ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Greenville

District Report

6/16/2017

OUTLINE

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

DRAFT

PROJECT OVERVIEW

- 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.

- 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 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.

PROJECT OVERVIEW (CONTINUED)

- A&M's review focused on identifying opportunities across the operational areas noted above that would yield:

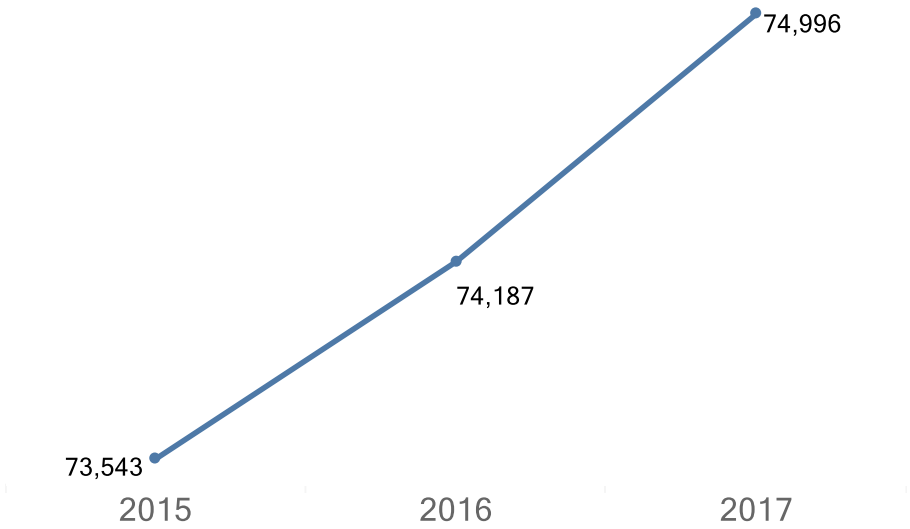
1. **Increased Effectiveness and Efficiency**
   - Improved processes that would enable increased levels of service to the District's students and teachers and enhance financial controls and financial stewardship of the District's funds and assets.
   - A&M considered potential opportunities that could 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.

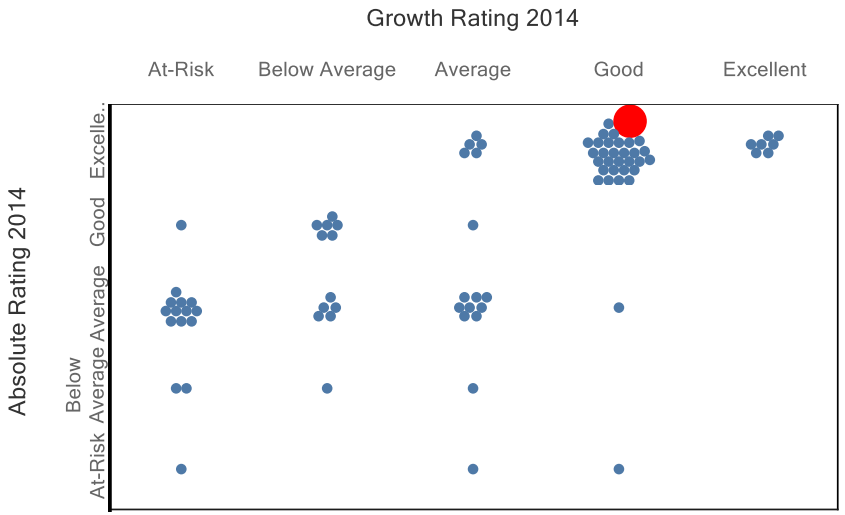
- **Sources of Data and Savings Estimates**
  - A&M based the recommendations included in this report on data received from both the State and the District.
    - State provided data: FY16 revenue and expenditure data submitted by districts to the State, 3-year historical enrollment/average daily membership 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, 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
GREENVILLE

Average Daily Membership[2]



Student Achievement[1]



General Info

Number of Schools[2]	**91**
% Poverty[1]	**51.3%**
% Disability[1]	**14.3%**
$ Per Student[2],[3]	**$10,903**
$ Per Student Excluding Debt & Capital[2],[3]	**$9,575**

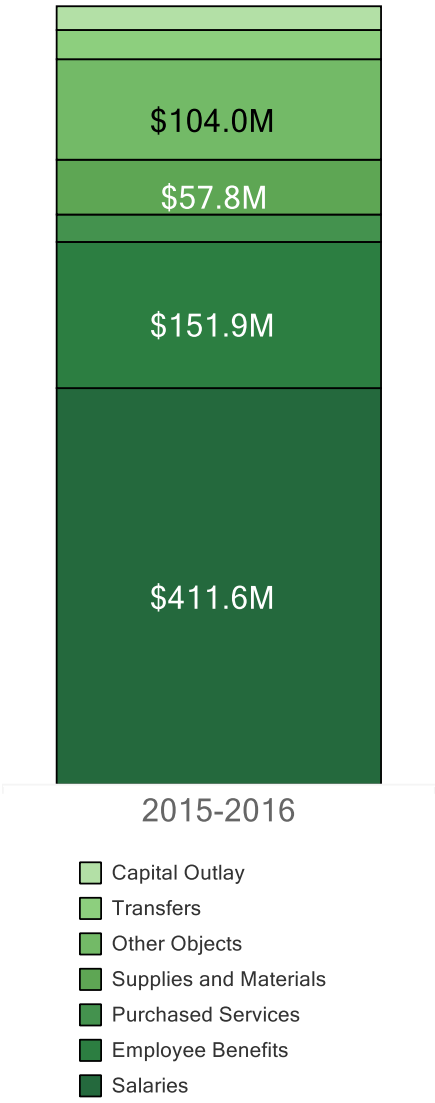
Administration

Students Per Instructional Services FTE[2],[4]	**10.7**
Students Per Overhead FTE[2],[4]	**392.0**
Students Per School Support FTE[2],[4]	**43.4**
Students to Total FTE[2],[4]	**8.4**

EXECUTIVE SUMMARY
GREENVILLE

Sources of Funds[5]
$846.0M

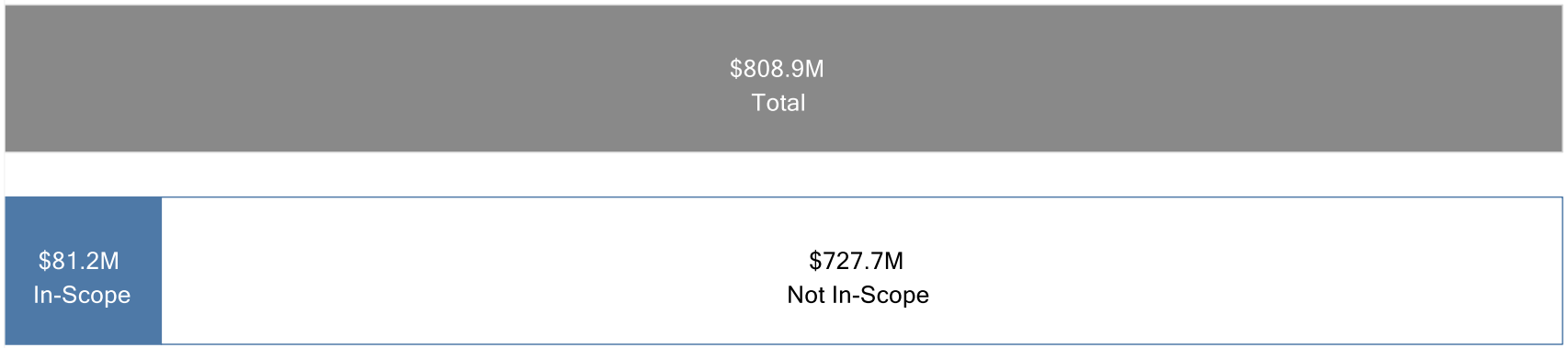
Use of Funds - Type[3]
$808.9M



Use of Funds - Function[3]
$808.9M

** totals may not tie due to rounding*

EXECUTIVE SUMMARY
GREENVILLE



10.0% of total spend is within scope of the efficiency review:

	In Scope Spend[3]	Procurement Component
Finance	$5,529,433	$1,574,536
Human Resources	$2,593,490	$333,168
Overhead	$4,249,064	$881,683
Transportation	$21,105,016	$1,468,230
Procurement (Community Services, Instruction, Support Services)	$47,692,915	$47,692,915
TOTAL	**$81,169,918**	**$51,950,532**

** totals may not tie due to rounding*

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

1. **Student Learning and Achievement:** Raise the academic challenge and performance of each student. The District is implementing six strategies focused on the implementation of an enhanced curriculum, research-based instructional delivery models, innovative assessments, ongoing professional development, college and career readiness of students and whole child development. The District has a strong focus and emphasis on G+ which means students have earned college credits, AP, IB or Dual Credits and/or industry certification upon graduation. This is in direct correlation with the South Carolina Profile of the high school graduate.
2. **Quality Personnel:** Ensure quality personnel in all positions. Strategies will improve hiring, recruitment and retention of both instructional and non-instructional personnel.
3. **School Environment:** Provide a school environment supportive of learning. Strategies are focused on increasing attendance, reducing student expulsions, and improving facilities planning, transportation and District safety.
4. **Financial Resources:** Effectively manage/further develop necessary financial resources.
5. **Communications and Community Engagement:** Improve public understanding of public schools.

