



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Richland 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

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.

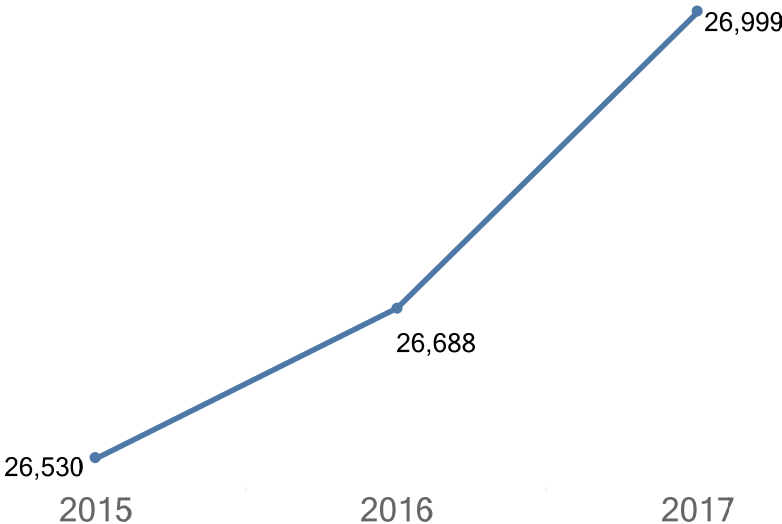
➤ **Sources of Data and Savings Estimates**

- 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.

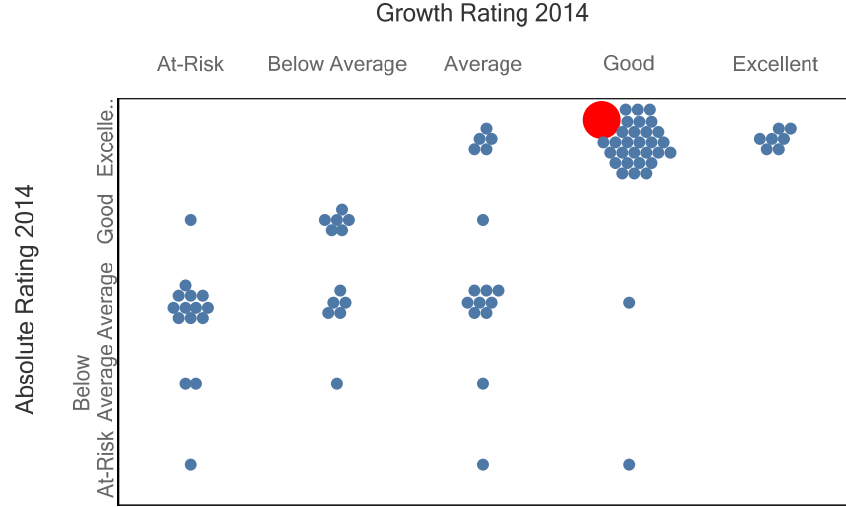
EXECUTIVE SUMMARY

RICHLAND 02

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	32
% Poverty ^[1]	48%
% Disability ^[1]	10.7%
\$ Per Student ^{[2],[3]}	\$15,067
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$11,194

Administration

Students Per Instructional Services FTE ^{[2],[4]}	8.7
Students Per Overhead FTE ^{[2],[4]}	168.7
Students Per School Support FTE ^{[2],[4]}	81.6
Students to Total FTE ^{[2],[4]}	7.5

EXECUTIVE SUMMARY

RICHLAND 02

Sources of Funds^[5]
\$368.3M



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^[3]
\$402.1M



2015-2016

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

Use of Funds - Function^[3]
\$402.1M



2015-2016

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

* totals may not tie due to rounding

EXECUTIVE SUMMARY

RICHLAND 02

\$402.1M
Total

\$44.0M In-Scope	\$358.1M Not In-Scope
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10.9% of total spend is within scope of the efficiency review:

	In Scope Spend ^[3]	Procurement Component
Finance	\$1,666,323	\$90,604
Human Resources	\$1,974,890	\$295,743
Overhead	\$3,219,824	\$864,984
Transportation	\$8,473,555	\$1,263,150
Procurement (Community Services, Instruction, Support Services)	\$28,621,648	\$28,621,648
TOTAL	\$43,956,240	\$31,136,129

* totals may not tie due to rounding

EXECUTIVE SUMMARY

RICHLAND 02

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

- **Curriculum:** Actively engage all students in a relevant and challenging curriculum to prepare them for a global society using data analysis to identify current trends and address areas of need.
- **Student Learning:** Create an environment that supports the engagement of students in learning.
- **Recruiting:** Recruit, employ and support individuals who engage students in relevant learning by utilizing strategic recruitment mechanisms and offering ample opportunities for development to existing staff.
- **Infrastructure:** Provide for the fiscal and physical needs of the District through efficient and effective financial systems that allow the District to meet capital planning and funding needs.
- **Engagement:** Cultivate relationships with families, schools and the community by increasing parent engagement, developing meaningful business and community partnerships, enhancing communication and marketing efforts and involving all stakeholders in strategic planning.

Achievements

- **Awards:** 14 US Dept. of Education National Blue Ribbon Schools (6 of which have received the award twice).
- **Certified Teachers:** Richland 2 ranks top in the state and 12th nationally for the number of National Board Certified Teachers with 691 in 2015.
- **Institute of Innovation:** The District hosts an innovation incubator for teachers to present ideas and get funded.
- **Grants:** The District received \$53 million in competitive grants in the 2014-2015 school year.
- **Financial Stability:** The District has a “AA” Credit Rating from all credit rating agencies.
- **Scholarships:** \$92.4 million in scholarship funding for 2015 graduates.

Challenges

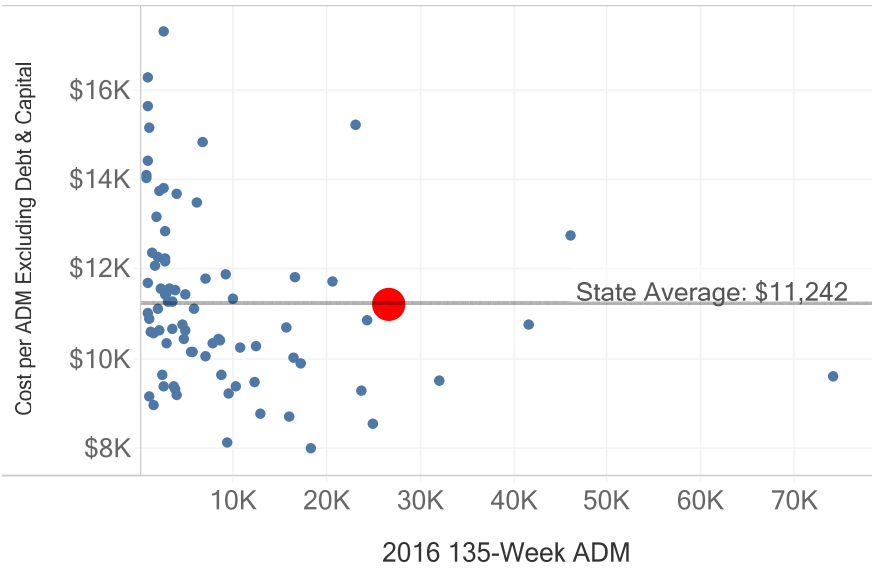
- **Funding:** Funds provided to the District under Act 388 has not sufficiently replaced the local property tax revenue lost under the provision.
- **Bus Driver Turnover:** The District has recently experienced unusual increases in bus driver vacancies and absences.
- **Teacher Retention:** The District faces increasingly competitive teacher recruitment.
- **Demographics:** The teacher retention rate is affected by the frequent turnover in the nearby military base.
- **Growth:** Increasing enrollment creates additional demands on teacher recruitment, facilities needs, and maintaining consistent and strong district culture.

EXECUTIVE SUMMARY

RICHLAND 02

KEY OBSERVATIONS

Per Pupil vs. Enrollment



District Size and Minimum Costs

Minimum Cost Base:

The larger 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.

EXECUTIVE SUMMARY

RICHLAND 02

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Financial Management: The District has strong financial management practices, regularly receives clean audits, performs regular monitoring of financial performance and regularly seeks ways to improve financial operations. The fund balance is strong at 16.8%. • Staffing: Stable financial leadership has allowed the department to operate with a small team and focus on driving efficiencies in financial operations.
Human Resources	<ul style="list-style-type: none"> • Staffing: The Human Resources function has a lean staffing model that supports recruiting, retention, employee relations and benefits. Strong academic performance helps attract teachers and allows for a smaller HR function. • Recruiting and Retention: The District has an easier time recruiting teachers than most districts in South Carolina but still faces challenges due to a transient teacher pool and teacher retirements. Enrollment growth and school expansion will require a heavy focus on recruiting in the upcoming years.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The District has experienced bus driver shortages, with up to 10-15% vacancies. Some incentive plans have been implemented, but overtime from shortages still makes up 10-20% of driver salaries. • Transportation Routing: The District has routing software and utilizes staggered bell times to help drive routing efficiencies, making it one of the most efficient counties in the state with average utilization at over 6 routes per bus.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: With a lean Procurement function, schools are given autonomy in their purchasing decisions and vendor selection, with local optimization as the main priority. • Strategic sourcing: The District is focused on achieving best value through proactive strategic sourcing strategies.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Superintendent has overseen the District for the past 39 years, but is currently transitioning the position to the Superintendent-Elect. This strong and sustained leadership has allowed the district to innovate and drive a culture of improvement. • Collaboration: The District participates in an informal Midlands group.

