



# ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION  
SCHOOL DISTRICT EFFICIENCY REVIEW

**Union**

**District Report**

6/16/2017





## OUTLINE

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

# EXECUTIVE SUMMARY

## UNION

### PROJECT OVERVIEW

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

# EXECUTIVE SUMMARY

## UNION

### PROJECT OVERVIEW (CONTINUED)

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

# EXECUTIVE SUMMARY

## UNION

### PROJECT OVERVIEW (CONTINUED)

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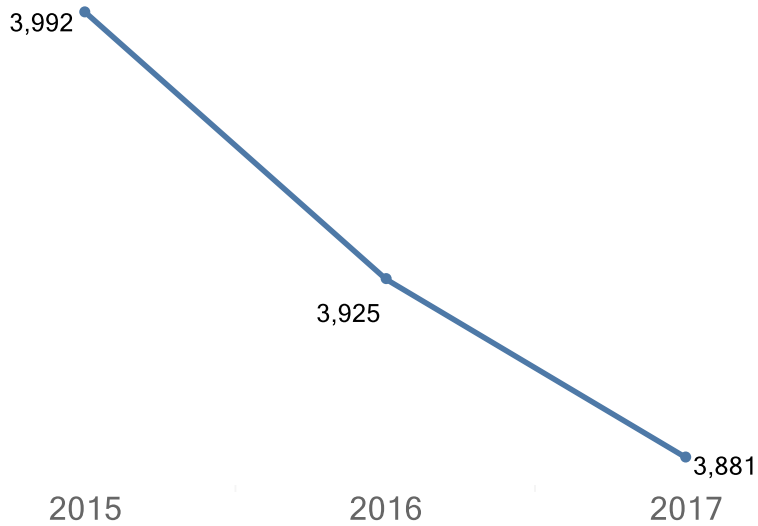
#### ➤ Sources of Data and Savings Estimates:

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

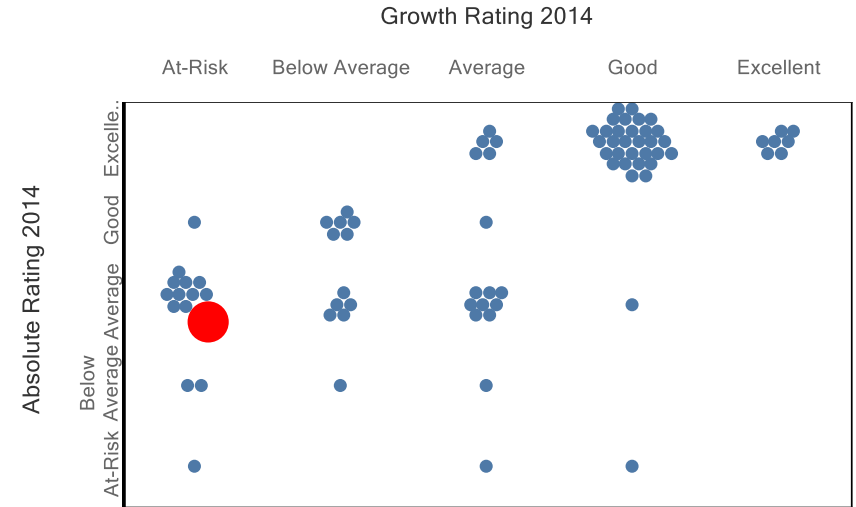
# EXECUTIVE SUMMARY

## UNION

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



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



### General Info

Number of Schools <sup>[2]</sup>	7
% Poverty <sup>[1]</sup>	73.1%
% Disability <sup>[1]</sup>	11.9%
\$ Per Student <sup>[2],[3]</sup>	\$19,506
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$9,290

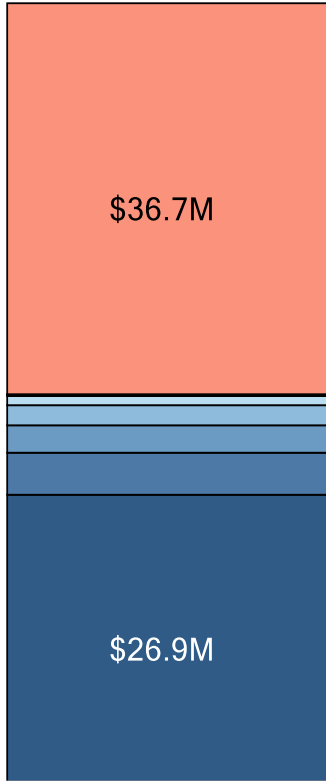
### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	9.4
Students Per Overhead FTE <sup>[2],[4]</sup>	277.2
Students Per School Support FTE <sup>[2],[4]</sup>	37.5
Students to Total FTE <sup>[2],[4]</sup>	7.3

# EXECUTIVE SUMMARY

## UNION

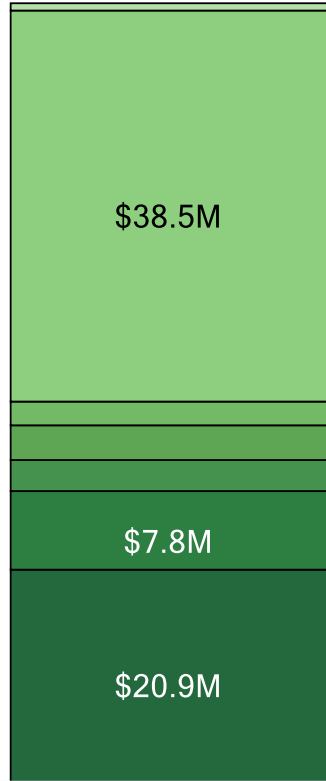
Sources of Funds<sup>[5]</sup>  
\$73.1M



2015-2016

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

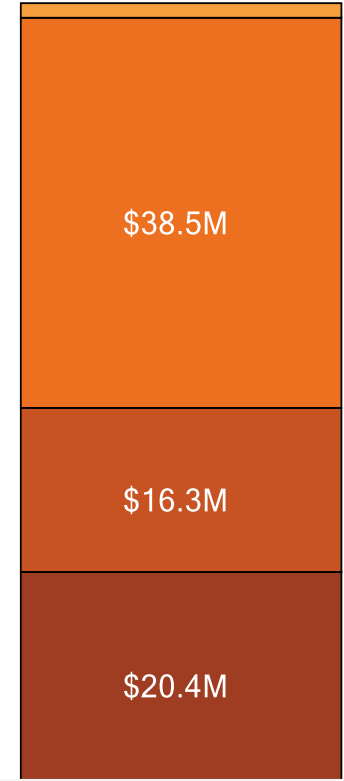
Use of Funds - Type<sup>[3]</sup>  
\$76.6M



2015-2016

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

Use of Funds - Function<sup>[3]</sup>  
\$76.6M



2015-2016

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

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## UNION

\$76.6M  
Total

\$5.5M  
In-Scope

\$71.0M  
Not In-Scope

*7.2% of total spend is within scope of the efficiency review:*

	In Scope Spend <sup>[3]</sup>	Procurement Component
Finance	\$660,183	\$351,679
Human Resources	\$4,473	\$4,473
Overhead	\$520,139	\$122,229
Transportation	\$887,794	\$161,416
Procurement (Community Services, Instruction, Support Services)	\$3,465,178	\$3,465,178
<b>TOTAL</b>	<b>\$5,537,767</b>	<b>\$4,104,975</b>

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## UNION

### GOALS, CHALLENGES & ACHIEVEMENTS

#### District Goals

**Mission:** Commit to students first in building community, excellence, and lifelong learning.

- **Student Achievement:** Support effective classroom instruction through implementation of effective instructional practices, programs, and assessment strategies in all grade levels in order to meet targets for test and benchmark scores across the District.
- **School Climate:** Improve the relationships between home, school and the community to increase satisfaction ratings as reported by annual report card surveys.
- **College & Career Readiness:** Support effective high school classroom instruction through professional development to increase the 4-year graduation rate and increase student WorkKeys and ACT scores.
- **Teacher/Administrator Quality:** Support and improve effective classroom instruction through professional development.

#### Achievements

- **Teacher Attendance:** The District has a high teacher attendance rate of 95% or above at the majority of schools.
- **Capital Improvement:** The District recently built 2 brand new school buildings to replace 4 very old schools with extreme maintenance needs.
- **School Size Efficiency:** The District consolidated schools to recognize greater efficiencies in operations and help manage declining enrollment.
- **Process Improvements:** A new ERP system was successfully implemented in FY13-14 for the automation of many formerly manual processes.