Achievements

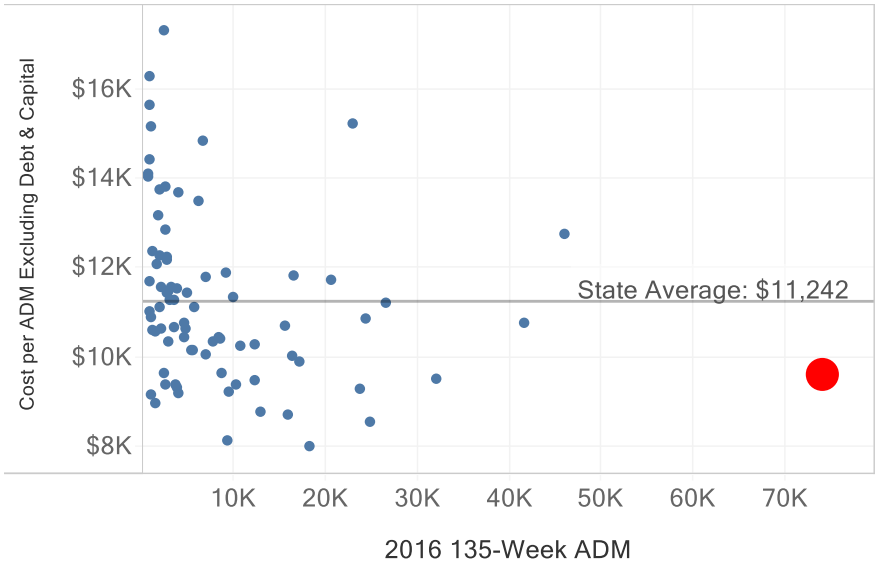
- **Academic Programs:** 1) Started the Accelerate High School program that partners with several Universities and corporations to develop future engineers across the state. 2) Houses the largest school choice program in the state with 15% of students participating.
- **Student Achievement:** Increased the graduation rate by 20% since 2012.
- **Finance:** Implemented Heartland Solutions for fee collections and an online, document self-service system that allows employees access to direct deposit and W-2 information.
- **HR:** Expanded professional development offerings for teachers, non-teaching staff and administrators. Automated and streamlined most HR processes.

Challenges

- **Academic Programs:** The District employs many innovative instructional programs that face challenges with funding.
- **Teacher Recruitment :** Similar to many other districts in the state, the District is facing challenges in recruitment and retention of teachers.
- **ERP Upgrades**: The District has faced change management challenges with the upgrade of their ERP system.

KEY OBSERVATIONS

Per Pupil vs. Enrollment



District Size and Minimum Costs

Minimum Cost Base:

Greenville is the largest district in the state. The large size of the District enables increased efficiencies and effectiveness for the organization as the fixed cost structure of the District is spread across a large number of students.

Resource Utilization:

In general, the District utilizes its resources in a way that allows for increased efficiencies and effectiveness. Transactional processes are generally centralized creating efficiencies. Resources are able to specialize in functional areas.

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.

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	• **Financial Management**: The District has strong financial management practices. The District regularly has clean audits, strong internal controls, performs regular monitoring of financial performance and regularly seeks ways to improve financial operations. The unrestricted fund balance is strong at 18.4%, in line with the statewide average. • **Lean Staffing:** Many members of the Finance department have been with the District for years. The stability and knowledge of the finance leadership has allowed the department to operate with a small team, relative to the District's size, and focus on driving efficiencies in operation.
Human Resources	• **Lean Staffing / Manual Processes**: Strong and stable leadership has allowed the department to operate efficiently. While few manual processes remain in place, the department's staffing is lean relative to the District's size. • **Recruiting and Retention**: The District has an easier time recruiting teachers than most districts in South Carolina as they are able to fill open teaching positions through key partnerships with South Carolina universities.
Transportation	• **Transportation Management**: The District experiences bus driver shortages and employs floater bus drivers to deal with constant substitute needs. Competitive driver salaries and attendance bonuses help to alleviate the shortage. • **Transportation Routing:** The District has routing software and utilizes staggered bell times to help drive routing efficiencies.
Procurement	• **Staffing and Organization**: The District runs an extremely lean procurement function for its size. However, some procurement activities, such as Pcard management, are handled by their Business Services function. • **Strategic sourcing**: The District benefits from its size by leveraging buying power to receive low bids for contracts.
Overhead	• **Staffing and Organization**: The Superintendent has led the District for the past 5 years and served as the Deputy Superintendent prior. Stable leadership has allowed them to innovate and drive a culture of continuous improvement. • **Collaboration**: The District informally collaborates with other districts within the state. In addition, the District is part of at least 2 national consortiums: 1) National Federation of Districts; 2) Large Countywide and Suburban District Consortium of AASA.

MODERNIZATION RECOMMENDATIONS

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

MODERNIZATION RECOMMENDATIONS

FINANCE

System Enhancements:
Update software versions and / or add modules to financial systems to facilitate automated processes.

Process Improvements:
Modernize processes to limit manual activities and strengthen internal controls.

Staffing/Organization:
Create succession plan for key positions.

HUMAN RESOURCES

System Enhancements:
Implement new technologies to automate HR processes such as on-boarding and employee self service.

Process Improvements:
Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates.

Staffing and Organization:
Train/cross-train personnel on recruiting, talent management and professional development strategies.

PROCUREMENT

Process Improvements:
Leverage state contracts and group purchasing organizations to optimize spend.

Enable other districts to purchase off individually negotiated contracts.

Negotiate discounts / rebates for tiered levels of spending.

Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.

TRANSPORTATION

System Enhancements:
Implement GPS on all buses.

Process Improvements:
Staggered Bell Times: - Complete analysis (in conjunction with use of routing software) to evaluate potential financial benefits of using routing software.

Staffing / Organization:
Create dual employment opportunities to help address bus driver shortages.

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. 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 the District.
- A&M estimated potential savings that could be realized after implementation of recommended process, policy and technology changes based upon past experience implementing similar initiatives, comparison of staffing and spend against peer benchmarks and discussion with the District. A&M also estimated investments required to achieve savings based upon prior experience.
- In addition, while A&M evaluated potential synergies from a regional shared services model for transactional activities, after considering the District's size, current staffing levels and uniqueness of processes, policies and technology, A&M is not recommending implementation of this approach at this time.

PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the Districts 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 compare with benchmarks across the state.
- A&M evaluated opportunities for savings based upon comparison of benchmarks across the state that took into consideration the location, population and geographic profile of the each district.
- Savings estimates were not provided in instances where the District was in line with benchmark targets and was using both routing software and leveraging staggered bell times.

CONCLUSION: ESTIMATED ONE-TIME INVESTMENT AND ANNUAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for process, technology and policy changes.

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.

	Est. One-Time Investment			Est. Net Annual Savings		
	Low		High	Low*		High
Finance	$100,000	-	$115,000	$110,000	-	$137,500
Human Resources	47,500	-	57,500	0	-	0
Procurement	0	-	0	519,500	-	2,597,500
Transportation – District	N/A	-	N/A	0	-	0
District Total	**147,500**		**172,500**	**629,500**		**2,735,000**
Transportation – State	0	-	0	0	-	0
Total	**$147,500**	**-**	**$172,500**	**$629,500**	**-**	**$2,735,000**

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

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DISTRICT ADMINISTRATION AND PERFORMANCE
GREENVILLE

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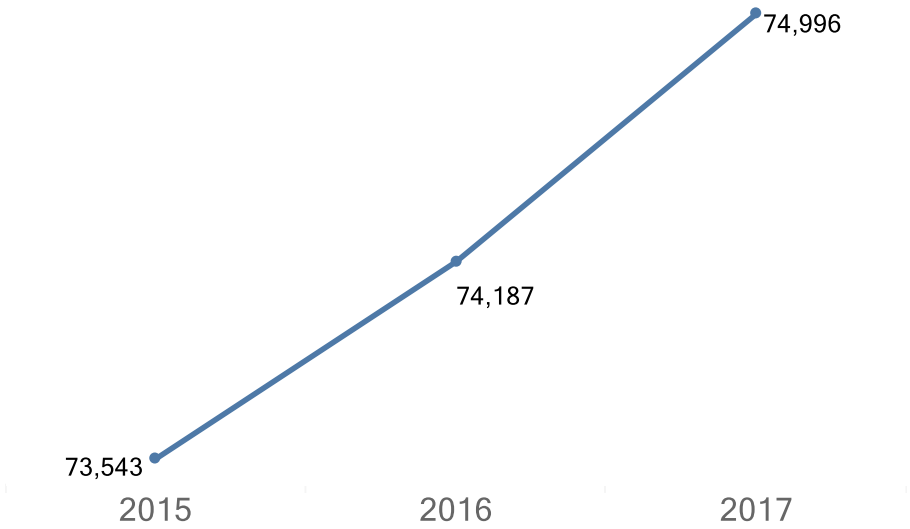

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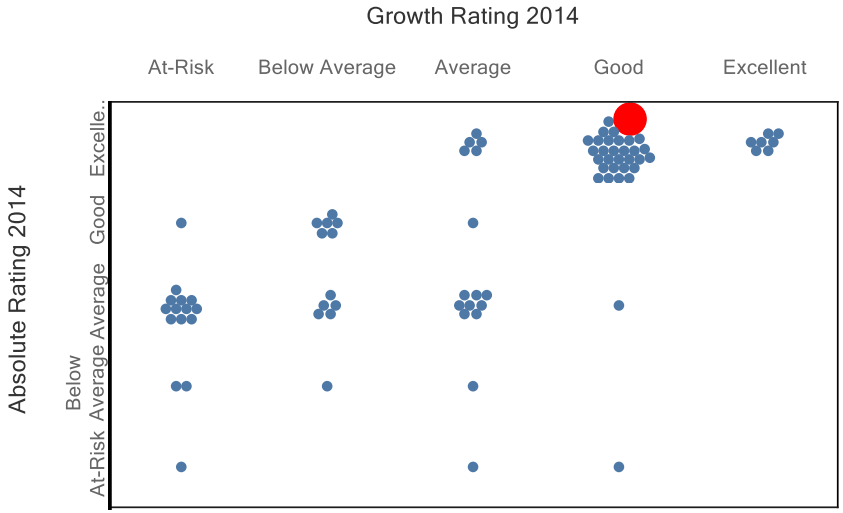

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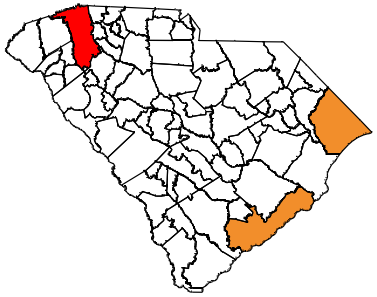
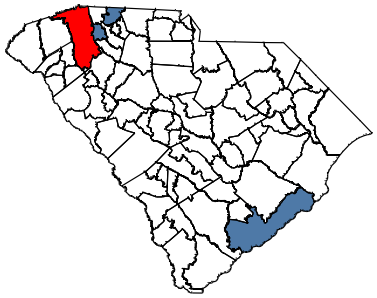
DISTRICT BENCHMARKING
GREENVILLE



