

# Mandated Expenses & Cost Savings Measures

## ***Federal and State Mandates***

1. Special Education: Currently, 21% of our students are classified as special education. We spend approximately \$18M annually to educate these students. Meanwhile there is no relief from state or federal mandates; in fact, the district faces a \$600K decrease in Medical Access Funding which has been used in the past to offset our Special Education expenses.
2. Gifted Education: Expenses total approximately \$600K (approximately 500 students)
3. English Language Learners: The district is mandated to provide language acquisition services for non-native speaking students, and this population continues to grow as the chart below shows. The cost to the district is approximately \$125K at consortium pricing.

<b>Year</b>	<b>Number of Students</b>
2014-15	130
2015-16	142
2016-17	165

4. Transportation: The District spends approximately \$4.6M a year on student transportation for public and private school students. Annually, GVSD transports 5,221 students to 47 different schools.
  - a. To find cost savings in this area, the district hired a consultant last year to study subcontracting and other measures. As a result of the study the district is in the process of consolidating stops to ensure that our routes are as efficient as possible. The consultant, however, did not recommend subcontracting as he believed that although there would be a one time savings of selling the fleet, based on the number of students and the large geographic region to which they are transported, the district would not realize an annualized savings.
5. Charter School Payments: The District pays approximately \$490,000 a year to charter schools. The majority of these funds are paid to cyber charter schools that operate on a fraction of the costs of typical brick and mortar schools. The district recently started its own cyber school in an attempt to get these cyber charter school students back into the district.
6. Technology:
  - a. Student Information System necessary for Pennsylvania Information Management System (PIMS) is \$35,000 per year. Through PIMS, data collection increased considerably around 2012-13 with Race to the Top and other state and federally mandated accountability measures. Data fuels School Performance Profile, Educator Effectiveness, State Reimbursements for Special Education, etc. The PIMS manual is two volumes and approximately 524 pages. Clearly, the

- annual reporting is onerous and ubiquitous.
  - b. Financial system (Sunguard) to manage business department \$55,000 per year
  - c. Technology Infrastructure that supports high speed internet. US Dept of Ed recommendation over next 4 years is to have 1GB speed per 1,000 students. We have 1GB per 4,000 students. High Speed internet costs close to \$100,000 per year for the entire district.
  - d. District Web Site Hosting \$17,000 per year
  - e. Network Assessment \$10,000 per year
  - f. Ability to monitor student emails and storage accounts \$24,000 per year
  - g. Backup system for everything, mandated to backup all data, costs \$100,000 per year
7. Homebound Instruction: Approximately \$15K
  8. State Testing and PA Core Standards: Loss of instruction and HUGE hidden expenses such as the expense of rewriting curriculum, textbook purchases, etc.
  9. Clearances and Child Abuse Training

Aside from state and federal mandates, the district is also obligated by law to collectively bargain with the majority of its employees. Currently, the district has agreements with all of its employee groups; consequently, the negotiated terms are locked for a set period of time. These terms affect the budget in the areas of salaries and health care. Their impact is as follows:

1. Salaries
  - a. Salaries for all but the administrative groups are collectively bargained. Currently, all groups are working under existing contracts, and salaries will increase annually by approximately 2.5%. Salaries represent 47% of the total preliminary budget. Currently, our teachers' salaries are in the midrange for Delaware County.
2. Health Care
  - a. Our Medical rates are projected to go up by approximately 2.8% next year or approximately \$300,000. Health care represents 9% of the total preliminary budget.
    - i. It is important to note that some of these increases have been offset by the district's outsourcing efforts. Additionally, unlike many surrounding districts, GVSD has not experienced the massive increases in health care as a result of its decision to become self insured and a limited member of Delaware County Intermediate Unit's Health Trust for health care purchasing.
  - b. Due to the Affordable Care Act, the district is experiencing an increase in the use of Specialty Drugs by our members which has significantly increased our prescription costs in the last several years. Prescription drugs costs represent approximately 3% of the preliminary budget.
    - i. The district was able to negotiate plan changes with employees that are controlling these costs as much as possible.

In addition to the mandated and contractual costs, the district must account for its annual “mortgage payment” of \$11.5M. This expense pays for past, present, and future building and capital projects. These projects are in large part due to the massive enrollment growth that has occurred in the district over the last two decades. Even in 2017, GVSD is still ranked as one of the fastest growing districts in Pennsylvania with a 116% enrollment increase since 1996. The table shows enrollment over the last three years and next year’s projected enrollment. Meanwhile, the district has maintained efficient staffing allocations as headcount has remained static over the same period of time.

<b>Year</b>	<b>Student Population</b>	<b>Teacher Headcount</b>
2014-15	4,749	392
2015-16	4,767	392
2016-17	4,838 (up from 4,818 in October)	392
2017-18–Projected	4854	392

\*A normal inclination is to divide the population by the headcount to understand average class size; however, applying this formula would provide inaccurate data. It is important to note that headcount includes librarians, counselors, special education teachers, and other professionals who may not teach standard-sized classroom groups of students.

