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The Economic Downturn and How U.S. School Districts Are Cutting Costs

At a Glance

All across the country, state and local budget deficits are forcing school districts to make significant budget cuts. For most students, these cuts will translate into fewer programs and activities and fewer teachers and essential staff. This Information Capsule reviews some of the ways U.S. educators are responding to the increasingly large cuts to their districts' budgets.

States across the country are confronting increasingly large deficits that have resulted in steep cuts to most U.S. school districts' budgets (Education Week, 2008; Haug, 2008; McNeil, 2008a; Moran, 2008). Cuts in K-12 education are coming at a time when the cost of fueling buses and providing school lunches is increasing and costs for unfunded or inadequately funded federally mandated programs, such as the No Child Left Behind Act and special education services, are rising (McNeil, 2008b; Netter, 2008). According to the National Conference of State Legislators (2008), most states reported they will resort to spending cuts, not tax increases, to solve their budget problems. For most of the country's students, budget cuts will translate into fewer programs and activities and fewer teachers and essential staff (Aarons, 2008; Miners, 2008; Sacramento County Office of Education, 2008).

According to the latest survey of state fiscal officers, Alabama, Arizona, California, Florida, and Nevada are all facing shortfalls that represent more than 10 percent of their budgets for fiscal year 2009 (National Conference of State Legislators, 2008). Florida has been hit particularly hard by the slump in the housing market. The state's budget gap has risen to \$1.5 billion and the tax revenue it depends on to fund schools has continued to shrink. This gap has translated into about \$330 million in cuts to the operating budgets of Florida's public schools thus far during fiscal year 2008-09 (Aarons, 2008; McNeil, 2008a; McNeil 2008b).

School districts are struggling to reduce expenditures and continue providing children with quality educational experiences. Following are some examples of how educators across the country have responded to the increasingly large cuts to their districts' budgets:

- **Closing schools.** Declining enrollment and deep budget cuts have forced some districts to close schools. Districts across the state of California are considering school closures (to reduce California's \$15.2 billion deficit, Governor Schwarzenegger cut \$3 billion from the state's \$55.6 billion education budget) (Mehta, 2008). Florida's Volusia County Schools closed three small

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schools (Hobbs, 2008). Minnesota's Prior Lake-Savage Area Schools has a new elementary school nearing completion but it will remain closed for the 2008-09 school year. The district can't afford the operational costs or the teachers needed to staff the school (Harper, 2008).

- **Cutting programs.** Programs once considered vital are being cut to preserve the most basic educational services. Mehta (2008) reported that school districts across the country are considering eliminating International Baccalaureate and Advanced Placement courses. In Tennessee, the state cut funding for an expanded pre-kindergarten program. Tutoring programs have been cut in Kentucky and New York City. Elective classes have been reduced or eliminated in Minnesota and Washington. New Hampshire schools have considered cutting gifted and talented programs and officials at Madison County Public Schools in Virginia said they may be forced to drastically reduce summer school (Aarons, 2008; DeGeorge, 2008; Harper, 2008; McNeil, 2008b; Olympia School District, 2008; Sexton, 2008; The United Federation of Teachers, 2008).
- **Laying off staff.** Since salaries and employee benefits make up the majority of school districts' budgets, many districts have been forced to lay off staff. Districts in California, Connecticut, Florida, Georgia, Illinois, Michigan, New York, Ohio, and Washington have laid off teachers and other school system personnel (Aarons, 2008; Catoosa County News, 2008; McKinstry, 2008; McNeil, 2008b; Mehta, 2008; Olympia School District, 2008; Perlot, 2008; Turner, 2008; Woods, 2008). In fact, the American Association of School Administrators' (2008) survey of district superintendents found that nearly one in three districts nationwide is eliminating teaching jobs. (See the Appendix at the conclusion of this report for detailed results of the American Association of School Administrators' survey.) Gaston (2008), however, pointed out that layoffs have implications that reach far beyond the classroom. For example, they often lead to decreased enrollment in teacher education programs, hindering states' capacity to recruit

and prepare teachers. In addition, low achieving schools in economically disadvantaged areas find it harder to hire fully prepared teachers from a shrinking pool of available candidates.

