ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Spartanburg 07

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.

- 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.

PROJECT OVERVIEW (CONTINUED)

- 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

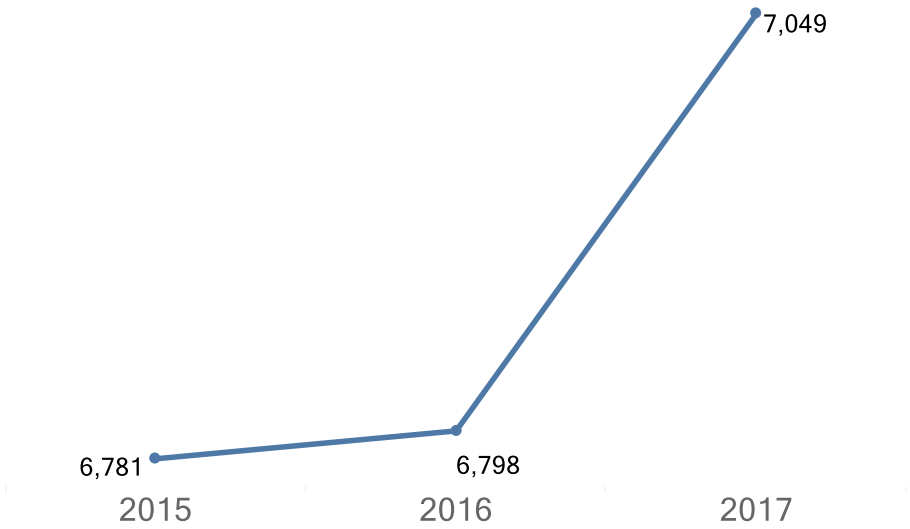
    2. **Net savings** from implementation of a shared services model for functions within the scope of this study.

PROJECT OVERVIEW (CONTINUED)

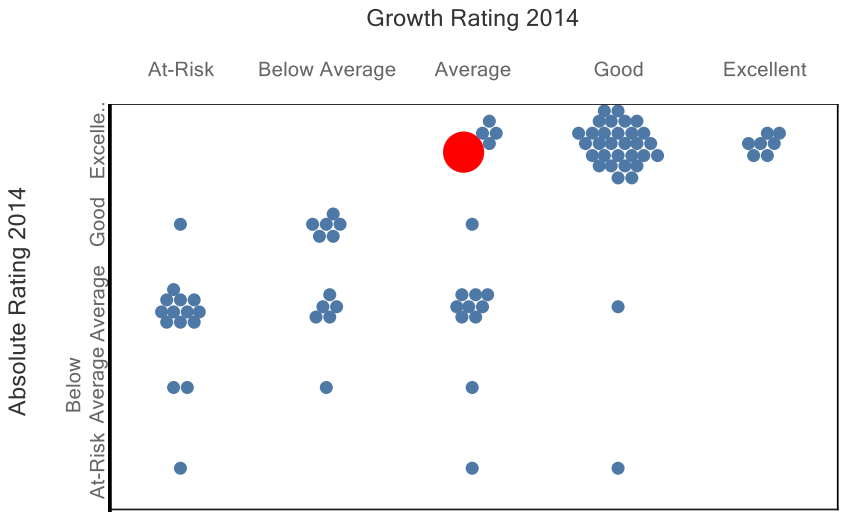
- **Sources of Data and Savings Estimates:**
  - A&M based the recommendations included in this report on data received from both the State and the District.
    - State provided data: FY16 revenue and expenditure data submitted by districts to the State, 3-year historical enrollment/average daily membership 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
SPARTANBURG 07

Average Daily Membership[2]



Student Achievement[1]



General Info

Number of Schools[2]	**13**
% Poverty[1]	**68.7%**
% Disability[1]	**12.5%**
$ Per Student[2],[3]	**$19,269**
$ Per Student Excluding Debt & Capital[2],[3]	**$14,807**

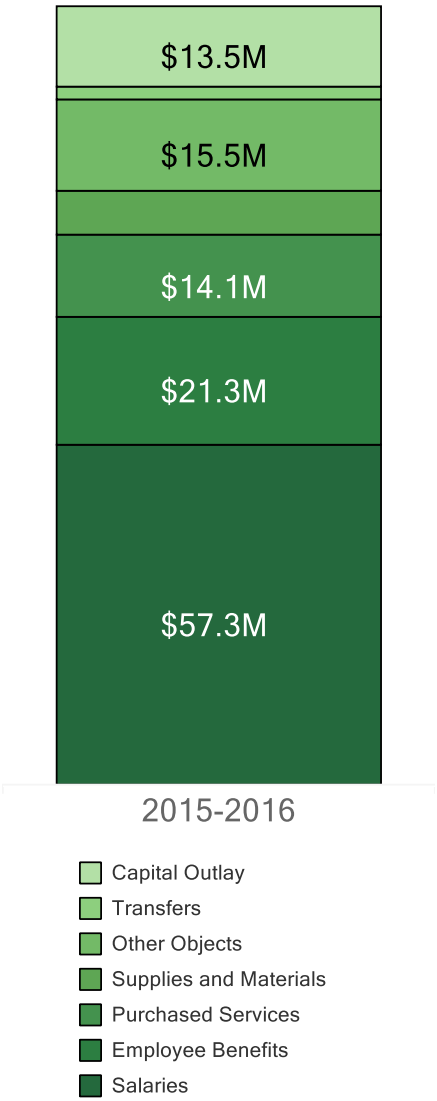
Administration

Students Per Instructional Services FTE[2],[4]	**6.5**
Students Per Overhead FTE[2],[4]	**243.1**
Students Per School Support FTE[2],[4]	**39.8**
Students to Total FTE[2],[4]	**5.5**

