

Texas School Performance Review

March 2003

Balancing the Budget

101 Ideas for Cutting Costs and Maximizing Revenues

Comptroller Strayhorn's Texas School Performance Review examines the operations of school districts looking for ways to help districts become more cost effective and efficient. While not all are earth-shattering revelations, these ideas are sure to prompt some lively discussion:

District Organization and Management

1. Put accounting controls on board of trustee travel and reimbursements. Allocate board travel and training on a per-person basis to prevent one or two board members from dominating the budget. TSPR recommended this idea with an estimated five-year savings of \$5,750 for North Forest ISD.
2. Implement a policy of travel reimbursements based upon the state's travel policies, which cap the amount that can be spent on food, hotels, etc.
3. Assign campus administrative and support staff based upon the Southern Association of Colleges and Schools standards—tie campus administrators and support staff directly to the number of students served. In 1999-2000, when Elgin ISD grew by only 50 students, the district hired 50 additional non-teaching employees. Getting in line with standards, the district was able to save \$99,000 in one year.
4. Implement a hiring freeze on all positions not directly linked to the campuses and require a formal justification for filling vacated positions that demonstrates the value each position adds to classroom instruction. Confirm this justification with a few campus administrators and teachers to see if they concur with the justification. Only reinstate positions when they add value—not just because you've always done it that way. TSPR recommended this idea with an estimated five-year savings of \$768,249 for Glen Rose ISD.
5. Implement legal services policies and procedures. Restrict the number of people who have access to external legal counsel and ensure that the only calls made to an attorney are for things that really require an attorney's opinion. Pay fair market rate for legal

- services and closely monitor rates, hours billed, work performed and the individuals performing the service.
6. Conduct a cost-benefit analysis on maintaining internal legal staff, external legal staff or a combination, and institute the most cost effective and efficient method. Austin ISD cut legal expenses per student from \$21.71 in 1998-99 to \$9.52 in 2000-01; savings of nearly \$400,000 annually, through hiring of in-house counsel.
 7. Conduct cost-benefit analyses of perks—how does the district benefit from them? Examine district-owned vehicle use and auto allowances and determine if use of a vehicle or the number of miles traveled warrants the allowance or whether mileage reimbursement would be more appropriate. Restrict cell phone use to only those people that need it, and ensure that personal use of cell phones is reimbursed to the district.
 8. Control the use of board and administrative credit cards, ensure that all credit card purchases are supported by receipts and that all items purchased qualify for reimbursement.
 9. Put policies and procedures on the district Web site and eliminate all but a limited number of hard copies. San Antonio ISD estimated five-year savings of \$2,370 in printing costs by placing the policy manual online and saved \$5,000 for putting the administrative procedures manual online.
 10. Establish agreements with neighboring districts or local entities to share the cost of services, facilities and equipment.

Educational Service Delivery

11. Apply for reimbursements through the Children's Health Insurance Program, School Health and Related Services (SHARS) and Medicaid Administrative Claiming (MAC) programs (MAC might be going away, but get what you can while you can). From 1997 to 2002, Dallas ISD has earned more than \$12.5 million. Corpus Christi ISD was able to increase its Medicaid reimbursements by \$576,000 annually by capturing all of its SHARS expenses and by filing for MAC. Hamilton ISD was able to work through its cooperative and the Texas Association of School Boards to obtain \$30,000 annually in reimbursements—it's not just the big districts that benefit.
12. Allocate extracurricular travel money directly to schools based on the number and age group of children served. Let schools "buy" the services they require within the established budget, either from the transportation department or from private vendors. This makes the expense predictable and controllable for budget purposes.
13. Enter into articulation agreements with higher education institutions to allow students to take college courses through

distance learning. In some cases, this is cheaper than employing specialized teachers.

14. Examine all stipends and ensure that they are equitable and restricted to people who provide additional services or accept additional responsibilities.
15. Schedule training at times when substitute teachers are not required. Dripping Springs ISD uses parent volunteers in its “Sub-R-Us” program to reduce expenditures for substitutes during teachers’ monthly planning meetings.
16. Eliminate low enrollment course offerings at the secondary level. For example, instead of offering six sections of Business Math with an average of 10 students each, offer five sections with an average of 12 students. Galveston ISD, through better scheduling, was able to consolidate low-enrollment courses and save nearly \$745,000 in one year; the district used the money to give significant salary increases to teachers. Bastrop ISD saved nearly \$360,000 by consolidating low-enrollment classes. Riviera ISD saved nearly \$250,000. San Antonio ISD estimated savings of \$35 million over five years by better allocating instructional staff.
17. Examine the cost effectiveness of employing diagnosticians, physical and occupational therapists as opposed to contracting for these services on an as needed basis.
18. Enter into a contract with the local constable to visit truant students and their parents to encourage students to return to class. Hold parents accountable for their attendance—increased attendance equates to more funding.
19. Institute a train-the-trainer approach to cut staff development expenditures. Teachers should pass what they’ve learned on to other teachers.
20. Choose and train a PEIMS coordinator to help ensure that the district receives its share of state appropriations.