***Cost Savings Measures***

Subcontracting

The district has subcontracted custodian and food services in order to lessen some of the burden of pensions and other related fixed costs. Although we are projecting a current savings of approximately \$200K, we expect this savings to increase as staffing levels change.

Refinancings

The district constantly monitors its debt service. This expense pays for for past, present, and future building and capital projects. These projects are in large part due to the massive enrollment growth that has occurred in the district over the last two decades, but also account for the upkeep of our buildings. The district, as part of its fiscal responsibility strategy, acts upon all favorable refinancing opportunities that arise and utilizes the debt savings to complete any needed capital improvements without the need for additional debt issuances. These efforts have saved the district over \$8.7M which is used for capital improvements or to help pay for GESA II.

eSchool@Garnetvalley

Started the program to recoup the expense of students attending cyber charter schools while also keeping students from leaving the district to attend. Currently, we have 30 students enrolled saving the district \$180K over the first semester.

### Open Education Resources

For the past year, Garnet Valley has been a part of the U.S. Department of Education's #GoOpen movement. As a #GoOpen Launch district, we have accepted the challenge to replace at least one textbook with openly licensed educational resources within the next year. Replacing textbooks not only alleviates significant costs to the district, but also empowers teachers to view their teaching materials as dynamic and evolving with the needs of their students. Currently, GV is 1 of 107 districts from across the country involved in #GoOpen.

### Transportation Efficiencies

To find cost savings in Transportation, the district hired a consultant last year to study subcontracting and other measures. As a result of the study the district is in the process of consolidating stops to ensure that our routes are as efficient as possible. The consultant, however, did not recommend subcontracting as he believed that although there would be a one time savings of selling the fleet, based on the number of students and the large geographic region to which they are transported, the district would not realize an annualized savings.

### Multiple Occupancy and Lease Procedures

With the sharp increase in the number of multiple occupancy requests and leases, we have updated our procedures in this area. One example of this increase in the multiple occupancy is that we had 15 kindergarten students register using multiple occupancy process this year.

Changes to this process include:

- Home visits to all students who have registered in Garnet Valley through the multiple occupancy process.
- Certified letters will be sent when a lease is 4 weeks from expiration. This letter will outline the process that needs to be followed to update their lease.
- Once the lease has expired we will block access to Alma (our student information system)
- Two weeks after the lease has expired we will suspend transportation to the student.
- Three weeks after the lease has expired we will disenroll the student.

### Projects and Partnerships to Generate Revenue

The district continues to think creatively in order to generate revenue by seeking partnerships with local businesses and vendors. For example:

- The Acme has become a major donor in the district and paid for the \$60K replacement and upgraders of our GVHS stadium and gymnasium scoreboards.
- SB Conrad, a local contractor, has donated tens of thousands of dollars to supplement equipment costs for our athletics program.
- The district sells advertising space on the website and at the football stadium, gymnasium, and other facilities.
- Created an Education Foundation
- Utilized fundraising to defer costs such as:
  - Harlem Wizard shows to fund library renovations
  - HSAs purchasing technology hardware

### Energy Savings Projects

Through taking advantage of the Guaranteed Energy Savings Act, the district is projected to save \$8,265,087 over the course of the project and the 15 year debt service period. There is also an operational cost avoidance projected at \$768,882.

The district implemented a second GESA project which is projected to save \$2,745,936 over the course of the project and the 15 year debt service period. Operational Cost Avoidance is projected at \$19,531,703.

### District Moving to a Self Insured Model for Health Care

Unlike many surrounding districts, GVSD has not experienced the massive increases in health care as a result of its decision to become self insured and a limited member of Delaware County Intermediate Unit's Health Trust for health care purchasing.

### Seeking Grant Opportunities

The district routinely applies for state and federal grants to subsidize new and/or existing programs. Unfortunately, many of the awards are reserved for districts that have higher aid ratios than GVSD. Nevertheless, the district has secured grants such as the Ready to Learn grant for approximately \$320K, as well as grants for STEAM (Science, Technology, Engineering, Art, and Mathematics) and computer coding.

### Cut Extracurricular Programming

Beginning in 2014 the district has cut over 34 supplemental contracts. Only five programs remain at the elementary level and the rest have been replaced with tuition-based, teacher run activities that represent no cost to the district.

### Special Education

- Subcontracting for related services such as vision and hearing support \$195/hour through DCIU, now \$85/hour through other agencies (Soliant, Humanus).
- Practice of keeping special education students in district can be more cost effective because the district controls the services and costs.
- Operation of Pre-Vocation Lab (at Concord) to cut costs associated with transition programming (which can cost \$50 per hour per student through DCIU).