

COST EFFICIENCY SUBCOMMITTEE

The following is a summary of the Cost Efficiency Subcommittee's work session held on Monday, April 13, 2009. In attendance were committee members Randy Berry, Patrick Grubbe, Sue Mahler, Jay Siefring, Denise Steele, Dick Traver, Board members Jennifer Smith and Dimon McFerson, and Director of Business Management Jeff Gordon.

The purpose of the work session was to compile a list of possible cost-saving opportunities. That list was subsequently submitted to Superintendent Wade Lucas on April 18, 2009, as follows:

POSSIBLE COST-SAVING OPPORTUNITIES

Cost Efficiency Subcommittee

April 13, 2009

Note: If highlighted in blue, we suggest that this be considered on a temporary basis due to the current economic situation and anticipated state funding changes.

Tier 1 Cost-saving opportunities – estimated potential for savings between \$250,000 to more than \$1,000,000 annually that can begin immediately

- 1. Reduce substitute usage by having a reduction in professional development so that fewer teachers use more than their contractually-allowed one day. (FY09 Cert Sub budget is \$1.4 million and Classified Sub budget is over \$500,000. There was a 30% increase in actual Cert Sub costs from FY07 to FY08.) Also, to further reduce substitute usage as well as other related costs, consider implementing policies regarding a maximum number of days a teacher may be out of the classroom, a maximum number of days for professional development for teachers, and a limit as to where professional development may take place (ie, out-of-state). Consider similar policies for administrators.*
- 2. Increase the projected pupil/teacher ratios closer to historical levels.*
 - New programs have been added over the years, including in the middle schools, which each added an additional core. Per Gale Marsh, this resulted in 2 additional FTEs per building and also resulted in some inefficiencies with the elective teachers' time. Decreasing inefficiencies should result in fewer new hires.*
 - Track and evaluate high school elective pupil participation. Develop policy for what classes and what sizes of classes should be eliminated due to low participation. Also ensure that if classes are cut that those teachers' time is used efficiently so that fewer teachers need to be hired.*
- 3. Both Olentangy and the Delaware Area Career Center (JVS) offer vocational education courses to high school students. Both are supported by Olentangy*

taxpayers. In FY 2007, according to the district's audited financial report, Olentangy spent over \$1,000,000 on vocational education. Olentangy's vocational programs differ from the vocational programs at the Career Center. Why does Olentangy offer vocational programs when their taxpayers are paying the Career Center for vocational programs? Olentangy is not alone – the other three Delaware county school district each spent around \$300,000 in FY 2007 on "vocational education". It may be worth exploring the possibility of Olentangy getting out of vocational education and working with the Career Center to provide that vocational education to their students.

4. *Cost-saving opportunities with administration: (Note that these suggestions regarding administration are made as general statements of opportunities that apply to any organization and do not reflect any inference or any judgment as to the district's current administrative staffing structures or policies. We suggest that any change in this area be made with consideration to both retention and being competitive with similar districts.)*
 - *Explore administrative staffing as it relates to operational need.*
 - *Eliminate/reduce travel for education and professional development outside of central Ohio.*
 - *Eliminate pickup of 1.45% Medicare tax for administrators and the related 11% pickup on the pickup.*
 - *Consider a travel policy that addressed essential & non-essential travel approval parameters and a stricter sign-off process and the district admin level as opposed to the building/principal level.*
5. *Consider postponing textbook adoptions in non-core areas, such as world languages.*
6. *Revisit maintenance and capital outlay schedules. Review schedules and explore savings if those scheduled intervals were extended and purchases were delayed. (This may be a cost saving but with the understanding that extended/improper maintenance schedules may end up costing more money in the long run.)*

Tier 2 Cost-saving opportunities – estimated potential for savings between \$25,000 to more than \$100,000 annually that can begin immediately

1. *Change policy for professional development and education reimbursement:*
 - *Currently there is no policy requiring a commitment to remain at Olentangy after having educational costs paid by district. District may want to provide for a requirement of a certain time of employment subsequent to the education. If the employee leaves prior to that time requirement, then the employee must reimburse the district for the educational or professional development costs.*
 - *Eliminate reimbursement for travel, hotel, meals, etc by creating a no travel policy.*

2. *The district currently does not make a practice of negotiating rates with law firms. The district should consider negotiating rates with all law firms that they work with, and that this process begins as soon as possible, given the opportunity that this economy presents. The committee does not recommend bidding out these services, but simply negotiating more competitive rates with the current firms. Explore the feasibility of hiring lead counsel for the district.*
3. *The district should consider the cost/benefit of bringing various professional services in-house.*
4. *Consider using website and email more frequently instead of paper when communicating between school and home.*
5. *Revisit purchasing processes and policies to ensure that policies are in place to get sufficient bids to attain competitive pricing for a larger number of purchases.*
6. *Review current purchasing policy to consider stricter approval controls on purchases. For example, consider a directive that requires all contracts or purchases for goods and services require board approval when the aggregate expenditures to a single vendor, within the same fiscal year, equals or exceeds an amount greater than \$25,000. This allows the board to see what vendors and what types of goods & services are being purchased in the larger dollar amounts.*
7. *Currently district is using full-time teachers for in-school suspensions. Consider changing that practice.*
8. *Regarding retire/rehires, consider adjusting STRS for retire/rehire and their sick time accumulations*

Tier 3 Cost-saving opportunities – estimated potential for savings between \$250,000 to more than \$1,000,000 annually that may take two or more years to see financial benefits

1. *Consider leaving healthcare consortium. Anticipated savings of approximately \$1 million annually after \$2.6 million in run-off claims. (\$3.5 million in reserves are at risk of being left behind)*
2. *Begin preparing for labor negotiations so that more cost-saving opportunities are considered well in advance of the actual negotiations.*
3. *May want to encourage more students to take college courses or potentially offer college courses at our high schools (taught by college professors and reimbursed by the State).*

Other:

1. *Our subcommittee would like to offer our assistance in evaluate the cost/benefit of opening District's own alternative ed program, if the board and administration so chooses.*
2. *Create an on-going communication plan that will outline the upcoming FY budget and its impact on the district and communicate directly to the community via media and school list serves in the district. Let them know the potential impact and what the district is doing to mitigate those impacts. Continue that dialogue at board meetings and with quarterly updates on the challenges and successes achieved. This will bring with it an improved connectivity to the community that will serve the district well when future funding requests are required for taxpayer consideration. Communicate not only in times of financial need.*
3. *Use the district website to allow constituents to submit cost savings suggestions they may have for consideration. The inclusive nature of the suggestions is good for the relationship with the district and may provide admin with some good feedback.*
4. *Update portions of the State Standards Analysis that was prepared in March 2006 by Dr William Billinghamurst and John Thomas. It may be worthwhile to have certain sections of this report updated, such as Chapter 7, Appendix D and Chapter 8, Appendices G and H, which shows where Olentangy ranks within comparison groups in terms of enrollment-to-position ratios. From that data, the district may be able to identify areas where current personnel is comparatively higher than in similar districts.*

The date for the next meeting has not been set. Committee members have been invited to the Budgeting Subcommittee's April 27th meeting for the purpose of understanding the FY10 budget so that additional efficiencies may be recognized.

Submitted on April 23, 2009 by Sue Mahler, Chair, Finance & Audit Committee