



# ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION  
SCHOOL DISTRICT EFFICIENCY REVIEW

**Clarendon 02**

**District Report**

6/16/2017





## OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
- III. Financial Management
- IV. Human Resources
- V. Procurement
- VI. Transportation

# EXECUTIVE SUMMARY

## CLARENDON 02

### PROJECT OVERVIEW

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- This document contains observations and recommendations completed in conjunction with the School Efficiency Review conducted for the South Carolina Department of Education and pursuant to Part 1B Section 1 Proviso 1.92 of the FY2016-17 General Appropriations Act.
  
- The scope of the District Efficiency Review focused on the following central operations: **(1) Finance; (2) Human Resources; (3) Procurement; (4) Transportation; and (5) Overhead.**
  - Instruction, Food, Facilities and Technology functions were outside the scope of this efficiency review.
  - Facilities and Technology Assessments were completed in accordance with Part 1B of Proviso 1.92 and are separate from this report.
  
- A&M's review focused on identifying opportunities across the operational areas noted above that would yield:
  - 1. Increased Effectiveness and Efficiency**
    - Improved processes that would enable increased levels of service to the District's students and teachers and enhance financial controls and financial stewardship of the District's funds and assets.
    - A&M considered potential opportunities that could be realized both in the current state and in a situation where the District chooses to collaborate with other nearby or like-minded districts.
  
  - 2. Cost Avoidance and / or Cost Savings**
    - Enhanced processes and structures that would enable the District to realize savings and/or avoid potential costs in the future, including consideration of potential investments required to mitigate ongoing cost exposure.

# EXECUTIVE SUMMARY

## CLARENDON 02

### PROJECT OVERVIEW (CONTINUED)

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- A&M conducted School Efficiency Reviews of 79 of the 82 school districts in the State across two phases, each of which approximated nine weeks. Phase 1 included 32 districts (all Plaintiff districts) and Phase 2 included 47 districts. Three districts did not participate due to previously completed efficiency reports: Clarendon 1 (Plaintiff), Lexington 4 (Plaintiff) and Dorchester Two.
- The review conducted by A&M included 2 partial day site visits in order to meet with district personnel to understand their organizations, processes and approaches.
- The report identifies two themes that will help drive greater efficiency and effectiveness in school districts:
  1. **Modernize:** A series of one-time investments in technology that must be made in order to enhance processes and drive operational efficiency.
  2. **Collaborate:** Small districts must perform and support a fixed, minimum cost structure that does not allow them to benefit from economies of scale available to larger districts. There are a range of opportunities for cross-district collaboration that will realize efficiencies and generate the highest level of savings. Efficiencies and effectiveness will increase as the number of districts collaborating increases.
- This analysis presents two types of estimates:
  1. **Investments** in school district modernization necessary to drive future cost savings; and
  2. **Net savings** from implementation of a shared services model for functions within the scope of this study.

# EXECUTIVE SUMMARY

## CLARENDON 02

### PROJECT OVERVIEW (CONTINUED)

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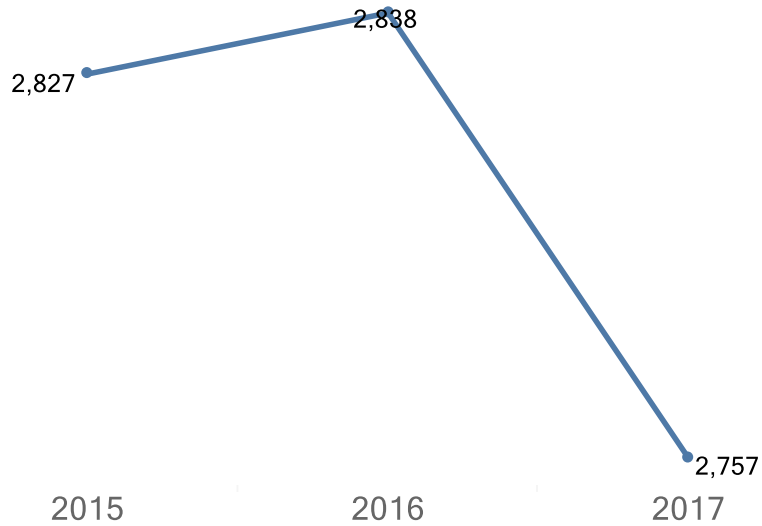
#### ➤ Sources of Data and Savings Estimates:

- A&M based the recommendations included in this report on data received from both the State and the District.
  - State provided data: FY16 revenue and expenditure data submitted by districts to the State, 3-year historical enrollment/average daily membership data, FY16 school transportation routes by district.
  - District provided data: FY17 personnel rosters, FY16 disbursements by vendor, vendor contracts and invoices, and various operational and financial metrics tracked and maintained by the districts.
- Many districts were unable to provide all of the data requested. As a result of data limitations, savings estimates calculated rely on aggregate expenditure data to derive estimates for potential savings.
- Savings estimates are based on a series of assumptions about changes in process and staffing levels (stand-alone and multi-district) that will vary upon implementation. Variation from the amounts presented as net savings are likely in the event a shared services model is implemented.

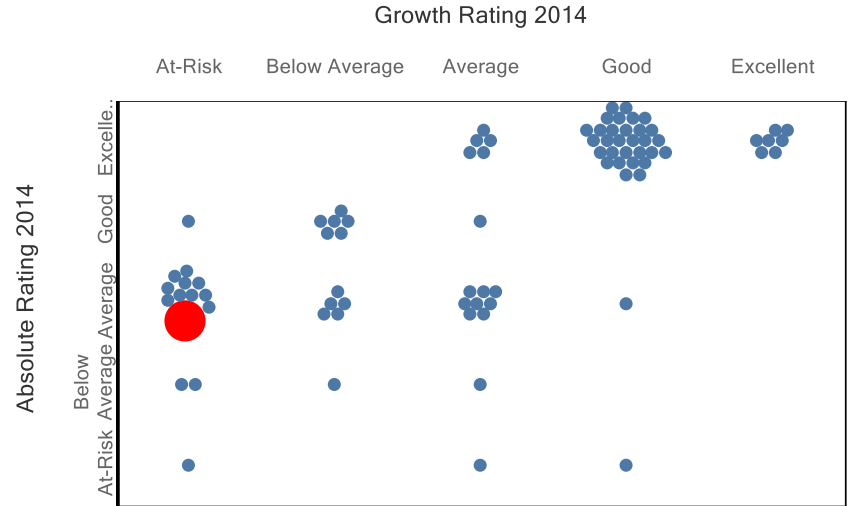
# EXECUTIVE SUMMARY

## CLARENDON 02

### Average Daily Membership<sup>[2]</sup>



### Student Achievement<sup>[1]</sup>



### General Info

Number of Schools <sup>[2]</sup>	6
% Poverty <sup>[1]</sup>	84.5%
% Disability <sup>[1]</sup>	17.7%
\$ Per Student <sup>[2],[3]</sup>	\$12,594
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$12,144

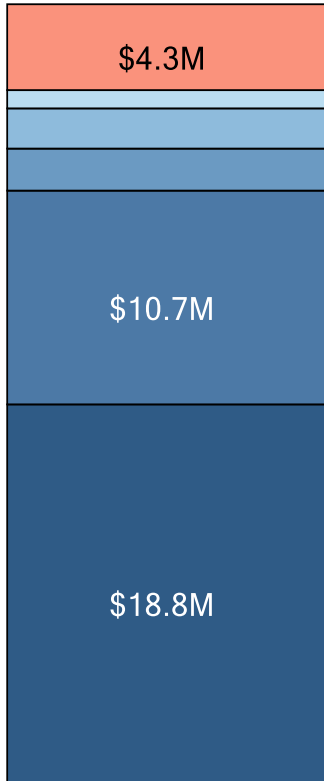
### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	9.4
Students Per Overhead FTE <sup>[2],[4]</sup>	229.7
Students Per School Support FTE <sup>[2],[4]</sup>	40.2
Students to Total FTE <sup>[2],[4]</sup>	7.4

# EXECUTIVE SUMMARY

## CLARENDON 02

**Sources of Funds<sup>[5]</sup>**  
**\$38.8M**



2015-2016

- Debt Service Fund
- Capital Projects Fund
- Pupil Activity Fund
- Food Service Fund
- Education Improvement Act Fund
- Special Revenue Fund
- General Fund

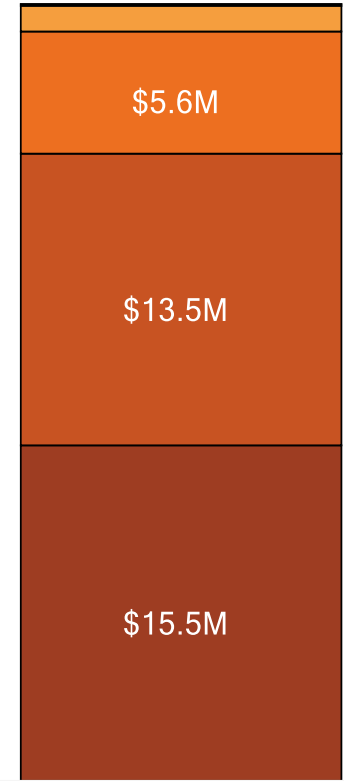
**Use of Funds - Type<sup>[3]</sup>**  
**\$35.7M**



2015-2016

- Capital Outlay
- Transfers
- Other Objects
- Supplies and Materials
- Purchased Services
- Employee Benefits
- Salaries

**Use of Funds - Function<sup>[3]</sup>**  
**\$35.7M**



2015-2016

- Community Services
- Debt Services
- Other Charges
- Support Services
- Instruction

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## CLARENDON 02

\$35.7M  
Total

\$5.7M  
In-Scope

\$30.1M  
Not In-Scope

*15.9% of total spend is within scope of the efficiency review:*

	In Scope Spend <sup>[3]</sup>	Procurement Component
Finance	\$270,922	\$14,205
Human Resources	\$201,676	\$34,303
Overhead	\$464,863	\$218,491
Transportation	\$460,783	\$35,262
Procurement (Community Services, Instruction, Support Services)	\$4,271,348	\$4,271,348
<b>TOTAL</b>	<b>\$5,669,592</b>	<b>\$4,573,609</b>

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## CLARENDON 02

### GOALS, CHALLENGES & ACHIEVEMENTS

#### District Goals

**Mission:** The mission of Clarendon School District 2 is educating children.

1. **Student Achievement:** Increase the graduation rate, reduce the dropout rate and prepare students for college and career readiness.
2. **Increase Community Outreach:** Increase community outreach and provide a strong parenting program.
3. **Improve Teacher Recruitment:** Recruit and retain highly effective teachers and administrators.
4. **Financial Improvement:** Become more financially stable.
5. **Teacher Quality:** Reach 100% highly qualified teachers, as defined by No Child Left Behind (NCLB), in the appropriate content areas and levels by 2018.
6. **Teacher Attendance:** Improve teacher attendance to above 95%.
7. **Facilities Improvement:** Provide support and infrastructure to create an environment which is conducive to learning and safety by means of new construction, renovation, upgrade and repair.

#### Achievements

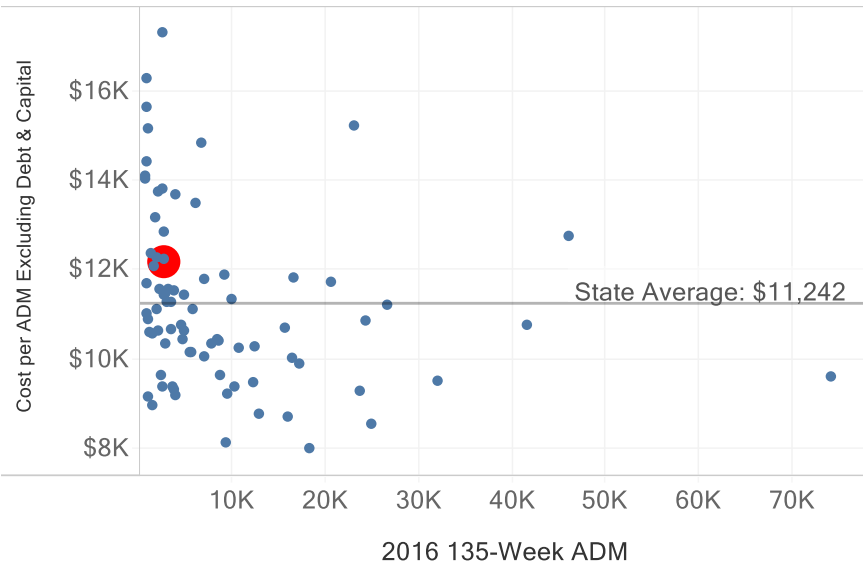
- **Teacher Training:** Provided courses through Francis Marion; specifically, a course that certifies teachers in dealing with issues resulting from high poverty.
- **Teacher Quality:** 98% of teachers were rated Highly Qualified and 60% have masters degrees.
- **Academic Programming:** Created a college credit program and partnership with the Central Carolina Technical College.
- **Grants Management:** Received the Race to the Top grant.