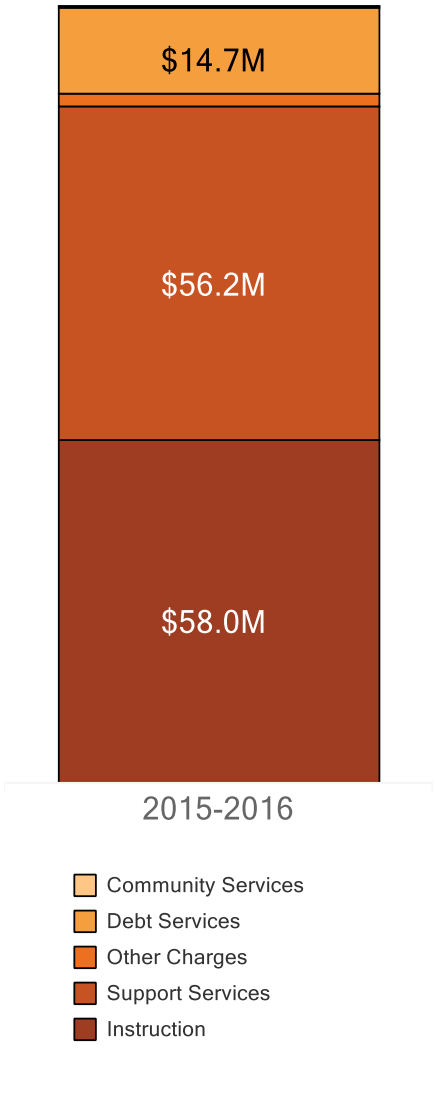
EXECUTIVE SUMMARY
SPARTANBURG 07

Sources of Funds[5]
$139.5M

Use of Funds - Type[3]
$131.0M

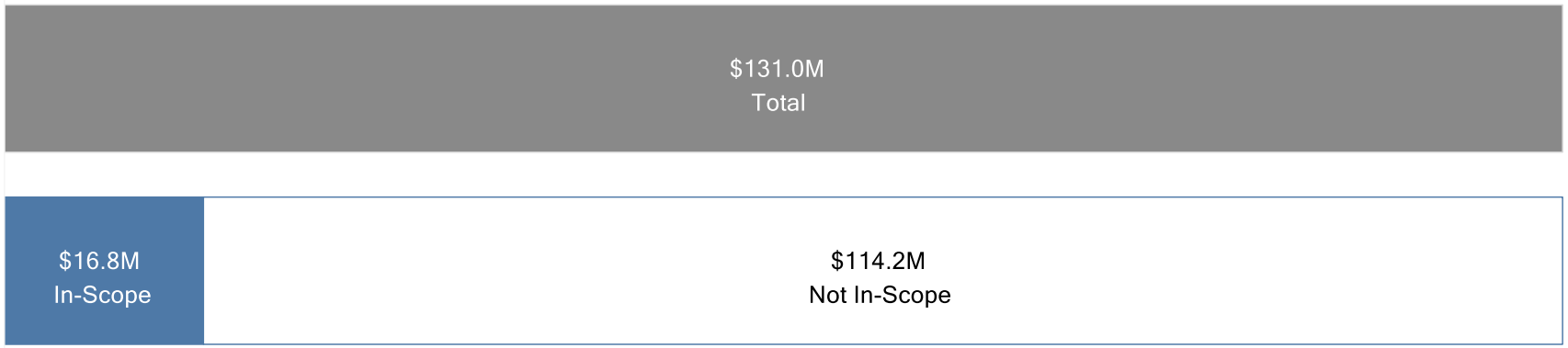


Use of Funds - Function[3]
$131.0M



** totals may not tie due to rounding*

EXECUTIVE SUMMARY
SPARTANBURG 07



12.8% of total spend is within scope of the efficiency review:

	In Scope Spend[3]	Procurement Component
Finance	$732,229	$50,615
Human Resources	$514,558	$38,710
Overhead	$809,400	$426,229
Transportation	$3,220,861	$279,144
Procurement (Community Services, Instruction, Support Services)	$11,476,107	$11,476,107
TOTAL	**$16,753,155**	**$12,270,805**

** totals may not tie due to rounding*

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

- **Mission Statement:** We will inspire and equip our students for meaningful lives of leadership and service as world citizens. Our graduates will be creative, critical thinking, collaborators, effective communicators and ethical citizens.
- **Leadership in Education:** The District aims to be the district of choice in Spartanburg County, the model school district in South Carolina and a model district in the Southeast region.
- **Student Achievement:** The District is focused on closing the achievement gap for their students, who come from disparate communities and backgrounds. Special focus areas include reading in early grades, reading and mathematics in middle grades, and language, sciences, and history in high school grades.
- **Highly Qualified Teachers:** The District aims to increase its number of highly qualified teachers and expand its professional development offerings.
- **Data-Driven Instruction:** The District intends to enhance its learning environment by better connecting student data and instruction. The District aims to offer more diversified, technology-based instruction based on this information.