EXECUTIVE SUMMARY

RICHLAND 02

EFFICIENCY RECOMMENDATIONS

District investment in people, process and technology will help improve the effectiveness of the district’s overall processes and operations.

EFFICIENCY RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<p>System Enhancements: Leverage automated purchase order work flow systems that can be integrated with the financial systems and seek out opportunities to expand on the use of the Pcard program.</p> <p>Process Improvements: Redesign processes to enable a 3-way match capabilities within the District</p> <p>Develop a strategic process to search out and review potential grant opportunities and require all employees to receive payroll via direct deposit.</p> <p>Staffing/Organization: Train individuals on systems and processes and cross-train staff to be able to do multiple functions.</p>	<p>System Enhancements: Automate benefits related transaction processing and explore incremental opportunities to further drive down remaining manual processes through additional customization efforts.</p> <p>Process Improvements: Expand incentive programs to help recruit and retain teachers and develop a workforce plan for hard to fill positions.</p> <p>Staffing and Organization: Provide individuals with training on systems and processes and cross-train individuals to be able to do multiple functions.</p>	<p>Process Improvements: Work with the state procurement officials to promote the value of cooperative purchasing and advertising through SCBO.</p> <p>Coordinate purchases with other districts to the extent possible to take advantage of volume discounts.</p> <p>Negotiate discounts / rebates for tiered levels of spending.</p> <p>Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for savings.</p>	<p>Process Improvements: Partner with other districts that are transporting children to out of district placements.</p> <p>Staffing / Organization: Implement a substitute/back up driver pool in collaboration with nearby districts.</p> <p>Consider driver pay increases to help reduce vacancies and offset overtime pay.</p>

EXECUTIVE SUMMARY

RICHLAND 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. Actual savings may vary based on implementation decisions.

FINANCE AND HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.

EXECUTIVE SUMMARY

RICHLAND 02

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	\$0 -	\$5,000	\$0 -	\$0
Human Resources	0 -	0	0 -	0
Procurement	0 -	0	587,100 -	1,359,800
Transportation – District	N/A -	N/A	0 -	0
District Total	0	5,000	587,100	1,359,800
Transportation – State	0 -	0	0 -	0
Total	\$0	\$5,000	\$587,100	\$1,359,800

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



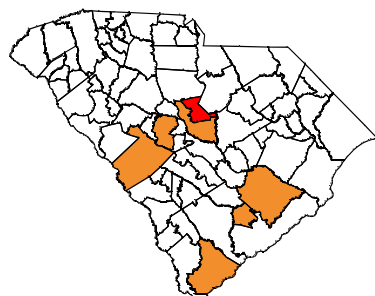
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DISTRICT BENCHMARKING

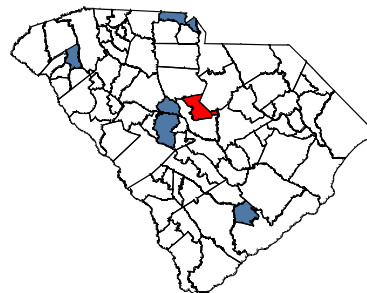
RICHLAND 02

Enrollment (20,000 - 40,000)



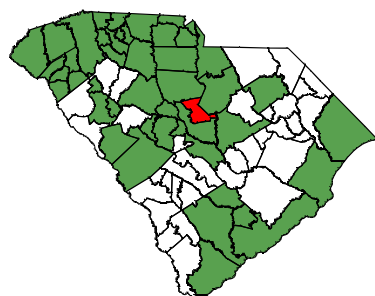
- Aiken
- Beaufort
- Berkeley
- Dorchester 02
- Lexington 01
- Richland 01
- Richland 02

Poverty (<50%)



- Anderson 01
- Dorchester 02
- Lexington 01
- Lexington/Richland 05
- Richland 02
- York 02
- York 04

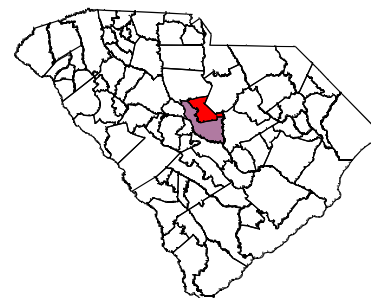
Phase 1 (No)



- 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
- Spartanburg 03
- Spartanburg 04
- Spartanburg 05
- Spartanburg 06
- Spartanburg 07

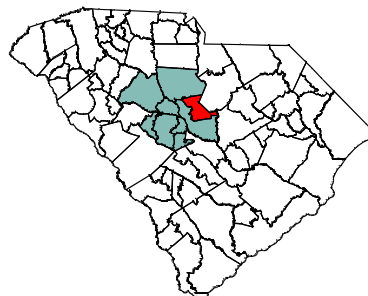
- Sumter
- Union
- York 01
- York 02
- York 03
- York 04

County (Richland)



- Richland 01
- Richland 02

Region (Central Midlands)



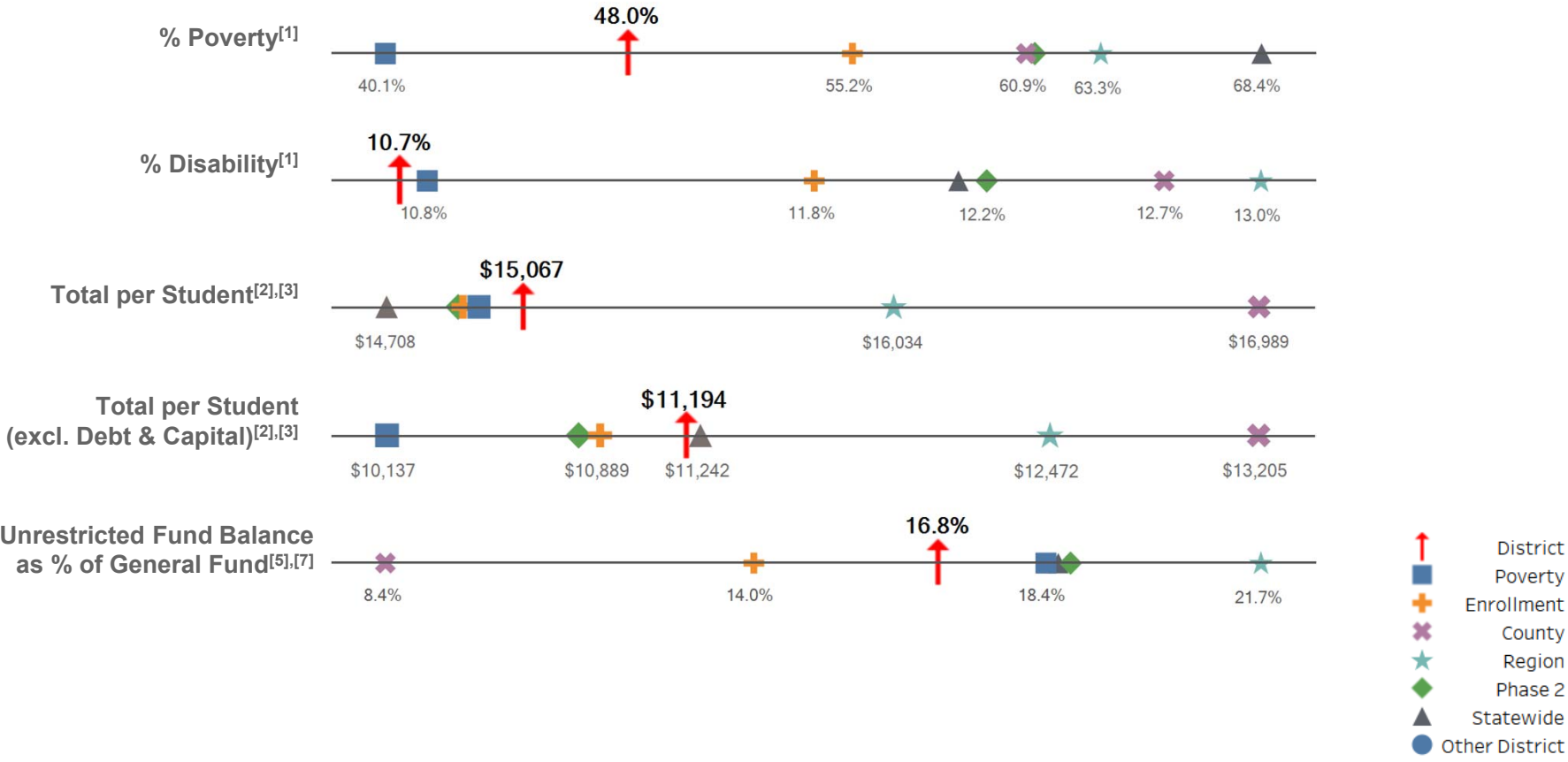
- Fairfield
- Lexington 01
- Lexington 02
- Lexington 03
- Lexington 04
- Lexington/Richland 05
- Newberry
- Richland 01
- Richland 02