#### Challenges

- **Poverty:** There are high poverty rates in the District.
- **Location Demographics:** Tax rate on the land is low due to the preponderance of agricultural business tax base.
- **Capital Improvement Needs:** Due to aging infrastructure, many capital improvement needs were identified in the strategic plan.
- **Student Achievement:** Student achievement continues to be a challenge across the grade levels.
- **Teacher Recruitment:** Finding incentives to improve teacher recruitment is difficult.
- **Teacher Retention:** The low rate of teacher retention has affected the ability to build stability in the schools.

## KEY OBSERVATIONS

### Per Pupil vs. Enrollment



### District Size and Minimum Costs

#### Minimum Cost Base:

The District must perform and support a fixed, minimum cost structure and does not benefit from economies of scale available to larger districts.

#### Resource Utilization:

The small size of the District requires resources to be leveraged within and across functional areas and often resources wear multiple hats in order to complete key processes.

### Opportunities for Improvement

#### Modernize / Process Improvements:

The District has the opportunity to implement new technologies and streamline processes in order to enhance overall effectiveness of support functions.

#### Collaboration / Maximizing Efficiencies:

Given the small size and spending base of the District, there are a range of collaboration opportunities for cross-district collaboration that will provide the greatest ability to realize efficiencies and generate the highest level of savings. The greater the number of districts collaborating, the greater the efficiencies and effectiveness.

# EXECUTIVE SUMMARY

## CLARENDON 02

### OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
<b>Finance</b>	<ul style="list-style-type: none"> <li>• <b>Financial Management:</b> The District has strong financial stability with sufficient per pupil revenue, significant cash on hand, and a substantial unrestricted fund balance relative to other similar districts.</li> <li>• <b>Limited Staffing / Manual Processes:</b> Limited staffing and under-investment and under-utilization of technology contribute to internal control weaknesses and gaps in financial processes.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• <b>Limited Staffing / Manual Processes:</b> The Human Resources function is operating on a lean budget, with limited staffing and manual processes within payroll, substitute management, recruiting and benefits management.</li> <li>• <b>Challenges with Recruiting and Retention:</b> There is a reliance on agencies for placement of hard to staff positions and use of international teachers to fill numerous vacancies.</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>• <b>Transportation Management:</b> The State directly pays for costs of bus purchasing, maintenance, fuel and a portion of driver salaries. The District is grappling with a consistent 5-10% shortage of bus drivers.</li> <li>• <b>Manual Routing:</b> The District does not have routing software that can be used to help drive routing efficiencies.</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> There is no department dedicated to Procurement, but one FTE takes on purchasing duties within financial management.</li> <li>• <b>Strategic sourcing:</b> The District has little leverage with vendors due to low purchasing volumes. Contracts are negotiated without volume discounts / rebates. There is significant off-contract purchasing and limited collaboration.</li> </ul>
<b>Overhead</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> The Superintendent's job is spread across many functions and is supported by an administrative assistant.</li> <li>• <b>Collaboration:</b> The District participates in the Pee Dee consortium for minority teacher recruitment, teacher evaluation, mentor training, and other informal collaboration efforts.</li> </ul>

## RECOMMENDATIONS

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*School districts' efficiencies identified during the review can best be summarized into two key categories: Modernize and Collaborate*

### **Modernize School District Operations**

- Invest in technology
  - New statewide bus routing software
  - Purchase new or expand existing technologies to minimize “paper-pushing”
  - Drive data quality improvements across district financial and personnel systems
- Streamline people and processes around new technology

### **Collaborate Across Districts**

- Districts can achieve greater economies of scale in administrative (Finance and HR) and procurement functions.
  - Implement a regional shared service model that includes Finance, HR and procurement (at a minimum)
  - Strengthen purchasing collaboration through dedicated volume
- Collaboration will not only drive cost savings, but will increase the effectiveness of the services.

# EXECUTIVE SUMMARY

## CLARENDON 02

### MODERNIZATION RECOMMENDATIONS

*District investment in modernization will help improve the effectiveness of their overall processes and operations on a stand-alone basis.*

MODERNIZATION RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<p><b>System Enhancements:</b> Update software versions and / or add modules to financial systems to facilitate automated and purchase to payment processes, integrated timekeeping and payroll and position control functionality.</p> <p><b>Process Improvements:</b> Modernize processes to limit manual activities and strengthen internal controls.</p> <p><b>Staffing/Organization:</b> Train/cross-train personnel on key financial functions to increase the capabilities and effectiveness of the teams.</p>	<p><b>System Enhancements:</b> Implement new technologies to automate HR processes, such as substitute management and automated time tracking.</p> <p><b>Process Improvements:</b> Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates.</p> <p><b>Staffing and Organization:</b> Train/cross-train personnel on recruiting, talent management and professional development strategies.</p>	<p><b>Process Improvements:</b> Leverage state contracts and group purchasing organizations to optimize spend.</p> <p>Enable other districts to purchase off individually negotiated contracts.</p> <p>Negotiate discounts / rebates for tiered levels of spending using minimum buying commitments as appropriate.</p> <p>Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.</p>	<p><b>System Enhancements:</b> Implement new routing software, GPS, and security cameras on all buses.</p> <p><b>Process Improvements:</b> Staggered Bell Times: - Complete analysis (in conjunction with use of routing software) to evaluate the potential financial benefits of using routing software.</p> <p><b>Staffing / Organization:</b> Utilize routing software and staggered bell times to make routes more efficient and reduce the number of bus drivers necessary for operation.</p>

# EXECUTIVE SUMMARY

## CLARENDON 02

### COLLABORATION RECOMMENDATIONS

*Organizational effectiveness and cost savings opportunities can increase through formal collaboration efforts between districts.*

REGIONAL COLLABORATION OPPORTUNITIES			
FINANCE	HUMAN RESOURCES	PROCUREMENT	OTHER AREAS
<p><b>Accounts Payable and Payroll:</b> Shared Processing; Standardized and automated workflow on approvals</p> <p><b>Potential to add in:</b></p> <ul style="list-style-type: none"> <li>Accounting Entries</li> <li>Financial Reporting</li> <li>General Oversight</li> <li>ERP Systems</li> <li>Grant Compliance and Claiming</li> </ul>	<p><b>Benefits Coordination:</b> Shared Processing and Support</p> <p><b>Potential to add in:</b></p> <ul style="list-style-type: none"> <li>Intl. Recruiting: H1B Process or collaborative</li> <li>System Licenses for Recruiting, Substitute Management, and on-boarding</li> <li>Sharing of instructional resources across varying classroom models</li> </ul>	<p><b>Purchasing Coordination:</b> Collaborate on market intelligence, pricing opportunities, RFP management, contract negotiations, contract management and minimum buying commitments</p> <p>Capitalize on volume discounts and rebates</p> <p>Shared analysis of spending, monitoring and optimization of pricing</p>	<p><b>Transportation:</b> Shared administrative resources</p> <p><b>Facilities/ Maintenance:</b> Shared staffing of key maintenance positions across districts (e.g, HVAC, Electrician, Plumbing)</p> <p><b>Technology:</b> Shared oversight and support functions</p> <p><b>Curriculum:</b> Shared research and development functions</p>

*Governance structures, service level agreements and implementation plans will vary based upon the range of services included and the districts participating in a collaborative model.*

# EXECUTIVE SUMMARY

## CLARENDON 02

### APPROACH TO SAVINGS

#### GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

- Investments and cost savings were estimated based on interviews with District personnel across each functional area, using financial and operational data received from both the state and each district.
- Data provided was benchmarked and analyzed to understand costs, productivity and utilization.
- For more detail on methodology, see Appendix A. Actual savings may vary based on implementation decisions.

#### FINANCE AND HUMAN RESOURCES

- A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within each district.
- A&M estimated a range of potential synergies from district collaboration based on average district spend in key finance and HR functional areas. Synergies will be realized when participating district resources are pooled in a Shared Service Center. For purposes of this analysis, A&M calculated the District level savings by estimating the level of resources that would be required to support two average sized smaller districts at the low end and five districts of varying sizes at the high end.

#### PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the District's procurement spend.
- On a limited basis, A&M reviewed rates paid to individual vendors by multiple districts.
- In order to estimate savings, A&M leveraged the information gathered above and then applied potential savings rates to key spend categories. Savings rates were based upon past experience that our clients have achieved by partnering with A&M on strategic sourcing.

#### TRANSPORTATION

- A&M used data provided by the State to analyze district route mileage, frequency, timing, and volume to estimate potential efficiencies available through the implementation of routing software and staggered bell times.
- Benchmarks were established based on districts currently using routing software and staggered bell times.
- Savings were estimated based on a target benchmark for the District that took into consideration the location, population and rural profile of the each district.
- Estimates include savings for bus drivers, fuel, maintenance and buses.

# EXECUTIVE SUMMARY

## CLARENDON 02

### CONCLUSION: ESTIMATED ONE-TIME INVESTMENT AND ANNUAL SAVINGS

*Preliminary investment and savings estimates for your District are shown below.*

	MODERNIZE Est. One-Time Investment		COLLABORATE Est. Net Annual Savings	
	Low	High	Low*	High
Finance	\$10,000	\$25,000	\$(45,300)	\$76,200
Human Resources	5,000	10,000	0	20,000
Procurement	0	0	126,900	252,900
Transportation – District	N/A	N/A	20,000	30,000
<b>District Total</b>	<b>15,000</b>	<b>35,000</b>	<b>101,600</b>	<b>379,100</b>
Transportation – State	7,000	30,000	29,700	57,000
<b>Total</b>	<b>\$22,000</b>	<b>\$65,000</b>	<b>\$131,300</b>	<b>\$436,100</b>

\* A negative savings amount reflects the need to hire additional resources if collaboration with other districts is not pursued.

*Investment and savings ranges shown above reflect preliminary estimates of impacts of A&M recommendations. These amounts are subject to change based upon the implementation strategies selected. In addition, potential costs associated with additional planning activities are not reflected in these estimates.*



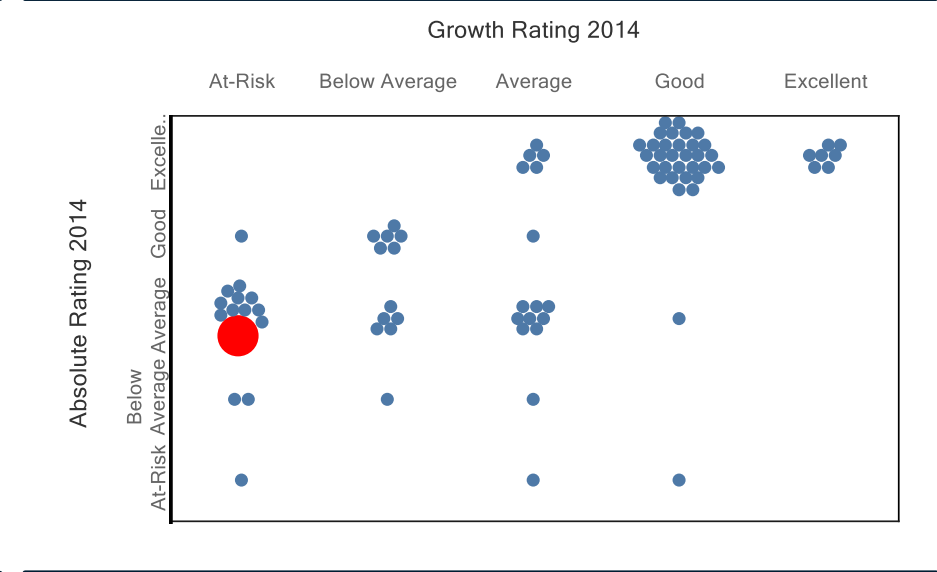
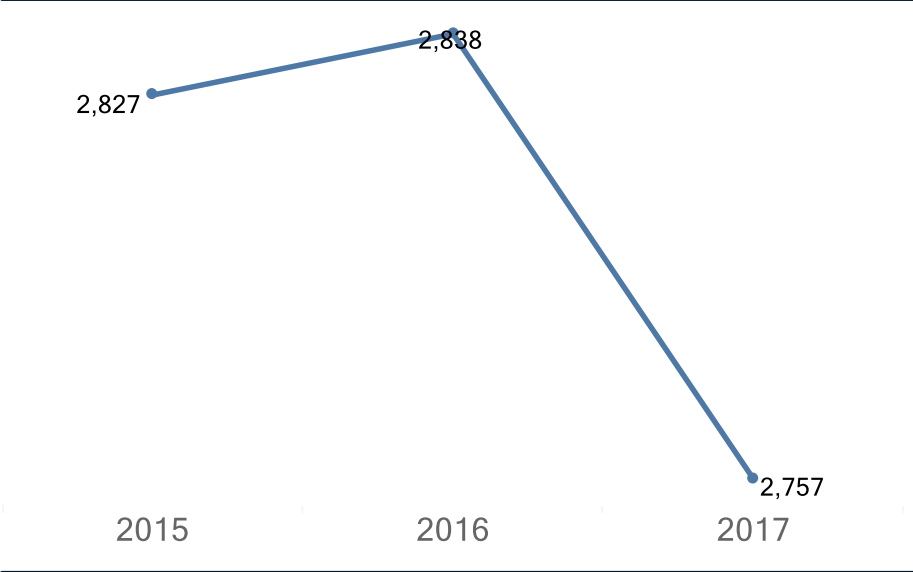
## OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
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- IV. Human Resources
- V. Procurement
- VI. Transportation