Achievements

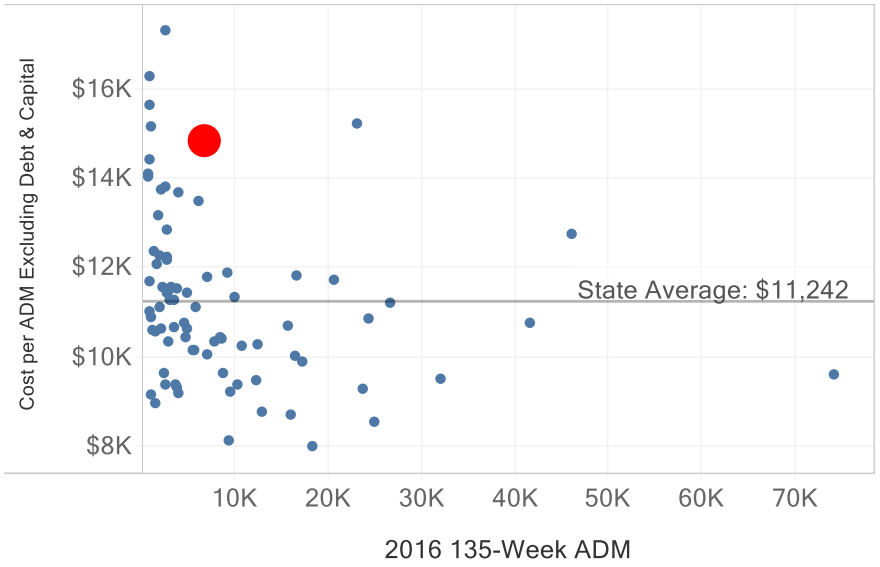
- **Community Partnerships:** The District is deeply involved in a wide array of successful and robust community investment and development efforts alongside both public and private partners.
- **School Board Engagement:** The District's board is active and engaged, and pursues initiatives that are innovative and beyond the regular scope of operations.
- **Cross-District Collaboration:** This District shares revenue, numerous programs and service offerings, and pursues procurement opportunities in conjunction with other Spartanburg County districts as well as Union and Cherokee counties.

Challenges

- **Equity:** The District serves students from wildly disparate communities and backgrounds. For example, the District operates two of the highest poverty elementary schools in Spartanburg County as well as an elementary school with the lowest level of poverty in Spartanburg County.

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.

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	• **Financial Management**: The District has strong financial stability with sufficient per pupil revenue, significant cash on hand, and a substantial unrestricted fund balance relative to enrollment peer districts. • **Adequate Staffing / Automated Processes:** The department is adequately staffed to support the scope of its roles and responsibilities. The District has effectively leveraged the capabilities of its existing ERP software and proactively seeks to expand its capabilities in order to increase efficiency.
Human Resources	• **Adequate Staffing / Automated Processes:** The Human Resources organization is an adequately staffed 4-person team overseen by the Assistant Superintendent for Human Resources. The District has technology in place to streamline application, recruiting and onboarding processes. • **Recruiting and Retention**: A rich network of regional university partnerships, comparatively higher teacher salaries as well as a high Teacher Return Rate of 89% indicate that teacher retention is not currently as challenging for the District as compared with other districts.
Transportation	• **Transportation Management**: The State directly pays for costs of bus purchasing, maintenance, fuel costs and a portion of driver salaries. The District is always hiring for bus drivers but is currently fully staffed, with all 80 of their full-time bus drivers dual employed as teacher's aides, food workers or custodians. • **Routing:** The District utilizes routing software to map out the most efficient routes.
Procurement	• **Staffing and Organization:** The District has one person within the Finance department dedicated to purchasing. • **Strategic sourcing**: Contracts are negotiated without volume discounts / rebates. Spartanburg County districts engage in a high level of voluntary collaboration on purchasing.
Overhead	• **Collaboration**: The seven Spartanburg County school districts exhibit a high level of collaboration including revenue sharing, a shared teacher salary schedule, multiple county-wide instructional programs, collaborative purchasing, and both formal and informal information-sharing.

RECOMMENDATIONS

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.

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**
Process Improvements: Modernize processes to limit manual activities and strengthen internal controls **Staffing/Organization**: Continue to train and cross-train personnel on key financial functions to increase the capabilities and effectiveness of the teams.	**System Enhancements:** Implement new technologies to automate HR processes such as integrated applicant sourcing, tracking and on-boarding. **Process Improvements**: Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates. **Staffing and Organization**: Train/cross-train personnel on recruiting, talent management and professional development strategies.	**Process Improvements:** Enable other districts to purchase off individually negotiated contracts. Negotiate discounts / rebates for tiered levels of spending Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings	**System Enhancements:** Implement GPS and security cameras on all buses. **Process Improvements:** Staggered Bell Times: - Complete analysis (in conjunction with use of routing software) to evaluate potential financial benefits of using routing software.