DISTRICT OVERVIEW

RICHLAND 02

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

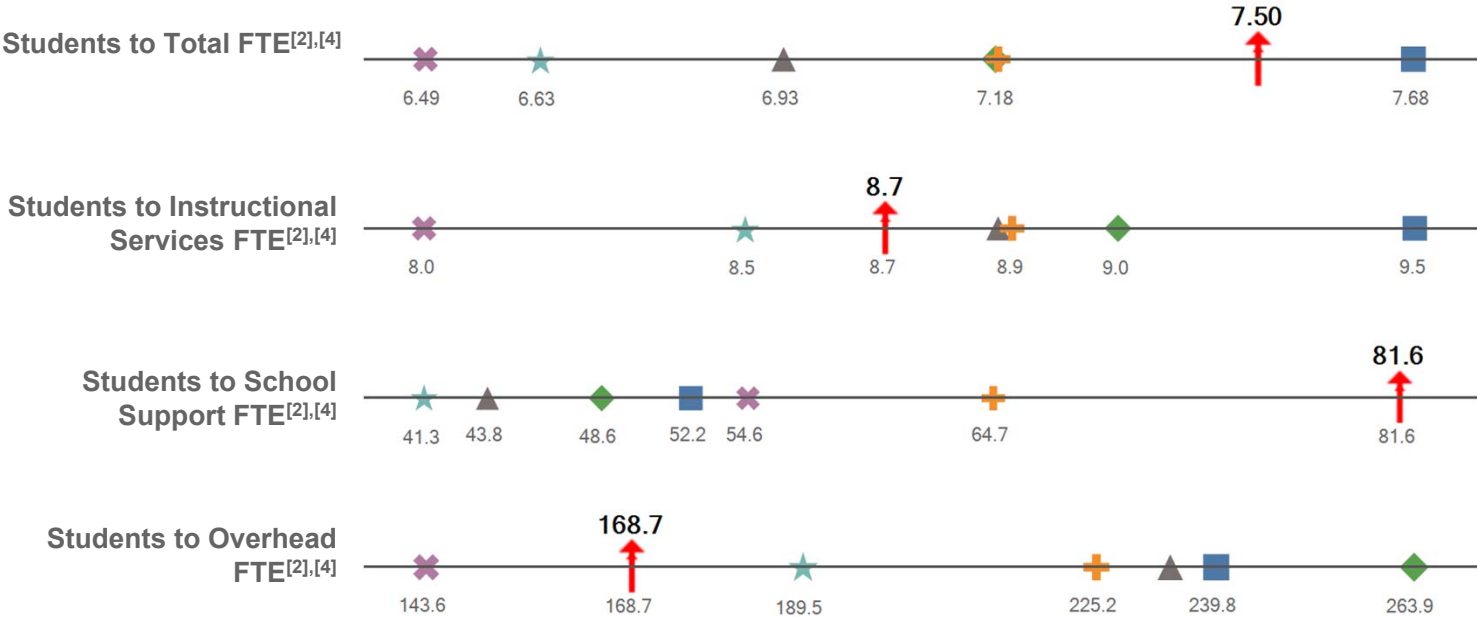
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



DISTRICT OVERVIEW

RICHLAND 02

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



- ↑ District
- Poverty
- + Enrollment
- × County
- ★ Region
- ◆ Phase 2
- ▲ Statewide
- Other District

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Enrollment Trends	Observations	Recommendations
Enrollment Trends	<ul style="list-style-type: none"> • 3-year Enrollment Trend: The District's enrollment has increased by 469, or 1.8%, over the past 2 years. • Student Demographics: The District's level of poverty and percentage of disabled students are lower than the State, regional and enrollment band averages. • Competition: There is only 1 charter school in the District. The Charter is invited to participate in District leadership development, contracts their financial services to, and rents facilities from the District. • Other Demographics: The District offers 39 magnet programs, which provide opportunities and increases school choice. • Long-term Planning: The District prepares long term enrollment projections by partnering with the community's economic development department and a demographer to conduct analyses utilizing 3, 5, and 8 years of historical data to inform long-term enrollment and demographic planning. • Other: The District is located near Fort Jackson, which impacts community demographics and student and staff turnover. 	<ul style="list-style-type: none"> • The District maintains a robust strategic planning process that takes into account many of the community's stakeholders and tie in closely with the budgeting process. The strategic planning process can be enhanced through integration of student data to establish goals and strategies.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Per Pupil Expenses: When excluding debt and capital, the District's per pupil spend of \$11,194 is on par with both the statewide average of \$11,242 and enrollment band average of \$10,889. 	

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

District Funding and Resource Allocation (cont'd)	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> • Unrestricted Fund Balance: The District has an unrestricted fund balance that is 16.8% of the general fund. The fund balance is slightly below the statewide average of 18.6%. • Resource Allocation: The District uses a resource allocation formula driven by 90-day enrollment projections and a robust staffing model for school based personnel but only adds resources to the District Office on an incremental or as needed basis. • Student to FTE: The Student to Total FTEs of the District of 7.5 is higher than the statewide average of 6.9 and districts with similar enrollment levels of 7.2. This is an indication of overall efficiency in staffing levels when compared to peers. • Student to Instructional Services FTE: The Student to Instruction ratio of 8.7 is on par with both the statewide average and the average of districts with similar enrollment levels of 8.9. • Student to School Support FTE: The Student to Support Services ratio of 81.6 is higher than all peer group averages, indicating higher relative efficiency. • Student to Overhead FTE: The Student to Overhead ratio of 168.7 is lower than the state, regional and enrollment band averages, but higher than the county average. This is due to the District's organizational model that utilizes Assistant Superintendents to oversee different functional areas. 	<ul style="list-style-type: none"> • Expand on the existing resource allocation practices and leverage key performance indicators to estimate reasonable growth requests in District Office staff.

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Role of Superintendent: The Superintendent has 10 direct reports in the central office that include the 3 Assistant Superintendents and the Chief Officers of each functional area. The Superintendent spends a significant amount of time focused on the development of innovative programs in the District. • Communications Function: The District has a Communications & Strategic Partnerships department, led by a Chief Communications Officer, responsible for internal and external communications. • Legal: The District has no legal department. If legal advice is required, the District utilizes external firms to provide support. • Data and Accountability Function: The District maintains a centralized data warehousing function but has not incorporated any kind of dashboard for the analysis of test data due to changes in state testing. • The District employs a collaborative approach to using data by conducting analysis, meeting with leadership at the schools, and using google to push out the data notebook. • Innovation Programs: The District hosts an institute of innovation program that provides an area for teachers to work on design thinking and develop “shark tank” type presentations to gain funding for ideas. • Turnover: The Superintendent has overseen the District for the past 39 years but is currently transitioning the position to the Superintendent-Elect who will assume the position in July 2017. 	<ul style="list-style-type: none"> • Create a performance based dashboard that integrates academic data into the existing operational reporting structure to better track how the execution ties to the strategic planning process. The dashboard should consider and be coordinated with the rollout of the State DOE’s longitudinal data tools in the next 1-2 years to effectively expand on the District’s analytic capabilities.

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Board of Education	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are paid \$9,600 annually. • Board Composition: Many Board members are deeply involved in the community and/or have had children attend school in the District. • Training: Board members receive School Board Association training at both the national and state levels. 	
Philanthropy and Business Engagement	<ul style="list-style-type: none"> • Business and Community Development: The District maintains a Communications and Strategic Partnerships Department, with one FTE fully dedicated as the Director of Strategic Partnerships. The department works with the National Council on School Public Relations and maintains university and business partnerships. • The District also utilizes partnerships with businesses for its Institute of Innovation. Examples of the business partnerships include a collaborative agreement with Orthopedics Sports Medicine, training in alternative energy, advanced culinary classes, engineering, forklift training, and Apple Development. • One highlight is the Richland County Library located in the District headquarters, where every student gets a card and every teacher can check out books for schools. 	<ul style="list-style-type: none"> • The District should develop centralized analysis and reporting of the existing philanthropy and business partnerships to better understand past trends, identify top partners, and tailor offerings for future support initiatives from both business and philanthropic organizations.

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Observations	Recommendations
Philanthropy and Business Engagement (cont'd)	<ul style="list-style-type: none"> • District Foundation: The District has a foundation that provides support to the school district from local businesses in law firms and construction firms. The foundation receives aid for the teacher of the year recognition, as well as, in kind donations for supplies, equipment, food, or student programs (i.e., Boys in bowties and Girls in Pearls). • Public Private Partnerships: The District is implementing 2 cell phone towers to be ready in the next fiscal year. The towers are expected to generate up front payments of \$25,000 for each tower plus annual payments of \$13,000 per carrier on each tower (up to 5 carriers). The District also has a partnership with SCG&E to sell energy back into the grid from the solar and wind energy.
Collaboration	<ul style="list-style-type: none"> • The District participates in an informal Midlands group in which the Superintendents from the participating districts meet periodically. • Career Center: The District has a shared career focused innovation center with a CTE on each school campus but does not share a career center with other districts. The District's careers centers are located within the high schools and select specialized courses are taught at the Institute of Innovation located in the same building as the central office. • Special Education: The District has 9 students that are supported by Richland 1 for special needs care and hearing impaired services. • Headcount: The District does not share FTEs with area districts.



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FINANCIAL MANAGEMENT

RICHLAND 02

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.