#### Challenges

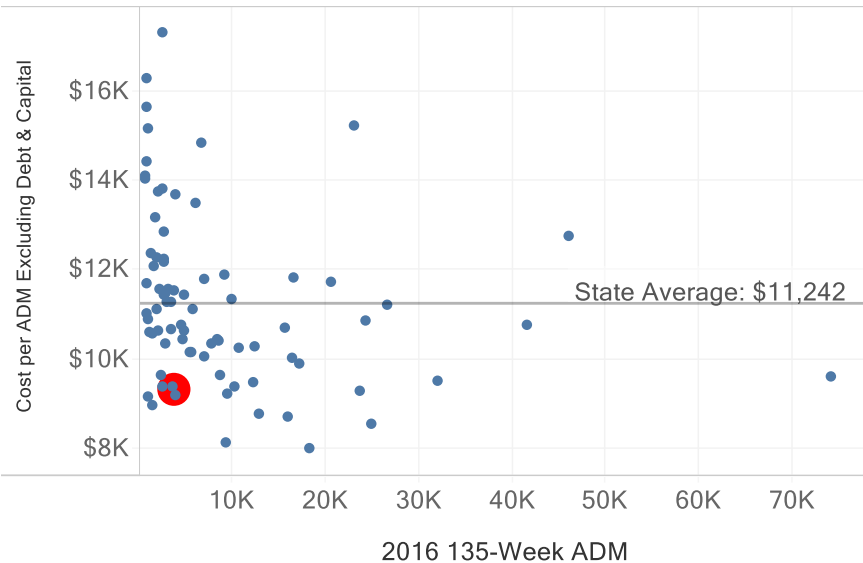
- **Student Behavior:** The suspension rate at the District's high school is considerably higher than at similar schools in the state.
- **Economic Decline:** The District has seen a large decline in the local economy, which led to the closing of area businesses and a decreased tax base.
- **Funding:** The District has a limited local tax base, causing them to rely more heavily on state funding than other districts in the state. In addition, the Board has not raised local millage since FY05-06.

# EXECUTIVE SUMMARY

## UNION

### KEY OBSERVATIONS

#### Per Pupil vs. Enrollment



#### District Size and Minimum Costs

##### Minimum Cost Base:

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

##### Resource Utilization:

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

#### Opportunities for Improvement

##### Modernize / Process Improvements:

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

##### Collaboration / Maximizing Efficiencies:

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

# EXECUTIVE SUMMARY

## UNION

### OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
<b>Finance</b>	<ul style="list-style-type: none"> <li>• <b>Financial Management:</b> The District has strong financial management practices and regularly has clean audits, strong internal controls, performs regular monitoring of financial performance and seeks ways to improve financial operations. However, the District's unrestricted fund balance of 5.7% is well below the statewide average of 18.6%.</li> <li>• <b>Lean Staffing / Automation:</b> The Finance team is lean but has an adequate number of staff to oversee the functions of Accounts Payable, Payroll, Grants Management and Financial Reporting. Heavily automated processes have led to increased efficiencies.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• <b>Lean Staffing / Automation:</b> The District uses technology to support candidate sourcing and absence management, but lacks automation in timekeeping for hourly employees. The Human Resources department is able to rely on a lean staffing model to support all operations.</li> <li>• <b>Recruiting and Retention:</b> The District has challenges recruiting teachers and remaining competitive on the pay-scale, but utilizes an incentive program for reimbursement of Masters degrees in order to attract new talent.</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>• <b>Transportation Management:</b> The State directly pays for costs of bus purchasing, maintenance, fuel and a portion of driver salaries. The majority of districts are grappling with a shortage of drivers.</li> <li>• <b>Manual Routing:</b> The Districts does not have routing software that can be used to help drive routing efficiencies.</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> The District does not have any resources fully dedicated to procurement.</li> <li>• <b>Strategic Sourcing:</b> The District is focused on achieving best value with vendors through proactive strategic sourcing strategies and uses some group purchasing; however, the District could increase buying power through greater collaboration across districts, resulting in better pricing arrangements.</li> </ul>
<b>Overhead</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> Leadership in the District has been unstable the past 5 years. The current Superintendent began FY16.</li> <li>• <b>Collaboration:</b> There is varying levels of informal collaboration with other Superintendents.</li> </ul>

## RECOMMENDATIONS

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

### **Modernize School District Operations**

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

### **Collaborate Across Districts**

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

# EXECUTIVE SUMMARY

## UNION

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

# EXECUTIVE SUMMARY

## UNION

### COLLABORATION RECOMMENDATIONS

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

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

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

# EXECUTIVE SUMMARY

## UNION

### APPROACH TO SAVINGS

#### GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

#### FINANCE AND HUMAN RESOURCES

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

#### PROCUREMENT

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

#### TRANSPORTATION

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

# EXECUTIVE SUMMARY

## UNION

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

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

	MODERNIZE Est. One-Time Investment		COLLABORATE Est. Net Annual Savings	
	Low	High	Low*	High
Finance	\$5,000	\$12,500	\$65,500	\$196,500
Human Resources	0	10,000	0	0
Procurement	0	0	103,300	219,500
Transportation – District	N/A	N/A	23,000	34,000
<b>District Total</b>	<b>5,000</b>	<b>22,500</b>	<b>191,800</b>	<b>450,000</b>
Transportation – State	18,000	59,000	34,800	76,900
<b>Total</b>	<b>\$23,000</b>	<b>\$81,500</b>	<b>\$226,600</b>	<b>\$526,900</b>

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

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

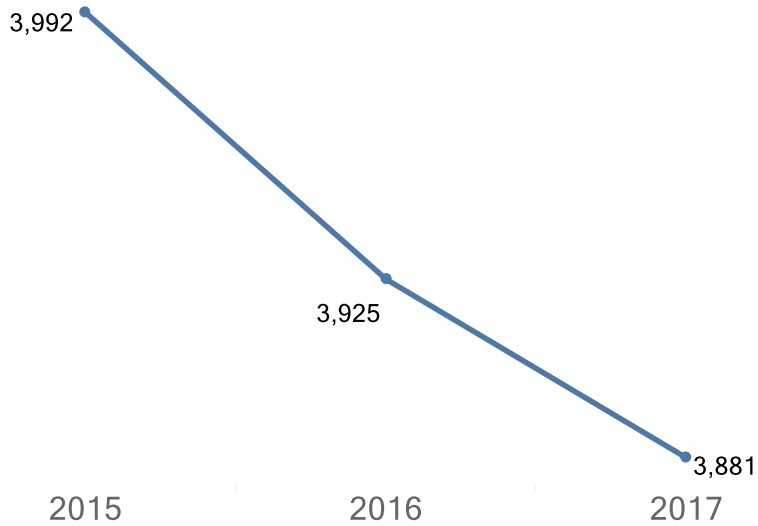


## OUTLINE

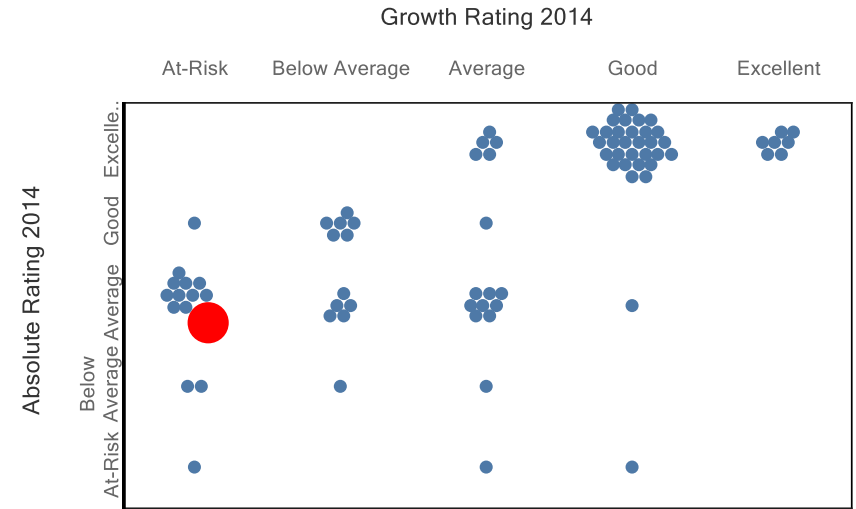
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# DISTRICT ADMINISTRATION AND PERFORMANCE UNION

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



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



## General Info

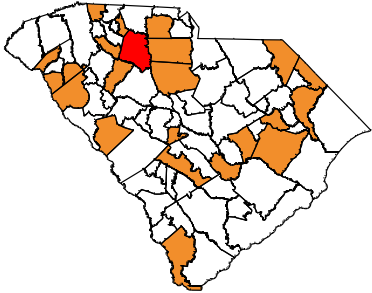
Number of Schools <sup>[2]</sup>	7
% Poverty <sup>[1]</sup>	73.1%
% Disability <sup>[1]</sup>	11.9%
\$ Per Student <sup>[2],[3]</sup>	\$19,506
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$9,290

## Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	9.4
Students Per Overhead FTE <sup>[2],[4]</sup>	277.2
Students Per School Support FTE <sup>[2],[4]</sup>	37.5
Students to Total FTE <sup>[2],[4]</sup>	7.3

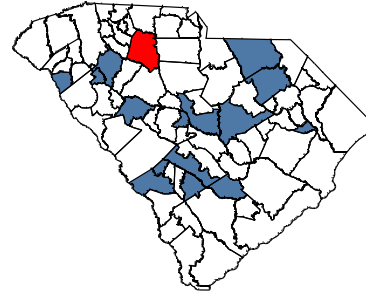
# DISTRICT BENCHMARKING UNION

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



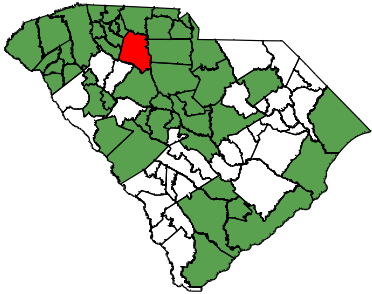
Abbeville 60	Lexington 04
Anderson 02	Marion 10
Anderson 03	Marlboro
Anderson 04	Orangeburg 03
Chester	Orangeburg 04
Clarendon 02	Spartanburg 01
Dillon 04	Spartanburg 03
Edgefield	Spartanburg 04
Fairfield	Union
Florence 03	Williamsburg
Jasper	York 01
Laurens 56	