COLLABORATION RECOMMENDATIONS

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

REGIONAL COLLABORATION OPPORTUNITIES

FINANCE

Accounts Payable and Payroll: Shared Processing; Standardized and automated workflow on approvals

Potential to add in:

- Accounting Entries
- Financial Reporting
- General Oversight
- ERP Systems
- Grant Compliance and Claiming

HUMAN RESOURCES

Benefits Coordination: Shared Processing and Support

Potential to add in:

- Intl. Recruiting: H1B Process or collaborative
- System Licenses for Recruiting, Substitute Management, and on-boarding
- Sharing of instructional resources across varying classroom models

PROCUREMENT

Purchasing Coordination: Collaborate on market intelligence, pricing opportunities, RFP management, contract negotiations, contract management and minimum buying commitments

Capitalize on volume discounts and rebates

Shared analysis of spending, monitoring and optimization of pricing

OTHER AREAS

Transportation:

Shared administrative resources

Facilities/ Maintenance: Shared staffing of key maintenance positions across districts (e.g, HVAC, Electrician, Plumbing)

Technology:

Shared oversight and support functions

Curriculum:

Shared research and development functions

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.

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.

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	$32,500	-	$47,500	$77,200	-	$231,600
Human Resources	15,000	-	25,000	0	-	51,800
Procurement	0	-	0	353,100	-	710,500
Transportation – District	N/A	-	N/A	23,000	-	34,000
District Total	**47,500**		**72,500**	**453,300**		**1,027,900**
Transportation – State	0	-	0	19,000	-	30,000
Total	**$47,500**	**-**	**$72,500**	**$472,300**	**-**	**$1,057,900**

* *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.

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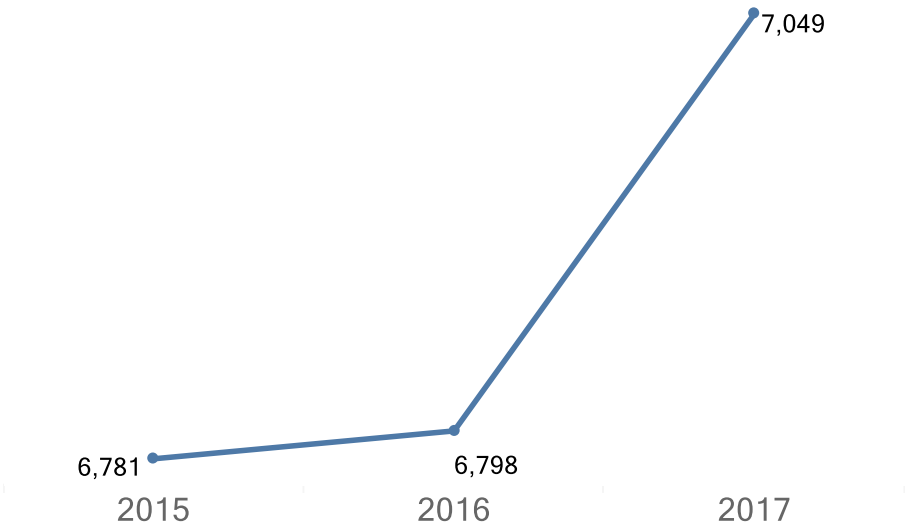
DISTRICT ADMINISTRATION AND PERFORMANCE
SPARTANBURG 07

Average Daily Membership[2]



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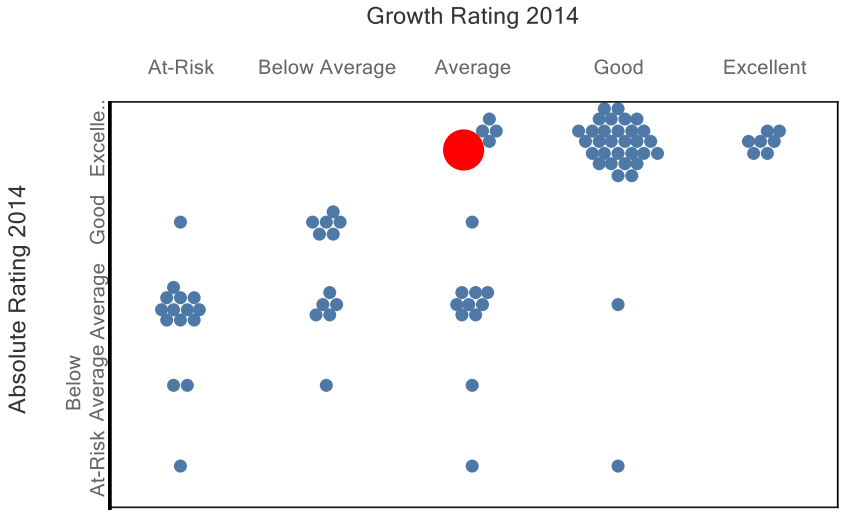