# DISTRICT ADMINISTRATION AND PERFORMANCE CLARENDON 02

## Average Daily Membership<sup>[2]</sup>

## Student Achievement<sup>[1]</sup>



## General Info

## Administration

<b>Number of Schools<sup>[2]</sup></b>	<b>6</b>
<b>% Poverty<sup>[1]</sup></b>	<b>84.5%</b>
<b>% Disability<sup>[1]</sup></b>	<b>17.7%</b>
<b>\$ Per Student<sup>[2],[3]</sup></b>	<b>\$12,594</b>
<b>\$ Per Student Excluding Debt &amp; Capital<sup>[2],[3]</sup></b>	<b>\$12,144</b>

<b>Students Per Instructional Services FTE<sup>[2],[4]</sup></b>	<b>9.4</b>
<b>Students Per Overhead FTE<sup>[2],[4]</sup></b>	<b>229.7</b>
<b>Students Per School Support FTE<sup>[2],[4]</sup></b>	<b>40.2</b>
<b>Students to Total FTE<sup>[2],[4]</sup></b>	<b>7.4</b>

# DISTRICT BENCHMARKING

## CLARENDON 02

### Enrollment (2,500 - 5,000)

Abbeville 60	Lexington 04
Anderson 02	Marion 10
Anderson 03	Marlboro
Anderson 04	Orangeburg 03
Chester	Orangeburg 04
Clarendon 02	Spartanburg 01
Dillon 04	Spartanburg 03
Edgefield	Spartanburg 04
Fairfield	Union
Florence 03	Williamsburg
Jasper	York 01
Laurens 56	

### Phase 1 (Yes)

Abbeville 60	Hampton 01
Allendale	Hampton 02
Bamberg 01	Jasper
Bamberg 02	Laurens 55
Barnwell 19	Laurens 56
Barnwell 29	Lee
Barnwell 45	Lexington 04
Berkeley	Marion 10
Chesterfield	Marlboro
Clarendon 01	McCormick
Clarendon 02	Orangeburg 03
Clarendon 03	Orangeburg 04
Dillon 03	Orangeburg 05
Dillon 04	Saluda
Florence 01	Williamsburg
Florence 02	
Florence 03	
Florence 04	
Florence 05	

### Poverty (80% - 85%)

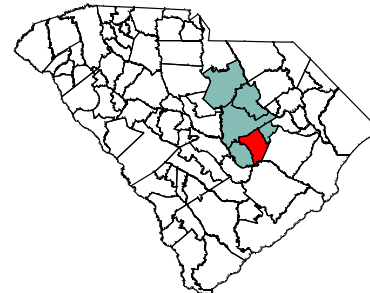
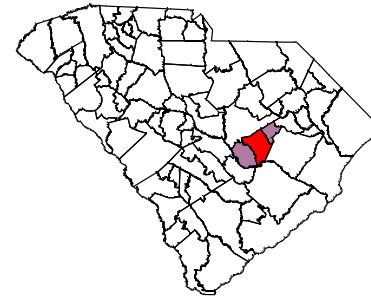
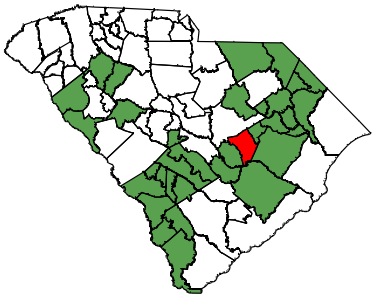
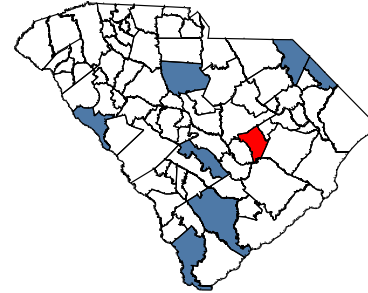
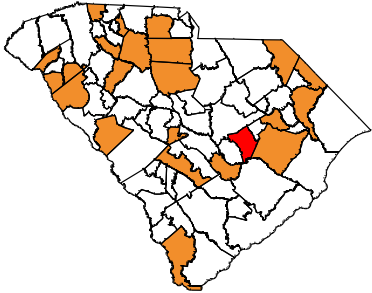
Clarendon 02  
 Colleton  
 Dillon 04  
 Fairfield  
 Jasper  
 Marlboro  
 McCormick  
 Orangeburg 05

### County (Clarendon)

Clarendon 01  
 Clarendon 02  
 Clarendon 03

### Region (Santee Lynches)

Clarendon 01  
 Clarendon 02  
 Clarendon 03  
 Kershaw  
 Lee  
 Sumter

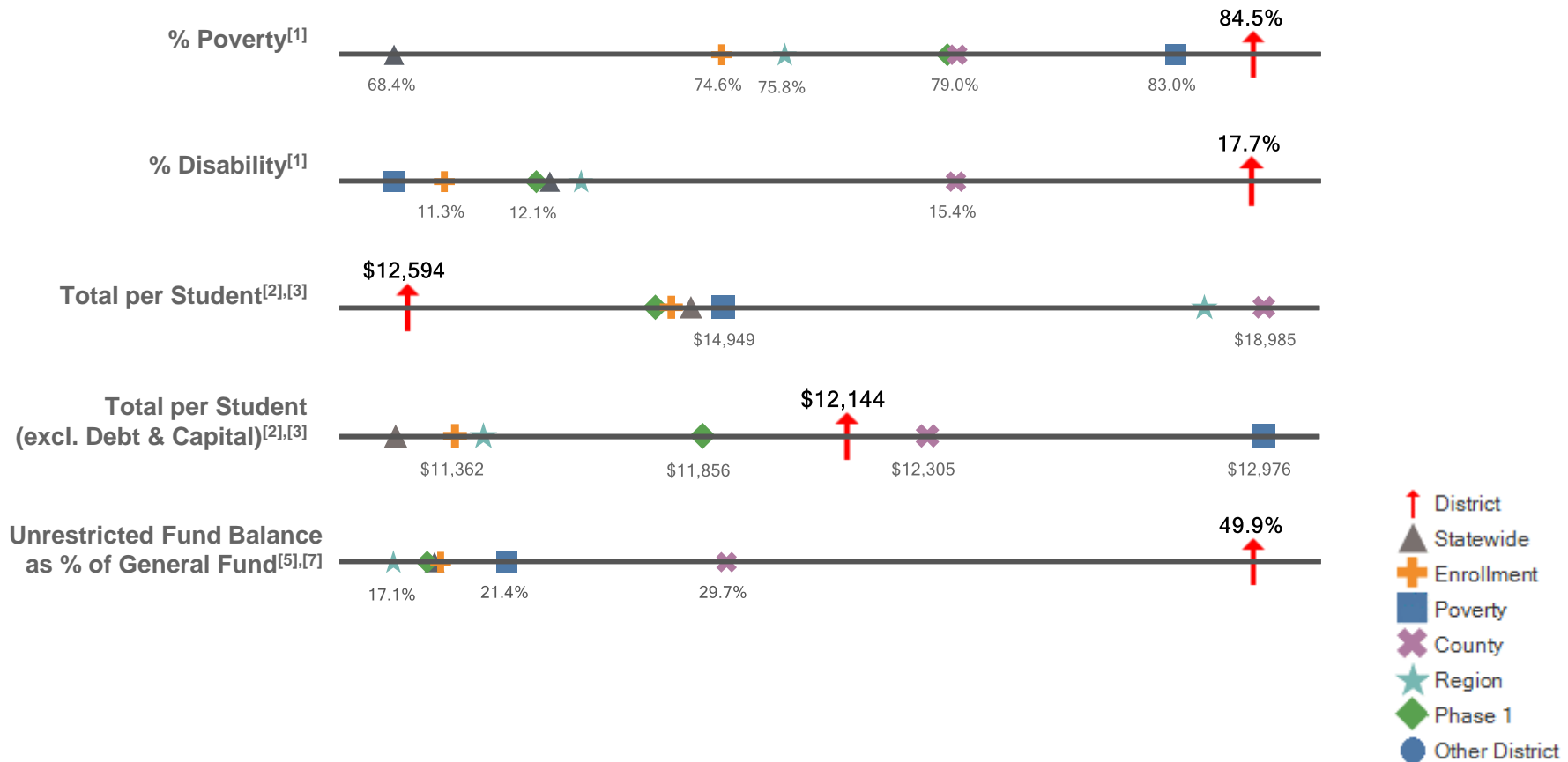


# DISTRICT OVERVIEW

## CLARENDON 02

### KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

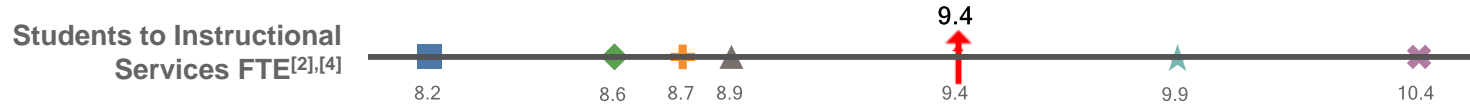
*The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.*



# DISTRICT OVERVIEW

## CLARENDON 02

### KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



- ↑ District
- ▲ Statewide
- ✚ Enrollment
- Poverty
- ✖ County
- ★ Region
- ◆ Phase 1
- Other District

# DISTRICT OVERVIEW AND OVERHEAD

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Enrollment Trends</b>	<ul style="list-style-type: none"> <li>• <b>3-year Enrollment Trend:</b> The District's enrollment has decreased by 70 students, or 2.5%, over the past 3 years.</li> <li>• <b>Student Demographics:</b> The District has poverty rates of 84.5%, qualifies for 100% Free &amp; Reduced Lunch, and has a high percentage of disability relative to peers at 17.7% of the total student population.</li> <li>• <b>Competition:</b> The District has one charter high school with 60 students.</li> <li>• <b>Long-term Planning:</b> The District does not prepare long term enrollment projections to help inform long-term planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Given the recent trends in enrollment, the District should develop a long-term enrollment forecast to anticipate and better plan for enrollment changes, ensuring long term financial stability.</li> </ul>
<b>District Funding and Resource Allocation</b>	<ul style="list-style-type: none"> <li>• <b>Financial Viability:</b> The District has strong financial stability, with sufficient per pupil revenue, significant cash on hand and a substantial Unrestricted Fund Balance.</li> <li>• <b>Per Pupil Expenses:</b> When excluding debt and capital, the District has a moderate Per Pupil Expense of \$12,144 spend relative to other districts with similar levels of enrollment.</li> <li>• <b>Unrestricted Fund Balance:</b> The District has an Unrestricted Fund Balance that is 50% of revenues. The fund balance is higher than the statewide average, resulting in solid financial stability.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the financial stability of the District is maintained, the District should prepare a three to five year financial plan that allows for investment in critical areas of academics and operations while still maintaining a strong fund balance.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD CLARENDON 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>District Funding and Resource Allocation (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Student to FTE:</b> The District's Student to Total FTE ratio of 7.4 is high in comparison to the statewide average of 6.9. The high per pupil has allowed the District to make investments in FTEs to provide student services and operate the schools.</li> <li>• <b>Student to Instructional Services FTE:</b> The Student to Instruction ratio of 9.4 is low relative to the statewide average of 8.9.</li> <li>• <b>Student to Support Services FTE:</b> The Student to Support Services ratio of 40.2 is low relative to the statewide average of 43.8 due to the large number of facilities maintenance workers required to operate the aged school buildings.</li> <li>• <b>Student to Overhead FTE:</b> The Student to Overhead Ratio of 229.7 is on par with the statewide average because of the fixed cost structure required to operate this school district.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider review and reorganization of other direct support areas of the Superintendent, which are outside of the scope of this report, in order to optimize resources and bring spending in line with benchmarks.</li> </ul>
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Role of Superintendent:</b> The Superintendent's job is spread across many functions. In particular, the Superintendent spends a significant amount of time dealing more with non-academic issues such as employee investigations or parental complaints than with strategic issues focused on student achievement.</li> <li>• <b>Communications Function:</b> There is no communications support for the Superintendent's office. The function resides solely with the Superintendent.</li> </ul>	