## Poverty (70% - 75%)



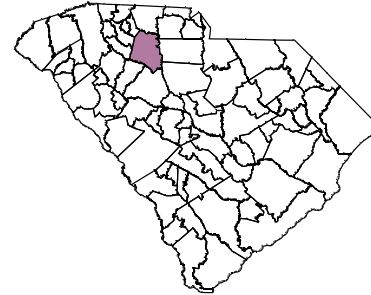
Anderson 03	Laurens 55
Bamberg 01	Lexington 02
Barnwell 29	Orangeburg 04
Barnwell 45	Richland 01
Chesterfield	Saluda
Darlington	Sumter
Dorchester 04	Union
Florence 05	
Greenwood 51	

## Phase 1 (No)



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

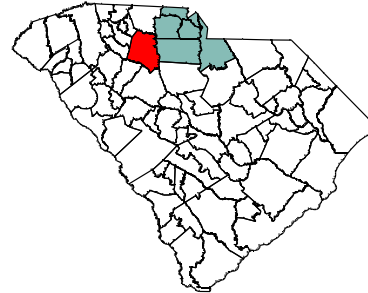
Sumter
Union
York 01
York 02
York 03
York 04



## County (Union)

Union

## Region (Catawba)



Chester
Lancaster
Union
York 01
York 02
York 03
York 04

# DISTRICT OVERVIEW UNION

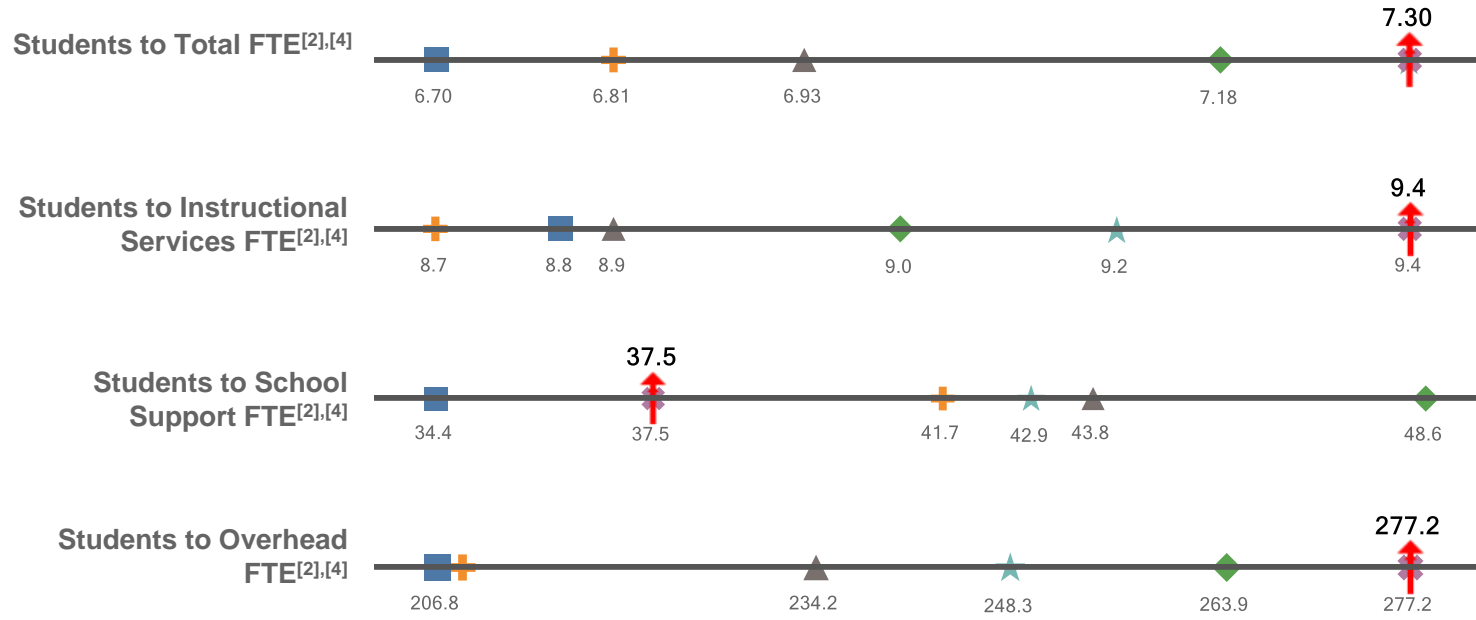
## KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

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 UNION

## KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

# DISTRICT OVERVIEW AND OVERHEAD UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Enrollment Trends</b>	<ul style="list-style-type: none"> <li>• <b>3-year Enrollment Trend:</b> The District's enrollment has decreased by 111, or 2.8%, over the past 3 years.</li> <li>• <b>Student Demographics:</b> The District's poverty level of 73% is higher than the statewide average of 69% and the regional average of 59%, while the District's disability percentage of 12% is on par with state and regional averages.</li> <li>• <b>Competition:</b> There is only one private school that draws some of the District's students, but it does not provide any significant competition.</li> <li>• <b>Other Demographic:</b> The District used to have a very vibrant economy, heavily based on the textile industry, but the local area has seen a rapid economic decline in recent years.</li> <li>• <b>Long-term Planning:</b> The District prepares long-term enrollment projections to help inform long-term planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Given the decrease in enrollment and the recent economic downturn, expand upon the long-term forecasting model to help anticipate and better plan for future economic implications in order to rebuild financial stability.</li> </ul>
<b>District Funding and Resource Allocation</b>	<ul style="list-style-type: none"> <li>• <b>Per Pupil Expenses:</b> When excluding debt and capital, the District has a low Per Pupil Expense of \$9,290 relative to the statewide average of \$11,242 and the enrollment band average of \$11,362.</li> <li>• <b>Unrestricted Fund Balance:</b> The District has an Unrestricted Fund Balance that is 5.7% of revenues. The fund balance is significantly below the statewide average of 18.6% and enrollment band average of 18.9%.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the financial stability of the District is maintained, the District should prepare a three to five year financial plan incorporating cost of living adjustments, enrollment projections and strategic planning initiatives that allows for investment in critical areas of academics and operations while still maintaining a strong fund balance of 10-15%.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>District Funding and Resource Allocation (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Student to FTE:</b> The District's Student to Total FTE ratio of 7.3 is higher than the statewide average of 6.9 and enrollment band average of 6.8.</li> <li>• <b>Student to Instructional Services FTE:</b> The Student to Instruction ratio of 9.4 is higher than the statewide average of 8.9 and enrollment band average of 8.7.</li> <li>• <b>Student to Support Services FTE:</b> The Student to Support Services ratio of 37.5 is lower than the statewide average of 43.8 and the enrollment band average of 41.7.</li> <li>• <b>Student to Overhead FTE:</b> The Student to Overhead Ratio of 277.2 is higher than the statewide average of 234.2 and the enrollment band average of 208.6 because of the lean overhead staffing in the District.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand on the existing resource allocation practices and leverage key performance indicators to estimate reasonable growth requests in District Office staff.</li> </ul>
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The Superintendent has 11 direct administrative reports that include the District's 4 senior leaders and the principals of all schools.</li> <li>• <b>Communications Function:</b> There is no Communications support for the Superintendent's office. The function resides solely with the Superintendent and senior leadership over each functional area.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider addition of a Public Information Officer to provide communications support for the District.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Legal:</b> The District has no legal department. If legal advice is required, the District utilizes external firms to provide support.</li> <li>• <b>Turnover:</b> Leadership in the District has been unstable throughout the past five years. The current Superintendent has overseen the District for one year and served as Assistant Superintendent in Pickens County prior to assuming the position.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a comprehensive succession plan for leadership positions to ensure that staff are properly trained and have ample transition time for future roles.</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• <b>Board Pay:</b> The Board Members of the District are paid approximately \$600 annually to account for meeting time and mileage reimbursements.</li> <li>• <b>Board Compensation:</b> The Board is made up of 9 total members, 2 of which are overseeing officers. The Board is elected to 4 year terms by the different geographic areas within the District.</li> <li>• <b>Training:</b> Board members attend annual training, and are encouraged to attend conferences on their own.</li> </ul>	
<b>Philanthropy and Business Engagement</b>	<ul style="list-style-type: none"> <li>• The District maintains partnerships with community businesses and non-profits with a focus on funding for improving literacy such as: the Union Carnegie Library for summer reading gap improvement, Pizza Hut “Book It” program for reading incentives, and Dollar General for a book giveaway grant.</li> <li>• The District also encourages individual schools to take advantage of business and community partnerships. Principals and school-based staff are expected to grow and maintain these relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• The District should establish a Business and Community Engagement function within the district office to maintain and cultivate philanthropic and business relationships to generate additional funding and support for the District.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Collaboration</b>	<ul style="list-style-type: none"><li>• The District dropped out of the Olde English Consortium in order to cultivate informal relationship-based collaboration with districts who were more aligned demographically.</li><li>• The Superintendent sits on the County Development Board in order to foster collaboration within the community and heighten awareness of developments occurring. In addition, the Superintendent informally collaborates with superintendents of districts with similar demographics based on relationships.</li><li>• <b>Career Center:</b> The District does not have a shared career center.</li><li>• <b>Special Education:</b> The District does not coordinate with other area districts on Special Education programs.</li><li>• <b>Headcount:</b> The District does not share certain FTEs with area districts.</li></ul>	<ul style="list-style-type: none"><li>• Further develop relationships and collaborative efforts with districts that are demographically aligned and look to share best practices.</li><li>• Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional.</li></ul>



## OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
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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.*

776 : 1

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

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

\$168 per Student

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

Key statistics for metrics

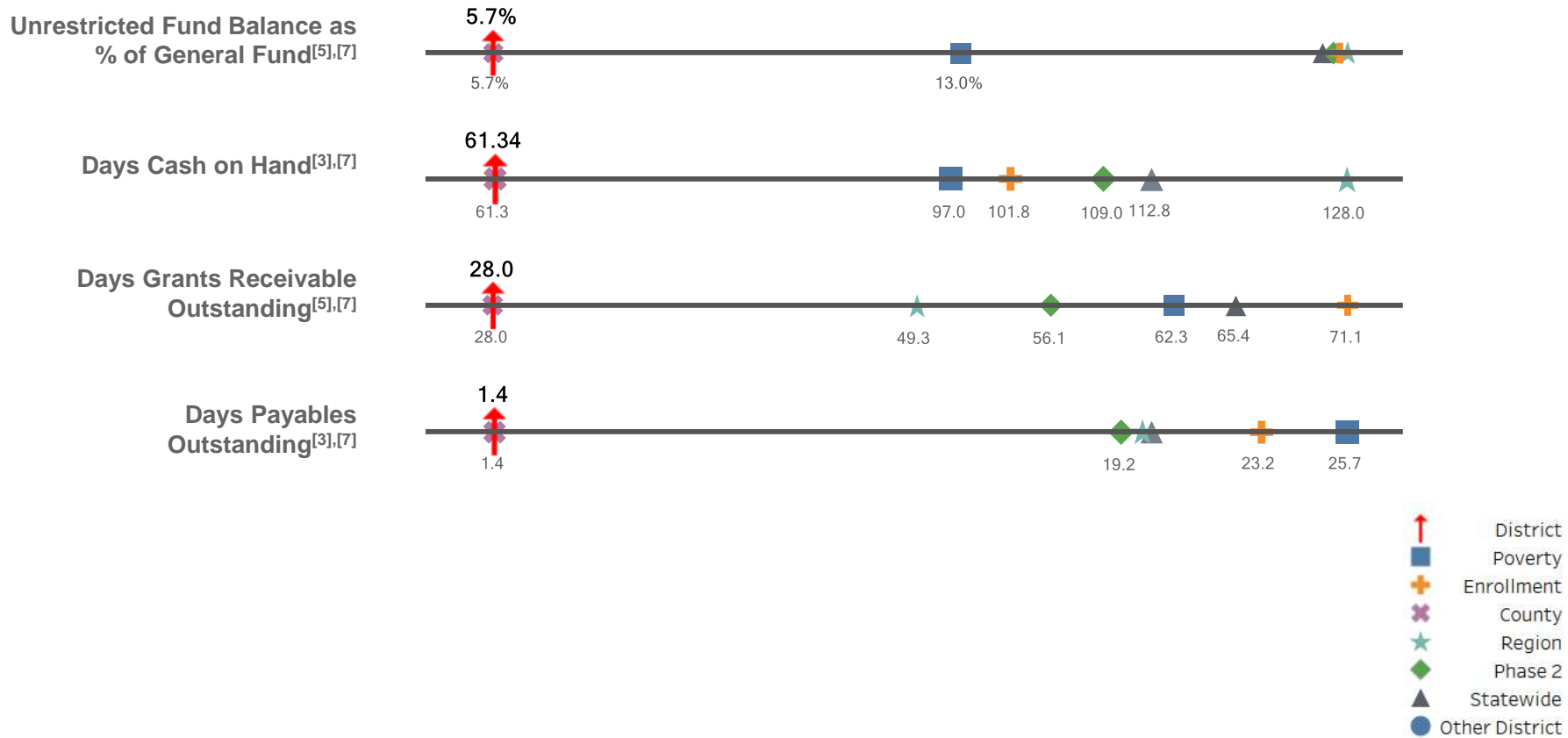
Financial FTEs <sup>[4]</sup>	5.0
Personnel Expense <sup>[3]</sup>	\$308,504
Non-Personnel Expense <sup>[3]</sup>	\$351,679
Total Financial Expense <sup>[3]</sup>	\$660,183

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 UNION

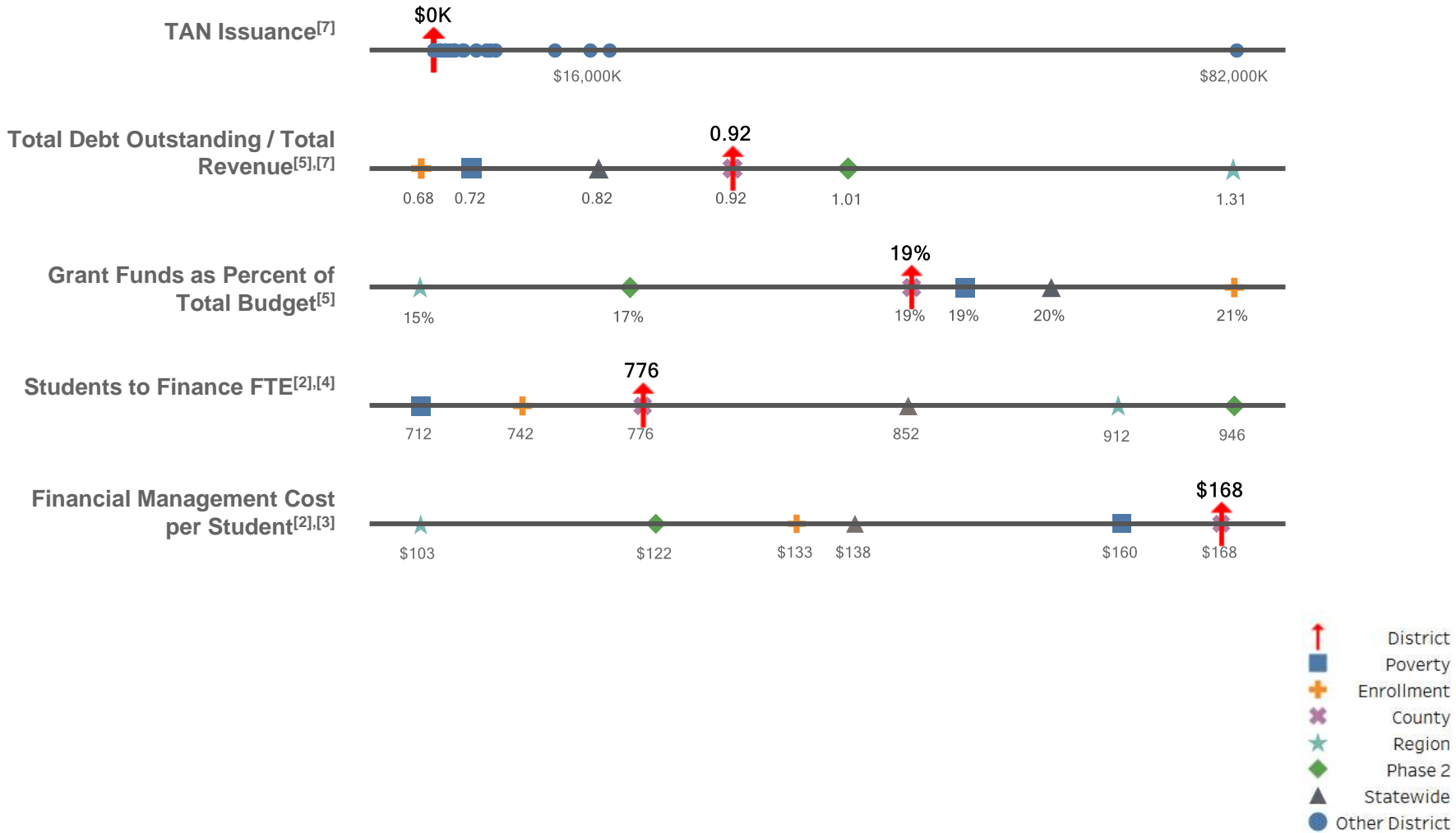
## KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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 UNION

## KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



# FINANCIAL MANAGEMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, and financial reporting. However, the District does not have any resources allocated to the procurement/purchasing function.</li> <li><b>Finance Cost Per Pupil:</b> The finance cost per pupil for the District of \$168 is higher than the statewide average of \$138 and the enrollment band average of \$133. However, the District codes all of its human resources spend to the finance function, causing the amount to be overstated.</li> <li><b>Student per Finance FTE:</b> The student per finance FTE ratio of 776 is low relative to the statewide average of 852, but slightly higher than the enrollment band average of 742.</li> </ul>	<ul style="list-style-type: none"> <li>Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes, and cross-train individuals to be able to do multiple functions.</li> </ul>