- **Privatizing services.** The use of private contractors to provide services has been considered by an increasing number of school districts as a way to cut costs. Many see privatization as a way to save money, increase efficiency, and improve the quality of services, while allowing districts to concentrate on their instructional responsibilities. The areas most commonly outsourced by school districts are food services, transportation, and custodial services (Mathis & Jimerson, 2008).

The Mackinac Center for Public Policy's 2007 nationwide survey of state education departments found that 13 percent of districts reported contracting with food service management companies (Smith & LaFaive, 2007). According to the American School and University Privatization/Contract Services Survey, 8 percent of school districts nationwide said they contracted for janitorial services. Responses to American School and University's survey and surveys conducted by *School Bus Fleet* indicate that as many as 32 percent of districts nationwide contract for busing services to some extent (School Bus Fleet, 2005; Agron, 2001).

According to American School and University's survey, the other services districts most frequently outsourced were: vending; HVAC maintenance; computer and office equipment servicing; security; and printing (Agron, 2001). Mathis and Jimerson (2008), however, reported that more recently, districts have also started to outsource non-instructional services, such as professional development, tutoring, substitute teachers, and special education services.

The Progressive States Network (2007) reported that most privatization efforts have been launched with little evidence of their success. The network's report stated that empirical studies have not provided clear evidence on the costs and benefits of privatization. However, extensive anecdotal

evidence suggests some districts have actually lost money by privatizing services.

Mathis and Jimerson's (2008) review of the research literature on privatization found that when school districts contracted out for services, cost overruns were fairly common. In addition, once contractors took over, districts lost control of the outsourced service, although they still maintained legal and moral responsibility for that service. Another concern was that vendors tended to cut costs in unacceptable ways. For example, a vendor might use a lower quality and less expensive school bus brake lining than the district would have chosen, possibly jeopardizing student safety. Lafer and Bussel (2004) found that contracting out had a significant negative impact on communities. They reported on an economic analysis in Oregon that found:

"For every 25 jobs that are contracted out, there is a loss of \$165,000 in wages to local employees, a loss of \$18,000 in state income tax revenues, and a loss of \$233,000 in earnings that would have been spent in the local economy."

Mathis and Jimerson (2008) concluded that:

"Contracts have often produced lower savings and less freedom from administrative burdens than the salesperson promised. In fact, many districts have experienced higher costs for a poorer product. In addition, private contracts may create new issues for school leaders who remain legally responsible for a vital public function but who have lost effective control of the domain. Further, school leaders may face a resentful public if individuals and the community are adversely affected by the change . . . For some districts, for some services, and with specific vendors, contracting out might make sense and provide good service for reduced costs. But in many cases, contracting out is not good for either the school district or the community."

- **Requesting flexibility when implementing state policies.** Some school districts have suggested they will be better able to respond to budget cuts if they are given greater flexibility with regard to the implementation of costly state mandates. In California, districts have petitioned the state's Department of Education to defer implementation of some categorical programs and request class size reduction flexibility (Capistrano Unified School District, 2008; Sacramento County Office of Education, 2008).

In states without mandated class sizes, the number of students in each classroom has increased significantly (Netter, 2008; Sexton, 2008; Jacobson, 2007). In Florida, however, a 2002 amendment limits preK-grade 3 classes to 18 students; grade 4-8 classes to 22 students; and high school classes to 25 students. The Florida Department of Education estimated that implementing mandatory class size reductions will cost the state \$22.4 billion by 2010 (Hobbs, 2008).

The American Association of School Administrators (2008) asked superintendents if their states were assisting districts with rising fuel and energy prices. The majority of respondents (77 percent) replied no; 9 percent responded yes; and 14 percent indicated they were not aware of state actions. States offering assistance have agreed to actions such as one-time fuel allocations; supplemental funding for fuel; and increased transportation appropriations.