# DISTRICT OVERVIEW AND OVERHEAD

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Legal:</b> The District has no legal department. If legal advice is required, the District utilizes an external firm to provide support.</li> <li>• <b>Turnover:</b> The Superintendent has overseen the District for the past 15+ years.</li> </ul>	
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• <b>Board Composition:</b> There are nine Clarendon 2 Board members who are appointed by the County Board.</li> <li>• <b>Training:</b> Board members are required to attend new board member orientation.</li> </ul>	
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• <b>Coordination:</b> The District participates in the Pee Dee Consortium for teacher evaluation training and mentor training.</li> <li>• <b>Career Center:</b> The District participates in the multi-district career center at FE Dubose.</li> <li>• <b>Special Education:</b> The District uses multi-district agreements for special education students (i.e., all Clarendon 2 students are sent to Clarendon 3). In addition, the District collaborates with Clarendon 3 on the first year induction program for teachers</li> <li>• <b>Headcount:</b> The District does not share certain FTEs with area districts.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional.</li> </ul>



## OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
- III. Financial Management
- IV. Human Resources
- V. Procurement
- VI. Transportation

FINANCIAL MANAGEMENT OVERVIEW

*The Finance organization is directly responsible for overall fiscal management, resource allocation, budgeting, accounting, financial reporting, payroll, purchasing, accounts payable and cash flow and debt management.*

919 : 1

District Students (ADM)<sup>[2]</sup>

Financial FTE<sup>[4]</sup>

\$95 per Student

Cost of Total Financial Spend<sup>[3]</sup> per Student (ADM)<sup>[2]</sup>

Key statistics for metrics

Financial FTEs <sup>[4]</sup>	3.0
Personnel Expense <sup>[3]</sup>	\$256,717
Non-Personnel Expense <sup>[3]</sup>	\$14,205
Total Financial Expense <sup>[3]</sup>	\$270,922

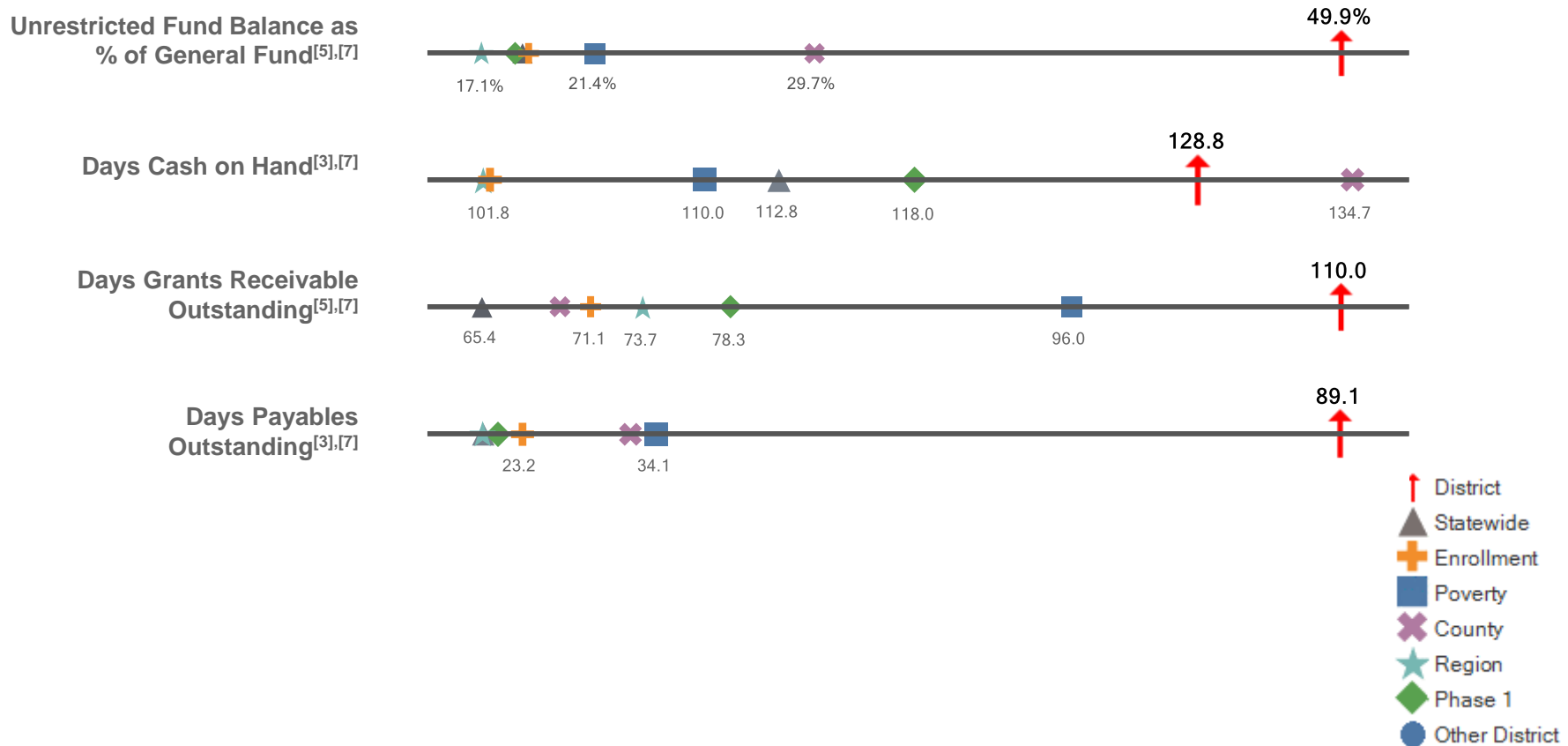
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

# FINANCIAL MANAGEMENT

## CLARENDON 02

### KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

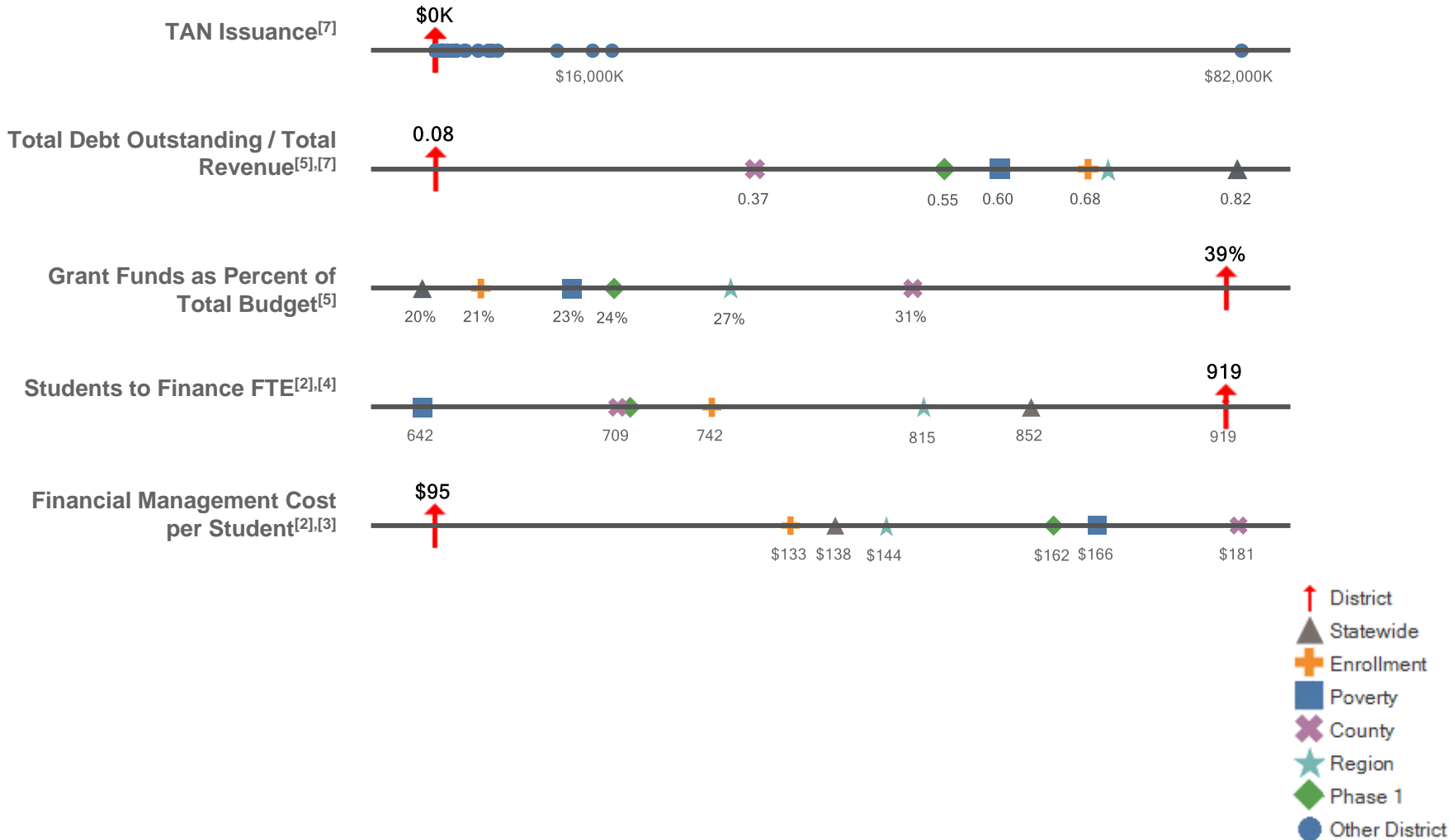
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.



# FINANCIAL MANAGEMENT

## CLARENDON 02

### KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



# FINANCIAL MANAGEMENT

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The Finance organization operates on a lean budget and is thinly staffed to support its scope of roles and responsibilities that include: accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting. Many of the responsibilities are shared responsibilities across the departments in the central office.</li> <li>• <b>Turnover:</b> The department has had no turnover in the past year.</li> <li>• <b>Finance Cost Per Pupil:</b> The Finance Cost per Pupil of \$95 for the District is lower than peers with similar levels of enrollment.</li> <li>• <b>Student Per Finance FTE:</b> The Student per Finance FTE ratio of 919 is high relative to the statewide average of 852, reflecting the lean staffing levels in the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider the addition of one resource in the financial management function to allow for incremental support of budget and accounting functions, to provide financial oversight, and to assist with reporting functions.</li> <li>• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions.</li> </ul>
<b>Payroll and Accounts Payable</b>	<ul style="list-style-type: none"> <li>• <b>Payroll:</b> The District currently runs payroll on a semi-monthly basis.</li> <li>• <b>Platform:</b> The District does not use a self service payroll platform, therefore employee initiated payroll changes are all processed manually. In addition, check pay stubs are printed manually and delivered to schools / employees directly.</li> <li>• <b>Timekeeping:</b> Time tracking is currently managed via manual processes and entered into the payroll system by the finance department.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an automated time-tracking functionality, such as a biometric timeclock, that integrates with the payroll system in order to eliminate the need for manual time sheets.</li> </ul>

# FINANCIAL MANAGEMENT

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Payroll and Accounts Payable</b>	<ul style="list-style-type: none"> <li>• <b>Purchasing:</b> The District does not currently use a centralized purchase order system. Schools are able to secure items and services in accordance with District and state regulations, however, there is no centralized approval process in place.</li> <li>• <b>Pcard Program:</b> The District has a limited use Pcard program.</li> <li>• <b>Inventory:</b> In the FY15 audit, the District was noted for additions and subtractions that had not been added to the capital asset record. The District does not currently conduct centralized inventory processes other than inventory audits at the end of the year. Textbook inventory is managed directly by schools and referenced against inventory listings maintained by the central office, and technology listings are tracked by an IT coordinator.</li> <li>• <b>Insurance and Risk Management:</b> The District currently purchases all property and casualty and workers compensation insurance through the South Carolina School Board Insurance Trust (SCSBIT).               <ul style="list-style-type: none"> <li>- The District does not conduct independent reviews of the SCSBIT's claims management processes or audit the claims.</li> <li>- The District does not have formal risk management policies in place.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Implement policies that require use of a centralized purchase order system by schools and administrative personnel. Leverage automated purchase order work flow systems that can be integrated with the financial systems.</li> <li>• Implement standard policies and procedures around managing physical inventory and ensure that the District's Finance organization is part of the overall process.</li> <li>• The District should implement Risk Management policies and procedures and establish an audit process to assess and evaluate claims (e.g., discovery, investigation, costs/payments) to ensure that favorable resolution alternatives were sought out.</li> </ul>

