 1 per 1,500 students
- Examine nursing services at nonpublic schools and align to state requirements
- Utilize home/school liaisons for various services
- Increase student/teacher ratio by one for all programs
- Examine positions and services not required by School Code (Chapter 4 regulations)
- Retirees return as part-time teachers within parameters set forth by PSERS

# Staff Utilization

- Staff study halls with support personnel rather than teachers
- Eliminate custodial coverage when a coach is present
- Increase teacher classroom assignments
- Realign attendance boundaries to balance class size
- Perform time studies of non-instructional positions
- Review custodial staffing ratios
- Re-classify Librarians from full-time to part-time positions
- Pay Librarians a percentage of the teachers' contract due to lack of instructional time

# Substitutes

- Enrichment program of community speakers rather than substitutes
- Contract Substitute Services
- Unlimited accumulation of sick leave may reduce utilization
- Consolidate classes to reduce number of substitutes needed

# Tax Collection

- Collect taxes with district staff
- Automated lock box for tax collections
- Match district census with earned income tax data
- Reduce compensation rate for real estate tax collection
- Eliminate 2% commission to employers for Earned Income Tax
- Property tax break for retired volunteers
- Assessment appeals-cost benefit analysis, decision making methods
- Public advocate on assessment appeals
- TIFs, LERTA-approval methodology

# Technology

- Technology support by interns, student teams
- Centralized administration, deployment of software and network
- Application Service Provider (ASP) – hosted and managed
- Computer hardware standards to reduce maintenance cost
- Computer software standards to reduce maintenance cost
- Evaluate cost efficiencies of web-based vs. in-house servers

# Technology

- Fully automate the attendance and truancy processes
- Purchase integrated software to avoid duplication of databases
- Complement teacher-led instruction with instructional technology
- Install computer network cables with district staff
- Take advantage of eRate
- Regular review of services

# Technology

- Business Continuity/Crisis Planning
  - Virtualization
  - Help Desk Management
  - Document Management
  - Printer Management
  - Corporate Sponsorship/Website Advertising
  - Use technology to automate processes such as the purchasing process beginning with the request through to direct deposit payments to vendors
-



# Telephone

- Automated dialer for parent notification, integrated with student software
- Automated attendant
- Reduce duplicate communication methods-desk phone, cell phone, pager, voicemail, 2 way radio, walkie-talkie, email, etc.
- Bid long distance telephone service
- Bid cellular telephone service
- Reduce personal long distance calls
- Evaluate the necessity of some telephones
- Restrict outgoing calls on select phones
- Voice Over IP

# Textbooks

- Textbook inventory system to track distribution and collect lost book fees
- Adopt new textbooks less frequently
- Use of electronic textbooks
- Sell outdated textbooks to recycling firm
- Sell used textbooks to other LEAs
- Buy chapters only and develop own textbooks – customized textbook program
- Share books between buildings - depository

# Transportation

- Coordinate transportation with neighboring districts especially for non-public student
- Purchase tax exempt fuel for contractors to reduce contract costs
- Coordinate school calendars with other districts
- Bus drivers reclassified from full- to part-time employees (may also hinder operations as substitute drivers look to the day of being hired full-time to gain benefits)
- Bus routing optimization by computer program
- Increase reimbursement by DOT declaration of hazardous bus routes within 1 ½ & 2 mile limitations
- Utilize public transportation to transport high school students where available

# Transportation

- Bid transportation contracts
- Utilize three tier system for transporting high school, middle school and elementary school
- Neighboring districts consolidate transportation contracts through joint bidding
- Use district rather than coach buses for playoff sporting events
- Utilize Booster Club revenue to assist in paying for away transportation for sporting events
- Utilize PTO/PTA sponsored field trips
- Joint Purchase of Fuel

# Transportation

- Revise bus schedules to accommodate school breakfast program
- Utilize computerized bus routing software to maximize efficiency and minimize costs
- Route special education transportation by LEA instead of relying on contractor to do routing
- Coordinate special education transportation with regular
- Negotiate lower special education transportation rates through IU

# Transportation

- Design routes to decrease “miles without”
- Consider over-rostering secondary students
- Reduce afternoon high school runs based on fewer students than morning runs
- Optimize bus routes through annual rerun of computer model
- Compare transportation costs with maximum allowable cost
- Widen transportation windows – looking at bell times as it relates to tiering

# Transportation

- Rebid transportation contracts periodically
  - Transportation contracts paid at state formula
  - Establish policy limiting changes to bus schedules (special circumstances)
  - Adhere to geographic boundaries for elementary school attendance
  - Use PASBO Benchmarking Survey to evaluate transportation costs
-