- **Reducing spending on supplies, equipment, and technology.** Districts have pared millions of dollars from their equipment and supply budgets. Upgraded technology and textbook purchases have been delayed to save money and schools have reduced photocopying costs and even stopped paying for band instruments (DeGeorge, 2008; KNBC, 2008; Newport News Virginia Daily Press, 2008; Woods, 2008; Woodson, 2008; Kalamazoo Gazette, 2007). To save on postage, Minnesota schools are sending report cards home with students or by e-mail instead of mailing them (Harper, 2008). Officials at the Olympia School District (2008) in Washington state suggested

refinishing gymnasium floors every other year, instead of every year. A survey of 375 New York City public schools conducted by the Keep The Promises Coalition found that 49 percent of schools had cut their textbook and instructional supply orders (The United Federation of Teachers, 2008).

- **Switching to four-day school weeks.** Over 100 school districts in at least 16 states have switched to four-day school weeks. These districts have eliminated Monday or Friday classes to save on fuel and energy costs. Longer daily hours with shorter recess periods make up for the lost day (Aarons, 2008; Ash, 2008a; eSchool News, 2008; Kingsbury, 2008; Mayerowitz, 2008; Netter, 2008; Ring, 2008; Steinbach, 2008). The American Association of School Administrators' (2008) survey of school superintendents reported that 15 percent of districts were considering moving to a four-day school week. Districts have estimated that the four-day week saves 3.5 to 5 percent of their annual operating costs (Kebede, 2008; Kingsbury, 2008).

Although no formal studies have been conducted on the impact of the condensed schedule, Kentucky's Webster County Schools reported large decreases in both student and teacher absenteeism (Kingsbury, 2008; Miners, 2008). Many parents, however, have voiced concerns about the four-day week, saying they don't know what to do with their children on the fifth day and worrying their children won't have the time or energy for after-school activities (Kingsbury, 2008).

- **Reducing transportation costs.** As the price of diesel, which most school buses run on, reached almost \$5.00 per gallon this year, school officials across the country saw their transportation costs increase by as much as 40 percent (Kingsbury, 2008; Toppo, 2008). When they returned to school this fall, many students, including those in Florida's Orange and St. Lucie counties, found longer and more crowded bus rides as districts eliminated or consolidated bus routes to save money. To cut down on the number of buses on the road, districts have increased the distance students have to walk to school before offering

transportation services (Aguilar, 2008; Ash, 2008a; O'Donnell, 2008; Wims, 2008; Woods, 2008). Some districts are also switching to all-day kindergarten to eliminate bus runs in the middle of the day (Bolton, 2008; Martin, 2008; Olympia School District, 2008; Sears, 2008). Other districts are eliminating bus service to sporting events and extracurricular activities (Dixon, 2008; Harper, 2008; Miners, 2008; O'Donnell, 2008; Pfahler, 2008; Quaid, 2008). Implementing strict "no idling" policies and using GPS software to determine the most energy-efficient routes are other steps districts across the country are taking to reduce transportation costs (American Association of School Administrators, 2008; Ash, 2008a).

In California, where state law doesn't require school districts to provide transportation, some districts have cancelled bus service altogether (Kingsbury, 2008; O'Donnell, 2008). By law, Florida school districts must provide free busing to students who live more than two miles from school. But some Florida districts are now charging students who live less than two miles from school for bus service (Bolton, 2008; O'Donnell, 2008).

Other districts are delaying the purchase of new buses (Quaid, 2008; Kalamazoo Gazette, 2007). St. Lucie County Public Schools cut funding for bus washing and seat repairs (Aarons, 2008). In San Antonio, the Northside Independent School District is in the process of switching from diesel to propane-fueled buses. They debuted 16 new propane buses this fall. Other school systems around the country are considering propane buses, which cost about \$12,000 more than regular buses, but are significantly more fuel efficient. In the fall of 2008, a gallon of diesel cost about \$3.85 in the San Antonio region, compared to \$1.73 for a gallon of propane (Miners, 2008; Toppo, 2008).