# FINANCIAL MANAGEMENT

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• <b>Grants Revenue %:</b> Grant revenues provide 39% of revenue for the District, making them significantly more reliant on grant funds than the statewide average.</li> <li>• <b>Grant billing:</b> State and Federal grants are billed on a quarterly basis.</li> <li>• <b>Indirect Costs:</b> The District does not allocate indirect costs against federal grants; rather, the allowable claims standards are used to allocate indirect costs.</li> <li>• <b>Grants Monitoring:</b> Grants monitoring is handled by different central office staff that take responsibility for the significant Title grants. Expenses are tracked through the SmartFusion system and reported to the central grant oversight personnel, with limited review by finance.</li> </ul>	<ul style="list-style-type: none"> <li>• Require Finance to provide for a secondary review process before paying for grant funded activities or submitting claims for reimbursement on grants.</li> <li>• Consider hiring a grant writer that can be shared with other nearby districts to help drive applications for competitive grant opportunities.</li> <li>• Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.</li> </ul>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• <b>F/S Audit:</b> The District was found to have two repeat material weaknesses in its latest single audit long. Several audit adjustments were proposed and posted to correct misstatements.               <ul style="list-style-type: none"> <li>- A repeat issue of untraceable teacher receipts due to lack of proper documentation.</li> <li>- Segregation of Duties: The District was noted for lack of segregation of duties and limited finance personnel for checks and balances.</li> <li>- Control over Disbursements: The District was noted for amounts being expended without purchase orders.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Implement annual review of processes to ensure segregation of duties over key areas of internal control.</li> <li>• Implement processes to ensure that identified internal control weaknesses are mitigated.</li> <li>• Implement budget position control to ensure controls around hiring of individuals.</li> </ul>

# FINANCIAL MANAGEMENT

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Cash Management</b>	<ul style="list-style-type: none"> <li>• <b>Cash Flow Forecasting:</b> The District does not have a formalized weekly cash flow forecasting process.</li> <li>• <b>Grants Receivable Outstanding:</b> The District has a high Days Grants Receivable Outstanding of 110 days.</li> <li>• <b>Days Payable Outstanding:</b> The District's Days Payables Outstanding is worse than the statewide average at 89.1 days outstanding.</li> <li>• <b>Investments:</b> The District does not invest significant excess cash balances in the local investment pool.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines.</li> <li>• Invest excess cash balances in the local investment pool to maximize earnings at times when cash balances are at peak.</li> <li>• Leverage SCAGBO to assist with issuance of TAN and other bond offerings.</li> </ul>
<b>Budget</b>	<ul style="list-style-type: none"> <li>• <b>Budget Planning:</b> The annual budget process begins with projections from the principals and a roll-forward of the prior year expenses. The budget team works extensively with principals and the Superintendent to assess any new needs that are anticipated for the upcoming fiscal year. Once final, there is a working session with the board to incorporate requests and finalize.</li> <li>• <b>Budget Adjustments:</b> Budgets are modified based on changes in Average Daily Membership (ADM) throughout the year.</li> <li>• <b>Fiscal Monitoring:</b> The District produces budget to actual variance reports monthly, performs regular variance analysis and meets with key department heads to review expenses.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for.</li> <li>• Prepare monthly financial reports and variance analysis. Reports should be shared with District leadership and each department head on monthly basis.</li> </ul>

# FINANCIAL MANAGEMENT

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>ERP:</b> The District currently uses Harris SmartFusion for general accounting, payroll and accounts payable, but the District does not use the system to facilitate employee self service for payroll matters and is still currently using manual processes for time-keeping. The District is currently implementing AESOP for time keeping systems, although the system remains largely paper based at this time.</li> </ul>	<ul style="list-style-type: none"> <li>• Explore opportunities to better utilize the existing SmartFusion accounting software and / or upgrade to enhanced functionality that provides automated workflow and approval of purchase orders and automated time tracking that links directly with the payroll system.</li> <li>• Complete process to select an automated and integrated time keeping system and implement prior to start of the next school year.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• <b>Consortium:</b> The District is part of the Pee Dee Consortium in which the Finance directors of individual districts meet quarterly to discuss various topics and the District participates in bulk purchasing through Pee Dee.</li> <li>• The District does not coordinate with others in the region on any transaction processing or Finance related activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the Region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).</li> </ul>



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HUMAN RESOURCES OVERVIEW

*The Human Resources function is responsible for managing the District workforce and is directly responsible for teacher recruitment and retention, ensuring proper certification of personnel, supporting benefits management and coordinating personnel transactions.*

919 : 1

District Students (ADM)<sup>[2]</sup>

Human Resources FTE<sup>[4]</sup>

\$71 per Student

Cost of all HR personnel<sup>[3]</sup> per Student (ADM)<sup>[2]</sup>

Key statistics for metrics

Human Resources FTEs <sup>[4]</sup>	3.0
Personnel Expense <sup>[3]</sup>	\$167,373
Non-Personnel Expense <sup>[3]</sup>	\$34,303
Total Human Resources Expense <sup>[3]</sup>	\$201,676

NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

# HUMAN RESOURCES

## CLARENDON 02

### KEY PERFORMANCE INDICATORS: HUMAN RESOURCES

The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.



# HUMAN RESOURCES

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The Human Resources function operates on a lean budget with limited staffing to support recruiting, retention, personnel relations, benefits and professional development activities.</li> <li>• <b>Human Resources Cost Per Pupil:</b> The HR cost per pupil for the District of \$71 is lower than the statewide average, necessitated by the high teacher turnover rates.</li> <li>• <b>Student Per Human Resources FTE:</b> The Student to HR FTE ratio of 919 is lower than the statewide average.</li> </ul>	<ul style="list-style-type: none"> <li>• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions.</li> </ul>
<b>Recruiting and Retention</b>	<ul style="list-style-type: none"> <li>• <b>Recruiting:</b> Similar to other school districts in the State, recruiting teachers into the District is challenging. The District currently employs 15-18 international teachers over 7% of it's total teaching force and leverages 2-3 different agencies to provide these positions. In addition, the District leverages staffing agencies to fill hard to staff services (Physical Therapy, Occupational Therapy, etc.).</li> <li>• <b>Recruitment Tools:</b> The District attends every career fair in the State.</li> <li>• <b>Teacher Retention:</b> The District's teacher retention rate of 85.2% is lower than the statewide average of 87.6%, indicating that they have a difficult time retaining teachers.</li> <li>• <b>Teacher Pay:</b> The average teacher salary of \$46,285 is below the statewide average of \$47,497.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate opportunities to reduce reliance on international agencies and related administrative fees, either via direct sponsorship, cross-district shared resources or alternative recruitment strategies.</li> <li>• Consider compensation study and / or implementation of incentive programs to recruit and retain teachers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) housing incentive signing; (c) tuition reimbursement; (d) differentiated salaries for hard to staff positions; (e) innovative professional development programs.</li> </ul>

# HUMAN RESOURCES

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Recruiting and Retention (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Teacher Retirement:</b> Many in the teacher workforce are close the retirement, with 10%+ of teachers eligible for retirement at the end of the year.</li> <li>• <b>Substitute Management:</b> The District outsources its management of temporary and substitute staff to Kelly Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct exit interviews to gather information on the causes of employee attrition and use the results of the process to formulate an effective teacher retention plan.</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>Recruiting Tools:</b> The District leverages the AppliTracks software systems for recruiting, application screening, processing and onboarding.</li> <li>• <b>Absence Management:</b> The District does not use software to manage time tracking, substitute management, or employee absences.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement software systems to help manage the substitute management process.</li> <li>• Implement an automated time tracking system that can interface directly with the payroll system.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• <b>Staff:</b> The District has a benefits administrator that oversees the function.</li> <li>• <b>Ineligible Dependents:</b> The District works with the insurance provider to perform a review of each school's spending and employee files.</li> </ul>	<ul style="list-style-type: none"> <li>• Automate the benefits administration process via establishment of an employee portal in which employees could quickly and directly provide their information.</li> <li>• Establish a process with PEBA to conduct a local review of benefit plans for ineligible dependents.</li> </ul>

# HUMAN RESOURCES

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• <b>Coordination:</b> The District participates in the Pee Dee Consortium for teacher evaluation training and mentor training.</li> <li>• <b>Professional Development:</b> The District offers courses in collaboration with Francis Marion University. The Center of Poverty, a division at Francis Marion, provides a certificate program that helps teachers understand how to deal with poverty.</li> <li>• <b>Teacher Induction:</b> Clarendon 2 and 3 collaborate to offer a first year teacher induction program.</li> <li>• <b>District Collaboration:</b> The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include:               <ul style="list-style-type: none"> <li>- Benefits Coordination</li> <li>- Human Resources System Licenses (Frontline)</li> <li>- H1B Process for International Teachers</li> </ul> </li> <li>• Consider creating a regional recruitment and training center focused on teacher recruitment across regional group of districts.</li> </ul>



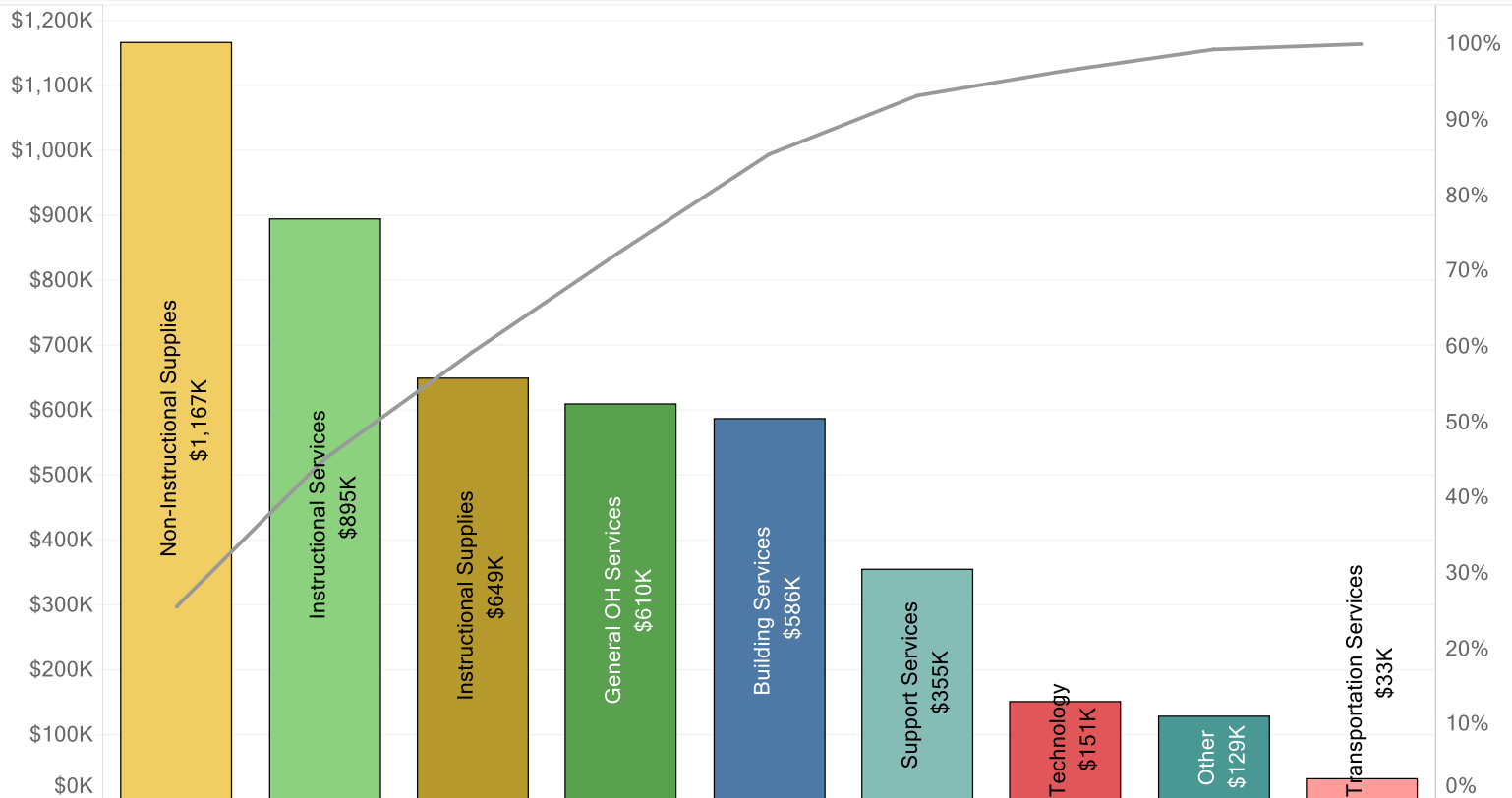
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PROCUREMENT OVERVIEW

*The District is responsible for purchasing all goods and services in accordance with procurement regulations. The chart below shows the District's in scope procurement spend by major category for FY16.*