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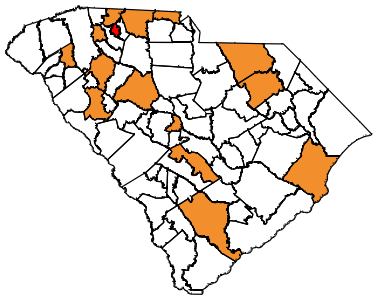
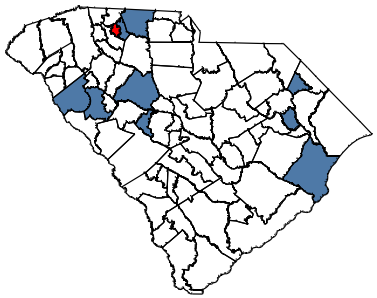
DISTRICT BENCHMARKING
SPARTANBURG 07



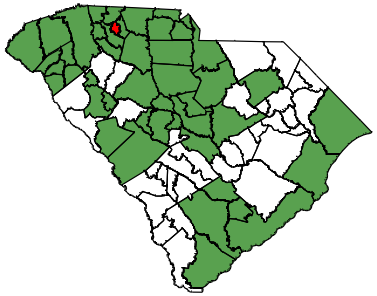
Enrollment (5,000 - 10,000)

Anderson 01
Cherokee
Chesterfield
Colleton
Darlington
Georgetown
Greenwood 50
Laurens 55
Lexington 02
Newberry
Orangeburg 05
Spartanburg 02
Spartanburg 05
Spartanburg 07
York 02



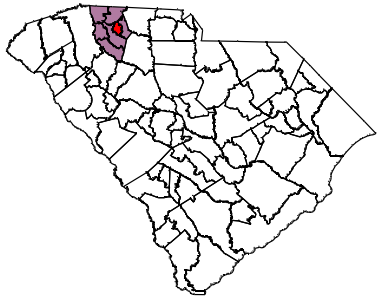
Poverty (65% - 70%)

Abbeville 60
Cherokee
Dillon 03
Florence 02
Georgetown
Greenwood 50
Lexington 03
Newberry
Spartanburg 03
Spartanburg 07



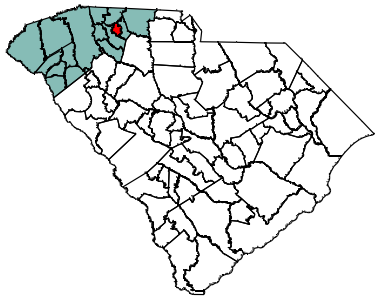
Phase 1 (No)

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 (Spartanburg)

Spartanburg 01
Spartanburg 02
Spartanburg 03
Spartanburg 04
Spartanburg 05
Spartanburg 06
Spartanburg 07



Region (Appalachian)

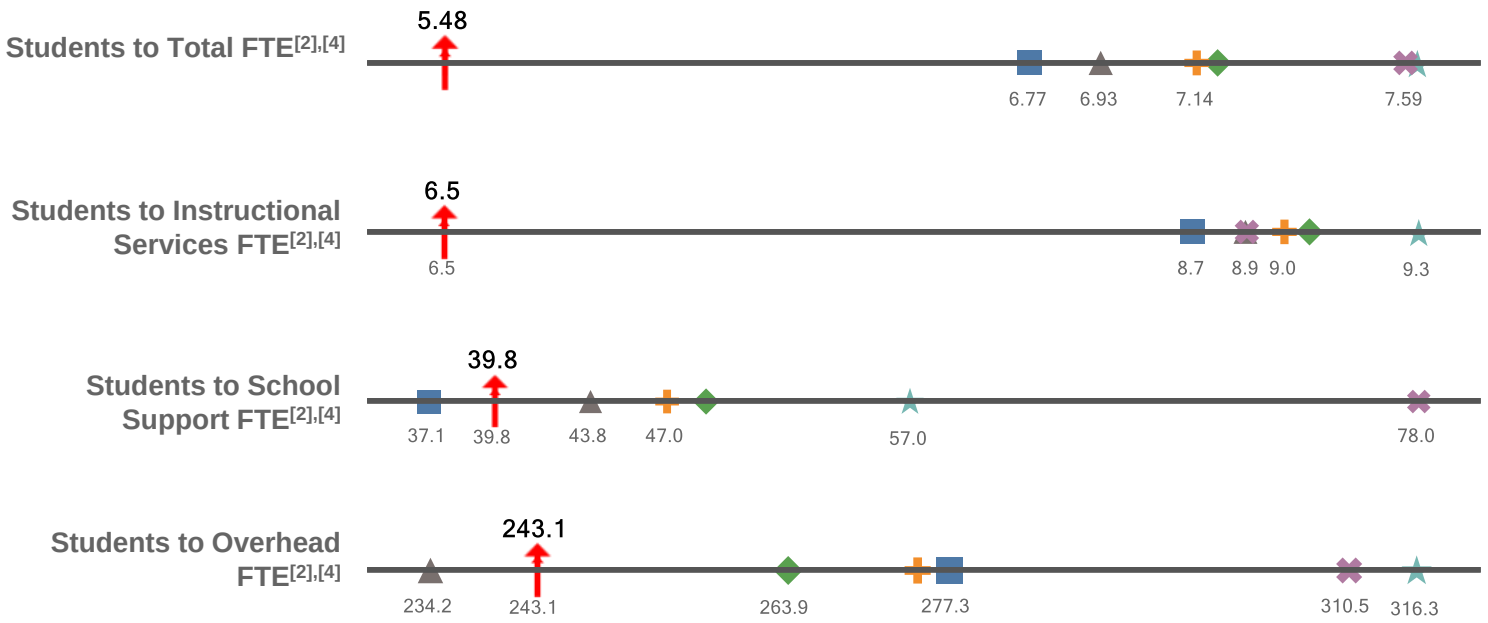
Anderson 01
Anderson 02
Anderson 03
Anderson 04
Anderson 05
Cherokee
Greenville
Oconee
Pickens
Spartanburg 01
Spartanburg 02
Spartanburg 03
Spartanburg 04
Spartanburg 05
Spartanburg 06
Spartanburg 07