1,227 : 1

District Students (ADM)^[2]

Financial
FTE^[4]

\$63 per Student

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

Key statistics for metrics

Financial FTEs ^[4]	22.0
Personnel Expense ^[3]	\$1,575,719
Non-Personnel Expense ^[3]	\$96,851
Total Financial Expense ^[3]	\$1,672,570

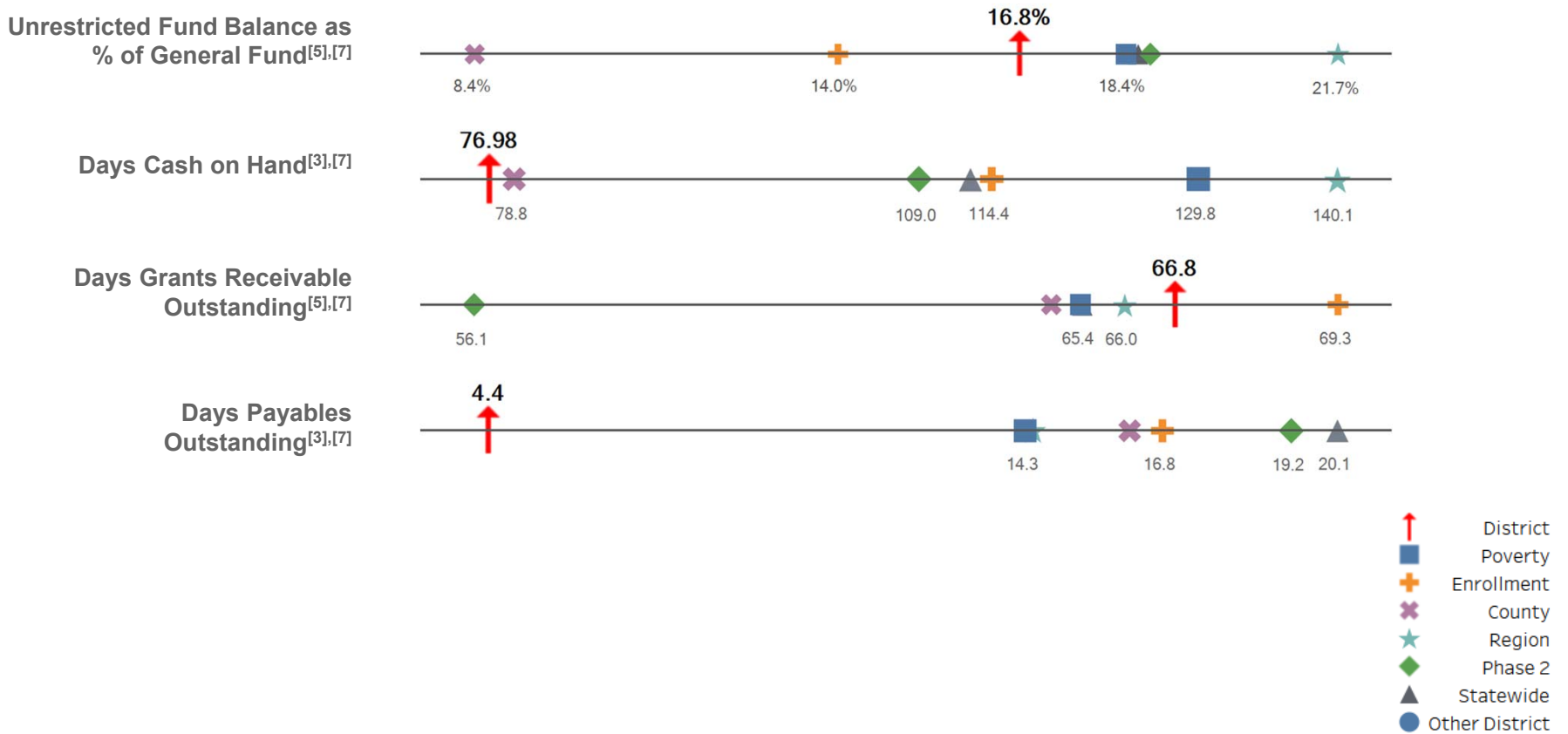
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

FINANCIAL MANAGEMENT

RICHLAND 02

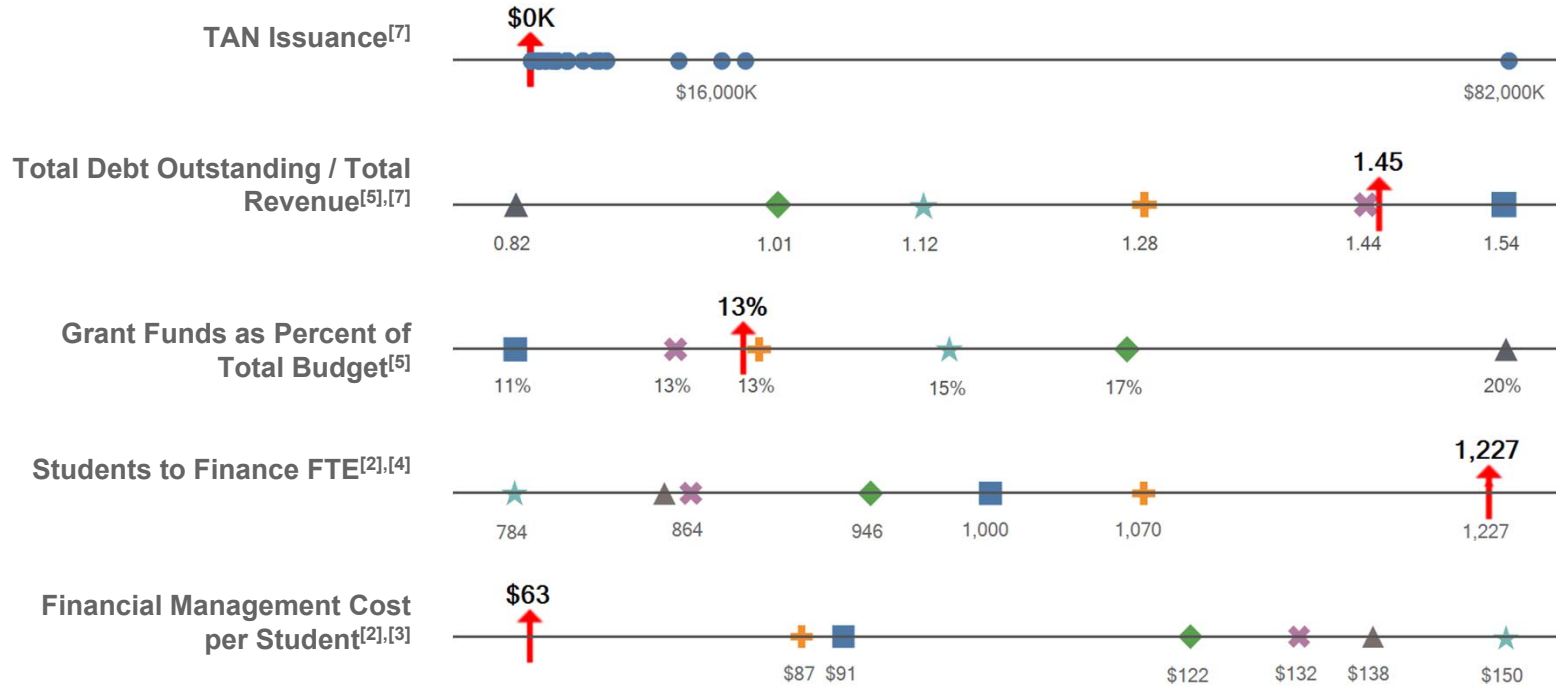
KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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 2 and (g) other districts.



FINANCIAL MANAGEMENT RICHLAND 02

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



- ↑ District
- Poverty
- + Enrollment
- × County
- ★ Region
- ◆ Phase 2
- ▲ Statewide
- Other District

FINANCIAL MANAGEMENT RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budgetary services, purchasing and financial reporting. • Turnover: Department has been overseen by the Chief Financial Officer for the past 3 years. • Finance Cost Per Pupil: The Finance cost per pupil for the District of \$63 is lower than both the state average of \$138 and the enrollment band average of \$87. • Student per Finance FTE: The Student to Financial Management FTE ratio of 1,227 is significantly higher than the state average of 852 and higher than the enrollment band average of 1,070. 	<ul style="list-style-type: none"> • 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.
Payroll and Accounts Payable	<ul style="list-style-type: none"> • Payroll: The District currently runs payroll on a bi-monthly basis. • 98% of employees receive payments via direct deposit. • The District uses a self service payroll platform through the Alio platform, enabling employee initiated payroll changes to be processed electronically. • Timekeeping: The TimeClock Plus system is currently used by bus drivers and substitutes. A few hourly groups still record manual employee time sheets, but the District is looking to phase them into the system within the next year. 	<ul style="list-style-type: none"> • Require all employees to receive payroll via direct deposit. In addition, eliminate the physical mailing of check stubs to employees. • Continue with the plan to phase bus drivers and substitutes into the TimeClock Plus system for the FY17-18 school year.