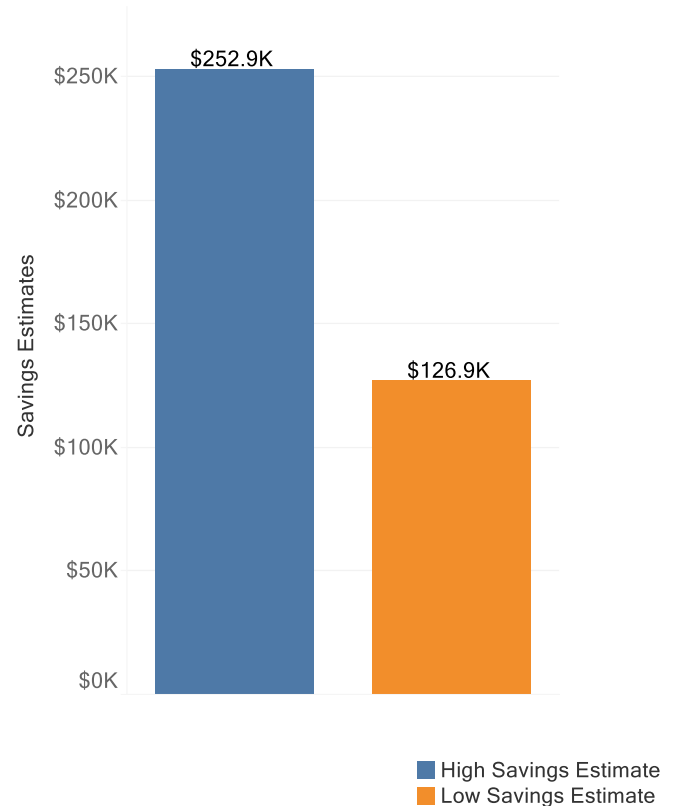
District In Scope Total Procurement Spend = \$4,573,609



**ESTIMATED PROCUREMENT SAVINGS**

*The FY16 expense totals (shown on the previous page), in conjunction with review of the District’s disbursement register, conversations with the District and A&M past experience help form the basis for savings potential estimated by A&M.*

Range of Savings Based A&M Strategic Sourcing Experience <sup>[8]</sup>		
	Low	High
Building Services	2.6%	5.8%
Non-Instructional Supplies	2.0%	4.4%
Instructional Supplies	2.0%	4.4%
Instructional Services	4.8%	8.0%
Support Services	2.1%	5.0%
Technology	2.7%	5.0%
Other	3.0%	5.8%
Overhead Services	2.7%	5.4%
Transportation Services	2.2%	6.8%



# PROCUREMENT CLARENDON 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Organization / Staffing</b>	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The District does not have any staff focused on procurement, but it has one FTE dedicated to purchasing within the financial management function.</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.</li> </ul>
<b>Spending by Vendor</b>	<ul style="list-style-type: none"> <li>• <b>Vendors:</b> Spending is fragmented across more than 600 vendors; however, it is highly concentrated in the top 16 that make up more than 80% of total spending.</li> <li>• <b>Process:</b> Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across districts are not made.</li> <li>• <b>Approval Process:</b> Approvals are made by principal, human resources, or the Superintendent having final sign-off based on funding. Most purchases are approved at the school level, except equipment purchases, which must go through the Superintendent.</li> <li>• <b>RFPs:</b> The District issued 21 RFPs last year.</li> <li>• <b>Statewide contracts:</b> The District uses State contracts for office supply, technology, and food.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Group Purchasing:</b> Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include supplies and technology.</li> <li>• Standardize requirements and specifications for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power within the District and enable volume pricing discounts. Contract options may take the form of: (a) state contracts; (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts.</li> <li>• Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.</li> <li>• Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts.</li> <li>• Where appropriate, include Most Favored Nation (MFN) clauses into contracts that require the vendor to provide the District pricing that is no higher than the price it provides to any other buyer, now or during the term of the agreement.</li> </ul>

# PROCUREMENT CLARENDON 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Spending by Category</b>	<ul style="list-style-type: none"> <li>• <b>Building and Maintenance:</b> The District puts RFPs out for large construction projects and tries to use local vendors for routine maintenance.</li> <li>• <b>Food Services:</b> The District does not collaborate with other districts for the purchase of dairy or bread.</li> <li>• <b>Instructional Support Services and Supplies - Procurement Exemptions:</b> The District does not require procurement of instructional support software to be placed out to bid, and does not procure these services and software in collaboration with any other districts.</li> <li>• The District currently relies on several vendors including: FACES and Educational Partners International for international staffing, Soliant Health for special education services, and Kelly Services for temporary staffing.</li> <li>• <b>Technology – Standardization:</b> The District is expanding its 1:1 initiative and is utilizing Apple Financial Services to lease technology as part of the Race To The Top Grant. At the end of the lease lifecycle, the District may renew for a fee or buy the technology at a reduced cost. The District does not coordinate technology purchases with other nearby districts.</li> <li>• <b>Non-instructional Supplies - Contracting Vehicles:</b> The District utilizes the State contract for purchasing office supplies, food service and technology (Encore).</li> </ul>	<ul style="list-style-type: none"> <li>• Require instructional software purchases to conform to standard procurement guidelines for bids and proposals in order to enable to best pricing. Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts.</li> <li>• Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts.</li> <li>• Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts.</li> </ul>

# PROCUREMENT CLARENDON 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Regional Collaboration</b>	<ul style="list-style-type: none"><li>• <b>Consortium:</b> The District participates with other Pee Dee consortium districts on procurement initiatives.</li></ul>	<ul style="list-style-type: none"><li>• Consider combining resources to create a regional procurement function across districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management.</li><li>• A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include:<ul style="list-style-type: none"><li>- Technology</li><li>- Instructional Software and Services</li><li>- Instructional Staffing</li><li>- Supplies</li></ul></li></ul>



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# TRANSPORTATION

## CLARENDON 02

### TRANSPORTATION OVERVIEW: STATE VS. DISTRICT

*Responsibility for school transportation operations is uniquely shared by the State and the District. The cooperative relationship allows school transportation to maximize operational efficiencies by leveraging economies of scale and regionalizing bus operations across small districts.*

Transportation Operations	State Responsibility	District Responsibility
Bus Purchases	<ul style="list-style-type: none"> <li>Provides buses for regular, special needs and other routes. Statute requires buses be replaced every 15 years.</li> </ul>	<ul style="list-style-type: none"> <li>Activity buses and any incremental buses for routing</li> </ul>
Daily Administration	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Student transportation enrollment; daily administration</li> </ul>
Bus Drivers	<ul style="list-style-type: none"> <li>Base pay, certification standards and training</li> </ul>	<ul style="list-style-type: none"> <li>Hiring</li> </ul>
Routing	<ul style="list-style-type: none"> <li>Routing software for districts</li> </ul>	<ul style="list-style-type: none"> <li>Determination of routes</li> </ul>
Maintenance	<ul style="list-style-type: none"> <li>Regional maintenance shops for State-owned buses</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for maintaining district purchased buses</li> </ul>
Fuel	<ul style="list-style-type: none"> <li>Fuel provided for State-owned buses</li> </ul>	<ul style="list-style-type: none"> <li>Fuel must be purchased for district-owned bus</li> <li>District must pay for "hazard" routes</li> </ul>
Safety Cameras	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>District must purchase</li> </ul>
GPS / Bus Tracking	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>District must purchase</li> </ul>
Stop-arm cameras	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>District must purchase</li> </ul>
Radios / cell	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>District must purchase</li> </ul>

TRANSPORTATION OVERVIEW

*The District is responsible for the administration of student transportation which includes bus routing, hiring of bus drivers and daily coordination of student transportation.*

14 Years

Avg. Age of State Provided Bus Fleet<sup>[9]</sup>

\$162 per Student

Cost of District incurred transportation related expenses. State related expenses are excluded <sup>[2],[3]</sup>

Key statistics for metrics

Transportation FTEs <sup>[4]</sup>	17.5
Personnel Expense <sup>[3]</sup>	\$425,521
Non-Personnel Expense <sup>[3]</sup>	\$35,262
Total Transportation Expense <sup>[3]</sup>	\$460,783

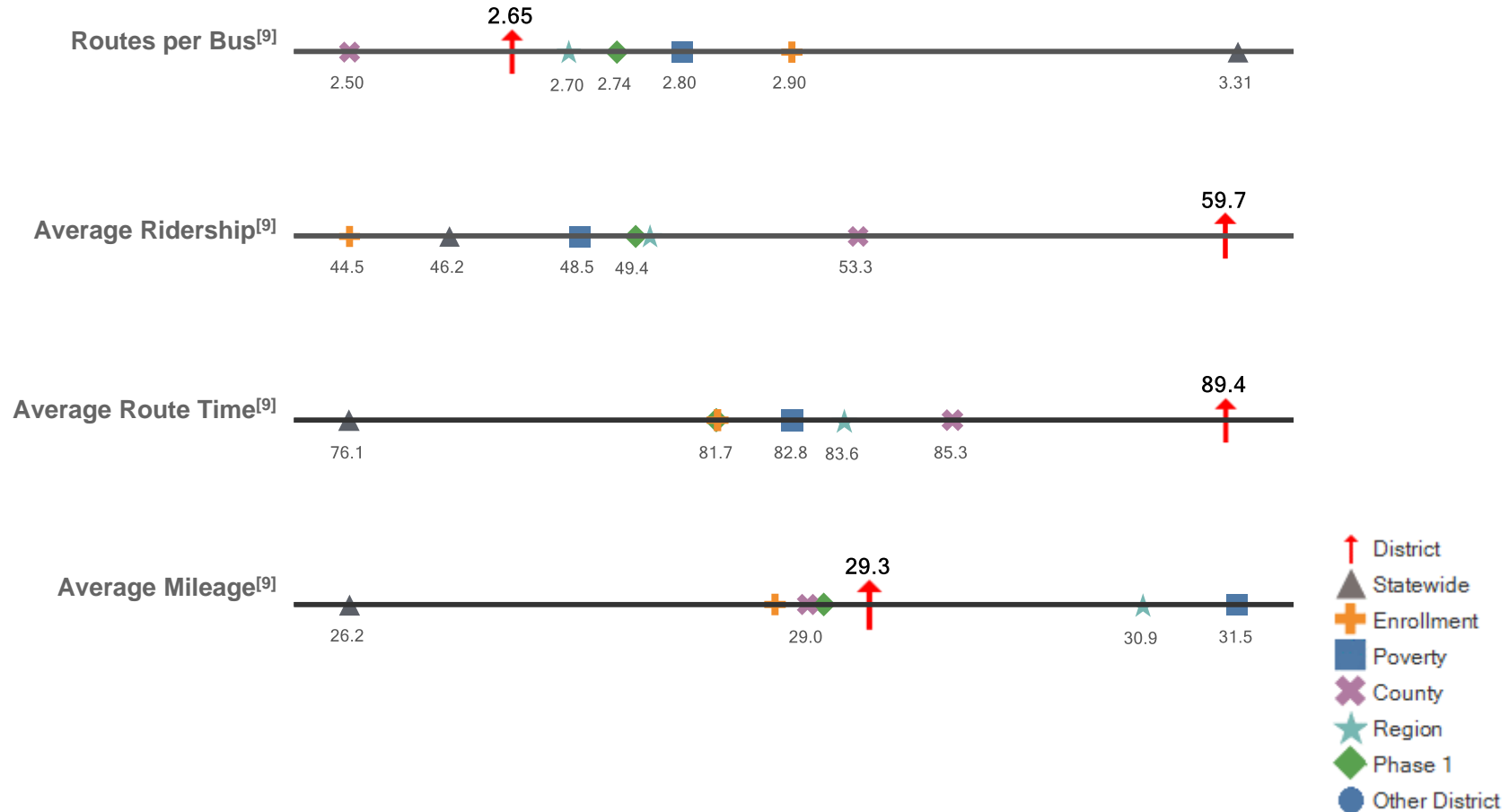
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

Key statistics for State Routes	# Buses <sup>[9]</sup>	# Routes <sup>[9]</sup>	Routes per Bus <sup>[9]</sup>	Ridership <sup>[9]</sup>	Avg Ridership <sup>[9]</sup>	Avg Route Time (including dead time) <sup>[9]</sup>	Avg Mileage per Bus <sup>[9]</sup>
Regular	16.6	44	2.6	2,625	60	89	29
Special Needs	2.0	6	3.0	58	10	Not-Available	47
Other	2.4	13	5.5	527	41	Not-Available	12
Total	21.0	63	3.0	3,210	N/A	N/A	N/A

# TRANSPORTATION CLARENDON 02

## KEY PERFORMANCE INDICATORS: REGULAR ROUTES ONLY

The metrics below show how the District compares to other districts for key operating metrics on transportation routing for general education students.