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

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

NOTE: The District's fiscal agent role for two major county-wide programs – one special education, one alternative school – accounts for a significant share of its higher than average per pupil expenditures.

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



NOTE: The District's fiscal agent role for two major county-wide programs – one special education, one alternative school – accounts for a significant share of its lower-than-average staffing ratios.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Enrollment Trends	• **3-year Enrollment Trend:** The District's enrollment has increased by 268 students, or 3.95%, over the past 3 years. • **Student Demographics:** The District's footprint includes both high net worth areas and neighborhoods with high levels of intergenerational poverty. • **Competition:** There are no charter schools operating in the District. However, between 200 and 300 district children attend a private K-8 institution, Spartanburg Preparatory School, or are home schooled. • **Long-term Planning:** The District prepares multi-year enrollment projections to help inform long-term planning. In addition, the District has a robust long-term capital plan informed by its enrollment projections and which is updated annually.	
District Funding and Resource Allocation	• **Per Pupil Expenses:** When excluding debt and capital, the District has a high per pupil expense of $15,639 relative to its peers. The high per pupil spending reflects the District's fiscal agent role for its extensive county-wide special needs and alternative school programs. • **Program Administrator and Fiscal Agent:** The District serves as fiscal agent for McCarthy Teszler, a special education program and school and the Whitlock Alternative School program, all of which are open to students across the county.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	• **Unrestricted Fund Balance:** The District has an unrestricted fund balance that is 16.8% of General Fund revenues. The fund balance is below the state average of 18.6%. • **Student to FTE:** At 5.48, the Student to Total FTEs of the District is lower than all benchmark groups. This is due to lower staffing ratios required for the alternative school and special needs programs and also to high poverty rates in certain District-operated schools. • **Student to Instructional Services FTE:** At 6.5, the Student to Instruction ratio is less favorable than its peer groups. This lower staffing ratio is also a function of the staffing ratios necessary to the special education and alternative school programs. • **Student to School Support FTE:** At 39.8, the Student to Support Services ratio is lower than all peer groups except for districts with higher levels of poverty. • **Student to Overhead FTE:** At 243.1, the Student to Overhead Ratio is higher than the statewide and plaintiff benchmark groups, but lower than other Spartanburg County districts and districts of similar enrollment size.	• Consider review and reorganization of other direct support areas of the superintendent which are outside of the scope of this report in order to optimize resources and bring spending in line with benchmarks.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations

Staffing / Organization	• **Role of Superintendent:** The Superintendent manages relations with the board and guides the strategic direction of the District. He is a driving force behind the District's many community and intergovernmental partnerships. He was named the South Carolina Superintendent of the Year by the South Carolina Association of School Administrators (SCASA) and was also named Superintendent of the Year by the South Carolina Athletic Administrators Association, both in 2015.
	  ◦ **Deputy/Assistant Superintendents:** 4 FTEs. Assistant Superintendent for Planning; Deputy Superintendent for Curriculum, Instruction, and Assessment; Chief Technology Officer. The CFO is also a deputy superintendent but is accounted for in Finance.
	  ◦ **Communications:** 1 FTE. Chief Communications Officer.
	  ◦ **Administrative:** 7 FTEs. most supporting more than one member of the leadership team.
	  ◦ **Other District Staff:** 7 FTEs. Special Education Director, Director of Maintenance, Director of Student Services, Director of Instructional Technology, Director of Testing & Assessment, Coordinator for Federal Programs; Gifted and Talented Program Director. Not all these FTEs report directly to the Superintendent.
	• **Communications Function:** There is a Communications Director within the District office who manages all related functions. The District has a website that integrates with an app. Notifications can be pushed to students' and parents' phones.
	• **Legal:** The District has no legal department, retaining external counsel as needed.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	• **Turnover:** The current superintendent has been at the District in this role since 2010.	
Board of Directors	• **Spartanburg County Education Oversight Committee:** This committee consists of the seven school board chairmen from each of Spartanburg County's school districts and the seven district superintendents, with the board chairmen as the only voting members. Per state law, the committee approves the revenue-sharing formula as well as adjustments to the county's unified teacher salary schedule. • **Board Pay:** As in all Spartanburg County school districts, the District's Board Members are unpaid. • **Training:** Board members participate in SCSBA trainings and have pursued multiple initiatives on their own recognizance, including creation of a minority vendor certification program and creation of numerous community partnerships.	• Although the Education Oversight Committee is an artifact of the South Carolina General Assembly's abolition of the county-wide school board in 1998, it serves a valuable function by providing a governance structure for consideration and approval of county-wide collaborative efforts like revenue-sharing and salary schedule approval. The State could consider creating similar oversight committees for school districts that wish to pursue similar arrangements.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations