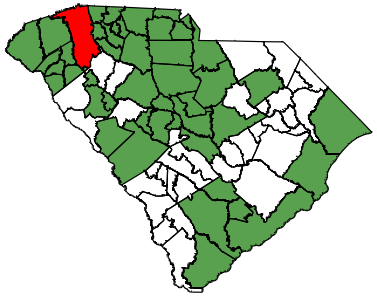
Enrollment (> 40,000)

Charleston
Greenville
Horry



Poverty (50% - 55%)

Charleston
Greenville
Spartanburg 02
Spartanburg 05



Phase 1 (No)

Aiken
Anderson 01
Anderson 02
Anderson 03
Anderson 04
Anderson 05
Beaufort
Calhoun
Charleston
Cherokee
Chester
Colleton
Darlington
Dorchester 02
Dorchester 04
Edgefield
Fairfield
Georgetown
Greenville
Greenwood 50
Greenwood 51
Greenwood 52
Horry
Kershaw
Lancaster
Lexington 01
Lexington 02
Lexington 03
Lexington/Richland 05
Newberry
Oconee
Pickens
Richland 01
Richland 02
Spartanburg 01
Spartanburg 02
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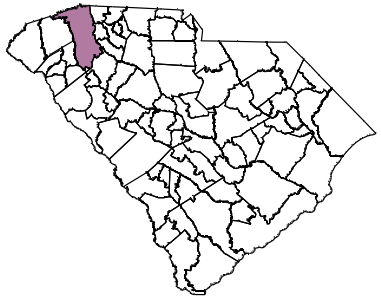
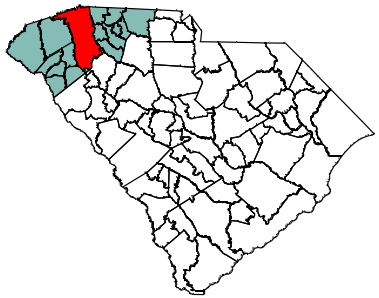
Spartanburg 05
Spartanburg 06
Spartanburg 07
Sumter
Union
York 01
York 02
York 03
York 04



County (Greenville)

Greenville

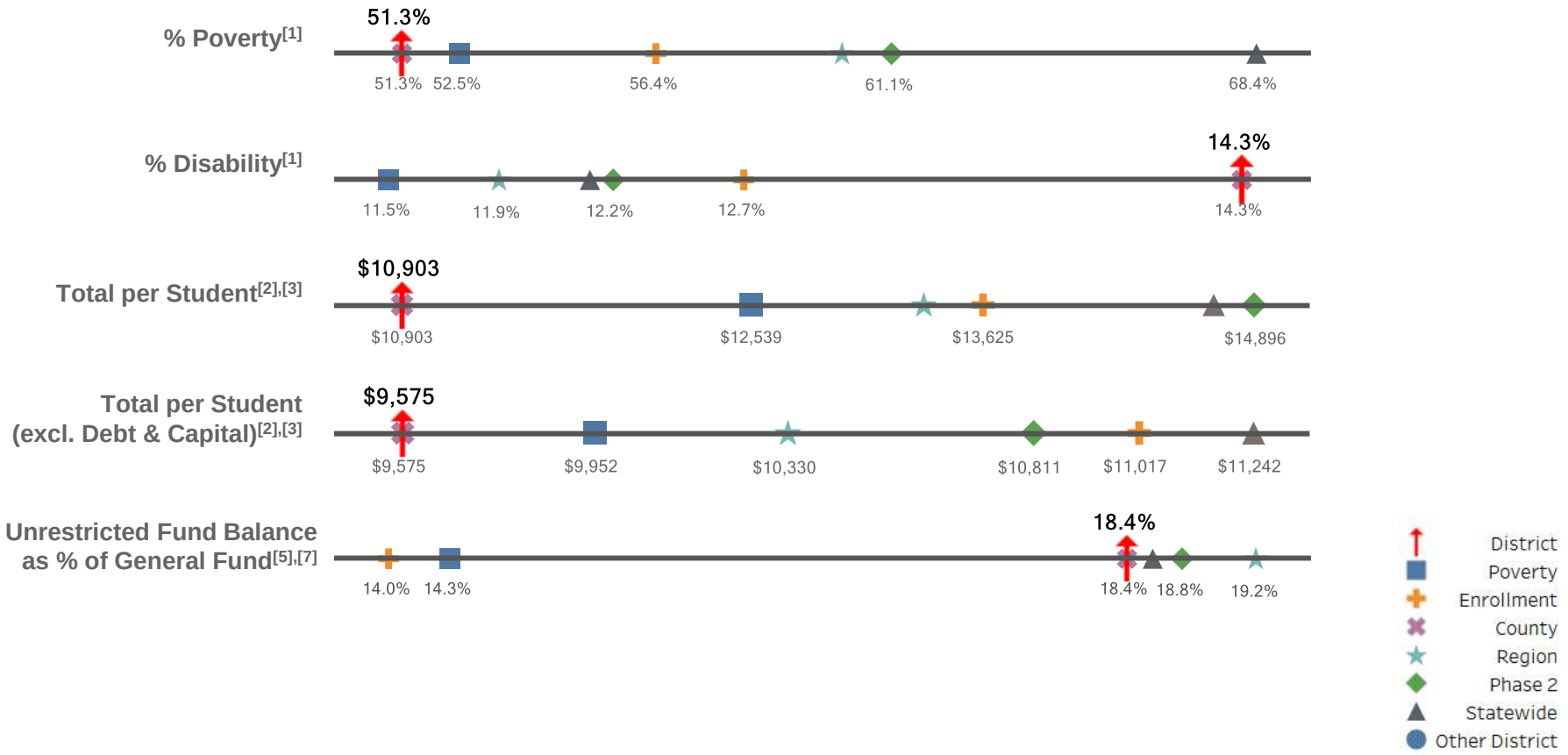


Region (Appalachian)

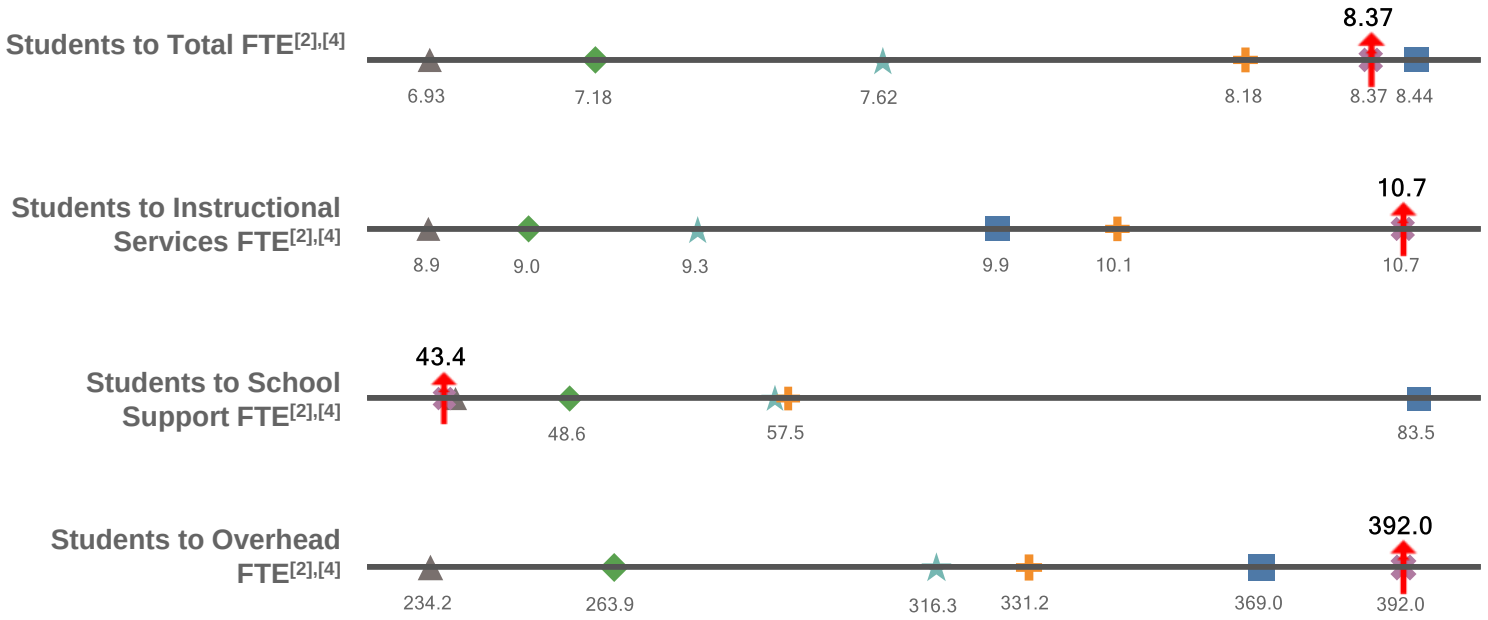
Anderson 01
Anderson 02
Anderson 03
Anderson 04
Anderson 05
Cherokee
Greenville
Oconee
Pickens
Spartanburg 01
Spartanburg 02
Spartanburg 03
Spartanburg 04
Spartanburg 05
Spartanburg 06
Spartanburg 07

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 2 and (g) other districts.



KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Enrollment Trends	• **3-year Enrollment Trend:** The District's enrollment has increased by 1,448 or 2% over the past 3 years. • **Student Demographics:** The District is the largest in the state and serves a wide ranging demographic of students. • **Competition:** The District sponsors five charter schools and four are transferring out of the District to the South Carolina Charter School District in FY18, which is projected to financially benefit both the District and the charter schools. • **Other Demographic:** Approximately 15% of the students take advantage of school choice programs offered by the District. • **Long-term Planning:** The District prepares long term enrollment projections by partnering with the county's economic development offices and conducting extensive research to help inform long-term planning. In addition, the District has a robust long-term capital plan that is updated annually.	• Given its size and steady growth in enrollment, the District should continue to conduct its robust long-term demographic planning efforts and share the methodology with other districts in the state facing similar growth.
District Funding and Resource Allocation	• **Per Pupil Expense:** When excluding debt and capital, the District has a low per pupil of $9,575 relative to the state average of $11,242 and the average for similar size districts of $11,017. • **Unrestricted Fund Balance:** The District has an unrestricted fund balance that is 18.4% of general fund revenues. The fund balance is on par with the statewide average, resulting in strong financial stability.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	• **Student to FTE:** The District's Student to Total FTE ratio of 8.37 is higher than the statewide average of 6.93 and the average for similar size district of 8.18. • **Student to Instructional Services FTE:** The Student to Instruction ratio of 10.7 is higher than the statewide average of 8.9 and the average for similar size districts of 10.1. • **Student to School Support FTE:** The Student to Support Services ratio of 43.4 is slightly lower than the statewide average of 45 and the average for similar size districts of 57.5. • **Student to Overhead FTE:** The Student to Overhead Ratio of 392.0 is significantly higher than the statewide average of 234.2 and average for similar size districts of 331.2 due to economies of scale gained by the large number of students the District serves.	• Expand on the existing resource allocation practices and leverage key performance indicators to estimate reasonable growth requests in District Office staff.
Staffing / Organization	• **Organization:** The Superintendent has 7 direct administrative reports that include the following functions: the Deputy Superintendent, Legal and all Communications and External Relations functions. Additionally, the Deputy Superintendent has 17 direct reports including all academic and operations functions. The District also has an Internal Audit Function that reports to the Board. • **Turnover:** The Superintendent has overseen the District since 2012 and acted as the Deputy Superintendent since 2005. The Superintendent has been named the 2018 South Carolina Superintendent of the Year and will compete for the 2018 National Superintendent of the Year.	• Given the tenure and success of the current Superintendent, the District should establish a leadership succession plan to ensure past progress is embedded long-term in the organization.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization (cont'd)	• **Communications:** The Superintendent has staff to support communications with different types of stakeholders, including: a Director of Communications, a Coordinator of Government Relations and a District Ombudsman. • **Legal:** District has an in-house General Council and Paralegal but will contract out legal help for specialized cases and situations.	
Board of Directors	• **Board Pay:** The Board Members of the District are paid $11,300 annually. • **Board Composition:** The Board is made up of a diverse cross-section of Greenville County's community. • **Training:** The Board members participate in regular training, ensuring strong governance and oversight.	
Philanthropy and Business Engagement	• **Philanthropy:** The District was provided a $19 million endowment from the Sirrine Foundation to provide $2,000 scholarships for District graduates attending college. In FY17 452 scholarships were awarded. • In 2009, the Greenville County Schools Foundation was established to raise funds. To date, fundraising has been focused on charitable events such as golf tournaments that raise funds for the District.	• Given the strong academic performance, long-term strategic priorities and overall size of the District, leadership should develop a plan to pursue philanthropic grants from large foundations focused on funding innovation in K-12 education.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Philanthropy and Business Engagement (continued)	• In 2012, the District began the Greenville Early College program which received about $1 million in investment support from businesses and philanthropic organizations including Michelin North America, The Community Foundation of Greenville, The Hollingsworth Foundation, The Jolley Foundation, The Symmes Foundation, and United Way of Greenville County. • **Business and Community Development:** The Business Community is very active in the District, primarily providing employee-student mentoring and other volunteering opportunities. Additionally, the District relies on the principals to develop and maintain business relationships and sponsorships with local businesses.	
Collaboration	• **State Collaboration:** The District does informal, relationship-based collaboration with other districts in the state. • **National Collaboration:** The District is also a part of large, countywide and suburban school district networks with other high-performing districts across the nation including organizations such as GFOA (Government Finance Officers Association) and RTM Education Congress. • **Special Education:** The District does educate and receive tuition for high need special education students from other area districts attending Greenville programs.	

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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.

1,562 : 1

District Students (ADM)[2] — Financial FTE[4]

$75 per Student

Cost of Total Financial Spend[3] per Student (ADM)[2]

Key statistics for metrics	
Financial FTEs[4]	48.0
Personnel Expense[3]	$3,926,625
Non-Personnel Expense[3]	$1,602,808
Total Financial Expense[3]	$5,529,433

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.

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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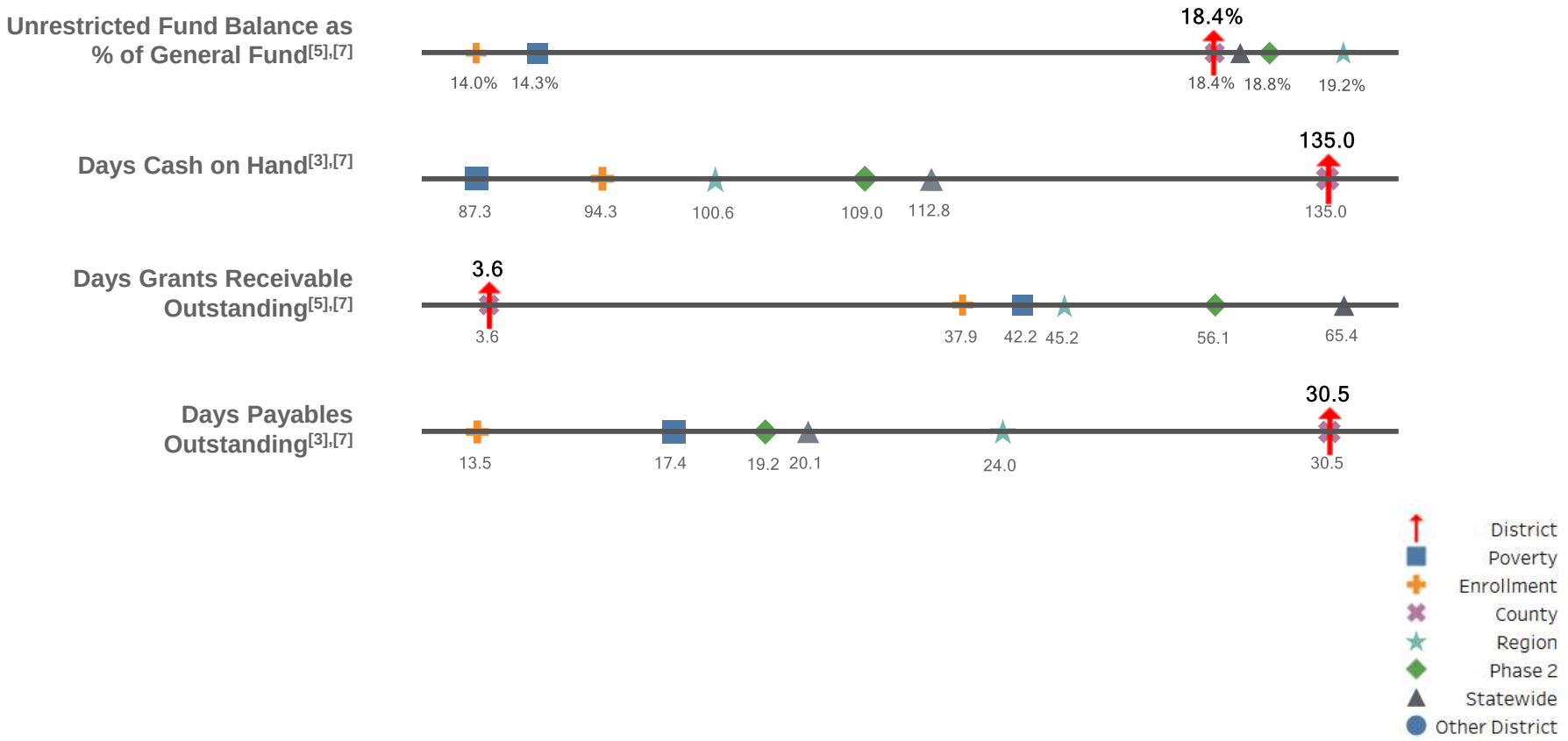
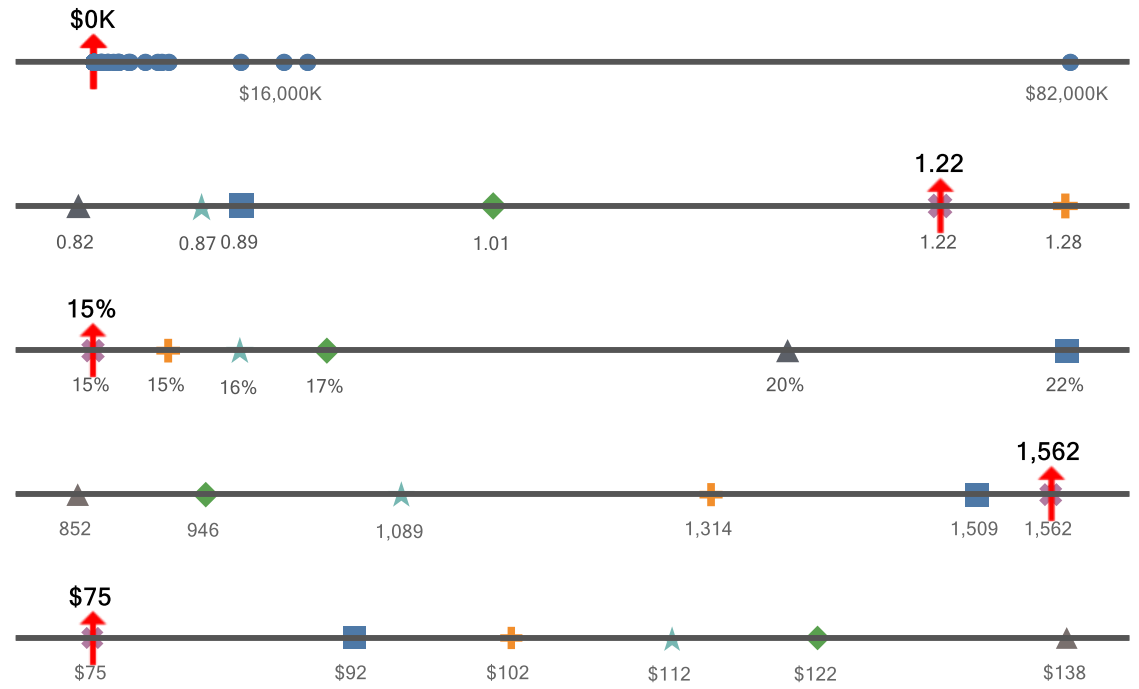


KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations

Staffing / Organization	• The Finance organization is lean but adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting.
	  • Budgeting – 9 FTEs
	  • Accounting – 16 FTEs
	  • Payroll, Benefits and Insurance – 18 FTEs
	  • Procurement – 4 FTEs
	  • Management and Administrative – 4 FTEs
	• **Turnover:** The Finance Department has seen minimal turnover in the past several years, but foresees a large portion of staff approaching retirement in the coming years. The average tenure of finance staff members is approximately 15 years.
	• **Finance Cost / Pupil:** The District's Finance Cost per Pupil of $75 is significantly lower than both the average of districts with similar enrollment levels of $102 and the statewide average of $138.
	• **Student to Finance FTE:** The Student to Financial Management FTE ratio of 1,562 is higher than both the statewide average of 852 and the average for similar size districts of 1,314. The District leverages its economies of scale and is also operating on a lean model.
		• Evaluate the ability to add one or two junior staff members in order to ensure the continued success of the Finance Department and expand upon the ability to promote in-house talent. In particular, the organization may benefit from an additional resource for payroll and / or fixed asset account.
		• Develop a comprehensive succession plan for the Finance Department to ensure that staff are properly trained and have ample transition time for future roles.
		• Conduct benchmarking of the department's staffing with the staffing models of similarly sized districts across the nation in order to gain greater insights on how staffing compares.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	• **Overall Processes:** The District uses the Lawson ERP and has implemented automated workflows and approvals in order to streamline processes around purchase orders, accounts payable and time-keeping. • **Payroll:** The District currently runs payroll on a semi-monthly basis. All payroll checks are paid through direct deposit, unless there is an exceptional employee circumstance. The District does uses a self service payroll platform for employee initiated payroll changes (direct deposit, personal information, etc.) . However, initial on-boarding of employees is still processed manually by the HR Department. • **Timekeeping:** The District uses Kronos for time tracking. Hourly employees currently use time clocks, with the exception of bus drivers. The District is currently exploring options using Wi-Fi on buses to automate their time tracking process. • Manual entry still exists when day of or post-date absences are recorded . Time editors (with appropriate security authority) must edit time in the system for the employee. • The District regularly monitors overtime usage, primarily focusing on monitoring maintenance staff overtime. • **Accounts Payable:** The District leverages automated requisition and purchase order processes that include electronic workflow approvals that are managed through the Lawson system. The District also uses Pcards for small dollar purchases. (See Procurement for additional information.)	• **Payroll:** Consider automating the on-boarding functionality in the current Lawson ERP system. • **Timekeeping:** Continue with the plan to automate bus driver time tracking in a way that integrates with the payroll system in order to eliminate the need for manual time sheets.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	• **Employee Reimbursements:** Reimbursement of employee expenses is currently manual and checks are issued to employees for reimbursement. • **Inventory:** Inventory is managed directly by schools. Schools are required to take inventory twice during the school year; however, inventory tracking is manual. • **Risk Management:** The District does have formal risk management policy in place. The District is self-insured for worker's compensation. A third party administrator is utilized to manage the program. The District provides a comprehensive training program to school leaders three times per year to promote a safe work environment.	• Issue employee reimbursements via direct deposit. Additionally, the District should evaluate possible software applications to automate the employee reimbursement process. • Purchase scanners to help facilitate the bi-annual inventory process.
Benefits	• The District utilizes a third party provider to assist with benefits enrollment for new employees. In addition, the broker offers supplemental insurance programs to employees. • The Benefits administration team is focused on overall administration of benefits including health, claims and retiree benefits. Significant effort is required to assist with the needs of retirees transitioning to retirement given the District typically has 350 retirees per year and an additional 500 working retirees.	• Evaluate the possibility of transferring benefits administration to the Human Resources department to better align with the function with all customer service for employees. • In collaboration with other large districts in the state, work with PEBA to automate benefits related transaction processing to include: (a) acceptance and processing of electronic signatures; (b) integration of benefit changes into District financial systems.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	• **Grants Revenue %:** Grant revenues provide 15% of revenue for the District which is on par with districts that have similar demographics but less than the statewide average of 20%. • **Federal Funds:** Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. • The Finance department collaborates closely with grants administrators to ensure that claims are made in a timely manner in order to maximize cash flow. Grants oversight within the Finance department is aligned with applicable general fund programs to ensure grants are closely tied to overall programmatic goals and needs. • **Grants Monitoring:** Review of expenditures against grant requirements is conducted by the grants coordinator and the Finance department. • **Indirect Costs:** The District utilizes the state average indirect costs to charge against federal grants. Indirect costs are included as revenue in the General Fund. • **Other:** The District does maximize reimbursement of grants such as Medicaid. In particular, 3 FTEs are devoted to seeking reimbursement for $3 million in annual Medicaid funding.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Internal Controls	• **F/S Audit:** The District was not found to have any material weaknesses in its latest audited financial statements. • **Position Control:** The District utilizes position control to prevent over-hiring / spending.	• Conduct an internal controls audit every three to five years to ensure best practices in internal controls.
Cash Management	• **Days Cash on Hand:** The District has a strong cash balance with 135.0 days cash on hand. • The District reviews cash flow forecasts on a monthly basis. In addition, it generally does not need to utilize Tax Anticipation Notes to help manage working capital through December of the school year. • **Grants Receivable Outstanding:** The District has a Days Grants Receivable Outstanding of 3.6 days which indicates that they are submitting grant reimbursements extremely efficiently and on a rolling basis. • **Days Payable Outstanding:** The District's Days Payables Outstanding of 30.5 days is higher than both the statewide average of 20.1 and the average for similar size districts of 13.5 days. However, this indicates that the District is still paying most vendors within the month of being invoiced. • **Cash:** The District invests cash balances in the State investment pool.	• Monitor accounts payable to ensure invoices are paid timely and prompt pay discounts are maximized.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	• **Debt:** The District's Debt to Revenue ratio of 1.22 is higher than the state average of 0.82, but lower than the average for similar size districts of 1.28. • From 2002 through 2006, the District issued $1.03 billion in Installment Purchase Revenue Bonds to Fund the BEST construction program. These bonds funded the construction or renovation of 70 schools and decreased the average age of the school facilities to 12 years. The District regularly monitors refinancing opportunities to ensure the District maximizes any potential interest savings. • The District maintains the highest credit ratings for South Carolina School Districts based on the most recent reviews conducted by Standard and Poor's and Moody's. • The District does utilize SCAGO to assist with bond issuance efforts for smaller debt issuances only. • **TAN:** The District did not issue TANs this past year to assist with liquidity needs during cash low point.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Budget	• **Budget Planning:** The annual budget process is linked with the annual strategic planning process. The budget team works extensively with department heads and principals to assess any new needs that are anticipated for the new fiscal year. The District has a Budget Committee consisting of key leaders across all functional areas of the organization who are responsible for reviewing and approving all new needs requests. • *School Budgeting:* The District has a robust resource allocation model that is used to determine annual budgets for schools . Each school receives a baseline allocation based on projected enrollment. Schools can request "above formula" allocations based on the needs of the schools. All requests are reviewed by the District Budget Committee. • *Central Office:* Department budgets are prepared based on a roll-forward of prior year expenses and new needs of the department. • Budgets are prepared and managed in excel spreadsheets throughout the budget planning process. The extensive use of manually prepared spreadsheets is cumbersome and could lead to data entry errors and version control issues. • **Fiscal Monitoring:** The District produces budget to actual variance reports monthly, performs regular variance analysis and meets with key department heads to review expenses. • Monthly reports are self-service and allow departments to drill down into transaction level spending. Automated and detailed reports are effective in allowing end users to understand current financial position of their department.	• The District should consider conducting a school equity analysis annually to ensure that each individual school is receiving its fair share of resources based on the student needs of the school. The analysis would compare school-based FTEs, salaries and non-personnel spending across student type, school size, school level and overall across the district. • Prepare zero-based and / or performance based budget for departmental budgets annually incorporating KPIs that would allow for better estimation of central office staff needs and expenses, and align with the strategic plan. • Implement a budget planning module in the Lawson ERP system to further automate the budget planning process. Use of a budget module will minimize errors that can arise from managing school and department budgets in excel and will increase transparency during the entire budget planning process.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	• **ERP:** The District currently uses the Lawson ERP system for general accounting, payroll and accounts payable. The District has been able to successfully transition to automated work processing in most of its processes; however, it is still currently using manual processes for budget planning, expense reimbursement and document management. • **School-Based Cash Collections:** The District currently utilizes Heartland School Solutions to collect payments from parents for a child's school meals or other fees.	• Implement a budget planning module in the Lawson ERP system to further automate the budget planning process. Use of a budget module will minimize errors that can arise from managing school and department budgets in excel and will increase transparency during the entire budget planning process. • Develop a plan to move towards paperless document retention for financial records. Storage of electronic documents for receiving documents and invoices will help streamline the procure to pay process. In addition, the availability of invoices within the financial system will facilitate improved financial analysis and inquiry. • The District should evaluate possible software solutions to automate employee reimbursements.
Regional Collaboration	• Given the current economies of scale, the District does not coordinate with others in the region on transaction processing or finance related activities.	• Consider sharing best practices in financial management and transaction processing with other school districts in South Carolina.

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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.