# Transportation

- Increase distance for transportation eligibility
- Use parent volunteers and substitute bus drivers instead of bus monitors
- Eliminate early dismissals where possible
- Coordinate non-public transportation with other districts
- Eliminate non-public when their calendar conflicts with districts
- Eliminate activity runs
- Analyze district vs.. contracted operated costs on route by route basis
- Bus replacement provision based on mileage, not age



# Travel

- Coordinate conference attendance
- Online meetings
- Reduce travel, conference attendance
- Establish caps based upon cost-of-living for geographic areas/major cities
- Establish daily cap for expenses (breakfast, lunch, dinner)

# User Fees

- Building rental / athletic fields at market rates, offset all expenses
- Athletic fees
- AP / international baccalaureate test fees
- Instructional supplies-course fees, textbooks, supplies
- Night school
- Increase lunch prices, students
- Increase lunch prices, adults
- Increase adult education fees
- Driver's education fees
- Collect lost, damaged or stolen book fees

# User Fees

- Sell advertising rights in publications
- Family and consumer science for upgraded projects
- Art for upgraded projects
- Child care programs
- Student Parking

# Vandalism

- Improve recordkeeping, analyze to identify patterns and develop solutions
  - In construction/renovation examine techniques for reducing vandalism including type of building materials
  - Develop policy on night lighting of property
  - Prosecute the perpetrators of any vandalism that occurs
  - Remove/repair vandalism immediately
  - Mobilize residents near schools for school watch
  - “Etch” identification number into all movable equipment
  - Electronic surveillance of frequently vandalized areas
  - Inventory of “small attractive” items
-

# Vocational Education

- Shared vocational education services
- Ensure that guidance counselors support vocational education with the goal of sending the full compliment of students while meeting the needs of those students
- Review duplication of services
- Work with local businesses/industries

# Volunteers

- Use student support/parent involvement coordinator
- Encourage community volunteers
- Foster grandparents supplement special education
- Volunteer coordination to match district needs with skills
- Retirees as volunteers (clearances required)

# How To Drive Significant Savings

- Changes in collective bargaining laws
- Furloughs for economic necessity
- Building consolidation particularly at elementary level
- Reduce future pension liabilities
- Change the Prevailing Wage Law

# How To Drive Significant Savings

- Reauthorize and expand the Mandate Waiver Law
- Decrease outdated, unnecessary and burdensome state reporting requirements
- Address both the non-public transportation mandate and create incentives for regionalization of student transportation



# Other Sources for Cost Reduction Strategies



# “Stretching the School Dollar”

[How Schools and Districts Can Save Money While  
Serving Students Best]

Edited by  
Frederick M. Hess  
and  
Eric Osberg  
(2010)



# 15 Ways that States Can Stretch the School Dollar

- When “reductions in the work force” are inevitable, end the ‘last hired, first fired’ practice
- Remove class-size mandates
- Eliminate mandatory salary scheduled
- Eliminate state mandates regarding work rules and terms of employment
- Curtail constraints to on-line learning possibilities

# 15 Ways that States Can Stretch the School Dollar

- Identify outdated reporting requirements that are no longer needed or that can be streamlined and automated or curtailed
- Create a rigorous teacher-evaluation system
- Pool health-care benefits
- Tackle the fiscal viability of teacher pensions
- Move toward weighted student funding

# 15 Ways that States Can Stretch the School Dollar

- Eliminate excess spending on small schools or small districts
- Allocate spending for learning disabled students as a percent of population (vs. on the basis of student identification)
- Limit the length of time that students can be identified as English Language Learners
- Offer waivers of non-productive state requirements
- Create bankruptcy-like [financial emergency] loan provisions

**HIGH-PERFORMING AND LOW-SPENDING  
SCHOOL DISTRICTS: BEST PRACTICES  
AND OTHER FACTORS**

**Pursuant to Senate Resolution 243 of 2010**

**December 2010**



General Assembly of the Commonwealth of Pennsylvania  
JOINT STATE GOVERNMENT COMMISSION  
108 Finance Building  
Harrisburg, PA 17120

The Joint State Government Commission is the primary non-partisan research organization that serves the General Assembly. It provides the legislature with a readily available mechanism for conducting interdisciplinary studies.

On March 22, 2010, the Senate of Pennsylvania adopted Senate Resolution 243 “[d]irecting the Joint State Government Commission to conduct a study of efficiency in public school funding.... “ More specifically, the Senate directed “the Joint State Government Commission to conduct a study of the 82 school districts found to be successful schools in the APA costing-out study and to issue a report ... of their best practices and other factors that are believed to help contribute to this recognized efficiency and success.”