FINANCIAL MANAGEMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	<ul style="list-style-type: none"> • Purchasing: The District uses the Alio system for Financial Accounting, check reconciliation, fixed assets, and to manage Purchase Orders. The District does not utilize an automated process to generate a 3-way match for the payment of invoices and matching of receiving documentation to PO's. Currently, invoices must be sent to an intermediate site and then forwarded to the District Office where they are scanned into the system. • Accounts Payable runs checks to vendors on a weekly basis, bi-monthly for Building Fund expenses. • The District utilizes a Pcard program. In FY15-16 the District spent about \$2.8 million on the Pcard, making up about 3% of vendor spend, and received \$19,708 in rebates. • Inventory: The District has a very small warehouse that usually holds around \$40,000 worth of inventory. No major assets are warehoused. • The District performs manual inventory tracking annually. • Risk Management: The District self-insures for claims up to \$10,000 for both Workers Compensation and Property and Casualty. The administration of this insurance is run by a third party administrator. The third party has set up a system in which the District can scan in and monitor information. • The District has formal risk management policies in place. 	<ul style="list-style-type: none"> • Leverage automated purchase order work flow systems that can be integrated with the financial systems and facilitate a 3-way match of the PO, invoice, and receiving documentation. • The District should seek out opportunities to expand on the use of the Pcard program through increased use of Pcard's for centralized spend categories. • Implement standard policies and procedures around managing physical inventory and ensure that the District Finance organization is part of the overall process. • Purchase scanners to facilitate the inventory process.

FINANCIAL MANAGEMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	<ul style="list-style-type: none"> • Grant Revenue %: Grant funds provide 13% of revenue for the District, making its reliance on grants on par with districts of similar enrollment and less reliant than the rest of the state. • Federal Funds: Significant federal grants (i.e., Title I, IDEA, NSLP, RTTT, CAT) are managed by a program director. These individuals are responsible for managing grant compliance, executing on the program, and monitoring and reporting. • Indirect Costs: The District uses the state negotiated indirect cost ratio to charge indirect costs against federal grants. • Grants Monitoring: Review of expenditures against grant requirements is first conducted by the project directors for each grant and forwarded to the grants coordinator for final reviews. The Special Revenue Accountant then prepares reimbursement requests. • Grants Management Process: School site project directors must work closely with their grant coordinator and the central office special revenue accountant to ensure that expenditures and reports align with grant award accountability. • Grant applications over \$2,500 must be reviewed by the grants committee to ensure that the opportunities fit demographics and goals of the District prior to proceeding with application. 	<ul style="list-style-type: none"> • The District should develop a strategic process to search out and review potential grant opportunities at the federal and state level or through private foundations and raise awareness with the site based staff of the potential opportunities.

FINANCIAL MANAGEMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Internal Controls	Observations	Recommendations
Internal Controls	<ul style="list-style-type: none"> • F/S Audit: The District was not found to have any material weaknesses in its latest audited financial statements. • Position Control: The District maintains position control, ensuring that each new hire must have a position associated with the hiring decision and concurrence must come from finance or the Superintendent. The vacancies are reviewed via the staffing report on a monthly basis by the schools and district office. • Other: The District has a robust set of internal controls laid out for handling of cash, checks and Pcards. 	
Cash Management	<ul style="list-style-type: none"> • Days Cash on Hand: The District has a stable cash balance with 77 days of cash on hand. • An in-depth cash flow analysis is conducted in early fall to ensure an Anticipation Note is not needed. Cash flow statements are run on a weekly basis. • Grants Receivable Outstanding: The District's Days Grants Receivable Outstanding of 66.8 is slightly above the statewide average of 65.4. The District submits grant reimbursements quarterly. • Days Payable Outstanding: The District's Days Payables Outstanding of 4.4 is much shorter than the statewide average of 20.1. • Cash: The District invests cash balances in State investment pool. 	<ul style="list-style-type: none"> • Submit grant reimbursements on a monthly basis to ensure compliance and sufficient cash flow for grant funded programs. • In low cash points of the year, slow down payables to ensure sufficient cash on hand for operations and avoid potential use of Anticipation Notes.

FINANCIAL MANAGEMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	<ul style="list-style-type: none"> • Debt: The Debt to Revenue ratio of 1.45 is higher than both the state average of 0.82 and the enrollment band average of 1.28. • TAN: The District did not issue TANs this past year to assist with liquidity needs during cash low point. 	
Budget	<ul style="list-style-type: none"> • 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 annual budget process begins with enrollment projections made by the Planning department. Projections are based on several data sources to come up with 1 year and long term projections. • Resource Allocation Model: The District has a robust resource allocation model, based on staffing standards, that is used to determine annual budgets for schools and departments. Discretionary spending allowance is based on the 90 day average enrollment. • Budget Prioritization: Budget officers (i.e., Principals and C-Suite positions) receive the budget recommendations based on the resource allocation model and adjustments needed to accommodate for new schools. The budget officers are given the opportunity to weigh in on budget decisions and justify needs. 	<ul style="list-style-type: none"> • Expand the zero-based and / or performance based budgeting approach to expand on the KPIs and workload drivers, estimate central office staff and expenses, and align with the strategic plan.

FINANCIAL MANAGEMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Budget (cont'd)	<ul style="list-style-type: none"> • Fiscal Monitoring: The Alio system allows for budget officers to produce budget to actual variance reports on an as needed basis to monitor spend and track results. The District must report to the board quarterly and rely on oversight by the budget officers rather than monthly meetings to review expenses. 	
Technology	<ul style="list-style-type: none"> • ERP: The District uses Alio's Financial and Human Resources software for general accounting, human resources, check reconciliation, fixed asset accounting, purchasing, cash receipting, payroll, employee self-service, and absence management activities. The District also uses Acorn for online cash collections and TimeClock Plus for time keeping. The reporting module that has a dashboard. • Financial Dashboards: The District's Technology department developed dashboards so that schools can easily view a big picture summary of budget to actuals, open PO's, payments, leave of absence, check clearing etc. 	<ul style="list-style-type: none"> • Explore incremental opportunities to further drive down remaining manual processes (e.g., Accounts Payable check issuance, 3-way match, etc) through additional automation efforts.
Regional Collaboration	<ul style="list-style-type: none"> • The District participates in South Carolina School Board CFO and finance director quarterly discussions. • The District is the lead on several collaborative grants and serves as the fiscal agent on some to give smaller districts the ability to participate. The District is lead on the Race To The Top (RTTT) grants, and the district participates in the CAT grant. • The District does not coordinate with others in the region on any transaction processing or finance related activities. 	<ul style="list-style-type: none"> • The District should consider establishing a shared resource with other districts for the cost of Medicaid Specialists to oversee the Medicaid billing and reimbursement processes.



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HUMAN RESOURCES

RICHLAND 02

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.

1,350 : 1

District Students (ADM)^[2]

Human Resources FTE^[4]

\$74 per Student

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

Key statistics for metrics

Human Resources FTEs ^[4]	20.0
Personnel Expense ^[3]	\$1,679,147
Non-Personnel Expense ^[3]	\$295,743
Total Human Resources Expense ^[3]	\$1,974,890

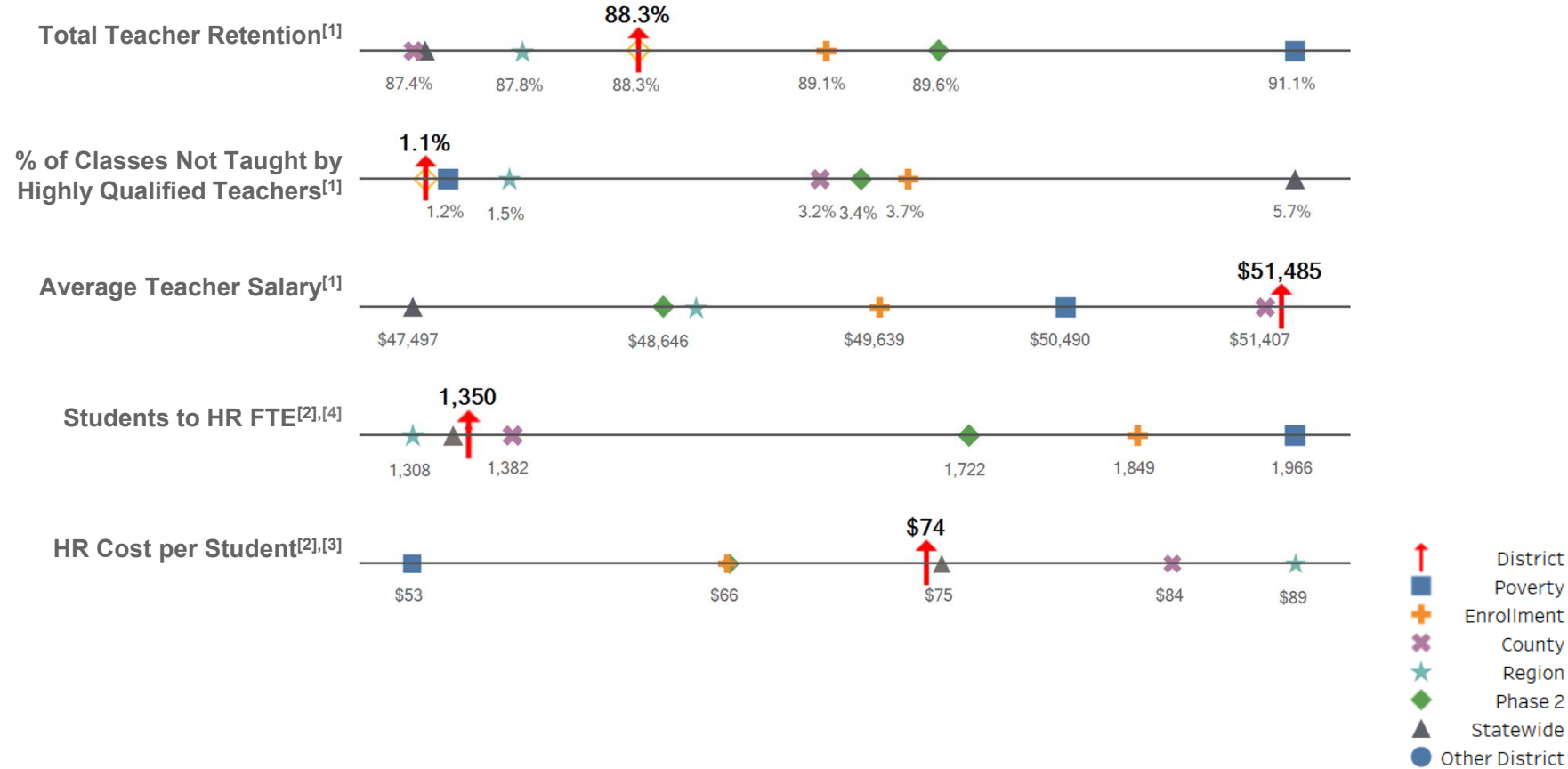
NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

HUMAN RESOURCES

RICHLAND 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 2 and (g) other districts.