3,240 : 1

District Students (ADM)[2] — Human Resources FTE[4]

$35 per Student

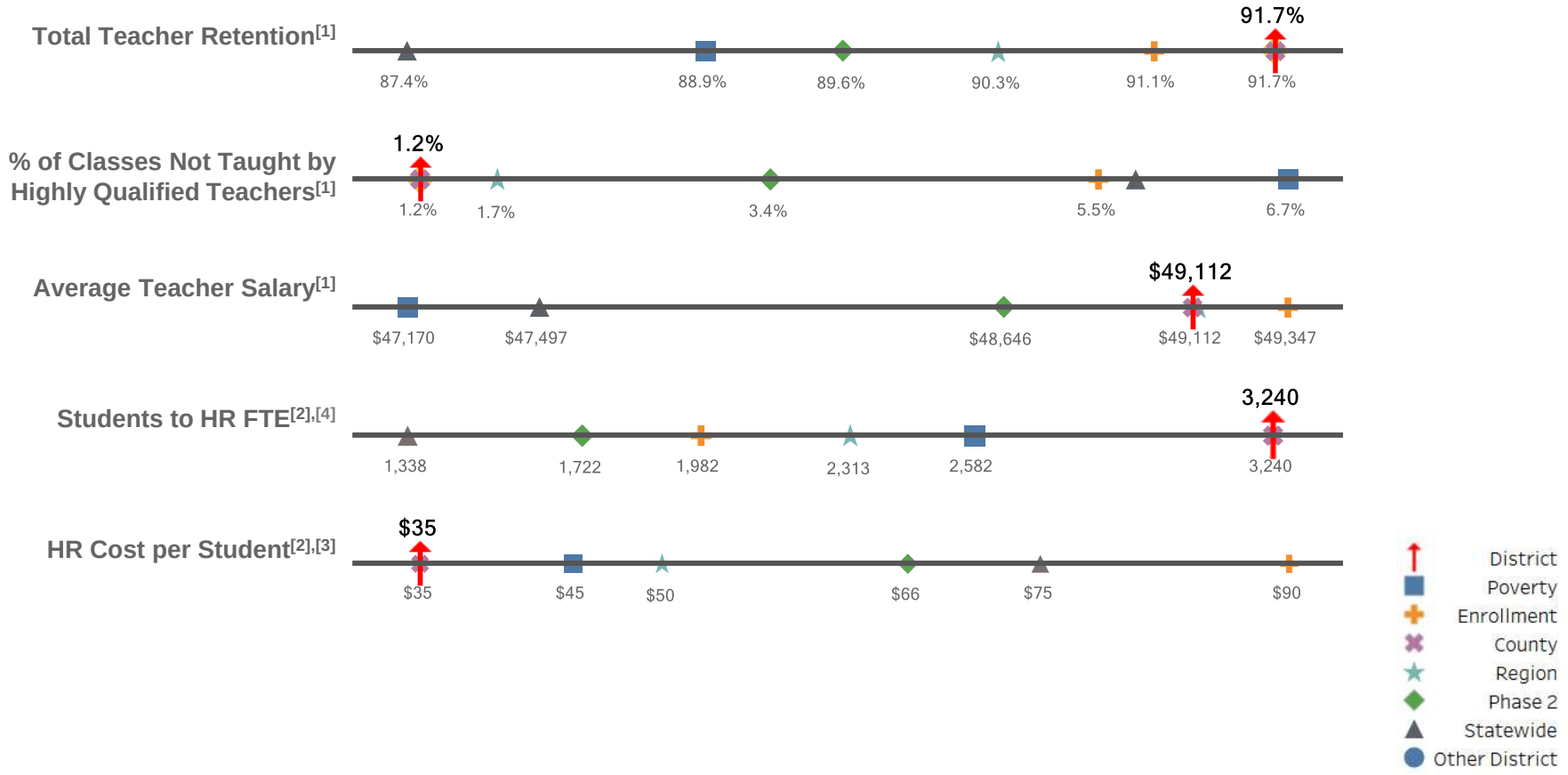
Cost of all HR personnel[3] per Student (ADM)[2]

Key statistics for metrics	
Human Resources FTEs[4]	23.2
Personnel Expense[3]	$2,260,270
Non-Personnel Expense[3]	$333,220
Total Human Resources Expense[3]	$2,593,490

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.

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 2 and (g) other districts.



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations

Staffing / Organization	• The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations and benefits.
	  • HR Systems Processes – 9.5 FTEs
	  • Employee Relations - 1.0 FTEs
	  • HR Manager Operations – 3.8 FTEs
	  • Evaluations & Professional Development – 2.5 FTEs
	  • Recruitment & Retention – 2.6 FTEs
	  • Employee Services – 5.0 FTEs
	• **Human Resources Cost / Pupil:** The HR Department's per pupil of $35 is low relative to both the average for similar size districts of $90 and the statewide average of $75. However, some costs associated with benefits administration are located in finance.
	• **Student to Human Resources FTE:** The HR Department's Student to HR FTE ratio of 3,240 is high relative to the average for similar size districts of 1,982 and the statewide average of 1,339. However, the District does not include benefits staff in their HR Department which may slightly skew comparisons.
	• **Data Analysis:** The HR Department uses information from their HRIS systems to develop inform hiring, recruitment and retention strategies. In addition, the HR team benchmarks HR staffing with similarly sized districts outside of the state to ensure that the organization is being run efficiently and effectively.
		• Continue to conduct staff benchmarking analyses with districts of similar size and demographics in other states to ensure the District is utilizing an efficient and effective staffing model.
		• 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.
		• As processes become increasingly automated look to reallocate and further specialize additional staff in areas such as employee relations and investigations, professional development and teacher induction programming.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting and Retention	• **Teacher Recruitment:** Similar to other school districts in the state, recruiting an adequate number of teachers is challenging. The District currently employs 4 international teachers, making up an extremely small portion of their instructional staff, in order to fill targeted areas such as foreign languages and special needs. • **Teacher Retention:** The District's teacher retention rate of 91.7% is high relative to the statewide average and districts of similar demographics. • The average teacher salary is among the highest in the state. The District does continual evaluation and analysis to ensure that they maintain or gain a spot in the top 10 for salaries within all different staff level categories. In addition, the District partners with housing complexes in the area to attract new teachers by offering affordable housing. • The District does not allow teachers in Title I schools to change school placements within their first three years, helping to increase retention in harder to staff schools. • The District expects to see a wave of retirements in the near term and has 299 staff that are impacted by the TERI program, 85 of which are limited to the $10,000 earnings cap. The District believes that this will heavily impact many members in the substitute pool, and does not currently have a plan to manage the change. • **Substitute Management:** The District has its own pool of over 900 substitutes that it manages.	• Consider compensation study / survey 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) Tuition Reimbursement; (c) Differentiated Salaries for Hard to Staff Positions; (d) Innovative Professional Development Programs. • Consider third party options for substitute staffing in the District to mitigate the potential staffing challenges due to the TERI program, reduce recruiting, on-boarding and retention costs associated with substitutes, minimize any potential ACA liability and reduce other employee related issues associated with managing a per diem workforce.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	• The District has made significant progress over the past seven years to implement an Lawson Global Human Resources (part of Lawson) system that automates recruiting and application screening tracking processes. • The District has automated the annual issuance of teacher contracts. • The District still utilizes manual processes for employee on-boarding (offer letter, direct deposit and W4), employee records changes, and employee terminations. • The District uses SmartFind Express for substitute placement and Kronos for absence management which both integrate to retrieve employee data from the Lawson Global HR system and forward the data to the Lawson Payroll Hours module. • The District plans to issue an RFP to upgrade or replace its absence management system. • The District has implemented a performance evaluation system for all instructional positions and is in the process rolling the system out District-wide. By the end of the current fiscal year, all personnel will have a performance review in the system.	• Automate the on-boarding process using personnel information from the self service module (direct deposit, W4, and offer letter agreement etc.) that would interface directly to payroll and HR systems. • As planned, pursue re-bid of a new absence management system to improve reporting capabilities and increase analysis of teacher absence and substitute usage data.
Collaboration	• Given the current economies of scale, the District does not coordinate with others in the region on recruiting, human resource system licenses, or arrangements with international or local staffing agencies.	• Consider sharing best practices in human resources processes with other school districts in South Carolina, especially those that demonstrate similar growth patterns as the District has experienced in the last 10 years.

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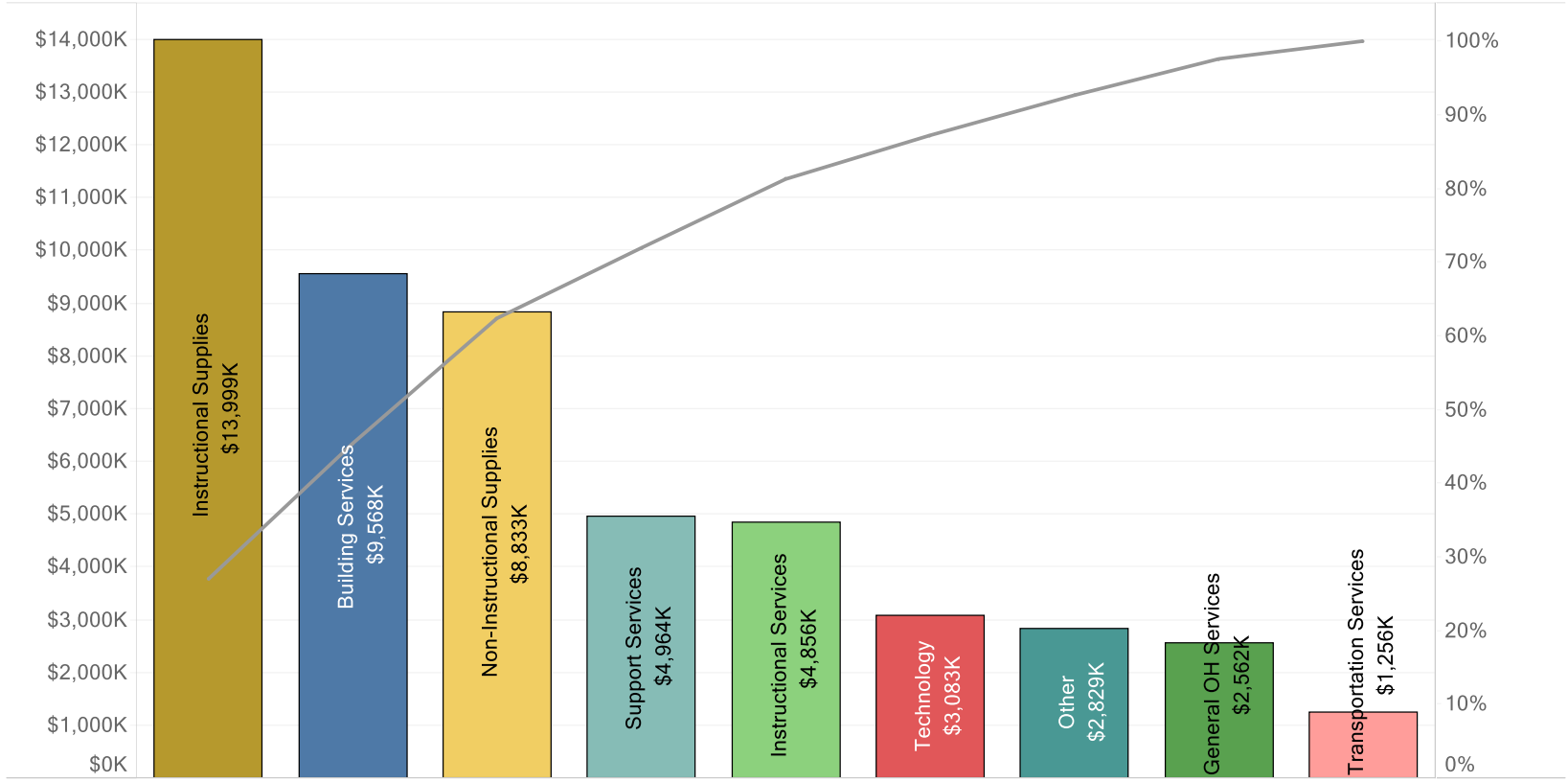
PROCUREMENT OVERVIEW

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.