Some districts are locking in fuel costs at a fixed rate for the full school year, while others are joining regional fuel-purchasing groups that increase their purchasing power and enable them to secure lower prices (American Association of School Administrators, 2008; Bolton, 2008; Miners, 2008).

- **Increasing lunch prices.** Around the country, school districts are raising lunch prices. In some districts, menus are being streamlined to increase buying power by purchasing more of the same types of food. In other areas, districts are serving less expensive foods, such as canned and frozen, instead of fresh, fruit and vegetables or grape tomatoes instead of sliced tomatoes (Netter, 2008; Quaid, 2008; Samuels, 2008).
- **Cutting energy costs.** The American Association of School Administrators' (2008) survey found that superintendents said they were taking the following energy-related actions:
 - installing energy-saving light fixtures;
 - upgrading to more energy efficient heating, ventilating, and air conditioning systems;
 - conducting energy efficiency audits;
 - limiting after-hours facilities use;
 - running offices on a four-day week when school is not in session; and
 - educating employees and students about energy conservation practices.

In addition, some districts are installing energy management systems that allow them to control cooling and heating devices from one central location. Lease-purchase agreements allow districts to pay off the systems from the savings they generate (Miners, 2008; Quaid, 2008; Sausner, 2005). Hillsborough County Public Schools in Tampa, Florida estimated they saved \$500,000 annually by raising building temperatures by two degrees (Netter, 2008). Toppo (2008) reported that a consortium of districts in Oklahoma is considering building its own wind-generated power plant to provide electricity, heating, and cooling, then selling the surplus electricity for a profit. Philadelphia's High School of the Future was built with energy-saving features that included a water system that stores and reuses rainwater in toilets; a solar energy system for capturing sunlight and transforming it into usable energy; and an air conditioning system that stores air on cooler days to use on warmer days (Murray, 2006).

- **Reducing construction costs.** McNeil (2008c) stated that the current national budget

crisis may have its biggest long-term impact on districts' capital projects, as the upheaval in the credit and stock markets threatens to increase the cost of borrowing money. In addition, if projects have already been priced out, inflation will probably exceed any contingencies originally built into the project. Finally, depleted reserve funds will lower districts' financial ratings and affect the cost of borrowing (Education Week, 2008). In Washington state, several schools were built in a factory and then trucked to their locations. The factory-manufactured schools were constructed much faster and cheaper than traditional schools and are expected to last 30 years before any major renovations are required (Manry, 2008).

- **Providing distance learning opportunities.** The Clark County School District in Nevada is opening a virtual high school that will provide more opportunities for students to take classes in subjects for which there are a shortage of teachers. In Prairie Valley, Iowa, school officials are considering distance learning partnerships with other districts as a way to contend with increasing mandates on class sizes and course offerings (Haug, 2008; Sausner, 2005).
- **Offering early retirement incentives.** Some districts are offering early retirement programs to avert layoffs (Kalamazoo Gazette, 2007). Early retirement programs ease pension requirements or offer incentives to encourage retirement. Many packages subsidize the cost of health benefits, while others include lump sum bonuses or other inducements. They can apply to all workers or only to those holding particular jobs. Supporters of early retirement incentives contend the public saves money by encouraging older, higher paid employees to retire and replacing them with lower paid workers or leaving the positions vacant. Jacobson, Long, and Meyerhoff (1995) conducted a study in Minnesota to examine the financial impact of retirement incentives offered to local and state government employees, including public school teachers. They found the savings realized from offering early retirement incentives exceeded the costs only when a high percentage (between 36 and 69 percent) of retirees' positions remained vacant.

The researchers concluded that early retirement incentives should be restricted to situations where employers are facing a one-time need to make significant staff reductions and that frequent repetition of early retirement incentives was not likely to be cost effective. Similarly, Smith and Murphy (2008) reported that public employers saved money when only a small number of positions were filled immediately and the others remained vacant for at least one or two years.