Philanthropy and Business Engagement	• Multiple districts within Spartanburg County have cultivated substantial partnerships with local governments, community-based nonprofits, area colleges and universities, and regional foundations and civic organizations to support their educational missions.
	• Examples of this District's numerous partnerships include:
	  • A partnership with the City of Spartanburg with respect to formal joint use agreements on multiple facilities; playgrounds, athletic fields and a renovated historic baseball field.
	  • A public-private partnership with the North Side Initiative, which leveraged $12 million in tax credits and private funds to break ground on a new early learning center.
	• The District runs the Viking Early College Program, which serves historically underrepresented male students. Tuition for students in this program is funded privately by a local family foundation.
	• Spartanburg County school districts have built extensive partnerships with local businesses for job placement and enrichment, particularly through the career centers and the special education program.
	• **College & Career Readiness:** All seven districts fund the Spartanburg Academic Movement (SAM) college and career readiness program, which employs four FTEs to coordinate the districts' numerous partnerships with regional institutions of higher education.
		• Given the strong academic performance, long-term strategic priorities and overall size of the District, leadership should develop a plan to pursue philanthropic grants from large foundations focused on funding innovation in K-12 education.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Philanthropy and Business Engagement	• **Mary Black Foundation:** District 7 partners with the Mary Black Foundation along with all other Spartanburg school districts to build and provide a comprehensive health curriculum. • **Early Learning Partnerships:** All Spartanburg districts are in the process of establishing an early learning partnership with the Children's Museum of the Upstate, a Smithsonian affiliate, which is opening its first satellite museum in downtown Spartanburg. • **Community Centers:** Most Spartanburg County school districts operate community centers providing child development and family services to community members. District 7 operates several of these centers, which incorporate social service and health providers as well as educational services. • **United Way:** Most Spartanburg districts, including District 7, partner with the United Way through its Gift-In-Kind center in Spartanburg. For $500 per year, the District can take as much unwanted merchandise collected from Wal-mart stores across the US.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	• **Revenue Sharing**: At the direction of the Education Oversight Committee, all Spartanburg County school districts participate in a revenue-sharing arrangement where they each contribute 13 mills for distribution via an equalization formula. • **Teacher Salary Schedule:** All Spartanburg County districts set a unified salary schedule for teachers and is approved by the Education Oversight Committee. This practice reduces competition between districts for highly qualified staff on a purely financial basis; the districts still compete on other tangibles such as community setting, class size, class offerings, etc. • **School Calendar**: All Spartanburg County school districts share a unified school calendar. The calendar is proposed by a working group of the seven district superintendents and then taken to each of the seven school boards for approval. This practice is not mandated by law and is not business overseen by the Education Oversight Committee, but has been a matter of culture and practice for many years. • **Career Center:** The District has a shared career center with Spartanburg 3. Spartanburg 3 serves as fiscal agent for this program. • **Special Education:** The District is fiscal agent for the McCarthy Teszler special needs school program, which is available to children throughout Spartanburg County. • **Adult Education:** The District serves as fiscal agent for this program, which is open to adults throughout Spartanburg County.	• Create a document that sets forth Spartanburg County districts' approach to county-wide resource creation and resource sharing for major endeavors – particularly the special needs program – as a set of best practices for voluntary collaboration between school districts. • A shared Chief Development Officer across all Spartanburg County districts could be a valuable addition and would relieve administrators of some due diligence around pursuit and capture of external philanthropic funding.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	• **Alternative School:** Spartanburg 7 is the fiscal agent for Whitlock Flexible Learning Center, an alternative school program open to any Spartanburg County child with severe behavioral and/or academic performance issues. This school is one of several county-wide schools operated by various Spartanburg districts to serve special student populations; all seven districts pay tuition to the fiscal agent for their to transport eligible students to the facility. • **Virtual School:** Spartanburg 6 is the fiscal agent for the Spartanburg County Public Virtual School, a comprehensive, standards-based program that can be easily accessed anywhere an internet connection is available. Spartanburg 6 is fiscal agent for this offering; effectively, all seven districts "share" FTEs at this institution. • **Early College Programs:** The Spartanburg County school districts have active partnerships with area colleges and universities, including USC Upstate and Spartanburg Community College, to provide early college opportunities for high-achieving and historically underserved students. • **Multi-district Working Groups:** Assistant superintendents from all Spartanburg school districts meet regularly. All human resources directors, maintenance directors, special education directors, transportation directors, and secondary school principals maintain standing meetings. District staff from both Union and Cherokee counties attend several of these meeting, including the superintendents' meeting. The groups maintain an active listserv.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	• **Extracurricular Activities:** Multiple programs are available to Spartanburg County K-12 students regardless of their home district, such as the Spartanburg Music Foundation, a 4th grade performance program through Carnegie Hall; Spartanburg Sings, a multi-district honors choir; and others. • **Professional Development:** All Spartanburg County districts collaborate and offer joint professional development opportunities in the form of graduate level courses co-sponsored and co-funded in collaboration with Converse College & USC Upstate. • **Truancy Court:** Spartanburg 7 participates in the countywide truancy court convened by Spartanburg 1. This court is held at the county courthouse as a method for holding parents accountable for attendance. Cases are heard before a chief hearing officer, who is employed at the alternative school. Records are centrally maintained, which provides a data trail on children even as they move districts within Spartanburg County. District and county-wide reports are compiled by the clerk monthly and shared with superintendents. Spartanburg is the second county in South Carolina to adopt this practice, which is based on an idea pioneered in Anderson County. • **Inter-County Collaboration:** The District coordinates with other Spartanburg County districts as well as neighboring districts in Union and Cherokee counties on multiple programs and procurements.	