# FINANCIAL MANAGEMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Payroll and Accounts Payable</b>	<ul style="list-style-type: none"> <li>• <b>Payroll:</b> The District currently runs payroll on a bi-weekly basis for hourly staff, and monthly for salaried staff.</li> <li>• 100% of employees receive paychecks through direct deposit.</li> <li>• The District uses a self-service payroll platform; therefore, employee initiated payroll changes are all processed automatically. In addition, employees can check pay stubs automatically.</li> <li>• <b>Timekeeping:</b> Time tracking is currently managed via timesheets and manual entry processes for all hourly employees.</li> <li>• <b>Purchasing:</b> The District uses a centralized PO process in which requisitions are sent to the district office and POs are automatically created based on the requisition upon approval. The District then sends POs directly to the site.</li> <li>• The District does not utilize a Pcard program with associated rebates.</li> <li>• <b>Inventory:</b> The District bar codes technology for asset tracking and scans items in as part of the Follett library system. Fixed assets are kept track of within the Infinite Visions (ERP) module for asset management.</li> <li>• <b>Risk Management:</b> The District has formal risk management policies in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Standardize payroll to semi-monthly processes and eliminate the need for extra payrolls. This would enable the finance function to streamline processes and free up time to focus on other key responsibilities.</li> <li>• Implement an automated time-tracking functionality, such as a biometric timeclock, that integrates with the payroll system in order to eliminate the need for manual time sheets.</li> <li>• Consider implementing a Pcard program through the State contract with Bank of America and explore ways to use it on items such as utilities, phone bills, and maintenance supplies in order to take advantage of associated rebates.</li> </ul>

# FINANCIAL MANAGEMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• <b>Grants Revenue %:</b> Grant funds provide 19% of revenue for the District making them on par with the statewide average and districts that have similar poverty levels.</li> <li>• <b>Federal Funds:</b> 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 on a timely manner in order to maximize cash flow. Medicaid reimbursements are directly handled by an administrative employee who falls within the Special Services Department.</li> <li>• <b>Indirect Costs:</b> The District charges indirect costs against federal grants at the standard state negotiated rate.</li> <li>• <b>Grants Monitoring:</b> Review of expenditures against grant requirements is conducted by the program coordinator and sent to the Grants Coordinator within Finance for further review and reimbursement.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider hiring a grant writer that can be shared with other nearby districts to help drive applications for competitive grant opportunities.</li> <li>• Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances of each grant.</li> </ul>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• <b>F/S Audit:</b> The District was not found to have material weaknesses in its latest audited financial statements.</li> <li>• <b>Position Control:</b> The District utilizes position control to avoid over-hiring / spending.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement annual review of processes to ensure segregation of duties over key areas of internal control.</li> </ul>

# FINANCIAL MANAGEMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Cash Management</b>	<ul style="list-style-type: none"> <li>• <b>Days Cash on Hand:</b> The District has a cash balance of 61.34 Days Cash on Hand, which is weaker than the statewide average of 112.8 days.</li> <li>• The District reviews cash flow forecasts on a monthly basis. The District’s cash balance was depleted during the economic downturn in FY08-09, and they have been working to build up an unrestricted cash balance since.</li> <li>• <b>Grants Receivable Outstanding:</b> The District has a Days Grants Receivable Outstanding of 28 days, which is lower than the statewide average of 65 days. The District submits grant reimbursements monthly.</li> <li>• <b>Days Payable Outstanding:</b> The District’s Days Payables Outstanding of 1.4 is much lower than the statewide average.</li> <li>• <b>Cash:</b> The District does invest excess cash balances in the State local investment pool.</li> <li>• <b>Debt:</b> The total Debt to Revenue ratio of 0.92 is slightly higher than the statewide average of 0.82 and enrollment band average of 0.68.</li> <li>• The District utilizes SCAGO to assist with bond issuance efforts.</li> <li>• <b>TAN:</b> The District did not issue TANs this past year to assist with liquidity needs during cash low point, and has not issued a TAN in over 12 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement cash flow forecast to monitor weekly receipts and disbursements to help maximize investments earnings.</li> </ul>

# FINANCIAL MANAGEMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Budget</b>	<ul style="list-style-type: none"> <li>• <b>Budget Planning:</b> The District's budget process is linked with the annual strategic planning process. The District has a resource allocation model that is based off of extensive enrollment forecasts prepared by the technology department.</li> <li>• A budget module is used to upload all budgets, and schools / departments can check their budget to actuals at any time through the Infinite Visions system.</li> <li>• <b>Fiscal Monitoring:</b> The District produces budget to actual variance reports monthly for submittal to the Board. Schools and departments are responsible for performing regular variance analysis on their own, through reporting functionality in the system, to figure out where they stand relative to their budget.</li> </ul>	<ul style="list-style-type: none"> <li>• Expand the zero-based and / or performance based budgeting approach to include KPIs and workload drivers, estimate central office staff and expenses, and align with the strategic plan.</li> </ul>

# FINANCIAL MANAGEMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>ERP:</b> The District currently uses the Tyler Technologies Infinite Visions ERP system for general accounting, payroll and accounts payable. It also uses the system to facilitate employee self service for payroll matters. The District has been able to successfully transition to automated work processing in much of its processes; however, it is still currently using manual processes for time-keeping. The District is currently evaluating options for automated time keeping systems.</li> <li>• The District has fully automated the PO and Accounts Payable process for handling approvals and documented workflow while maintaining proper internal controls.</li> </ul>	<ul style="list-style-type: none"> <li>• Move forward with the process to select an automated time keeping system that integrates with the Infinite Visions ERP, and implement it for all hourly employees.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not coordinate with others in the region on any transaction processing or finance related activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).</li> </ul>



## OUTLINE

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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.*

970 : 1

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

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

\$1 per Student

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

### Key statistics for metrics

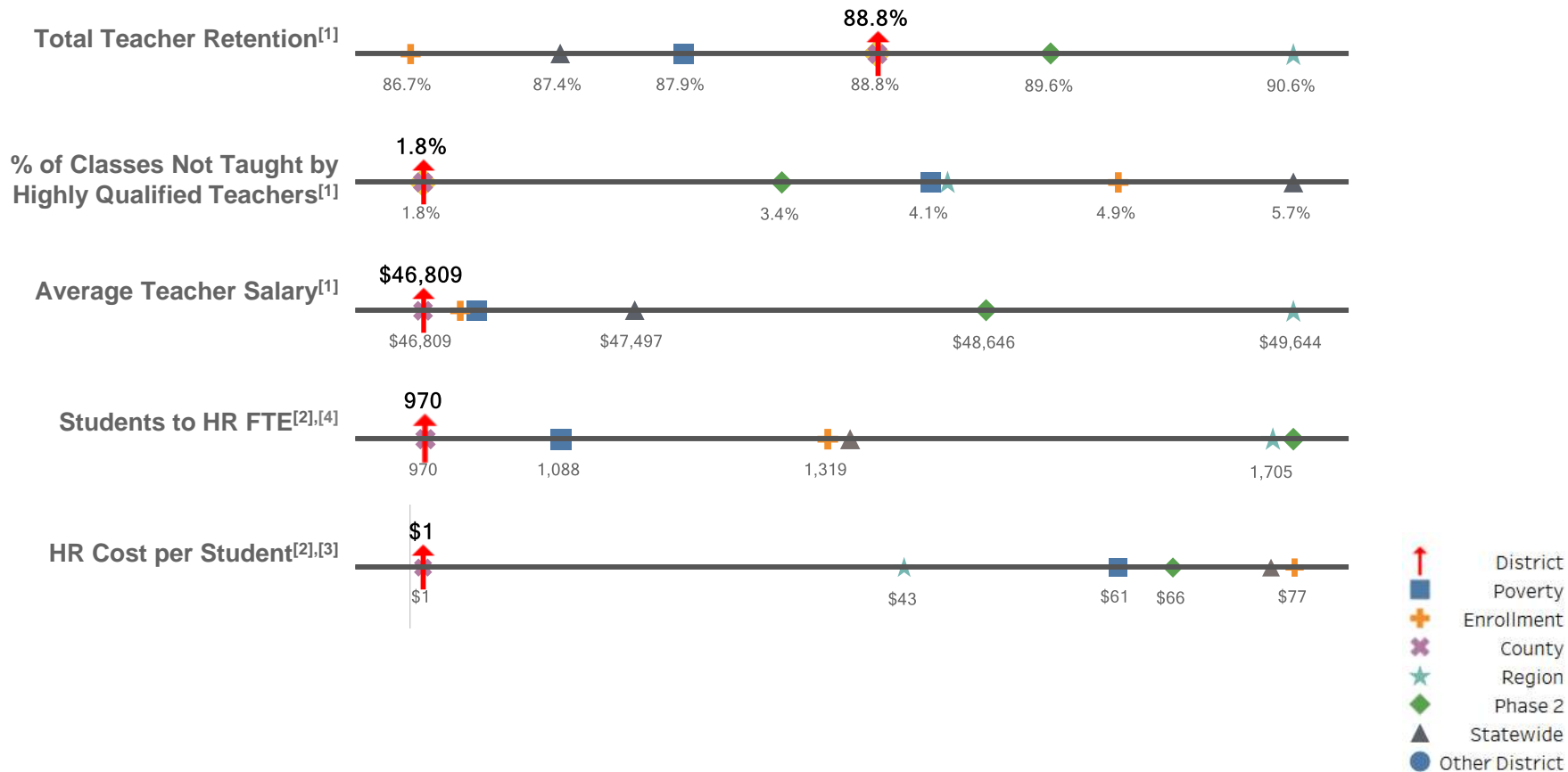
Human Resources FTEs <sup>[4]</sup>	4.0
Personnel Expense <sup>[3]</sup>	\$0
Non-Personnel Expense <sup>[3]</sup>	\$4,473
Total Human Resources Expense <sup>[3]</sup>	\$4,473