Community Involvement

21. Send employee and community newsletters via e-mail and post them on the Internet rather than printing hard copies for everyone—post notices that hardcopies are available upon request.
22. Establish an education foundation to supplement the educational programs of the district with items that the district could not otherwise afford. Austin ISD restructured its education foundation and brought in \$385,000 in the first year.
23. Establish business and civic partnerships to increase business participation and services for children; businesses contribute money and in-kind services to supplement district resources. Tyler ISD estimated in-kind contributions from volunteer hours totaled over \$600,000 at the time of its TSPR progress report;

administrators expect savings from in-kind donations to reach \$1.2 million over a five-year period.

24. Use the district's Web site to publish school lunch and breakfast menus, site maps, etc. rather than distributing hard copies—make hard copies available in the office upon request.
25. Distribute lists of special equipment needs to parent and community organizations as well as businesses at the beginning of each year and ask them to pledge to provide one or more of the needed items.
26. Ask the local newspaper to provide a free half-page section each month for a newsletter, in exchange for encouraging area businesses to buy ad space on the rest of the page. Round Rock ISD is doing this in cooperation with the *Austin American Statesman*.
27. Issue silver cards to all retirement-age taxpayers in your district, entitling them to free admittance to all sporting and fine art events—once identified as an active user of the card, recruit them as volunteers in the schools. Glen Rose ISD has found it to be a great way to involve senior citizens—and these folks often have a great deal to offer the district, as well.
28. Assign some portion of the Web site development and maintenance process to high school journalism, technology or career classes, with teacher oversight. Students will encourage their families to visit the site if they are involved in its development—and it reduces the cost for staff development and maintenance.
29. Bigger districts might consider consolidating staffing in media relations, community involvement, parental involvement and the like and eliminate any duplicative positions. Maintain a staffing level that is commensurate with peer organizations. TSPR recommended this idea with an estimated five-year savings of \$275,432 to Socorro ISD and for \$195,340 in savings to Robstown ISD. Not only is this a possible area for savings, but in some cases it can also enhance programs because people are working with each other rather than in competition for community or parental support.
30. Ensure that tuition and fees for community education classes cover all district expenses.

Personnel Management

31. Provide incentives to encourage employee attendance; discourage excessive absences. Fort Bend ISD developed an incentive program with attendance bonuses and included teachers' attendance as part of the principal's appraisal. The district provided six-week, semester and end-of-year recognition for teachers with

- perfect attendance. The district saved \$116,000 in substitute costs in the first year and reduced absences by 7,000 days.
32. Use online job applications and automate as much of the application processing as possible. For example, conduct criminal online history checks. Validate teaching and professional staff certifications electronically by comparing them with certification data maintained by the State Board of Educator Certification. By checking certificates online, in 2000, Dallas ISD identified seven employees with sanctioned or revoked certifications.
 33. Use cooperative recruiting, job posting or other personnel-related activities offered by Regional Educational Service Centers.
 34. Implement a controlled retirement incentive plan that regulates the flow of retiring staff and allows the district to plan for the systematic replacement of an aging work force. There can be savings, but what is more important is making sure that it is carefully planned to control the exit of employees rather than having the retirements control the district.
 35. Have staff development providers come to the district to provide training. It's cheaper than paying employees to travel to the provider.
 36. Keep non-critical vacancies open for 30 days before filling the positions and sweep lapse funds, as well as any leave without pay for existing positions, from departmental budgets.
 37. Restrict overtime to only the most critical needs—overtime should be the exception not the rule.
 38. Examine supplements for such things as organizational memberships, car allowances, staff automobiles, cell phones, pagers and the like, and determine whether these are used to enhance job performance—if not, eliminate them.
 39. Use substitute caller programs to take employee leave calls and to recruit substitutes as needed. TSPR recommended this idea to North Forest ISD with an estimated five-year savings of \$114,524 and one-time cost of \$11,995.
 40. Eliminate employee contracts if they are not required by the Texas Education Code.

