

# Strategic and Cost Savings Advantages of Outsourcing Business Management

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# Today's Goals

Answer the following questions...

- Why is outsourcing good for the Superintendent?
- Why is outsourcing good for the Board of Education?
- Why is outsourcing good for the Staff and the Kids?

# District Business Management Trends

- Superintendents Retiring
- Business Managers Retiring
- Business Managers cutting teeth at smaller districts
- No formal training ground for Business Managers
- Districts need to do more with less money

The ONLY Constant Variable...

Anoka (40,657) and Pine Point (70) have  
same financial rules, guidelines and  
procedures!

# When Do You Consider Outsourcing?

- Business office personnel resigns or retires
- Budgetary or geographical challenges attracting highly qualified personnel
- Turnover after training, personnel go to bigger districts
- District needs additional financial expertise with budget, long term planning, levy's etc.
- New Superintendent does not have financial experience
- Budget reductions
- Declining enrollment
- Business office staffing restructuring
- Preparation for Superintendent retirement
- Rising healthcare costs negatively affecting budget
- Unable to make real change with healthcare plan design / bargaining with CBU's

# What Can Your District Outsource?

- Business Manager
  - Overall fiscal responsibility in the district
  - Parts of the function depending on Superintendent financial responsibilities
- Accounting
- Payroll
  - Can be performed entirely on a remote basis
- Accounts Payable
  
- Benefits & Insurance Functions
  - District advocate to strategically implement significant reduction in health care costs

# How Can this Work for Your District?

- Technology allows for better communication
  - Email, Cell phones, webcasting
- 50 - 100% of work performed can be performed anywhere
- Efficiencies and lack of overhead lead to cost savings!
- Standardization of processes, procedures and reporting
- Do most smaller districts really need a full time employee?

# Traditional Business Management Model

- Full time staff
- Well compensated
- Large benefit package that continues to grow
- Hire, train...Hire, train...Hire, train
- Training is internal responsibility
- Current processes and procedures may need updating

# Outsourced Model

- Job Requirements are Completed
- Contractor performs duties on/off site
- Contractor always available by phone / email
- Focused on “Getting the Job Done”
- Internet webcasting tools allow “face to face” interaction when remote
- Attends Board meetings
- Access to a Team of Professionals

# What Are Potential Initial Challenges?

- Everyday, face to face interaction
- Accepting the concept
- Scheduling time vs. dropping in
- Education of how it works with staff
- Needs support from the Superintendent, Administration and Board

# Can It Work in Your District?

- Current District Staff
- What are our immediate alternatives?
- Technology Needs
- Forward Thinking Personnel
- Recognition of Needs
- Budget

# How Much Can You Save?

District Enrollment	700	2000	Any
	Traditional Model		
	Business Management Services		Payroll/AP
Salary	\$55,000.00	\$85,000.00	\$ 45,000.00
Medical Insurance	\$13,500.00	\$13,500.00	\$ 13,500.00
Dental Plan	\$1,500.00	\$1,500.00	\$ 1,500.00
Pension Contribution	\$1,375.00	\$2,125.00	\$ 1,375.00
STD Insurance	\$125.00	\$125.00	\$ 125.00
LTD Insurance	\$200.00	\$200.00	\$ 200.00
Life Insurance	\$100.00	\$150.00	\$ 100.00
MASBO / ASBO Dues	\$285.00	\$285.00	\$ 100.00
MASBO / ASBO Meetings	\$1,000.00	\$2,000.00	\$ 500.00
Workshops	\$500.00	\$500.00	\$ 250.00
Technology	\$500.00	\$500.00	\$ 500.00
Travel	\$500.00	\$1,000.00	\$ 250.00
<b>Total</b>	<b>\$74,585.00</b>	<b>\$106,885.00</b>	<b>\$ 63,400.00</b>
<b>Average Outsourced Cost</b>	<b>\$ 49,000.00</b>	<b>\$ 79,000.00</b>	<b>\$ 39,000.00</b>
<b>Savings</b>	<b>\$ 25,585.00</b>	<b>\$ 27,885.00</b>	<b>\$ 24,400.00</b>

# Business Office Outsourcing Benefits

- High Quality Services
  - Services provided in an accurate, professional, reliable and timely manner
- Cost Savings to the District
  - Services are more economical than the traditional model
- Board Decisions Based on Accurate and Current Data
  - Make decisions based on sound financial data
- Maximize Revenues! Control Expenditures! Correct Coding!
  - Experienced professionals understand school finance!
- Flexible with your Changing Needs
  - Can adjust to your changing needs
- Make this hire your last!
  - Contractor will supply personnel and training
- Benefit from multiple experienced staff
  - Entire team of professionals works for your district

# Benefits & Insurance Challenges

- Out of Control Healthcare Costs
- Difficulty Implementing Plan Design Changes (CDHP)
- Renewal Notification Too Late for Effective Planning
- New 403 b Plan Management Duties - New Rules
- Maximizing Broker Effectiveness

# Benefits and Insurance / How it Works

- Contractor is the District's advocate for Benefits and Insurance related matters
- Contractor works for the district, not the provider
- Long term education, collaborative team building with CBU's, Insurance Committee and Board
- Dedicated effort toward identified goals and objectives

# Benefits and Insurance Results

- Reduce Healthcare Premiums by 10-25%
  - Regardless of if you are in a Coop pooled program
- Achieve win-win negotiations with unions
  - Improve district settlement, more money for programs and teacher salaries
- Develop Renewal Strategies Ahead of Time
  - “Plug and Play” strategies into your renewal

# Who Else is Outsourcing Business Management Functions?

- Stewartville
- New Ulm
- Belle Plaine
- Milaca
- Westonka
- Richfield
- Mahtomedi
- Columbia Heights
- Cannon Falls
- Southeast Service Coop
- Watertown Mayer
- Red Wing
- Southland
- Grand Meadow
- Brooklyn Center
- Howard Lake Waverly Winsted
- Montgomery Lonsdale
- Princeton
- East Central
- McLeod West

# Today's Goals Revisited

- Why is outsourcing good for the Superintendent?
  - Allows you to be the Educational Leader
  - Additional Contractor Team Resources for the Superintendent
  - Financial teacher for the Superintendent
- Why is outsourcing good for the Board of Education?
  - Confidence to make informed decisions based on solid financial data
  - Demonstrate to the public that the district is accountable
  - Demonstrate the district is forward thinking and fiscally responsible
- Why is outsourcing good for the Staff and the Kids?
  - Saves money so the district
  - Keep more staff and teachers
  - Keep more programs
  - Keep class size at desired levels