# Best Practices Help Keep District Costs Low

## ■ Joint Purchasing

- surveys noted the local IUs were used by districts for actions such as joint purchasing of general supplies, diesel fuel and natural gas, staff development programs and education of some special needs students.
- In addition to working with the IU, several districts indicated they partner directly with other districts to share expenses. Survey respondents mentioned collaborating with other districts to provide food services, transportation, special education services as well as make joint purchases on various employee benefits and computer software.

# Best Practices Help Keep District Costs Low

## ■ Administrative Structure

- The average administrator-to-student ratio for the 25 districts surveyed was 1 to 263. The average ratio for all districts statewide is 1 to 239.
- *...”an efficient administrative structure that includes the assignment of two elementary buildings to the elementary principals.”*
- *“Effort is made to avoid a top-heavy central administration. Superintendent, business manager and curriculum coordinator are the only central administration.”*



# Best Practices Help Keep District Costs Low

- *“As the state and federal governments continue to pile on requirements and regulations, it is becoming more and more difficult to maintain a smaller administrative staff which is something that has kept our costs down. Just read through a school board policy manual and see all the things mandated.”*
- *“Educators are being called to greater accountability, using data to guide decisions and research to determine instruction. Educators are being expected to inspire students toward greater academic achievement while simultaneously dealing with a tsunami of social issues. All this is to be accomplished against a background of growing student apathy, shrinking resources, more pervasive family dysfunction and a growing sense of entitlement from parents, students and taxpayers.”*
- *The state needs to take a hard look at all the little things being asked of schools and give some relief.*

# Best Practices Help Keep District Costs Low

- Low Staff Turnover
  - ...clearly result in cost savings by negating the need for hiring and training costs. Low staff turnover may bring additional benefits as well: people with experience are likely to be better at their jobs, and people who know each other can often work together more efficiently.

# Best Practices Help Keep District Costs Low

- Employee Benefits, Auxiliary Services and Special Education
  - A few districts reported they have kept escalating employee benefit costs low by self-funding their medical insurance and other benefits such as dental, prescription drugs, and workers compensation and unemployment.
  - There did not seem to be a clear indication from survey respondents whether it is most cost-effective to provide all of these auxiliary services through outsourcing or by providing them in-house.

# Best Practices Help Keep District Costs Low

- Employee Benefits, Auxiliary Services and Special Education
  - Other districts reported they have reduced costs by outsourcing some of their auxiliary services to outside agencies and companies. For example, one superintendent noted they outsource their “*cafeteria, transportation and technology services*” in order to save money. That same district also noted the cafeteria brings in additional revenue for the school district.
  - Several surveys stated special education costs were constantly being evaluated to save funds where possible.

# Best Practices Help Keep District Costs Low

- Employee Benefits, Auxiliary Services and Special Education
  - The results of the survey indicate larger school districts would be well-advised to consider providing employee benefits, auxiliary services and special education programs and services in-house rather than through consortia arrangements.
  - The survey results clearly demonstrate a need for districts to regularly re-evaluate whether it is a more cost-effective use of tax dollars to provide programs and services in-house or contract out with other providers.

# Other Factors That Can Help Districts

- Parent and Community Involvement
- Education Foundations
- School Board Members and Administrator Experience
  - *The administrative team is experienced, knowledgeable and works collaboratively. ... [The Board Members] provide clear direction as to the district's mission and vision but they do not tend to micro-manage the district."*

# Other Factors That Can Help Districts

- Socio-Economic Characteristics of Community
- District Facilities
- Teacher and Staff Quality

# Conclusions

- The goal of the federal No Child Left Behind Act of 100 percent proficiency in reading and mathematics by 2014 is unattainable even under perfect circumstances.
- Many of the high-performing and low-spending districts indicated that Educational Accountability Block Grants have contributed greatly to their success in educating students. The General Assembly may want to consider maintaining and enhancing this state grant program to provide districts with the flexibility they need to target these dollars where they can be most effective.



# About the PA Association of School Business Officials

- We are a state wide association of 3,000 members with a focus on education, training and professional development for our members, two-thirds of whom are K-12 non-instructional administrators. PASBO members provide finance, accounting, operations, facilities, transportation, food service, technology, communications, human resources, purchasing and safety services to support classroom learning in schools.
- Our business associate members provide products and services in the school marketplace.
- Our members are not superintendents, teachers or other instructional staff.
- For additional information go to: [www.pasbo.org](http://www.pasbo.org)