



Ten Ways to Cut Costs in New York Public Schools without Hurting the Classroom

Recommendations by the Alliance for Quality Education

New York State instituted dramatic cuts to public education two years in a row. Across the state, school districts are cutting programs, teachers, and educational opportunities for students. There has been a lot of talk about cost savings, but little focus on specific proposals. The following is a list of ten realistic proposals to cut costs in public education. Most require changes in state law in order to remove barriers that prevent school districts from implementing these changes. Some require cooperation among school districts and between school districts and other local governments, BOCES and libraries. Even initiatives that do not require legislative action by the state would benefit from statewide leadership to proactively promote significant and sensible cost savings. If New York State, and local school districts do not take the necessary steps to implement these cost saving initiatives, then the cuts will come out of the classrooms and will have permanent and damaging impacts on the education of our students, particularly in the highest need schools.

1. 1. Administrative Consolidation and Shared Services: Between School Districts and with other Local Governments

- According to New York State Comptroller back office and administrative consolidations could save local school districts over \$300 million.
- Functions that could be shared or consolidated include: payroll administration, human resources and employee benefit coordination, accounting, printing services, state aid planning, textbook and substitute teacher coordination, safety and risk management, and staff development. Some of these functions could be handled on a regional basis through BOCES. Both the Lundine Commission (Commission on Local Government Efficiency and Competitiveness, 2008) and the Suozzi Commission (Commission on Property Tax Relief, 2008) recommend this, as well as the Office of the State Comptroller.

1. **2. Contract Piggybacking:** Allow school districts to piggyback on other state and local and federal government contracts for purchasing. This option will save both time and money. The following law would need to be amended: General Municipal Law §103(3).

1. **3. Cooperative purchasing** regionally between school districts and local governments in order to enable larger scale purchasing that could produce savings on goods as diverse as

buses, office supplies, and computers. The following law would need to be amended: General Municipal Law §103(3).

1. **4. Reduction in school energy use by 25 percent**

- Pro-active program of conducting energy audits through the New York Power Authority (NYPA) and NYSEERDA to identify energy conservation initiatives.
- NYPA currently provides discounted electricity rates or cash rebates to 475 business and non-profits statewide. The State should allocate lower cost New York Power Authority energy to schools that commit to energy reduction targets and should require the NY Power Authority to accept all school district applications for power.
- Finance school district energy conservation projects through New York Power Authority.
- Provide seamless, one stop technical assistance from audits to installation and financing through NYPA and NYSEERDA.
- Exempt school districts from payment of the systems benefit charge (SBC) on energy bills. This cost is passed through on to local real property tax payers in the form of higher school taxes.
- Explore energy purchasing consortia; this could be done via the existing BOCES system.

1. **5. Allow School Districts to Utilize Reverse Auctions in Contract Bidding:** Reverse auctions allow vendors to “bid down” prices in competition with each other instead of just submitting a single bid. Reverse auctions are recognized by the White House Office of Federal Procurement Policy and the federal Office of Management and Budget as an effective way to reduce public expenditures. Currently, state statute requires a bidding process under General Municipal Law §103(1) and Education Law §305(14)(a) which would have to be amended.

1. **6. Contracting through BOCES for telecommunications equipment and services:**

- BOCES should have the authority to contract for telecommunications on the behalf of component school districts so that it can operate and service equipment and technology services. Requires amendment to Education Law §1950.
- (S.684a/A.739a of 2010) – Contracting with public libraries for high speed telecommunications. BOCES works to establish delivery of programs and services in a cost efficient manner to their prospective school districts’ needs. This legislation would allow public libraries serving identified high-need rural and urban communities that are currently lacking any kind of reliable internet and community resources access to BOCES’ already established high-speed Internet system and to share the costs of maintaining such a system at a reduced cost for both BOCES and individual library systems.

1. **7. Amortization of Spikes in Pension Payments:** Like many investments, public pensions lost considerable value during the downturn in the stock market. As a result, school districts are obligated to make larger pension contributions at this time. These higher contribution rates are a short term phenomenon and future contribution obligations will be reduced as a result of the recovery of the stock market. Bipartisan legislation currently pending before both houses of the state legislature (A6309/S4067) would authorize school districts to issue bonds that would allow districts to spread out the short term spike in their obligations over time thus reducing the negative impact of cuts in state aid.

1. **8. Expand use and size Health Insurance Consortia**

- By pooling the resources of several school districts, consortia leverage greater purchasing power to secure lower premiums.
- In addition, consortia tend to have lower premiums because they rely on “experience rating” instead of “community rating” to set their rates and because they spread the risks among a larger pool of insured people.
- According to the New York State School Boards Association (NYSSBA) over half of New York State’s school districts are currently in local or regional health insurance consortia.

1. **9. Early Retirement Incentive:** By offering early retirement incentives, as an alternative to layoffs, school districts can produce savings. Often the costs of a highly experienced teacher as twice as large as those for a newer teacher.

10. Claims auditing flexibility: NYS can give school districts the ability to use the BOCES Central Business Office to perform claims auditing duties for component school districts. The following laws would have to be amended §§1604(35)(a), 1709 (20-a), (a), 1724, 2526, 2554 (2-a), 8 NYCRR170.12(c).