Facility Use and Management

41. Allocate custodians based on 18,000 to 20,000 square feet, depending on the age and condition of the facilities. Use split shifts for custodians so that the majority of work is done after school hours. Comal ISD saved \$100,000 in the first year after implementing this policy.
42. Establish a portable building use policy and continually evaluate classroom use rates; buy wisely and sell buildings that are not needed. Portables cost more to clean and maintain than regular

classrooms, and utility costs are traditionally higher per square foot than with traditional construction.

43. Conduct an energy audit such as those offered by the State Energy Conservation Office (SECO) and implement a comprehensive energy conservation plan. SECO conservatively estimates savings of 10 percent of a district's total utility expenses annually. Turning off the front display lights in vending machines saves about \$70.00 per machine, per year in utility costs. Fort Bend ISD saved about \$135,000 in utility bills after retrofitting lights and heating, ventilation and air conditioning equipment.
44. Apply for E-Rate discounts. Fort Bend ISD's technology staff received several technology grants, including a one-year E-Rate grant, valued at \$3.5 million within one year.
45. Conduct preventive maintenance to detect mold, roof leaks and other potentially high-dollar repair and renovation issues. According to experts, \$1 spent on prevention is sometimes worth as much as \$200 of cure.
46. Consider outsourcing some portion of maintenance/custodial work if there are vendors available to do high quality work at a lower cost than current in-house expenditures. Or look at bringing the work back in-house if a district isn't getting what it should from a vendor.
47. Sell land not planned for school sites, any district housing no longer in primary use by district staff and any other foreclosed properties. Not only is there potential revenue from these sales, but it gets these properties back on the tax rolls.
48. Seek donated land from developers during the planning process for the selection and acquisition of sites for district schools and facilities. Be careful: pick the best site and ask the developer to donate it—don't end up taking something that looks free and has strings attached.

Financial Management

49. Whether property rich or property poor, examine how buying or selling weighted average daily attendance under certain conditions could be structured to benefit the district. This may require a consultant.
50. Establish controls and maintain timelines for grants to ensure that no funds go unused or have to be sent back.
51. Examine all records management procedures and where possible eliminate paper storage. Document imaging equipment might be shared between districts or with higher education institutions. Storage space can be expensive and paying employees to go through all those boxes is costly.

52. Instead of paying for lost textbooks from general revenues, require principals to pay for lost or damaged textbooks from principal activity funds. TSPR recommended this idea with an estimated five-year savings of \$74,450 to Comal ISD, \$150,000 to Corpus Christi ISD and \$97,705 to Galveston ISD.
53. Use internal auditors to help locate areas of the district's operations that could be streamlined to save money.
54. Examine budget trends and identify areas where expenditures have increased at higher than average rates—determine the reason for the increases and determine how the trends can be reversed.
55. Refund bonds to obtain lower interest rates or reduced debt service payments when possible. TSPR recommended this idea with an estimated five-year savings of \$840,073 to Robstown ISD.
56. Control payroll processing costs. Consolidate payrolls to decrease the number of payrolls processed each month and the number of checks cut. Consider contracting for payroll processing services if there is a vendor capable of doing this function as well or better than the district and at a lower cost.

Purchasing

57. Join purchasing cooperatives when it is to the advantage of the district. A district can get the same or better goods or services at a lower cost—and potentially without the need for the labor-intensive bidding. Socorro ISD projected five-year savings of \$200,000 from cooperative purchasing of fuel and tires.
58. Eliminate warehouses where possible and use just-in-time delivery of goods directly to the users. Sell the warehouse and the inventories, eliminate warehouse and driver positions. Tyler ISD consolidated the Distribution Center with Food Service because they had similar responsibilities; the district could save \$400,000 over five years.
59. Sell excess and obsolete assets. In Killeen ISD, of 8,479 items in the warehouse, the district identified 5,571 that were obsolete. Obsolete items were sold, used or disposed of, generating nearly \$6,000 in additional revenues. It's also cheaper to maintain a smaller inventory.
60. Insist that no one in the district is exempt from purchasing policies and laws. Anyone who buys without permission or violates a policy should be reprimanded or fired. One or two examples will send a signal and stop frivolous violators.
61. Insist upon receipts for all reimbursements—that includes the superintendent, board and anyone else who might think they are special.
62. Don't authorize payment of anything assuming that the employee will reimburse the district later. If there are mixed charges on an

- invoice, have the employee write a check for his or her portion and have the district pay for only the part that is a district expense.
63. Participate in the state's surplus property program to acquire needed items at little to no cost.