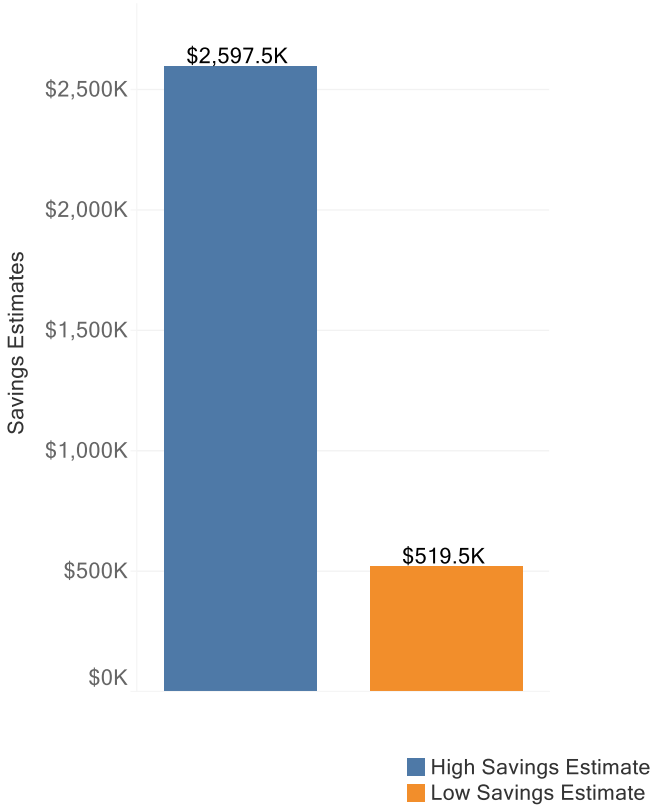
District In Scope Total Procurement Spend[3] = $51,950,532



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[8]		
	Low	**High**
Building Services	1.0%	5.0%
Non-Instructional Supplies	1.0%	5.0%
Instructional Supplies	1.0%	5.0%
Instructional Services	1.0%	5.0%
Support Services	1.0%	5.0%
Technology	1.0%	5.0%
Other	1.0%	5.0%
Overhead Services	1.0%	5.0%
Transportation Services	1.0%	5.0%



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	• **Organization:** The District has a centralized procurement function that oversees all purchasing for the District. The District currently has 4 FTEs that includes 1 Director, 1 Senior Buyer, 1 Buyer and 1 Clerical. In addition, The Pcard program is managed by the Accounting Department.	• See recommendations below.
Purchasing Methods	• **District Contracts:** Schools and department leaders work with the procurement office to identify existing contracting vehicles. The District currently lists all District contracts on Infoweb (intranet) for all employees to access when making purchasing decisions. • **Group Purchasing Organizations**: The District does not currently participate in group purchasing organizations given state procurement code does not allow. • **State Contracts**: The District purchases off state contracts but endeavors to negotiate more favorable District specific deals where possible. • **Pcards:** The District encourages the use of Pcards for all purchases that are limited to $1,500 per transaction. Pcard spend FY15-16 was over $8.6 million. Pcard transactions are uploaded daily in Lawson. The District received rebates of $345 thousand in FY15-16 for Pcard purchases.	• The District should work with the state procurement officials to promote the value of cooperative purchasing and advertise opportunities through SCBO. Ultimately, the state legislature will need to consider revisions to the code to enable use of this type of collaboration. • Work with Accounting Department to analyze Pcard spending transaction and dollar volume on an annual basis to determine potential candidates for formal contracting to enable better pricing and cost savings. • Review district-wide vendors and work to migrate high dollar vendors to accept payment via Pcard in order to maximize rebates. Use of Pcards as alternative payment method will be subject to vendors acceptance of the payment type.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Vendor	• Spending is spread across more than 2,000 vendors; however, the top 50 make up more than 80% of total spending. • The District performs regular analysis of non-personnel spending, including reviews of spending by transaction and dollar volume to inform formal contracting and vendor negotiations. • Solicitations are issued nationally and the individual buyer is cross-trained for any product or service that is needed.	• Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts. Coordination with other school districts on instructional software purchases will enable greater discounts. • 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. • Perform annual review of vendor performance (on time, complete, quality) to assess opportunities to reduce or eliminate non-value add services.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	• **Building and Maintenance:** The District primarily uses outside vendors for HVAC services. • **Instructional Support Services:** Consistent with other districts in the state, instructional support services and software are not required to be placed out to bid as part of a competitive process. In addition, the District does not procure these services and software in collaboration with any other districts. • **Technology:** The District is expanding its one to one initiative and is leveraging a state contract with Dell Marketing to make its purchases. The District does not coordinate technology purchases with other nearby districts. • **Non-instructional Supplies:** The District purchases the majority of its non-instructional supplies from state contracting vehicles.	• Coordinate purchasing if instructional services with surrounding districts to maximize the potential for volume discounts. • 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. • Standardization of Technology: The greatest saving potential can be realized through rollout of low cost/high quality technology options that are standardized across a geographic region. Standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. Decisions made by individual districts regarding roll-out of 1:1 initiatives vary greatly in cost per device and total cost of ownership.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	• The District does not participate in an alliance for food related purchases. However, the District typically does not partner with other districts to procure other goods and services.	• 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. • A regional collaboration model would allow for Districts to further capitalize on volume discounts and rebates on areas of spend that would include: - Technology - Instructional Software and Services - Instructional Staffing - Supplies

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

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.

13 Years

Avg. Age of State Provided Bus Fleet[9]

$284 per Student

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

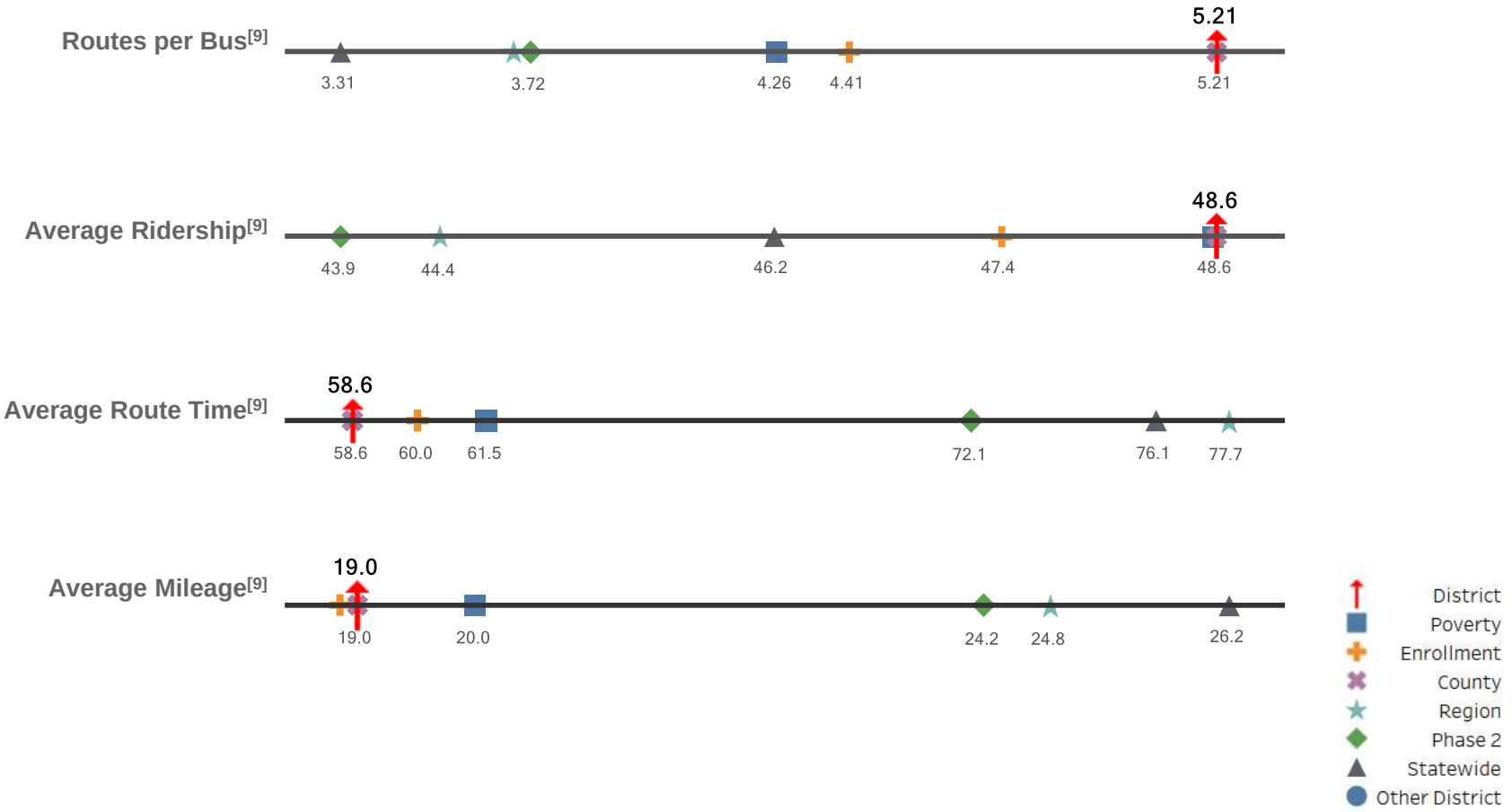
Key statistics for metrics	
Transportation FTEs[4]	392.1
Personnel Expense[3]	$19,547,488
Non-Personnel Expense[3]	$1,557,528
Total Transportation Expense[3]	$21,105,016

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

Key statistics for State Routes	# Buses[9]	# Routes[9]	Routes per Bus[9]	Ridership[9]	Avg Ridership[9]	Avg Route Time (including dead time)[9]	Avg Mileage per Bus[9]
Regular	196.1	1,021	5.2	49,624	49	59	19
Special Needs	108.0	372	3.4	2,218	6	Not-Available	38
Other	40.1	264	6.6	3,894	15	Not-Available	13
Total	344.2	1,657	4.8	55,736	N/A	N/A	N/A

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.