# TRANSPORTATION CLARENDON 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Management:</b> The District has a transportation supervisor and director of operations.</li> <li>• <b>Driver Shortages:</b> The District experiences driver shortages and has a difficult time recruiting bus drivers. The District typically has a 5-10% shortage of bus drivers. The District does not have a pool of substitute drivers; therefore, routes are frequently adjusted to deal with shortages.</li> <li>• <b>Driver Roles:</b> Many of the bus drivers in the District have dual roles and are employed as aides, food workers or custodians to offer full time employment opportunities at the District.</li> <li>• <b>Bell Times:</b> The District does not have staggered bell times but runs staggered bus routes with the earliest routes starting as early as 5:27am. Given all schools start at the same time, students regularly arrive at school up to an hour before school starts.</li> <li>• The District doubles up routes when there are bus driver shortages which results in significantly longer routes.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider partnering with surrounding districts to evaluate opportunities to better utilize bus fleet, analyze route efficiencies and bus driver sourcing.</li> <li>• Implement a substitute/back up driver pool in collaboration with nearby districts.</li> <li>• Use an automated calling system to fill needed driver substitute vacancies.</li> </ul>

# TRANSPORTATION

## CLARENDON 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Routing and Bus Management</b>	<ul style="list-style-type: none"> <li>• <b>Routing:</b> The District does not utilize routing software.</li> <li>• <b>Tracking:</b> The District does not have GPS on its buses.</li> <li>• <b>Communications:</b> The District does not have radios on buses and provides cell phones to drivers for communications while on routes.</li> <li>• <b>Security:</b> <ul style="list-style-type: none"> <li>- The District does not have security cameras on all buses.</li> <li>- The District does not have stop-arm cameras on buses.</li> </ul> </li> <li>• <b>Activity Buses:</b> The District uses the State fuel for activity buses.</li> <li>• <b>Hazardous Routes:</b> The District will follow state guidelines unless there is a hazardous route, in which case, the child will be picked up on the route.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of staggered bell times will 1) reduce the number of drivers needed, 2) eliminate the need for double bus runs, 3) reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students.</li> <li>• Implement routing software to ensure most efficient routes.</li> <li>• Install GPS on buses to monitor bus routes and ensure most efficient route.</li> <li>• Install security cameras and stop-arm cameras on buses to increase child safety and security on bus.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not collaborate with surrounding districts on transportation.</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage the state maintenance hubs for activity buses.</li> <li>• Consider partnering with districts that are also transporting children to other out of district placements.</li> </ul>

# APPENDIX A: SAVINGS METHODOLOGY



# APPENDIX A: SAVINGS METHODOLOGY

## CLARENDON 02

### APPROACH TO SAVINGS

#### GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

- Investments and cost savings were estimated based on interviews with District personnel across each functional area and using financial and operational data received from both the State and each district.
- Data provided was benchmarked and analyzed to understand costs, productivity and utilization.
- For more detail on methodology, see Appendix A.

#### FINANCE AND HUMAN RESOURCES

- A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within each district.
- A&M estimated a range of potential synergies from district collaboration based on average district spend in key finance and HR functional areas. Synergies will be realized when participating district resources are pooled in a Shared Service Center. For purposes of this analysis, A&M calculated the District level savings by estimating the level of resources that would be required to support two average sized smaller districts at the low end and five districts of varying sizes at the high end.

#### PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the District's procurement spend.
- On a limited basis, A&M reviewed rates paid to individual vendors by multiple districts.
- In order to estimate savings, A&M leveraged the information gathered above and then applied potential savings rates to key spend categories. Savings rates were based upon past experience that our clients have achieved by partnering with A&M on strategic sourcing.

#### TRANSPORTATION

- A&M used data provided by the State to analyze the District route mileage, frequency, timing, and volume to estimate potential efficiencies available through the implementation of routing software and staggered bell times.
- Benchmarks were established based on districts currently using routing software and staggered bell times.
- Savings were estimated based on a target benchmark for the District that took into consideration the location, population and rural profile of the each district.
- Estimates include savings for bus drivers, fuel, maintenance and buses.

### APPROACH TO SAVINGS: OTHER CONSIDERATIONS

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➤ **State-wide Benchmarking Data:**

- A&M has compiled a robust set of benchmarks and metrics to compare staffing and spending levels at each district. A&M has provided the State Education Department with access to a live database and analytics dashboard to enable cross-district analytics and gain further insights into the rationale behind A&M's observations and recommendations.

➤ **Implementation:**

- Implementation of certain recommendations included in this report will require one-time investments in order to achieve savings. A&M has developed preliminary estimates for these costs that will likely need to be refined as additional information regarding decisions on implementation plans and approach become available.

**SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT**

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**PEOPLE**

Estimates were developed by function and by sub-function to determine staffing levels on a stand-alone basis and post-implementation of a regional shared services model.

**TECHNOLOGY**

Technology investments were identified based on the need to automate processes for each function and determination of shared costs by school district.

**Functional Review  
Operating Model Components**



**PROCESS**

Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

**ORGANIZATION**

An analysis of each organization's staffing levels on an As-Is Basis, against peer benchmarks, and in a regional collaborative model were conducted to assess overall efficiency and effectiveness.

# APPENDIX A: SAVINGS METHODOLOGY

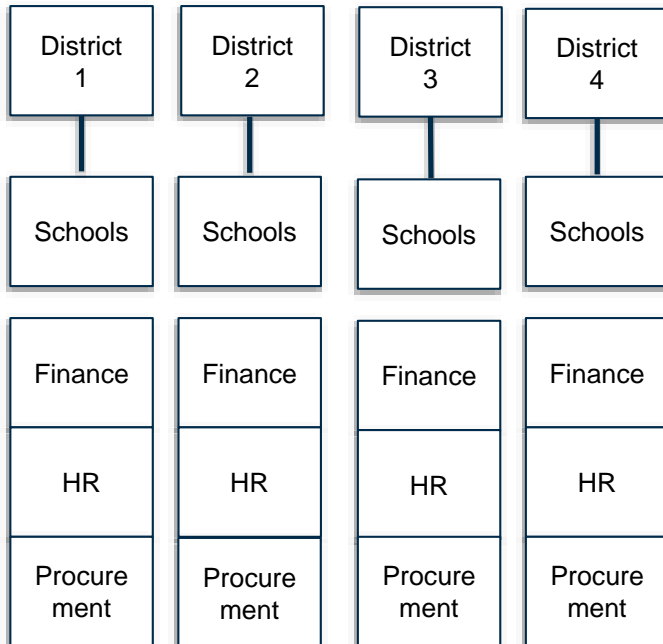
## CLARENDON 02

### COLLABORATION: SHARED SERVICE MODELS

*Given the limited spending across the different areas within scope and the fixed cost requirements of these functions, it is necessary to consider collaboration alternatives when looking for ways to optimize efficiency.*

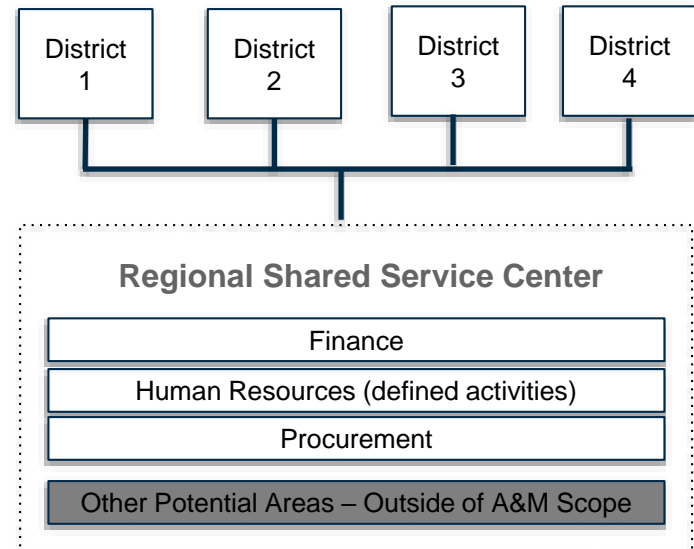
#### CURRENT STATE: STAND ALONE DISTRICT

*Infrastructure for transactional processes repeated in individual districts; limited economies of scale*



#### COLLABORATION ALTERNATIVE

*Shared expertise and improved controls leverages scale to reduce aggregate costs and enhance efficiency*



*Collaboration provides a pathway to optimizing effectiveness and efficiencies across processes, capturing economies of scale, increasing standardization and addressing common challenges faced by all districts.*

# APPENDIX A: SAVINGS METHODOLOGY

## CLARENDON 02

### SHARED SERVICES MODEL: SAVINGS APPROACH

Cost savings potential from a Shared Services Model will vary greatly depending upon: (1) the number of districts; (2) the sizes of districts opting to work together and (3) the services functions that are included in the shared services center.

In order to develop a range of savings that a collaboration model would yield, A&M considered collaborations of multiple types and amounts of districts. An example of the range of options considered for financial management collaboration is shown below.

	Financial Management Collaboration: Two Districts [Both Small]		
	Current State	Collaboration Model	Savings
# of Districts	2	2	NA
Total ADM	2,500	2,500	NA
Total FTEs <sup>(1)</sup>	4.75	4.00	0.75
Total Spend <sup>(1)</sup>	\$468,856	\$427,128	\$41,728
Savings %			8.9%

*(1) Total FTEs and Total Spend based upon average FTEs of average spend of two small districts (less than 2,500 enrollment). Actual results may vary depending upon districts opting to collaborate.*

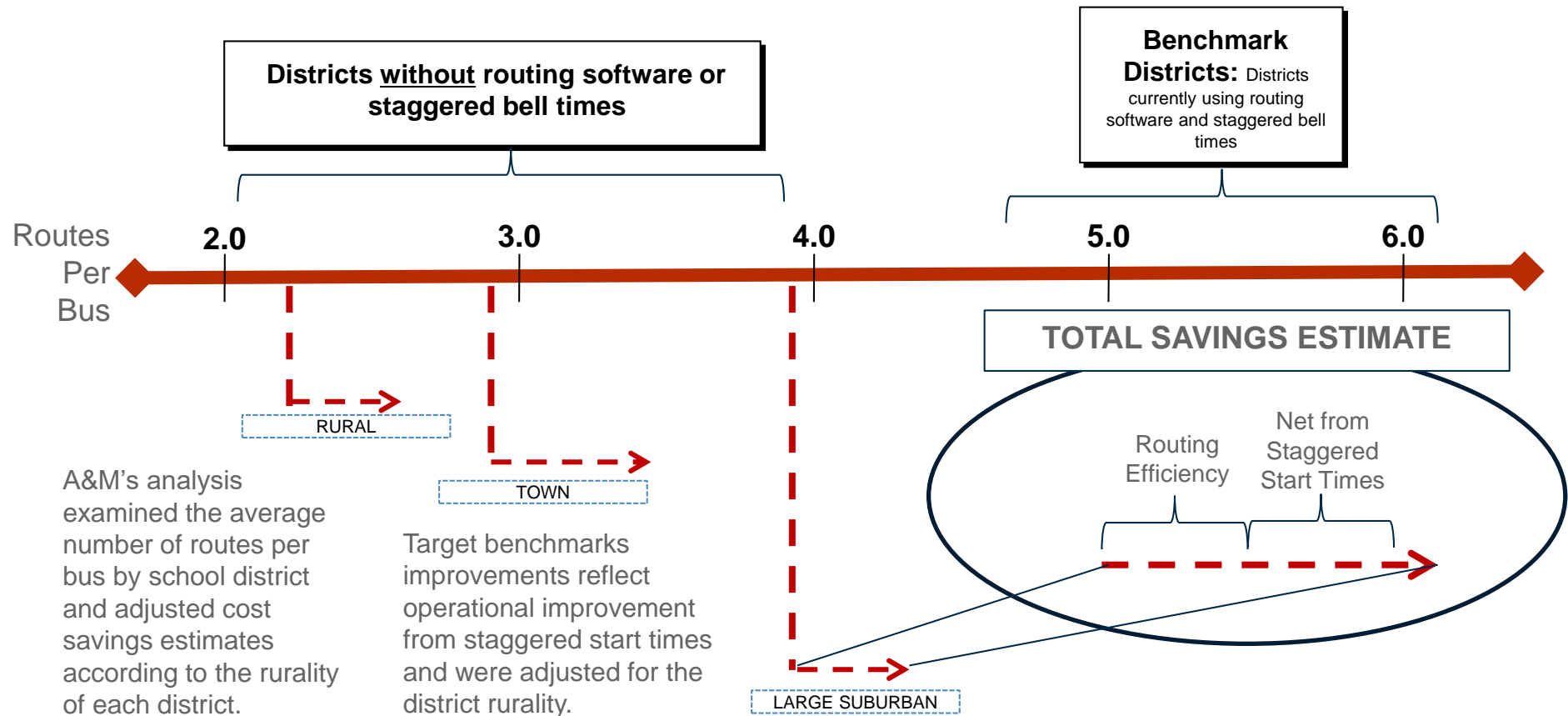
	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	Collaboration Model	Savings
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs <sup>(2)</sup>	18.9	13.0	6.0
Total Spend <sup>(2)</sup>	\$2,409,840	\$1,684,478	\$725,326
Savings %			30.1%

*(2) Total FTEs and Total Spend based upon average FTEs and average spend of one large district (>10,000 ADM), one medium district (between 5,000 and 10,000 ADM) and 3 small districts (less than 2,500 enrollment).*

**Preliminary estimates, excluding costs of one-time investments related to technology and organizational changes, of potential savings from collaboration of financial management functions across districts range from 8.9% to 30.1%.**

TRANSPORTATION ROUTING: SAVINGS APPROACH

*Implementation of new routing software can help districts optimize existing routes and evaluate alternative routing strategies, such as staggered bell times.*



# APPENDIX A: SAVINGS METHODOLOGY

## CLARENDON 02

### TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

#### DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

#### Savings from Routing Efficiencies

A&M analyzed districts' route mileage, frequency, timing and volume to estimate potential efficiencies available through the implementation of routing software.