Asset and Risk Management

64. Examine the Workers' Compensation program and look for ways to cut costs.
- Join a workers' compensation cooperative to reduce premiums.
 - Rebid the insurance.
 - If self-insured, have an actuary determine the correct premiums and fund balance required; at least two districts (Galveston ISD and Mount Pleasant ISD) had excessive amounts in the fund balance that allowed the district to hold back on contributions for a year or actually move dollars from one fund to another.
 - Provide incentives to staff and students for accident or incident-free periods of time. For example, if a campus or department is accident or incident-free for 90 days, provide a plaque or pizza party to recognize the accomplishment.
 - Safety programs in high-risk areas such as food service, transportation and maintenance have reduced premiums in the Austin ISD by \$47,000 annually.
 - An early return-to-work policy for injured employees saved San Antonio ISD an estimated \$1.25 million over five years.
65. Invest in higher-yield instruments. Conduct cash flow forecasts and do not leave idle cash in the bank drawing lower interest rates. In Socorro ISD, cash flow forecasting and investing increased annual interest earnings by \$5,000. Wimberley ISD increased earnings by \$8,000 annually by moving investments from one investment pool to another.
66. Conduct annual inventories of all assets to reduce the loss of school property. Investigate missing assets and prosecute anyone found to have stolen school property. Require employees to sign accountability forms for the equipment assigned to them and hold them responsible when the items are missing.
67. Negotiate a new depository contract. Make sure every checking account earns interest. Watch the type of bank account the district has. Ask for a monthly bank account analysis to confirm the transaction fees charged to the account even if the district maintains a compensating balance. Ricardo ISD's bank pays interest on all accounts, and the district is earning an additional \$7,000 annually through better investing practices. Smithville

ISD's bank didn't offer a sweep account recommended by TSPR, so the district used this leverage to encourage the bank to increase interest by nearly \$9,000 annually.

68. Reduce the number of checking accounts to only the most critical. Consolidate activity funds. This will save on fees charged for the accounts, and the time required to reconcile the accounts. Spring ISD consolidated several accounts and saved more than \$1,000 annually.
69. Invest checking account funds overnight. Galveston ISD worked with its bank to set up a procedure for overnight sweep accounts, which the bank had never done before. The district earned an additional \$40,000, and the bank now provides the service to its other customers.
70. Increase tax collection rates through more aggressive collection efforts. Examine the delinquent tax attorney's procedures and ensure that he or she contributes to successful collection activities. Houston ISD increased its tax collection by \$2.8 million in one year through more aggressive delinquent tax collection efforts. Wimberley ISD increased collections by \$112,500 annually in the same manner.
71. Join with the county, city or other school districts to collect taxes more efficiently. Galveston ISD eliminated its tax office and turned over tax collection to Galveston County, saving \$180,000 in the first year. Spring ISD saved \$30,000 annually by offering to collect taxes for other, smaller school districts.
72. Control insurance costs. Increase the deductibles on low-risk insurance policies. Compare insurance coverage with the fixed asset and controlled asset inventories and set coverage based on actual need. Ysleta ISD was able to lower the cost of its liability and errors and omissions insurance by \$25,000 annually through annual review of the insurance costs versus the potential for loss. Killeen ISD issued a request for proposals for property and casualty insurance and saved \$100,000 in the first year with a new provider.

Food Service

73. Allocate staffing based on a meals-per-labor-hour standard appropriate for the service used in each cafeteria. Use part-time labor and split shifts to ensure that labor is paid only for the hours the staff is needed. Ysleta ISD developed a program that gives the department a report on meals per labor hour. The district saved nearly \$1.6 million over five years.
74. Use food-purchasing cooperatives to ensure that food is purchased at the best possible price.

75. Ensure that the food service fund is charged for all appropriate overhead including utilities, so that the true cost of operating the cafeterias is recognized. Tyler ISD's food service fund will pay the operating budget \$1 million over five years through this recommendation.
76. Conduct aggressive campaigns to ensure that every eligible child is signed up for the free and reduced-price meal programs. Federal reimbursements typically cover the full cost of meals, and federal and state compensatory funds flow to the schools for supplemental services to students based upon the number of children eligible for free and reduced-price meals. Wimberley ISD estimated additional income of \$132,500 over five years when the process was centralized and principals became more interested in seeing that applications were completed.
77. Turn off the vending machines and restrict the sale of cookies, candies and other snack foods by booster clubs during meal times—it's the law.
78. Use a point-of-sale system to more accurately track meals served and to ensure accurate reporting for federal reimbursements.
79. Track and report a la carte sales that in combination equate to a federally reimbursable Type A eligible lunch. Bastrop ISD created food court-style menus with multiple choices. As a result, BISS tripled reimbursable meal participation, adding \$100,000 to revenues in 2001-02.
80. Increase participation by offering breakfast in a bag, extra-curricular lunches in a bag or by using other non-traditional service methods. Have theme days in the cafeterias, place a prize-winning dot on the bottom of certain service trays, survey students about what they want to see more of in the cafeterias or hold monthly student taste-testing sessions.
81. Determine what it costs to prepare each item on the menu to ensure it is affordable and is prepared efficiently.
82. Evaluate whether the district really needs warehouse space and staff for its food service operation. Many cooperatives and vendors can supply cafeterias with just-in-time ordering, eliminating the need and cost of a warehouse operation.