- **Freezing pay raises.** School district employees in Pinellas County and in states such as Connecticut, Illinois, Kansas, Virginia, and Washington have agreed to give up incremental pay increases to avert staff reductions (DeGeorge, 2008; Dickerson, 2008; Tampabay.com, 2008; Adams, 2007; Kalamazoo Gazette, 2007; Sausner, 2005).
 - **Furloughing employees.** Furloughs are temporary periods of non-work/non-pay status. Several districts are implementing unpaid furlough programs and asking employees to take anywhere from three days to two weeks off without pay. The reduction in pay is usually spread out over a period of weeks or months so employees continue to receive regular paychecks (Aarons, 2008; KNBC, 2008; Smith & Murphy, 2008; Adams, 2007; Kalamazoo Gazette, 2007).
 - **Reducing employees' hours.** To avert layoffs, some school districts have reduced employees' work schedules, substituting a 32-hour week for a 40-hour week, for example, with a corresponding cut in pay (L. Ryan, 2008; Smith & Murphy, 2008; Kalamazoo Gazette, 2007).
 - **Restricting overtime pay.** Experts agree that restricting overtime pay can save school districts substantial amounts of money. In New York's Yonkers Public Schools, officials imposed annual caps on overtime, ranging from \$6,000 for food service workers to \$18,000 for custodians. All overtime requests are reviewed and approved by employees' supervisors (Garcia & O'Donnell, 2008). In Minnesota, schools have begun using electronic time clock systems to help control
- the cost of hourly workers. Industry estimates have suggested there is an error rate of about one percent when employees enter their work hours manually on time sheets. For a school district employing 250-500 hourly staff, electronic systems can provide an annual savings of almost \$100,000 (Draper, 2008). In Miami-Dade County Public Schools, where over 10,000 part-time workers were employed during the 2007-08 school year, this could translate into a savings of at least \$2 million.
- **Implementing alternative payroll systems.** Some districts are considering alternate payroll systems as a way to reduce layoffs and save money. Lagged payroll provides employees with 10 days of pay for each 11-day work period. Employees receive the deferred pay when they leave the school district's employ. Banked leave is a system in which four hours of every 80-hour pay period are banked as paid leave for employees to schedule as they choose (Smith & Murphy, 2008).
 - **Increasing health insurance costs.** School districts across the country are requiring employees to supplement their health care premiums. Many districts that already charged employees for health insurance have increased these monthly fees (Aarons, 2008; Associated Press, 2008; C. Ryan, 2008; Solochek, 2008; Kalamazoo Gazette, 2007; Zehr, 2007). Sexton (2008) noted that in Kentucky over the past 10 years, 75 percent of all new state education dollars were spent on increased health insurance and pension costs.
 - **Cutting employee travel expenses.** Employee travel has been curtailed or eliminated in districts around the country (Zehr, 2007). Videoconferencing has gained popularity as a way for employees to attend meetings or conferences without incurring the costs of transportation, accommodations, and meals. Videoconferencing also allows all required staff to be present at a meeting. Previously, limited budgets may have allowed only one employee to attend a particular meeting (Gorman, 2006).
 - **Reducing professional development programs.** Around the country, budget cuts

have forced some schools to eliminate or cut back on teacher training and professional development programs (Newport News Virginia Daily Press, 2008; Solochek, 2008; Kalamazoo Gazette, 2007; Zehr, 2007). The United Federation of Teachers (2008) reported that 23 percent of New York City schools have cut their teacher training and professional development programs.