HUMAN RESOURCES

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations and benefits. • Human Resources Cost Per Pupil: The HR cost per pupil of \$74 for the District is on par with the statewide average of \$75, but higher than the average for districts with similar enrollment levels of \$66. • Student per Human Resources FTE: The Student to HR FTE ratio of 1,350 is in line with the state average of 1,339, but significantly lower than the average of districts with similar enrollment levels of 1,849. 	<ul style="list-style-type: none"> • 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.
Recruiting and Retention	<ul style="list-style-type: none"> • Teacher Recruitment: Similar to other school districts in the State, recruiting teachers into the District is challenging. However, relative to other districts, the District is not struggling as much to retain the number of teachers needed for operation. • The District recruits out of state in NY, OH, and PA and uses innovative recruiting programs including virtual recruiting fairs that include Facetime interviews and Skype Interviews with prospective teachers. • The recent growth trends in the area and the upcoming opening of a new school will require a heavy focus on recruiting in the upcoming years. 	

HUMAN RESOURCES

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting and Retention (cont'd)	<ul style="list-style-type: none"> • Data Analysis: The HR Department did analysis and presented to their board on the 261 staff enrolled in the TERI program and used it to inform an updated recruitment plan and projected need. In addition, the team tracks how new hires were recruited and where they came from in order to plan which career fairs to attend based on past success. • Teacher Retention: The teacher retention rate is about 88% due, in part, to the nearby military base and university populations that cause for a more transient teacher pool. The District also has 261 teachers in the TERI program. • International Teachers: The District does not require the use of international teachers, staffing agencies to fill hard to staff services, or substitute management services to fill vacant positions. • Succession Planning: The District named a Superintendent-elect in July 2016 that will be assuming Superintendent responsibilities in July 2017. The District regularly develops succession plans for administrators and district leadership but does not have a Workforce Plan focused on impending teacher retirements. • Teacher Pay: The District's average teacher salary of \$51,485 is above the state average of \$47,497, making it an attractive district to teach in. • Ranking: The District is 12th Nationally in board certified teachers and the highest ranking District in the state. 	<ul style="list-style-type: none"> • Due to the significant percentage of teachers in the TERI program and who are expected to retire in the next five years, develop a workforce plan for hard to fill positions that may include: hiring early to ensure continuity of student education, sponsoring high performing teacher training to enable a promotion, and partnering with staffing services to meet the needs of the students in case a gap in employment arises.

HUMAN RESOURCES

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> • Recruiting Software: The District leverages Frontline software systems for recruiting, application screening, processing and onboarding. In addition, the District uses the AESOP - Frontline system to tracks and manages substitutes. Absence management links to AESOP through MyHR. • The District uses Applitrack (Frontline) for automation of recruitment and on-boarding efforts, and leverages the state’s CERRA platform to receive additional applications. 	
Benefits	<ul style="list-style-type: none"> • Administration: The Human Resources department has two full time resources dedicated to the administration of benefits. • The District does not provide benefits through SCSBA. FMLA is managed by the benefits staff. 	<ul style="list-style-type: none"> • 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. • Establish a process with PEBA to conduct a local review of benefit plans for ineligible dependents.
Collaboration	<ul style="list-style-type: none"> • The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies. • Professional Development: Colonial Life and Midlands Education & Business Alliance sponsor a Leadership Academy professional development program that is geared towards District Office positions. In addition, the District leads a two-day Technology Summit workshop with the Midlands districts group. 	



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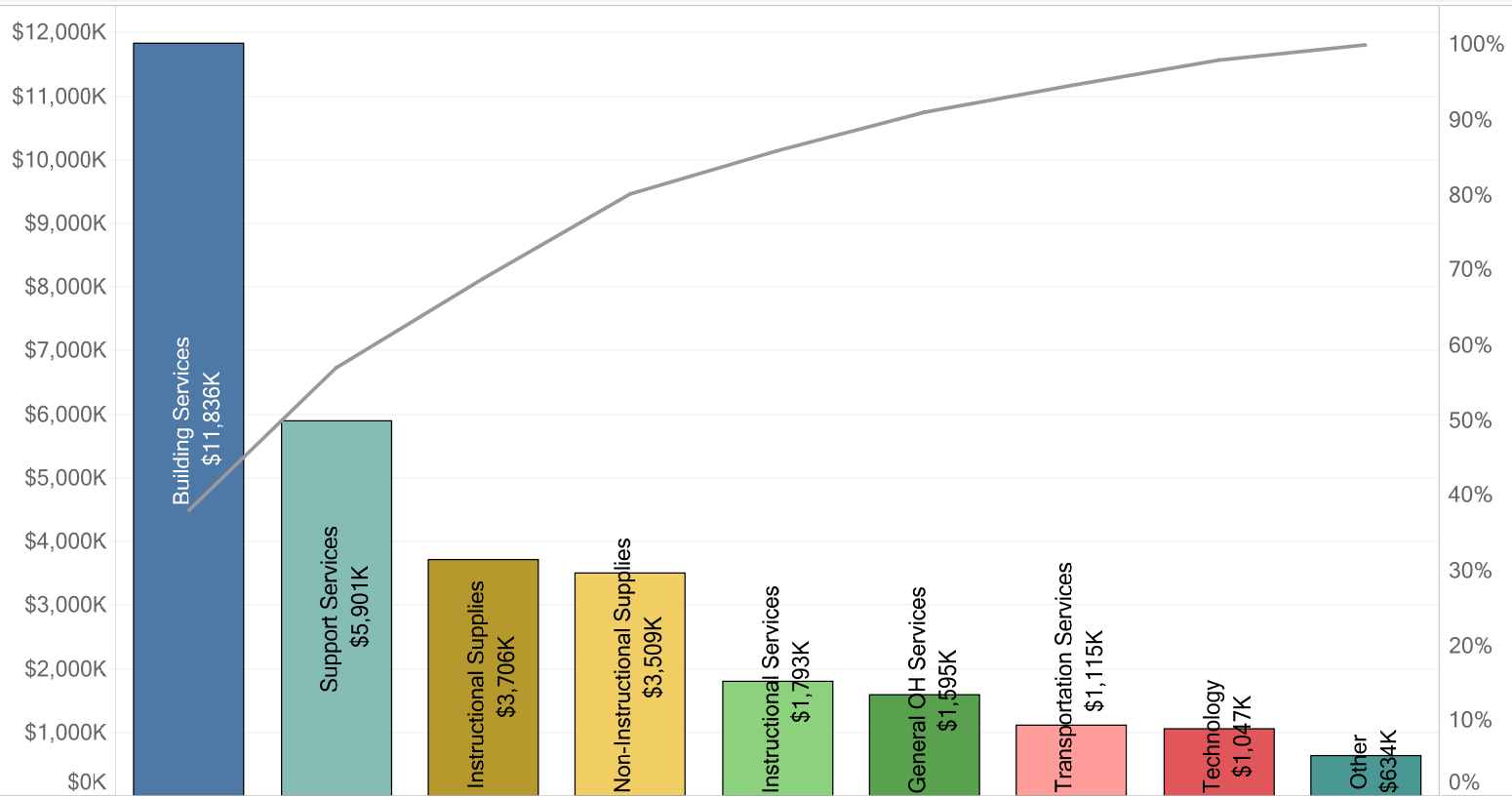
PROCUREMENT