This analysis separates the district and state portions of estimated cost savings according to the amount of reimbursement the state provides to each district.

Fuel and maintenance savings are based on state cost per vehicle mile.

The reduction in buses is the result of a reduction in the need to purchase new buses per year across the plaintiff districts.

DISTRICT A	VOLUME	UNIT	DISTRICT	STATE
DRIVERS	5.0	\$ 19,390	\$ 55,051	\$ 37,238
FUEL	43,560	\$ 0.15	\$ -	\$ 6,749
MAINTENANCE	43,560	\$ 0.34	\$ -	\$ 14,595
BUSES (COST AVOIDANCE)	1.0	\$ 60,000	\$ -	\$ 60,000
TOTAL			\$ 55,051	\$ 118,582

***Cost savings from more efficient routing are significant, with savings shared between the districts and the State.***

# APPENDIX A: SAVINGS METHODOLOGY

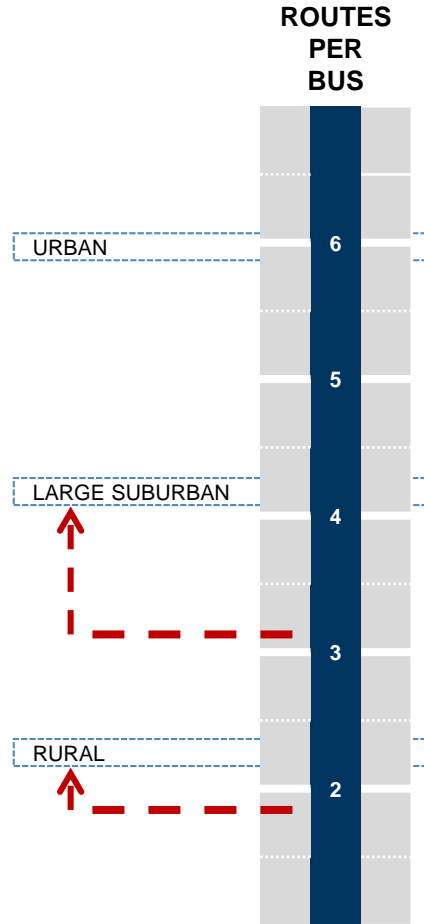
## CLARENDON 02

### TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

#### Savings from Increased Utilization:

A&M's analysis examined the average number of routes per bus by school district and adjusted cost savings estimates according to the rurality of each district.

Target benchmark improvements are shown in the graphic to the right reflecting operational improvement and adjusting for the district rurality.



#### DISTRICT EXAMPLE COST SAVINGS OPPORTUNITIES FROM STAGGERED SCHOOL START TIMES

DISTRICT A	VOLUME	UNIT	DISTRICT	STATE
<b>DRIVERS</b>	2.0	\$ 19,390	\$ 23,133	\$ 15,647
<b>FUEL</b>	-	\$ 0.15	\$ -	\$ -
<b>MAINTENANCE</b>	2.0	\$ 4,138	\$ -	\$ 8,276
<b>BUSES (COST AVOIDANCE)</b>	-	\$ 60,000	\$ -	\$ -
<b>TOTAL</b>			\$ 23,133	\$ 23,923

*Staggered bell times would help reduce routes and the number of buses required.*

# APPENDIX A: SAVINGS METHODOLOGY

## CLARENDON 02

### COLLABORATION: PURCHASING COORDINATION AND AGGREGATION

Given the size of many of the individual districts, there is little leverage to negotiate best pricing or invest in resources needed to develop or implement a defined procurement strategy. These districts would benefit from greater purchasing coordination, aggregation of buying power and minimum commitments in order to improve overall pricing.

#### EXAMPLES OF STATE-WIDE PROCUREMENT OPPORTUNITIES

##### Example 1: Differentiated Pricing in Professional Services

District	Labor Rate Mark-up for Temporary Staff
District A	0.43 to 0.49
State Contract	0.40
District B	0.39

- At a minimum, many districts could benefit from leveraging State contracts. Districts could additionally benefit from favorable pricing negotiated by other districts.

##### Example 2: Volume Discounts and Rebates with a Technology Vendor

Minimum \$ Value	Discount
\$50,000	1%
\$100,000	2%
\$200,000	4%
\$500,000	6%
\$1,000,000	8%

- Nearly all districts could benefit from additional discounts by aggregating spend statewide.

# APPENDIX A: SAVINGS METHODOLOGY

## CLARENDON 02

### PURCHASING COORDINATION AND AGGREGATION: SAVINGS APPROACH

In order to develop a range of savings that a purchasing consortium would yield, A&M estimated savings based on current district spend and applied savings ranges based on the experience that our clients have achieved by partnering with A&M on strategic sourcing.

To determine actual savings amounts by District, A&M applied the savings ranges to FY16 expenditure data from the State. The expenditure data from the State is summarized at function and major object codes.

Given the approach to estimate savings was a top-down approach rather than a bottom-up approach of savings by vendor, the estimates of savings achieved through purchasing coordination are high-level estimates.

	Range of Savings: A&M Strategic Sourcing Experience	
	Low	High
Building Services	3.2%	7.2%
Non-Instructional Supplies	2.5%	5.5%
Instructional Supplies	2.5%	5.5%
Instructional Services	6.0%	10.0%
Support Services	2.6%	6.2%
Technology	3.4%	6.3%
Other	3.7%	7.3%
Overhead Services	3.4%	6.7%
Transportation Services	2.8%	8.5%

*Preliminary estimates of potential savings from increased collaboration of purchasing across districts range from 2.0% to 5.1%.*

# APPENDIX B: DATA SOURCES



# APPENDIX B: DATA SOURCES

## CLARENDON 02

### [1] FY 16 District Report Card

#### [2] State-provided enrollment numbers:

- **FY 15 135-Day ADM:** The only use of the FY 15 enrollment numbers is for the enrollment trend
- **FY 16 135-Day ADM:** All calculations made using FY 16 expense data and enrollment data rely on the FY 16 135-Day ADM
- **FY 17 45-Day ADM:** All calculations made using FY 17 personnel data and enrollment data rely on the FY 17 135-Day ADM

\*Number of schools calculated using state ADM files

#### [3] State-provided FY 16 district expenses

\*In-scope procurement and categorization is determined by a mapping completed by A&M based on expense function & object codes. These values exclude all expenses where fund code = 400, 500, or 700 (Debt, Capital, and Pupil Activity funds respectively).

#### [4] District-provided FY 17 personnel rosters

#### [5] State-provided FY 16 district revenue

#### [6] A&M Functional Area Mapping

- If "Function Code" begins with 1## Then "Instruction"
- If "Function Code" = 252, 257, or 259 Then "Financial Management"
- If "Function Code" = 264 Then "Human Resources"
- If "Function Code" = 231, 232, 261, 262, or 265 Then "Overhead"
- If "Function Code" = 251 or 255 Then "Transportation"
- If "Function Code" begins with 2## and not in lists above Then "Support Services"
- If "Function Code" begins with 3## Then "Community Services"
- If "Function Code" begins with 4## Then "Other"
- If "Function Code" begins with 5## Then "Debt"

#### [7] FY 16 Comprehensive Annual Financial Report (CAFR)

#### [8] Historical A&M Procurement Savings and assumption of district collaboration in the procurement function

#### [9] FY 16 State-provided transportation data

# APPENDIX B: FORMULAS DEFINED

## CLARENDON 02

### Sources [2],[3]

- \$ Per Student = Total Cost <sup>[3]</sup> / FY 16 135-Day ADM <sup>[2]</sup>
- \$ Per Student Excluding Debt & Capital = Total Cost <sup>[3]</sup> / FY 16 135-Day ADM <sup>[2]</sup> (Where Fund Name ≠ “Capital Projects Fund” or “Debt Service Fund”)
- Financial Management Cost per Student = Total Cost <sup>[3]</sup> (Where A&M Functional Group = “Financial Management” and Fund Name ≠ “Capital Projects Fund” or “Debt Service Fund”) / FY 16 135-Day ADM <sup>[2]</sup>
- HR Cost / Student = Total Cost <sup>[3]</sup> (Where Function Code = “Human Resources”) / FY 16 135-Day ADM <sup>[2]</sup>
- Transportation Cost / Student = Total Cost <sup>[3]</sup> (Where A&M Functional Group = “Transportation”) / FY 16 135-Day ADM <sup>[2]</sup>

### Sources [2],[4]

- Students Per Instructional Services FTE = FY 17 45-Day ADM <sup>[2]</sup> / FTE <sup>[4]</sup> (Where Category Description = “Instruction,” “Instructional Staff Services,” “School Administration,” or “Pupil Services”)
- Students Per Overhead FTE = FY 17 45-Day ADM <sup>[2]</sup> / FTE <sup>[4]</sup> (Where Category Description = “Gen Admin,” “Finance,” “Technology,” “Central Services,” or “Human Resources”)
- Students Per School Support FTE = FY 17 45-Day ADM <sup>[2]</sup> / FTE <sup>[4]</sup> (Where Category Description = “Food Services,” “Facilities,” “Transportation,” “Support Services” or “Community Services”)
- Students to All Positions = FY 17 45-Day ADM <sup>[2]</sup> / FTE <sup>[4]</sup>
- Students To Total FTE = FY 17 45-Day ADM <sup>[2]</sup> / FTE <sup>[4]</sup>
- ADM to Financial FTE = FY 17 45-Day ADM <sup>[2]</sup> / FTE<sup>[4]</sup> (Where Category Description = “Finance”)
- ADM to HR FTE = FY 17 45-Day ADM <sup>[2]</sup> / FTE <sup>[4]</sup> (Where Category Description = “Human Resources”)

# APPENDIX B: FORMULAS DEFINED

## CLARENDON 02

### Source [5]

- Grant Funds as Percent of Total Budget =  $((\text{Total Special}^{[5]} + \text{Special EIA Revenue}^{[5]}) / \text{Total Revenue Excluding})$  Where Fund Name  $\neq$  "Capital Projects Fund" or "Debt Service Fund"
  - \* Special Revenue = Fund Code 200
  - \* Special EIA Revenue = Fund Code 300
  - \* Debt & Capital = Fund Code 400 & 500

### Source [3],[7]

- Days Cash on Hand =  $(\text{Cash: Unrestricted, general fund}^{[7]} + \text{Investments: general fund}^{[7]} + \text{AR: County}^{[7]}) / (\text{General Fund Expenditures}^{[3]} / 365)$ 
  - \*General Fund Expenditures = expenses where fund code = 100
- Days Payable Outstanding =  $(\text{Accounts Payable: General Fund}^{[7]} / (\text{Non-Personnel Expenditures}^{[3]} / 365))$ 
  - \*Non-Personal Expenditures = expenses where Object Code between 300 – 700

### Source [5],[7]

- Unrestricted Fund Balance as % of General Fund =  $\text{Fund balance} - \text{unrestricted}^{[7]} / \text{General Fund Revenue}^{[5]}$
- Grants Receivables Days Outstanding =  $(\text{Grants Receivable from State}^{[7]} + \text{Grants Receivable from Federal}^{[7]}) / (\text{total grant funds from statewide revenues}^{[5]}/365)$ 
  - \*Total Grant Fund From Statewide Revenue is revenue where fund code = 200 & 300
- Total Debt Outstanding/Total Revenue =  $\text{Total Debt Outstanding}^{[7]} / \text{Revenue}^{[5]}$  (Where Fund Name  $\neq$  "Capital Projects Fund" or "Debt Service Fund")

### Source [9]

- Routes Per Bus =  $\text{Number of Routes}^{[9]} / \text{Number of Buses}^{[9]}$
- Average Ridership =  $\text{Total Ridership}^{[9]} / \text{Number of Routes}^{[9]}$
- Average Route Time =  $\text{Total Route Minutes}^{[9]} / \text{Number of Routes}^{[9]}$
- Average Mileage Per Bus =  $\text{Total Route Miles}^{[9]} / \text{Number of Buses}^{[9]}$

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