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	• The District has a difficult time recruiting bus drivers. The District currently has 40 vacancies. • Rather than maintaining a large substitute bus driver pool the District hires several drivers as full time "floaters" to fill in where they are needed. On the rare occasion that there are aren't enough extra routes to run, excess drivers are placed in the transportation call center to help out with administrative work. • Several Bus Drivers take on additional duties to offer drivers full employment opportunities at the District. • The District runs both staggered bus routes and bell times. • Bus drivers are currently paid a starting rate of $13.96 and are on a four step scale. The District recently reduced the steps in the scale from 9 to incentivize new drivers with quicker promotion to high hourly rates. • In addition to salaries, drivers are incentivized by bonuses for meeting attendance and safety standards at mid-year. There are also summer driving or maintenance work opportunities that are provided to supplement salary potential. • In addition to a Transportation Director and a Transportation Coordinator, there are several decentralized bus managers and supervisors to ensure smooth day to day bus operations. • The District (not the State) provides transportation for students participating in school choice programs.	• Implement a small substitute driver pool, in addition to the "floater" drivers, in order to decrease the need for doubling up routes. • Use an automated calling system to fill needed driver substitute vacancies.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	• The District utilizes the routing software Edulog. Data from the planning and demographics system is used to feed the routing software. • The District is currently working towards getting GPS and Wi-Fi on all of its buses. • The District provides radios to contact drivers while on routes • The District has both internal and external security cameras on all buses. • The District has stop-arm cameras on buses. Resulting infractions are sent to local law enforcement. • Activity Buses: The District does use the State fuel for activity buses	• Install GPS on 100% of buses to monitor bus routes and ensure most efficient route.
Collaboration	• The District does not collaborate with surrounding districts on transportation and planning.	• Consider sharing best practices in transportation management with other districts across the state.

APPENDIX A:
SAVINGS METHODOLOGY

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. 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 the District.
- A&M estimated potential savings that could be realized after implementation of recommended process, policy and technology changes based upon past experience implementing similar initiatives, comparison of staffing and spend against peer benchmarks and discussion with the District. A&M also estimated investments required to achieve savings based upon prior experience.
- In addition, while A&M evaluated potential synergies from a regional shared services model for transactional activities, after considering the District's size, current staffing levels and uniqueness of processes, policies and technology, A&M is not recommending implementation of this approach at this time.

PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the Districts 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 compare with benchmarks across the state.
- A&M evaluated opportunities for savings based upon comparison of benchmarks across the state that took into consideration the location, population and geographic profile of the each district.
- Savings estimates were not provided in instances where the District was in line with benchmark targets and was using both routing software and leveraging staggered bell times.

APPROACH TO SAVINGS: OTHER CONSIDERATIONS

- **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

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

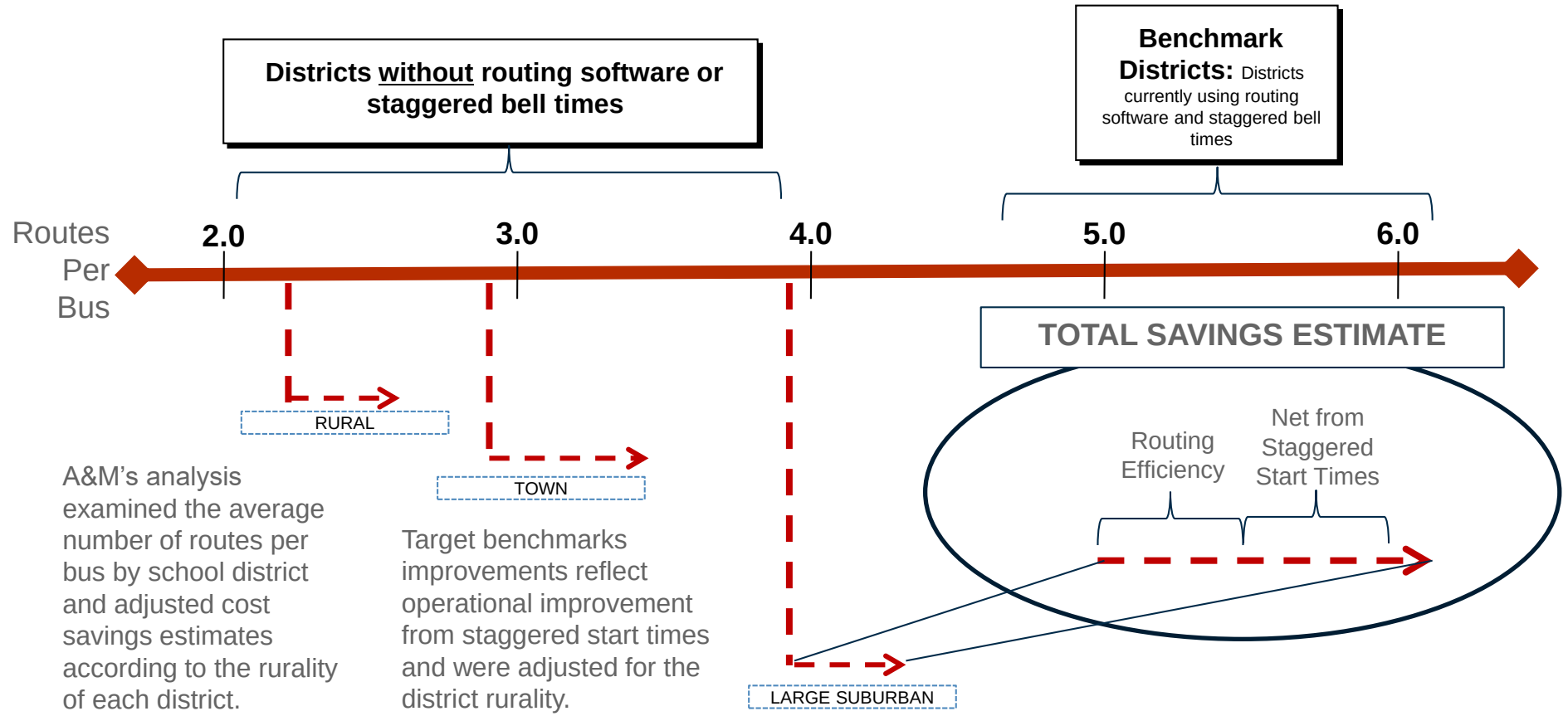
Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

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.

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.



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 benchmarks improvements reflect operational improvement from staggered start times and were adjusted for the district rurality.

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

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 EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

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

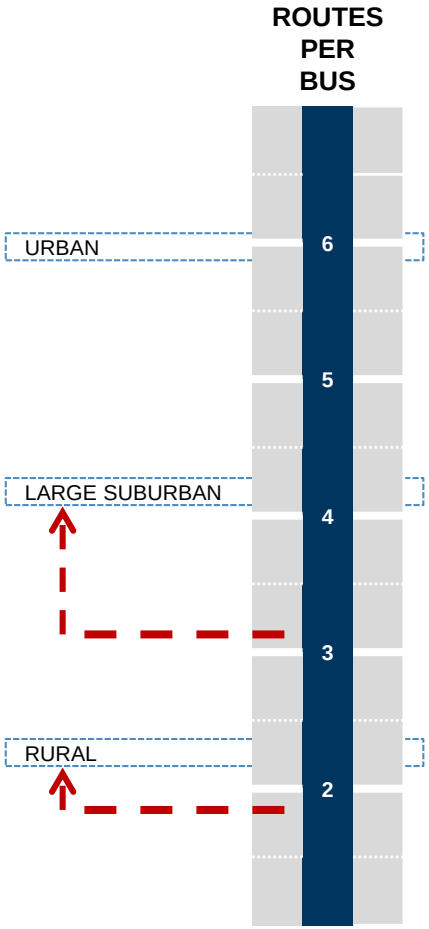
Cost savings from more efficient routing are significant, with savings shared between the districts and the State.

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 benchmarks 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
DRIVERS	2.0	$ 19,390	$ 23,133	$ 15,647
FUEL	-	$ 0.15	$ -	$ -
MAINTENANCE	2.0	$ 4,138	$ -	$ 8,276
BUSES (COST AVOIDANCE)	-	$ 60,000	$ -	$ -
TOTAL			$ 23,133	$ 23,923

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

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.

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:	
	Low	**High**
Building Services	1.0%	5.0%
Non-Instructional Supplies	1.0%	5.0%
Instructional Supplies	1.0%	5.0%
Instructional Services	1.0%	5.0%
Support Services	1.0%	5.0%
Technology	1.0%	5.0%
Other	1.0%	5.0%
Overhead Services	1.0%	5.0%
Transportation Services	1.0%	5.0%

Preliminary estimates of potential savings from increased collaboration of purchasing across districts range from 1.0% to 5.0%.

APPENDIX B:
DATA SOURCES

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[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
GREENVILLE

Sources [2],[3]

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

Sources [2],[4]

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

APPENDIX B: FORMULAS DEFINED
GREENVILLE

Source [5]

- Grant Funds as Percent of Total Budget = ((Total Special [5] + Special EIA Revenue [5]) / Total Revenue Excluding) Where Fund Name ≠ "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 = (Cash: Unrestricted, general fund [7] + Investments: general fund [7] + AR: County [7]) / (General Fund Expenditures [3] / 365))
  *General Fund Expenditures = expenses where fund code = 100

- Days Payable Outstanding = (Accounts Payable: General Fund [7] / (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 = Fund balance – unrestricted [7] / General Fund Revenue [5]

- Grants Receivables Days Outstanding = (Grants Receivable from State [7] + Grants Receivable from Federal [7]) / (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 = Total Debt Outstanding[7] / Revenue[5] (Where Fund Name ≠ "Capital Projects Fund" or "Debt Service Fund")

Source [9]

- Routes Per Bus = Number of Routes [9] / Number of Buses [9]

- Average Ridership = Total Ridership [9] / Number of Routes [9]

- Average Route Time = Total Route Minutes [9] / Number of Routes [9]

- Average Mileage Per Bus = Total Route Miles [9] / Number of Buses [9]

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