RICHLAND 02

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] = \$31,136,129

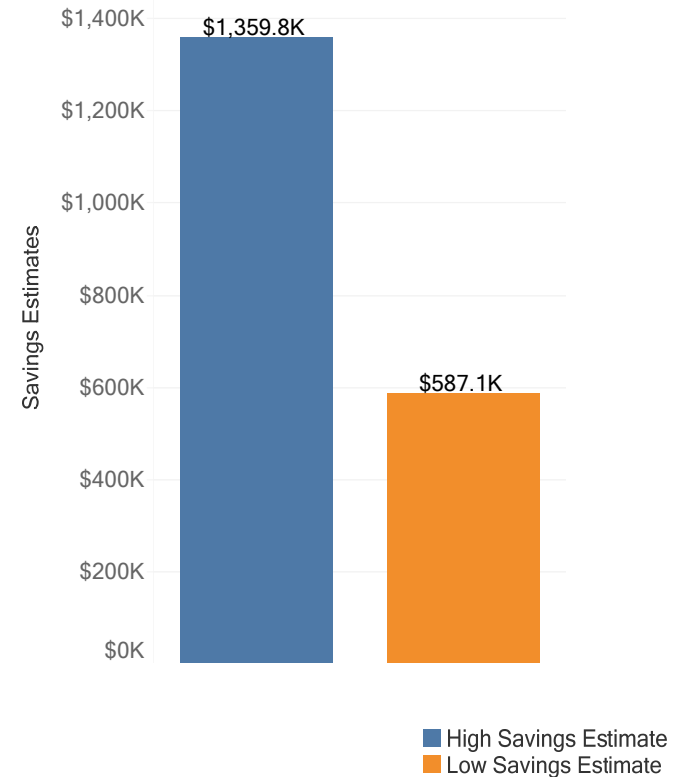


PROCUREMENT RICHLAND 02

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%	3.0%
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

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> • Organization: The District has two full time resources focused directly on procurement and is able to rely on these resources to maximize purchasing activities. • Purchasing Authority: Schools are given autonomy in their purchasing decisions and vendor selection. Quote forms must be supplied to the District Office only if the school selects a vendor that did not provide the lowest price. Much of the reason for such high levels of school autonomy is due to the large number of magnet programs that have unique supply needs. 	<ul style="list-style-type: none"> • Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.
Spending by Vendor	<ul style="list-style-type: none"> • Spending is fragmented across more than 4,600 vendors; however, the top 40 make up more than 80% of total spending. • Data Analysis: The District does not maintain a significant data or analytic function within the procurement organization, relying primarily on experience or anecdotal discussions to drive savings in various procurement categories. • Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across districts could be increased through better contract management on site based procurements and standardization in certain areas such as maintenance and construction. 	<ul style="list-style-type: none"> • The procurement function should conduct ongoing analysis of non-personnel spending, including review of spending by transaction and dollar volume to determine potential candidates for formal contracting and price negotiation to enable better pricing and cost savings. Examples of metrics that could inform analysis include: (a) vendor concentration (# of vendors comprising 80% of spend); (b) % of vendor spending negotiated through formal RFP process; (c) average POs per vendor. • 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. • Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.

PROCUREMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Vendor (cont'd)	<ul style="list-style-type: none"> The District is constrained by the existing Consolidated Procurement Code and State procurement guidance in efforts to seek out favorable pricing through Group Purchasing Organizations (e.g. US Communities) by requiring advertising through SCBO and limiting participation to SC Companies. 	<ul style="list-style-type: none"> 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. 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. Further, 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.
Spending by Category	<ul style="list-style-type: none"> Building and Maintenance: The District utilizes joint collaborative purchasing contracts for both furniture and carpet. Food Services: The District does not collaborate with other districts for the purchase of dairy or bread. Energy: The District does not fix rates for natural gas contracts. 	<ul style="list-style-type: none"> Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts. Consider establishing fixed rate contract for natural gas.

PROCUREMENT RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Spending by Category (cont'd)	Observations	Recommendations
Spending by Category (cont'd)	<ul style="list-style-type: none"> • Instructional Support Services and Supplies - Procurement Exemptions: The District leverages discounts through the SC School District Procurement Group which has group contracts with: School Specialty, Office Depot, ACE Educational, Bender-Burkot and Blick Art Materials for Educational Supplies and Materials. • The District does not procure these services and software in collaboration with any other districts. • Technology – Standardization: The District is expanding its 1:1 initiative and is leveraging a state contract with Dell Marketing to lease laptops through Ontario Investments. • The District purchases through state contract and does not coordinate technology purchases with other nearby districts. • Non-instructional Supplies - Contracting Vehicles: The District uses the state contract for many non-instructional supply categories (i.e., furniture, office supplies, managed print services, vehicles, and medical supplies and equipment, etc). • The District has seen savings by using their Pcard to pay Verizon bills as well as analyzing contracts and usage to determine where they were able to cut plans. • Pupil Activity Funds: The District has been able to use bulk purchasing on items such as football helmets in rare situations, but it is often difficult for them to centralize purchasing that is done through Pupil Activity Funds. 	<ul style="list-style-type: none"> • Coordinate purchasing of instructional services through coordinated procurements with the large procurement 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.

PROCUREMENT

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	<ul style="list-style-type: none">The District participates in SCAGPO, the SCPA, and the Procurement Directors meeting coordinated with other large procurement districts on RFPs. The District also utilizes State contracts for purchasing, but does not employ formal partnerships with guaranteed volume or participation levels with other districts to procure goods and services.	<ul style="list-style-type: none">The state procurement districts should work with the state to create an advisory board that oversees cooperative purchasing within the state with representation from the State, Districts, and potentially Higher Education institutions to identify and pursue specific sourcing categories. The group would identify categories to pursue collectively, name specific districts as lead on a particular sourcing effort, and consolidate the spend across districts. The procurements would be made available to all districts, but advisory board members would be rotated on a periodic basis with some regular sitting advisory board members from the state, regional cooperatives, and largest districts.



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TRANSPORTATION

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

TRANSPORTATION

RICHLAND 02

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.

15 Years

Avg. Age of State Provided Bus Fleet^[9]

\$318 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	197.0
Personnel Expense ^[3]	\$7,210,405
Non-Personnel Expense ^[3]	\$1,263,150
Total Transportation Expense ^[3]	\$8,473,555

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

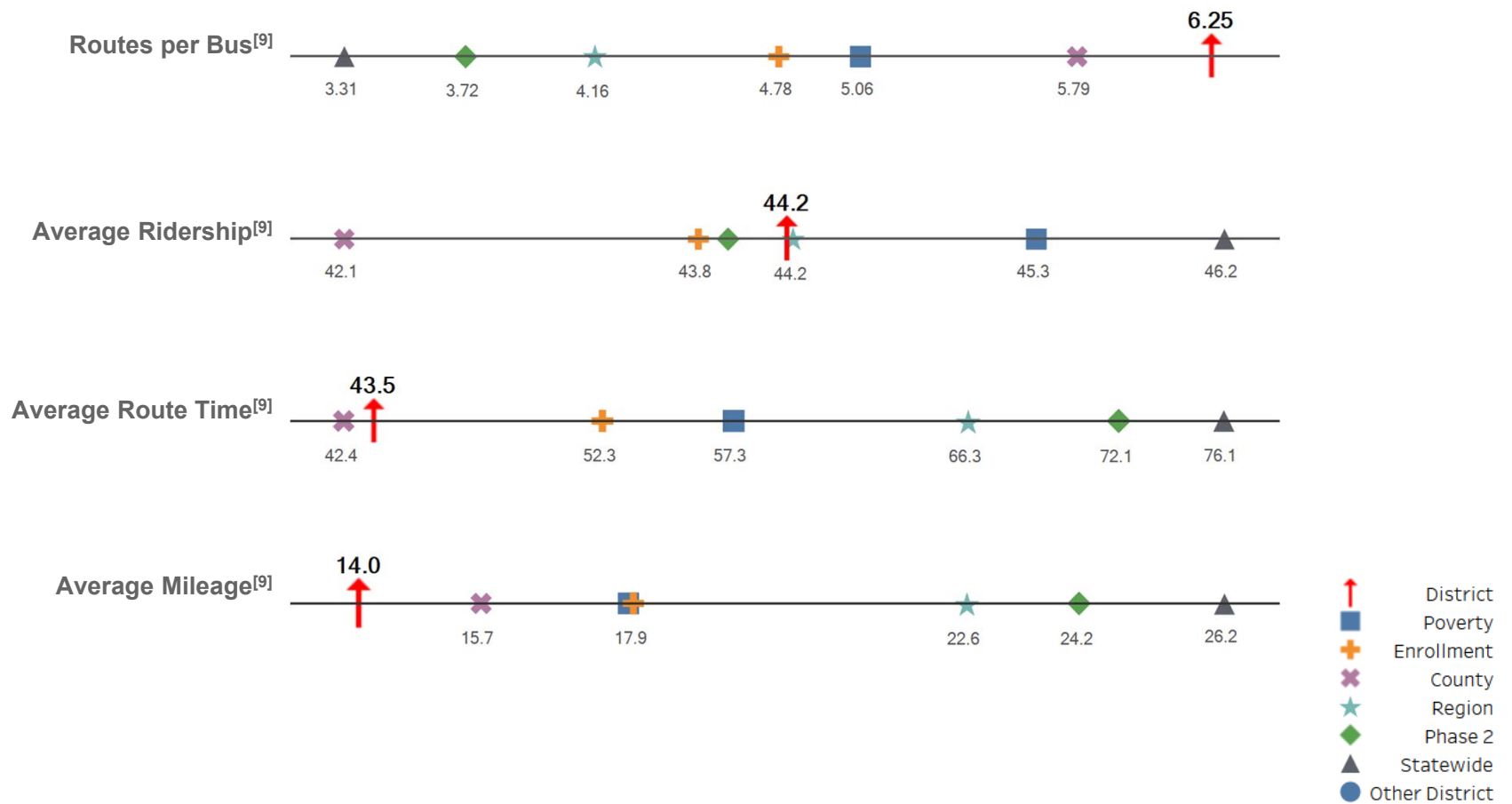
Key statistics for State Routes	# Buses ^[9]	# Routes ^[9]	Routes per Bus ^[9]	Ridership ^[9]	Avg Ridership ^[9]	Avg Route Time (including dead time) ^[9]	Avg Mileage per Bus ^[9]
Regular	71.5	447	6.3	19,748	44	44	14
Special Needs	39.0	94	2.4	1,091	12	Not-Available	55
Other	3.5	24	6.9	1,260	53	Not-Available	8
Total	114.0	565	5.0	22,099	N/A	N/A	N/A