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 UNION

## 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 UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations and benefits.</li> <li>All HR staff are coded to the finance function.</li> <li><b>Human Resources Cost / Pupil:</b> The District currently charges their Human Resources expenses to the finance function.</li> <li><b>Student to Human Resources FTE:</b> The Student to HR FTE ratio of 970 is low relative to the state average of 1,338 and to the average of districts with similar enrollment levels of 1,319.</li> </ul>	<ul style="list-style-type: none"> <li>Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions.</li> </ul>
<b>Recruiting and Retention</b>	<ul style="list-style-type: none"> <li>Similar to other school districts in the State, recruiting teachers into the District is challenging. The District has not used international staffing agencies in the past, but this year had to leverage a contract with the vendor FACES to fill 2 vacancies.</li> <li>The District utilizes its recruitment and retention funding, as a beneficiary from the Abbeville Plaintiff, to offer reimbursement for teachers to get masters degrees if they agree to stay with the District for at least 5 years.</li> <li>The average teacher salary of \$46,809 is slightly below the statewide average of \$47,567 and a few thousand below the regional average of \$49,025, making it more difficult for the District to compete for incoming teachers.</li> <li>The District conducts online anonymous exit interviews that include a combination of close and open ended question types to receive feedback from former employees.</li> </ul>	<ul style="list-style-type: none"> <li>Consider compensation study and / or implementation of additional incentive programs to recruit and retain teachers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) housing incentives; (c) tuition reimbursement; (d) differentiated salaries for hard to staff positions; (e) innovative professional development programs.</li> </ul>

# HUMAN RESOURCES UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>The District does not leverage technology support systems to automate application processing and employee on-boarding.</li> <li>The District's Infinite Visions ERP system integrates with TimeClock Plus for hourly employee timekeeping.</li> </ul>	<ul style="list-style-type: none"> <li>Implement technology to help enhance and automate recruiting and on-boarding processes that are currently manual.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Benefits administration is typically done by the Benefits Coordinator. Updates to personnel information can be made automatically through the employee self service portal but election of benefits cannot.</li> </ul>	<ul style="list-style-type: none"> <li>Benefits administration process could be automated via use of benefits election functionality in the employee portal. Employees could be responsible for updates and benefits information entered directly into the system.</li> <li>Establish a process with PEBA to conduct a local review of benefit plans for ineligible dependents.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include:               <ul style="list-style-type: none"> <li>- Benefits Coordination</li> <li>- Human Resources System Licenses (Frontline)</li> <li>- H1B Process for International Teachers</li> </ul> </li> <li>Consider creating a regional recruitment and training center focused on teacher recruitment across regional group of districts.</li> </ul>



## OUTLINE

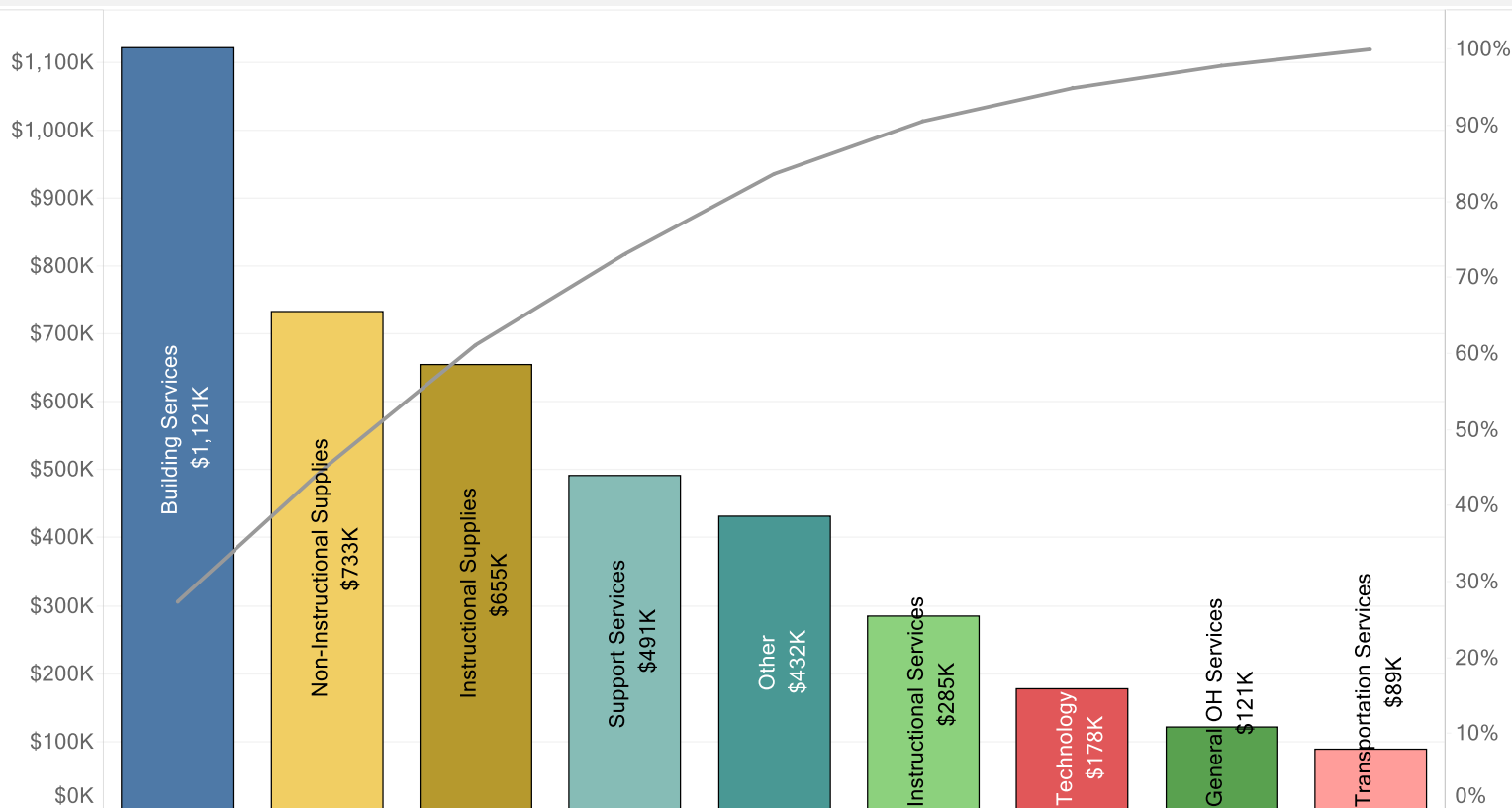
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# PROCUREMENT UNION

## 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.*

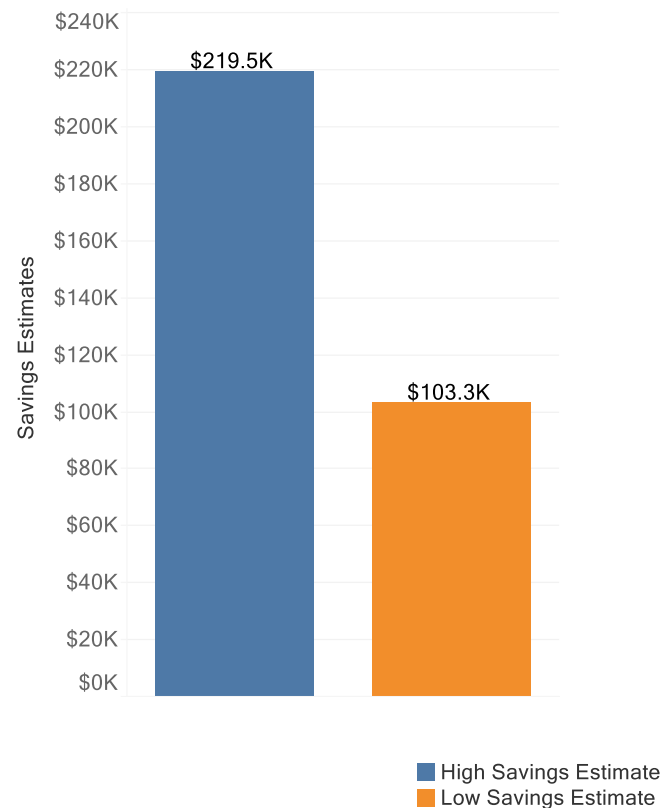
District In Scope Total Procurement Spend<sup>[3]</sup> = \$4,104,975



## ESTIMATED PROCUREMENT SAVINGS

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

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



# PROCUREMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Organization / Staffing</b>	<ul style="list-style-type: none"> <li>The District does not have any staff dedicated to purchasing and procurement.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.</li> </ul>
<b>Spending by Vendor</b>	<ul style="list-style-type: none"> <li>Spending is fragmented across more than 980 vendors; however, the top 88 make up more than 80% of total spending.</li> <li>Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across districts are not made.</li> </ul>	<ul style="list-style-type: none"> <li>Standardize requirements and specifications for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power within the District and enable volume pricing discounts. Contract options may take the form of: (a) state contracts; (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts.</li> <li>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.</li> <li>Perform annual review of vendor performance (on time, complete, quality) to assess opportunities to reduce or eliminate non-value add services.</li> <li>Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.</li> </ul>

# PROCUREMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Spending by Vendor (cont'd)</b>		<ul style="list-style-type: none"> <li>• Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts.</li> <li>• Where appropriate, include Most Favored Nation (MFN) clauses into contracts that require the vendor to provide the District pricing that is no higher than the price it provides to any other buyer, now or during the term of the agreement.</li> <li>• Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include: (a) Food (if not currently using a GPO), (b) Supplies, (c) Technology. Based upon experience across other school systems and districts, purchases made through suitable Group Purchasing Organizations for supplies and equipment typically yield savings.</li> </ul>
<b>Spending by Category</b>	<ul style="list-style-type: none"> <li>• <b>Building and Maintenance:</b> Over 10% of the District's vendor spend goes towards the outsourcing of custodial and grounds keeping workers that are contracted for through GCA Service Group.</li> <li>• <b>Food Services:</b> The District does not collaborate with other districts for the purchase of dairy or bread.</li> <li>• <b>Energy:</b> The District does not fix rates for natural gas contracts.</li> </ul>	<ul style="list-style-type: none"> <li>• Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts.</li> <li>• Consider joining a group within the state to contract for the purchasing for dairy and bread in order to capitalize on increased volume discounts.</li> <li>• Consider establishing a fixed rate contract for natural gas.</li> </ul>

# PROCUREMENT UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Spending by Category (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Instructional Support Services and Supplies - Procurement Exemptions:</b> The District does not require procurement of instructional support software and services to be placed out to bid.</li> <li>• The District does not procure these services and software in collaboration with any other districts.</li> <li>• The District currently relies on instructional services vendors (including FACES for international staffing and Soliant for staffing of special education services).</li> <li>• <b>Technology – Standardization:</b> The District is expanding its 1:1 initiative and is leveraging a state contract with a Dell Marketing for the leasing of Chromebooks.</li> <li>• The District does not coordinate technology purchases with other nearby districts.</li> <li>• <b>Non-instructional Supplies - Contracting Vehicles:</b> The District purchases the majority of its non-instructional supplies on the state contract with Forms &amp; Supply, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Require instructional software purchases to conform to standard procurement guidelines for bids and proposals in order to enable to best pricing. Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts.</li> <li>• Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts.</li> <li>• <b>Standardization of Technology:</b> 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.</li> <li>• Capitalize on potential for greater discounts on technology that is purchased using state contracts by leveraging special discount provisions that are identified in state contracts that are subject to negotiation. Evaluate opportunities to generate savings on ancillary services (accessories, warranties, break-fix, etc.) as part of procurement negotiations.</li> </ul>

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Regional Collaboration</b>	<ul style="list-style-type: none"><li>The District does not partner with other districts to procure goods and services.</li></ul>	<ul style="list-style-type: none"><li>Consider combining resources to create a regional procurement function across districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management.</li><li>A regional collaboration model would allow for Districts to further capitalize on volume discounts and rebates on areas of spend that would include:<ul style="list-style-type: none"><li>- Technology</li><li>- Instructional Software and Services</li><li>- Instructional Staffing</li><li>- Supplies</li></ul></li></ul>



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# TRANSPORTATION UNION

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

TRANSPORTATION OVERVIEW

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

13 Years

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

\$226 per Student

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

Key statistics for metrics

Transportation FTEs <sup>[4]</sup>	39.0
Personnel Expense <sup>[3]</sup>	\$726,378
Non-Personnel Expense <sup>[3]</sup>	\$161,416
Total Transportation Expense <sup>[3]</sup>	\$887,794

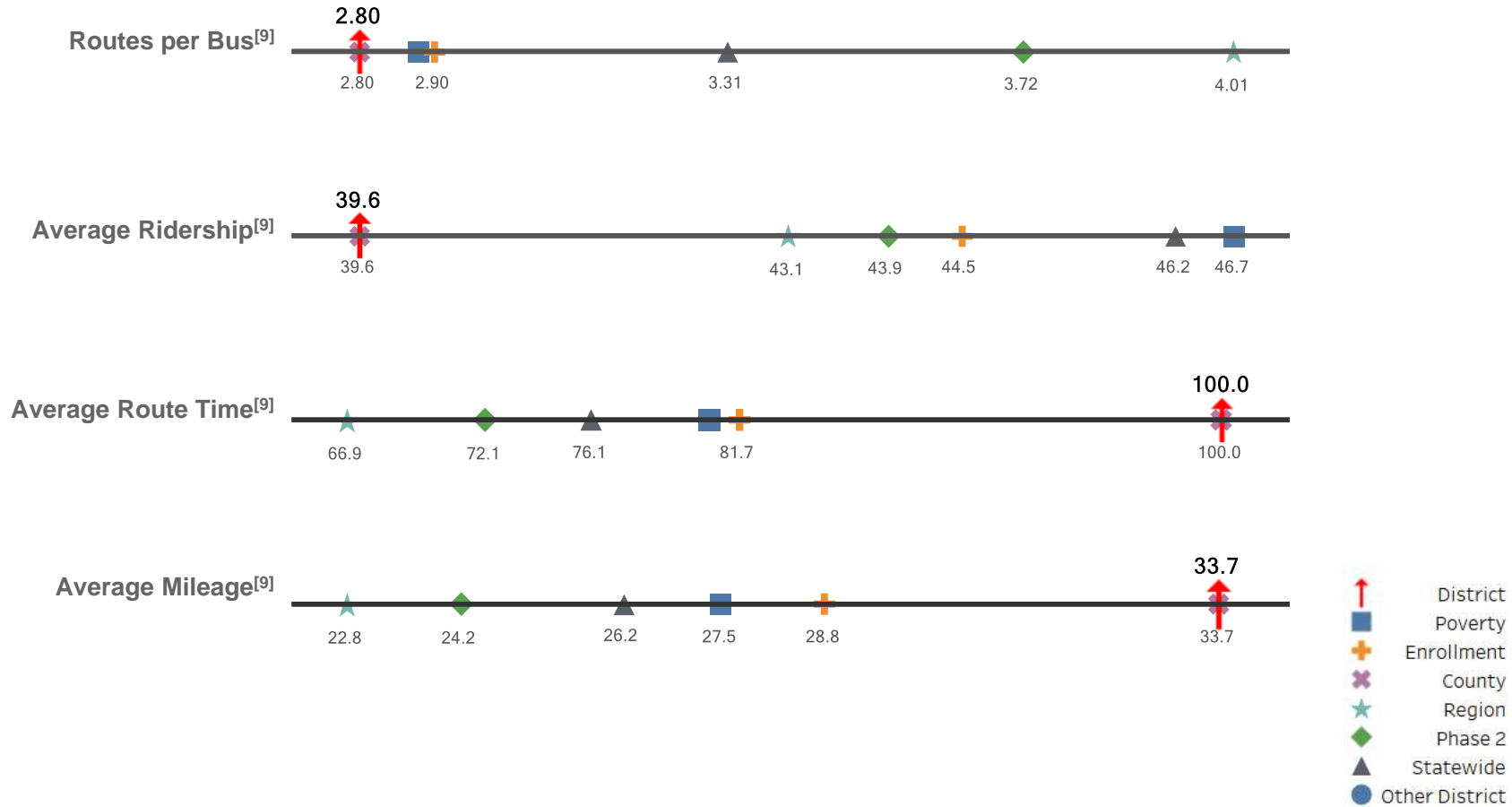
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

Key statistics for State Routes	# Buses <sup>[9]</sup>	# Routes <sup>[9]</sup>	Routes per Bus <sup>[9]</sup>	Ridership <sup>[9]</sup>	Avg Ridership <sup>[9]</sup>	Avg Route Time (including dead time) <sup>[9]</sup>	Avg Mileage per Bus <sup>[9]</sup>
Regular	28.2	79	2.8	3,131	40	100	34
Special Needs	5.3	12	2.3	104	9	Not-Available	51
Other	3.5	11	3.2	102	9	Not-Available	37
Total	37.0	102	2.8	3,337	N/A	N/A	N/A

# TRANSPORTATION UNION

## 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 UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• The District maintains a small pool of substitute drivers that is not sufficient to cover absences therefore, routes are frequently adjusted daily to deal with the shortage.</li> <li>• Bus Drivers are frequently employed as aides, food workers or custodians to offer full employment opportunities at the District.</li> <li>• The District runs staggered bus routes, but given all schools start within the same 15 minutes, students regularly arrive at school up to an hour before school starts.</li> <li>• Bus drivers are currently paid a starting rate of \$9.63, approximately \$1.90 above State reimbursement levels.</li> <li>• Transportation is run by a Coordinator and a Supervisor.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement a substitute / back up driver pool in collaboration with nearby districts.</li> <li>• Use an automated calling system to fill needed driver substitute vacancies.</li> <li>• Implementation of further staggered bell times will 1) reduce the number of drivers needed, 2) eliminate the need for double bus runs, 3) reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students.</li> </ul>

# TRANSPORTATION UNION

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Routing and Bus Management</b>	<ul style="list-style-type: none"> <li>• The District does not utilize routing software in conjunction with GPS to drive routing efficiencies.</li> <li>• The District provides radios to drivers to contact drivers while on routes and recently discontinued the use of cell phones for this communication.</li> <li>• The District has security cameras on all buses.</li> <li>• The District does not have stop-arm cameras on buses.</li> <li>• Activity Buses: The District does not use the State fuel for activity buses but purchases directly from a fuel distributor for tanks and pumps located at their operations center.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement routing software to ensure most efficient routes.</li> <li>• Install GPS on buses to monitor bus routes and ensure most efficient route.</li> <li>• Install stop-arm cameras to assess tickets to drivers passing buses.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not collaborate with surrounding districts on transportation.</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage the State maintenance hubs for activity buses.</li> <li>• Consider partnering with districts that are also transporting children to other out of district placements.</li> </ul>