- **Cutting athletic programs.** Schools across the country are cutting athletic budgets, charging or increasing fees to play sports, and reducing transportation to athletic events (Harper, 2008; Mehta, 2008; Newport News Virginia Daily Press, 2008; Woods, 2008; Kalamazoo Gazette, 2007). In many districts, the number of games played has been reduced and some districts have even eliminated certain sports teams (Wims, 2008; Woodward, 2008). The Cherokee County School District in Georgia rescheduled football games to be played in one location as doubleheaders instead of at two sites to cut down on travel expenses (Dixon, 2008). The American Association of School Administrators' (2008) survey of superintendents found that 15 percent of respondents said they had eliminated or modified their district's athletic offerings.
- **Eliminating or reducing extracurricular activities.** School districts from all over the country are reducing or completely eliminating extracurricular activities. Other districts are asking parents to pay high fees for extracurricular offerings (Aarons, 2008; Associated Press, 2008; DeGeorge, 2008; Miners, 2008; Perlot, 2008; Solochek, 2008; Woods, 2008; Zhou, 2008). Of the 546 superintendents surveyed by the American Association of School Administrators (2008), 15 percent said they were eliminating or modifying extracurricular activities in their districts. Prior Lake-Savage Area Schools in Minnesota has been hit especially hard by budget cuts and has recommended eliminating or asking parents to fund the district spelling bee; student newspapers; chess teams; drama clubs; math and technology clubs; school dances; and yearbooks. The district's science fair and inventors fair will be held every other year, instead of annually (Harper, 2008).

- **Eliminating or curtailing field trips.** Many schools have found they can no longer afford the buses, ticket fees, and other costs associated with student field trips. Some districts ask parents to pay for field trips, while others have eliminated them altogether (DeGeorge, 2008; Miners, 2008; Netter, 2008; Woods, 2008; Woodson, 2008; Woodward, 2008). Almost half (44 percent) of the superintendents surveyed by the American Association of School Administrators (2008) said they were cutting back on field trips. Some teachers have begun using the Internet for virtual field trips. Others bring food, music, or guests into the classroom (Dixon, 2008; Standen, 2005). In Missouri, schools partnered with neighboring schools to split field trip costs (Martin, 2008).
- **Auctioning off unwanted items.** Schools are increasingly using auctions to sell unwanted items. For example, the School District of La Crosse, Kansas and the Elm Valley School District in South Dakota both sold unused schools online for \$49,500. Districts in Minnesota have also used online sites to auction off schools. In Kentucky, Fayette County Public Schools sold 30 school buses and other vehicles online (Borja, 2005; Dianis, 2004). Smith and Murphy (2008) suggested that districts can also generate income by renting out unused public spaces or equipment.
- **Fundraising.** Sports teams and academic and cultural clubs are using fundraisers to obtain needed financial support. Schools hold golf tournaments, spaghetti dinners, and casino nights (Lavalley, 2008). Many students also sell merchandise, such as coupon books, clothing, magazines, wrapping paper, steaks, and Christmas wreaths (Perlot, 2008; Zdechlik, 2004a; Zdechlik, 2004b).

Although schools have used fundraisers to generate extra money for a long time, they are increasingly being used to pay for programs and services that used to be covered in public school budgets. In Mount Vernon, New York, when school board officials eliminated the entire interscholastic sports program, the community raised the \$300,000 needed for fall

sports and \$50,000 toward the costs for winter sports. They sold T-shirts, collected money from passersby on street corners, and solicited donations from celebrity alumni. Denzel Washington heard of the budget cuts and donated \$100,000 (Netter, 2008).

In 2000, school fundraisers grossed over \$3 billion nationwide. The Association of Fundraising Distributors and Suppliers estimated the average fundraiser netted about \$6,000, or about 47 cents for every dollar of merchandise sold (Zdechlik, 2004a). Advocates of fundraising claim it is one of the most direct strategies parents can use to improve their children's education. But the amount of money raised varies widely from school to school and it is often tied to the wealth of a school's population. Critics say fundraisers create an unfair system in which one school, with more affluent or active parents, raises more money than other schools. Using fundraising to pay for schools' operating expenses is also risky since sustaining these efforts is often a bigger challenge than raising the money in the first place (Zdechlik, 2004a; Galley, 2003).