TRANSPORTATION

RICHLAND 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 RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • The District experienced an unusual increase in driver absences and vacancies this year, with up to 15-20% absences / vacancies on any given day. • Due to difficulty with bus driver absences the District has intentionally authorized overstaffing bus drivers by 20% and will give them administrative work to do in the event that there is an excess of drivers. However, the district has not been able to fill these positions. • The District provided 67 behind the wheel certifications but often loses drivers to CDL opportunities. • The District considered signing bonuses and implemented a Pilot Bus Driver/Monitor Performance Incentive Pilot Program. The program's incentive plan provides eligible participants with a \$100 monthly performance bonus for perfect attendance and has no at-fault accidents for the entire monthly performance period. If an eligible participant meets the criteria for the entire year (i.e., 9 months), an additional \$100 incentive will be awarded. • As a result of the absences, overtime pay makes up over 20% of bus driver salaries in the District, totaling \$319,445 last year. • Bus drivers are currently paid a starting rate of \$14.49, approximately \$6.75 above state reimbursement levels. • The Transportation department is staffed with a Director and two supporting officers (GIS Specialist and Tech Specialist). There are several other supervisors who deal with day to day operating needs in the different areas of the District. 	<ul style="list-style-type: none"> • Consider compensation study and / or implementation of incentive programs to recruit and retain drivers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) creation of opportunities for full time employment; (c) housing supplements. • Implement a substitute/back up driver pool in collaboration with nearby districts.

TRANSPORTATION

RICHLAND 02

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	<ul style="list-style-type: none"> • The District maintains a small fleet of activity buses but does not run regular routes with District owned buses. • The District uses a proprietary system for route management and is currently going through the selection process for implementation of new routing software and GPS capability. • The District currently uses staggered start times with the Elementary Schools starting at 7:30AM and High School starting at 8:35AM. • The District provides radios to drivers to contact them while on routes. • The District has security cameras on all buses. • The District does not have stop-arm cameras on buses. • Activity Buses: The District does not use state fuel for activity buses. 	<ul style="list-style-type: none"> • Move forward with implementation of routing software and GPS monitoring capability in order to maximize route efficiency and minimize the number of buses/bus drivers needed for operation. • Install stop-arm cameras to assess tickets to drivers passing buses.
Collaboration	<ul style="list-style-type: none"> • The District collaborates with Richland 1 for out of district transportation of severe special needs students. 	<ul style="list-style-type: none"> • Consider partnering with districts that are transporting children to other out of district placements.

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

RICHLAND 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. Actual savings may vary based on implementation decisions.

FINANCE AND HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.

APPENDIX A: SAVINGS METHODOLOGY

RICHLAND 02

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.

APPENDIX A: SAVINGS METHODOLOGY

RICHLAND 02

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

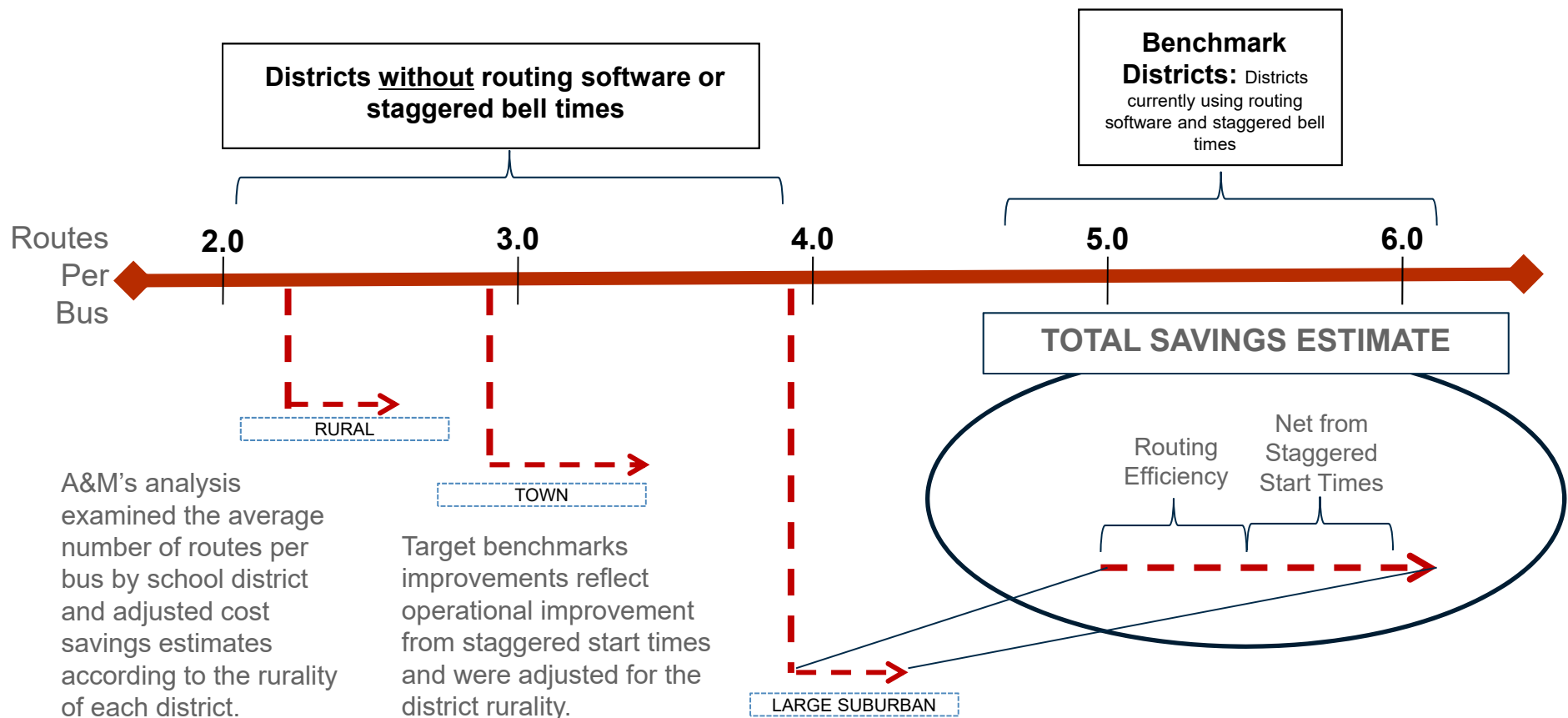
An analysis of each organization's staffing levels on an As-Is Basis, against peer benchmarks, and in a regional collaborative model were conducted to assess overall efficiency and effectiveness.

APPENDIX A: SAVINGS METHODOLOGY

RICHLAND 02

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

RICHLAND 02

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.

APPENDIX A: SAVINGS METHODOLOGY

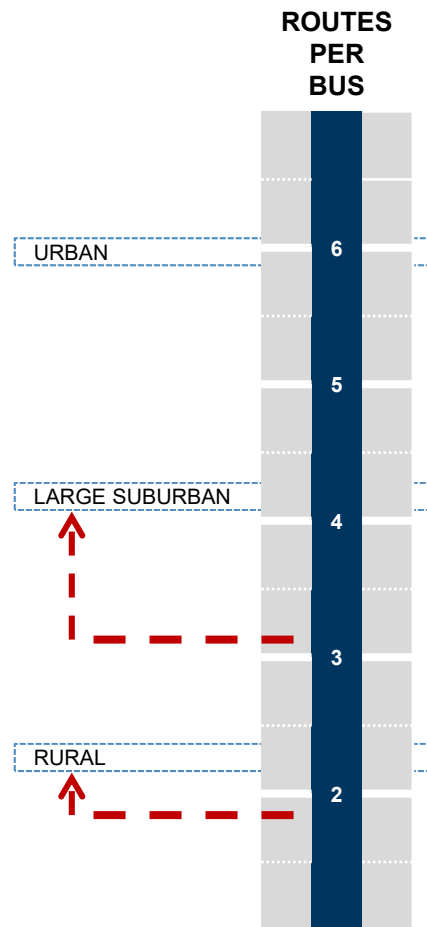
RICHLAND 02

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 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.

APPENDIX A: SAVINGS METHODOLOGY

RICHLAND 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

RICHLAND 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	1%	5%
Non-Instructional Supplies	1%	5%
Instructional Supplies	1%	5%
Instructional Services	1%	5%
Support Services	1%	5%
Technology	1%	5%
Other	1%	5%
Overhead Services	1%	5%
Transportation Services	1%	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

RICHLAND 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 RICHLAND 02

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

RICHLAND 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 = $\text{Fund balance – unrestricted}^{[7]} / \text{General Fund Revenue}^{[5]}$
- 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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