# APPENDIX A: SAVINGS METHODOLOGY



# APPENDIX A: SAVINGS METHODOLOGY

## UNION

### APPROACH TO SAVINGS

#### GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

#### FINANCE AND HUMAN RESOURCES

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

#### PROCUREMENT

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

#### TRANSPORTATION

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

## APPROACH TO SAVINGS: OTHER CONSIDERATIONS

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### ➤ **State-wide Benchmarking Data:**

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

### ➤ **Implementation:**

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

## SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

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### PEOPLE

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

### TECHNOLOGY

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

## Functional Review Operating Model Components



### PROCESS

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

### ORGANIZATION

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

# APPENDIX A: SAVINGS METHODOLOGY

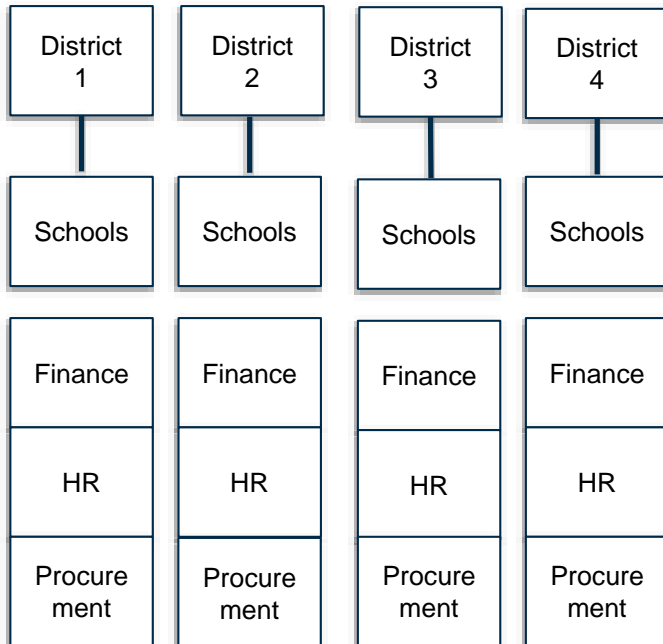
## UNION

### COLLABORATION: SHARED SERVICE MODELS

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

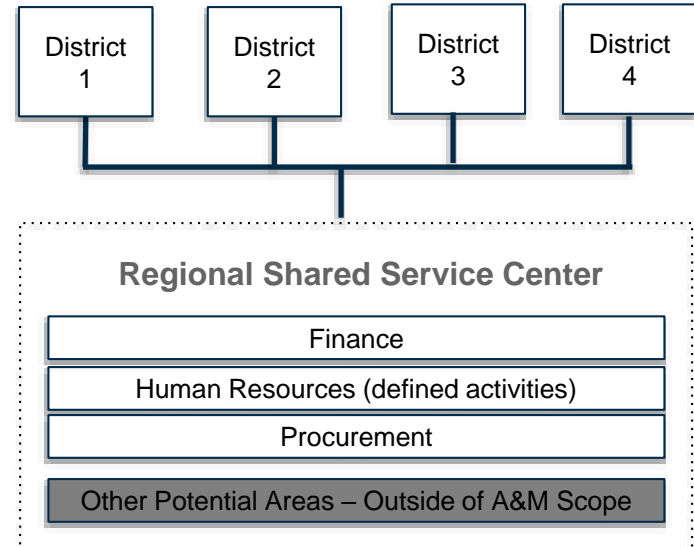
#### CURRENT STATE: STAND ALONE DISTRICT

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



#### COLLABORATION ALTERNATIVE

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



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

# APPENDIX A: SAVINGS METHODOLOGY UNION

## SHARED SERVICES MODEL: SAVINGS APPROACH

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

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

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

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

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

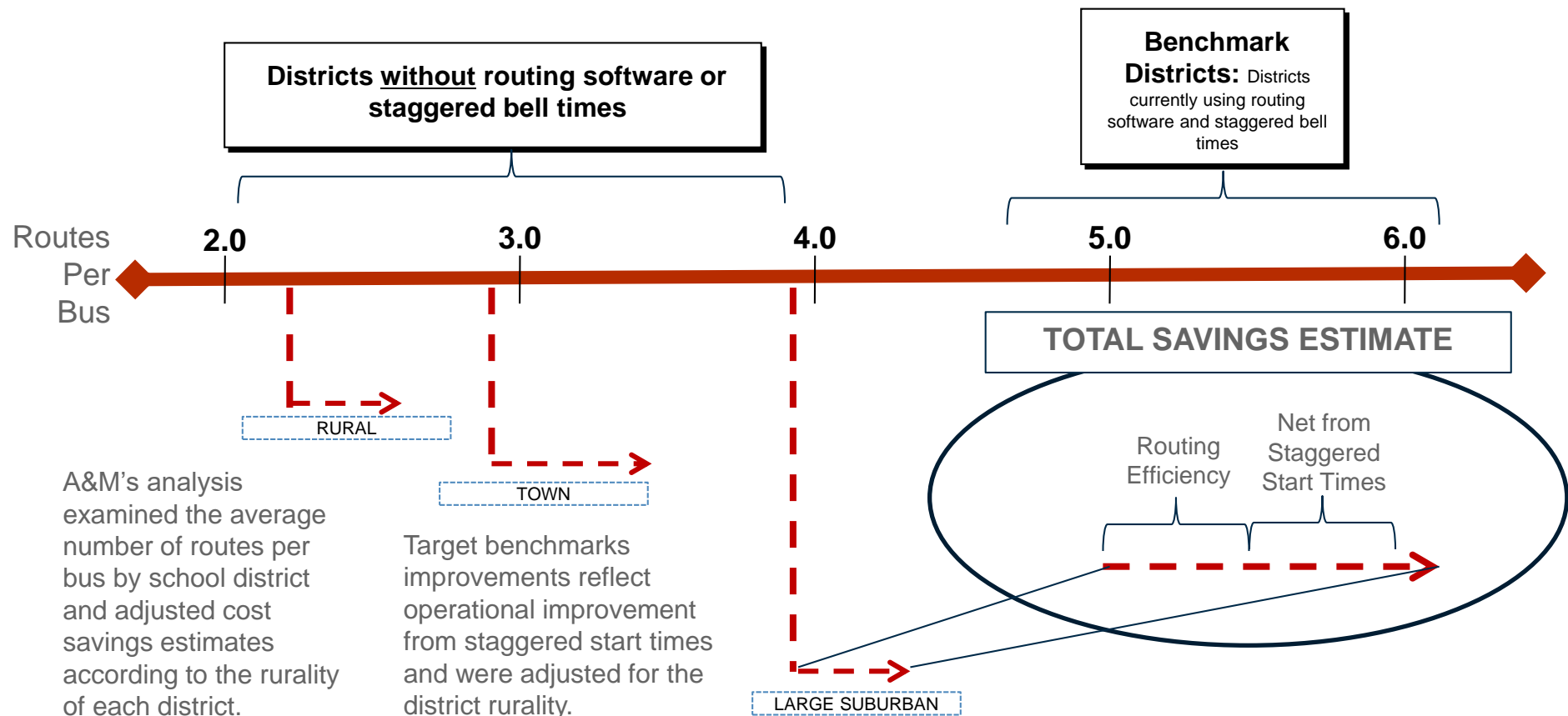
*(2) Total FTEs and Total Spend based upon average FTEs and average spend of one large district (>10,000 ADM), one medium district (between 5,000 and 10,000 ADM) and 3 small districts (less than 2,500 enrollment).*

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

# APPENDIX A: SAVINGS METHODOLOGY UNION

## 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 UNION

## 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.***

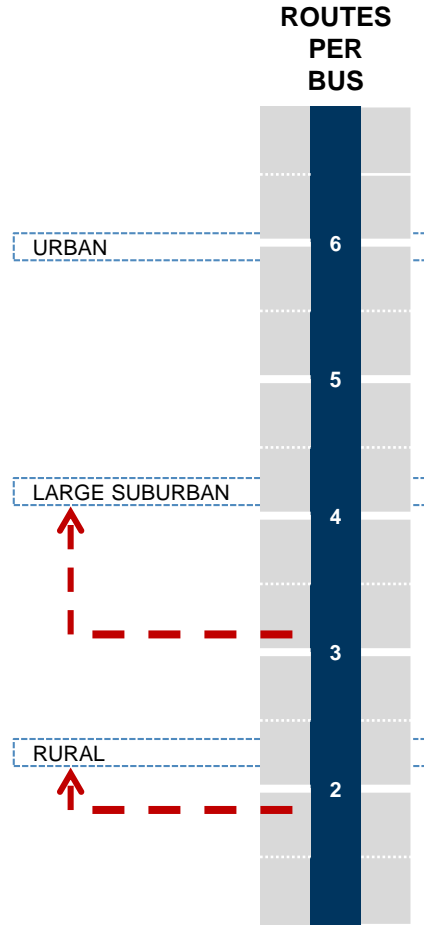
# APPENDIX A: SAVINGS METHODOLOGY UNION

## TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

### Savings from Increased Utilization:

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

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



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

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

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

# APPENDIX A: SAVINGS METHODOLOGY UNION

## 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 UNION

## PURCHASING COORDINATION AND AGGREGATION: SAVINGS APPROACH

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

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

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

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

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

# APPENDIX B: DATA SOURCES



# APPENDIX B: DATA SOURCES UNION

## [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 UNION

## Sources [2],[3]

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

## Sources [2],[4]

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

# APPENDIX B: FORMULAS DEFINED UNION

## Source [5]

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

## Source [3],[7]

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

## Source [5],[7]

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

## Source [9]

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

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