Districts have also used online and live auctions to raise money for programs and services that would otherwise have been cut. Organizers solicit parents and local businesses to donate jewelry, gift certificates, and other items (Borja, 2005). Many schools use several of the established auction sites that specialize in helping nonprofit groups, including ebaygivingworks.com; AuctionAnything.com; cMarket.com; and ReadySetAuction.com. Borja (2005) cautioned that many companies charge a setup fee and also take between two and nine percent of the net revenue from the auction. Schools can actually lose money if few items are sold. Frequently, schools auction off items that don't cost anything, such as a uniform-free day; front row seats at the school's holiday concert; and extra class recess time.

- **Establishing educational foundations.** Schools are increasingly raising funds using a method many colleges have used for years: creating their own non-profit foundations.

These foundations raise money to enhance the curriculum or help purchase supplies and equipment that don't fit into schools' or parents' budgets. Educational foundations operate like charitable organizations by allowing individuals to make tax deductible donations. According to the Giving USA Foundation and Indiana University's Center for Philanthropy, only one percent of the \$295 billion in charitable dollars given away each year goes toward public education. But the number of people who believe the public education system is funded adequately with tax dollars and are reluctant to make a contribution is declining (Bernard, 2008).

Foundations have long helped to enrich children's public school education by paying for field trips, music classes, and expensive classroom equipment, such as digital cameras, laptops, and robots. Today, however, foundations are financing the basics, such as teachers' jobs, manageable class sizes, guidance counselors, and textbooks. Experts estimate that there are close to 5,000 K-12 educational foundations nationwide, representing 25 percent of the nation's public school districts. These foundations raise anywhere from a few thousand dollars to over \$100,000 annually (Checkley, 2008; Education Week, 2008; Mehta, 2008; Pugmire, 2004a; Pugmire, 2004b).

- **Applying for grant money.** As state and local educational funding steadily decreases, schools have looked increasingly toward grant-funded sources, including government agencies, private foundations, and corporations, for financial support (Checkley, 2008; Perlot, 2008). Top educational funders, according to the Foundation Center, include the Bill and Melinda Gates Foundation, the Ford Foundation, the J. Paul Getty Trust, the Robert Wood Johnson Foundation, and the William and Flora Hewlett Foundation (Checkley, 2008).

Many corporations offer money to help schools and districts develop initiatives. For example, the National Gardening Association teamed up with Home Depot to offer Youth Garden Grants, which include up to \$500 for supplies and an

activity kit that helps teachers link gardening to science standards. The AT&T Foundation has a new program that provides up to \$100,000 in grant money to support successful high school retention programs (Checkley, 2008). In July 2008, the General Electric (GE) Foundation awarded a five-year \$18 million grant to the New York City public Schools. New York is the sixth city to join GE's "Developing Futures" program, aimed at reforming schools in Atlanta, Cincinnati, Louisville, Stamford, Connecticut, and Erie, Pennsylvania. The program focuses on increasing the number of adequately prepared potential employees, especially scientists and engineers (Gunther, 2008).

Philadelphia's High School of the Future, a collaboration between the School District of Philadelphia, the community of West Philadelphia, and Microsoft Corporation, opened in September 2006. Instead of donating money, Microsoft donated human capital. They assigned a team of educators and technologists to work with the school and community to create a sustainable learning environment that would produce more engaged, productive, and committed students (Microsoft Corporation, 2006; Murray, 2006).

- **Obtaining corporate sponsorship.** Some school districts enter into agreements with large corporations. In 2004, the New York City Department of Education made a \$166 million deal with Snapple to allow the company exclusive rights to sell its beverages in the city's 1,200 public schools. Under the five-year contract, the Department of Education receives a minimum of \$8 million per year for its athletic programs. In Indiana, district administrators formed a partnership with Pepsi Cola for exclusive selling rights in the Metropolitan School District of Warren Township. As part of the five-year contract, Pepsi gives the district \$110,000 annually. In addition to this lump sum, each school receives 40 cents from each bottle of Pepsi sold (Dianis, 2004). In 1999, Broward County Public Schools collected \$5 million from corporate sponsors, including Coca-Cola, Subway, McDonald's, and Pizza Hut. In exchange, the companies promoted their products to the county's school

children. Broward County school officials also signed a contract with McArthur Dairy that stipulated the company would pay for student gym shirts and shorts in return for putting the name of its *Milk Chug* product on the clothing (Philanthropy Journal, 2000).

