

Show Me the Money

Challenged by financial pressures on all sides, districts are taking innovative steps to cut costs in the ongoing search for savings. And in many cases, it's working

In 1996, Tom Cruise starred in the box office hit, "Jerry McGuire." A successful sports agent, Jerry questions the unethical behavior of his firm and strikes out on his own.

A prospective client, attempting to negotiate a better contract, demands that Jerry scream "Show me the money!" again and again. Jerry acquires new insights, applies his talent, and ultimately succeeds.

During the recession, school board

members have demanded that state legislators, administrators, and grant writers show them the money so urgently needed to support education. Again and again, boards are challenged by declining property values, rising tax rates, unfunded mandates, lower sales tax receipts, tax caps, ballooning pension costs, and declining state and federal aid.

Financial pressures have wreaked havoc with school budgets. Nevertheless, boards and administrators around the country demonstrated dedication, resourcefulness, and creativity. They identified new strategies to cut costs and generate new funding to protect their district's mission.

Let's take a look at several innovative programs that may inspire your board to continue the search for savings.

Rx for savings

In December 2010, Florida's Pasco County school board introduced the Care Here

program to provide medical services to employees, retirees, and eligible dependents. Three clinics located close to schools provide services such as primary care, diagnostic testing, and dispensing medications. Employees have no out-of-pocket expenses.

Participants benefit because they have timely access to health care at convenient locations. Providing medication and regular medical attention for chronic conditions such as diabetes and high blood pressure improves physical well-being. Better health leads to fewer emergency room visits and hospitalizations, which reduces the insurance company's expenses. In turn, the district's medical insurance premiums are reduced.

Because employee sick time is lessened, fewer substitute teachers are needed, further cutting costs. In the first year, the district's medical expenses dropped 4 percent, saving \$2 million. They expect even better results next year.

A big turnoff

Pennsylvania's Central Dauphine School District saved more than \$1 million over the past two years by hiring an energy conservation contractor. The company is making a significant difference in consumption by instituting a program that encourages custodians, teachers, and students to be more aware of conserving energy. Lights and computers are now turned off when not in use. Facility managers shut down heating and cooling systems when they aren't needed.

The program provides both education and reinforcement of energy-wise behaviors in the schools. When the



four-year contract expires, the district will continue to save by following conservation strategies. The company is providing free support as long as energy-saving tactics are employed.

California's Carlsbad Central School District also has experienced success with a similar conservation program, netting \$550,000. During the last two years, excess funds originally allocated to the utility budget have been used to cover classroom expenses.

Energy performance contracts can help districts reduce long-term utility costs without capital outlays for new equipment. Savings accrued by hiring an energy conservation contractor can be used to install modern, efficient equipment such as boilers, water heaters, air handlers, and remote-controlled thermostats and lighting.

A new boiler, for example, will reduce emissions and maintain optimum temperatures by utilizing computer-controlled radiators and air handlers. Such equipment helps raise or lower temperature settings to legal limits, further enhancing energy conservation. Similarly, new fixtures will provide better lighting while lowering electricity consumption.

Some contracts stipulate that district payments to the energy performance contractor be limited to current costs for the agreement's duration. The contractor guarantees energy savings, which means the expense of installing new equipment is recouped by reducing energy usage and creating a profit margin. If the contractor fails to generate the agreed-upon savings, the district is paid the difference between what was guaranteed and what was actually saved. When the contract ends, the equipment remains the district's property.

Many states require that districts have an energy performance contract reviewed by the state education department before the project can be approved. As with any contract, be sure to have your attorney carefully

review the terms and conditions before signing.

Adding income

While controversial, some districts sell advertising space to generate cash. In Texas, the Humble Independent School District sold naming rights to the football stadium entryway and press box. The district also sells ad space on school buses to professional sports teams and local businesses.

Districts sometimes use consulting firms to find a match with advertisers and handle graphic design work. Ads can be placed on textbooks, scoreboards, monitors, and websites as well as in and on buses. As a safeguard, districts usually maintain control of advertising content, but finding appropriate companies is neither easy nor cheap. Firms brokering these transactions may earn up to 50 percent of ad revenue.

Of course, advertising is not for every community. Critics express concern regarding the psychological and educational impact ads may have on students. Moreover, some districts discontinue advertising because they can't consistently generate expected income.

Bus pooling

Savvy districts scrutinize transportation costs when searching for savings. Periodic reviews of bus routes can identify unnecessary expenditures of time and fuel. Using routing software, districts can consolidate bus stops and develop alternative routes as student requirements change.

Creative transportation managers in New York's Orange and Westchester counties join with neighboring districts to reduce transportation expenses by sharing bus runs. Sometimes they split a trip, with one district driving one way and the other providing the return trip. This is especially effective when transporting children to special programs outside the district. By pooling resources, districts can consolidate or

even eliminate bus runs, saving hundreds of thousands of dollars.

Monitoring fuel consumption also produces big savings. Computerized systems use electronically coded keys paired with each vehicle. A computer monitors the mileage of each vehicle as well as its fuel consumption. If a bus begins to use excessive fuel, it can be taken out of service quickly to remedy the problem.

Super savers

Chicago Public Schools reportedly saved more than \$40 million by hiring a specialized procurement officer from the private sector. Since arriving in March, the officer has worked to change past practices, resulting in cost reductions and improved productivity.

Milk suppliers have seen their delivery schedules cut from daily to every other day. Meanwhile, classrooms are being cleaned more cost effectively by night crews.

The district is saving \$11.5 million by using market research to evaluate vendor pricing and renegotiate new fees where appropriate. Another \$20 million in savings will be realized as contracts for transportation, utilities, food services, supplies, and construction projects are reviewed. Various e-mail services are being consolidated, saving another \$11 million by using only one provider.

School boards around the country are using creative strategies to fund educational programs. Take time to brainstorm cost-saving strategies with your administrative team. You may be able to direct more district resources to educational programs and show taxpayers their money is wisely spent. ■

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