Computers and Technology

83. Apply for grants to fulfill the goals and objectives set out in the technology plan. Wimberley ISD hired a retired educator to help write grants and obtained \$671,000 in one year.
84. Allow teachers to buy computers through the school district, and on the school district's contract through a payroll deduction over a period of months as a reward for attending 10-20 hours of technology-related training during the summer.

85. Pay a stipend to individuals on each campus to do computer troubleshooting before sending technicians to the campuses to make repairs. Many trouble calls are for minor issues that don't require technical support—like computers or component parts that are not plugged in.
86. Have staff members who go to training train others in the department when they return, saving additional training costs.
87. Use in-house high school student technicians to reduce technology maintenance costs and give students hands-on computer maintenance skills.

Transportation

88. Stagger bell times at campuses so each bus and driver can make multiple routes each morning and each evening.
89. Contract for bus washing, maintenance and parts delivery if it can save money. Consider contracting for vehicle parts and supplies to ensure repair parts are readily available, which will reduce vehicle downtime.
90. Require drivers to perform pre-and post-route inspections and to report small repair and maintenance needs in advance.
91. Control extracurricular travel expenses, particularly the need for driver overtime, by charging campuses a premium for extracurricular travel scheduled during peak before and after-school route periods. The premium should equal the overtime costs or staffing of the trip.
92. Ensure that reimbursements for travel by outside groups recover the full cost of providing the service. Galveston ISD was able to collect an additional \$26,000 from external groups by charging them what it cost the district to provide the service.
93. Understand the relationship between state-required reports and reimbursement, particularly for career and technology and hazardous miles. Designate all hazardous routes as such to maximize state transportation reimbursements and track and claim 100 percent of career and technology-related transportation expenditures. Galveston ISD was able to bring in \$7,500 more annually by designating several routes as hazardous and was reimbursed for \$6,500 more in career and technology miles due to better reporting.
94. Transportation staff should work closely with special education admission, review and dismissal committees to ensure that only students who require special accommodations are transported on special education buses. For example, a child in speech therapy may be able to ride to and from school on a regular bus, whereas special accommodations would be needed for a student in a wheel chair.

95. Do not drop off and pickup students directly in front of their homes unless there is a safety or special needs issue. Predetermined bus stop points reduce the number of times the bus has to stop and saves time and fuel.
96. Track bus ridership and keep it high. The state funding formulas used to calculate linear density encourage districts to maximize ridership capacity. Del Valle ISD conducted a complete re-routing of bus routes due to elementary boundary rezoning. The rerouting increased the district's linear density from 88 cents to 97 cents per mile, which increased state reimbursements by \$104,000.

Safety and Security

97. Review the organizational structure and staffing levels of the safety and security program and cut administrative layers when possible.
98. Eliminate drug and violence prevention programs that don't get results. Replace them with programs that show results. The San Antonio ISD eliminated one non-productive, but popular program, and saved \$225,000 annually.
99. Share services when possible. Enter into collaborative, shared-service arrangements with local law enforcement to supplement district staff. Share a drug-sniffing dog with another district or law enforcement group. Contracting for a drug-sniffing dog could cost up to \$10,000 per year. To buy a dog, train the dog and handler, pay the salary of a handler and provide food, shelter and medical care for the dog will cost about \$50,000 per year. If 10 districts share the expense, the cost is \$5,000 per year per district, and each district could use the dog and handler one day every two weeks.
100. Beef up truancy programs—more students in average daily attendance means more dollars allocated to the district through state funding formulas. Socorro ISD added three attendance officers to increase attendance and could get \$1.2 million in additional state revenues over five years. San Antonio ISD hired eight additional attendance auditors for \$400,000, saving \$1 million and putting more students in the classrooms.
101. Reduce overtime for security guards working extracurricular events by hiring more staff.