- **Accepting money for corporate advertising.** South Carolina's Department of Education is developing a program to place advertisements above the windows inside school buses. Advertisers will include businesses, colleges, and the military, but no providers of tobacco products or alcoholic beverages. Individual district participation in the program will be on a voluntary basis and districts will be given the authority to approve or further restrict individual advertisements. The state estimates that the program could generate as much as \$3.6 million in its first year (Ash, 2008b). Some districts have also considered selling advertising to be placed on the roofs of school buildings (Lewin, 2006).

The use of corporate naming rights has expanded nationwide, with schools seeking out sponsors to pay for athletic fields, gymnasiums, science laboratories, and even the school prom. In Broward County, the Eastern Financial Florida Credit Union donated \$500,000 toward the construction of Everglades High School's athletic field in exchange for naming rights. Some districts have opposed corporate advertising, however, claiming it creates inequalities between schools, is not a stable source of funding, and may even influence students' learning environments (Azrak, 2007; Eastern Financial Florida Credit Union, 2007; Lewin, 2006).

- **Asking for parent donations.** Many schools struggling with tight budgets are asking parents to provide classroom materials. Although classroom "wish lists" are not new, parents are increasingly being asked to pay for basic classroom supplies, such as books, reams of paper, and tissues. According to a 2004 poll of public school parents commissioned by the national PTA, more than 70 percent of parents said they were asked to pay for materials that were once covered by public school budgets. The PTA poll reported that 39 percent of

parents said they contributed over \$100 a year to their children's schools and 11 percent said they donated more than \$300 a year. Classroom wish lists are becoming so popular that a software company in Minnesota created a Web-based program that links schools in need with people and businesses interested in donating supplies (Checkley, 2008; Zdechlik, 2004c).

Summary

Mounting deficits in states all across the country have resulted in deep cuts to most U.S. school districts' budgets. This Information Capsule reviewed some of the ways U.S. school districts have responded to the increasingly large cuts to their districts' budgets. Cost-cutting measures include switching to four-day school weeks; consolidating bus routes; reducing energy costs; offering early retirement incentives to employees; cutting athletic programs and extracurricular activities; and obtaining corporate sponsorships.

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Appendix

American Association of School Administrators Fuel and Energy Snapshot Survey

The American Association of School Administrators Fuel and Energy Snapshot Survey, conducted in July 2008, asked school superintendents about the effect of rising fuel and energy costs on their school districts. The survey was completed by 546 superintendents representing every state, except Delaware, Hawaii, and the District of Columbia.

Are rising fuel and energy costs having an impact on your school system?	
99%	Yes
1%	No

If yes, what is your school system doing to minimize the impact of rising fuel and energy costs in the 2008-09 school year?	
59%	Implementing other energy conservation measures
44%	Cutting back on student field trips
37%	Cutting back on heating and air conditioning use
35%	Consolidating bus routes
34%	Limiting staff business travel
33%	Eliminating or modifying support personnel positions
31%	Cutting back on purchasing supplies
29%	Delaying non-essential facility upgrades and repairs
29%	Eliminating or modifying instructional personnel positions
21%	Eliminating or modifying administrative personnel positions
16%	Changing fuel purchasing practices
15%	Eliminating or modifying extracurricular offerings
15%	Eliminating bus routes
15%	Eliminating bus stops close to school sites
15%	Eliminating or modifying athletic offerings
15%	Cutting back on purchasing textbooks
11%	Implementing hiring freezes
11%	Negotiating with transportation companies
10%	Eliminating or modifying academic offerings
4%	Establishing "tripping" relationships with city or regional bus systems to transport students
3%	Moving to a four-day school week
1%	Converting buses to run on natural gas

Source: American Association of School Administrators, 2008.

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