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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.

641 : 1

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

$108 per Student

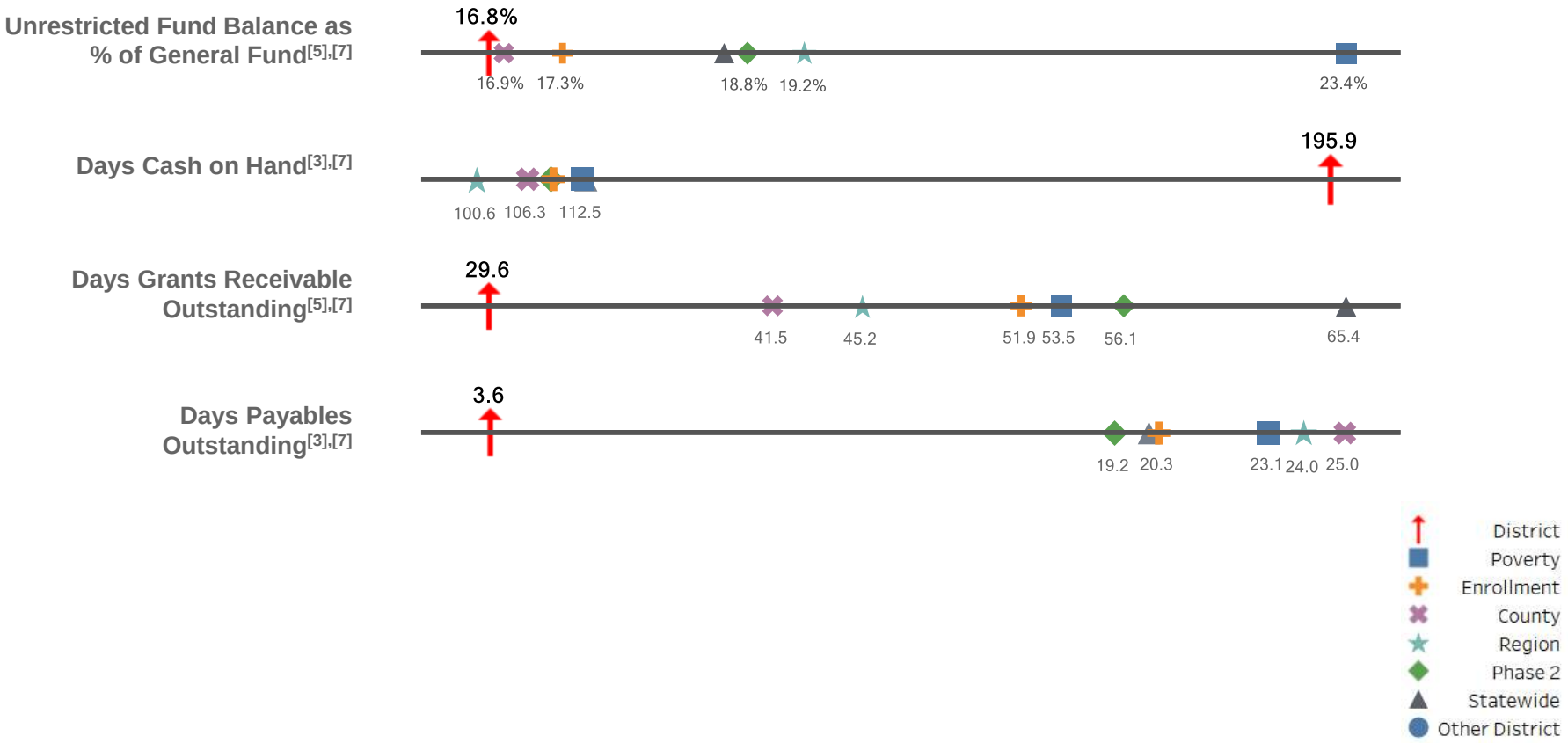
Cost of Total Financial Spend[3] per Student (ADM)[2]

Key statistics for metrics	
Financial FTEs[4]	11.0
Personnel Expense[3]	$681,614
Non-Personnel Expense[3]	$50,615
Total Financial Expense[3]	$732,229

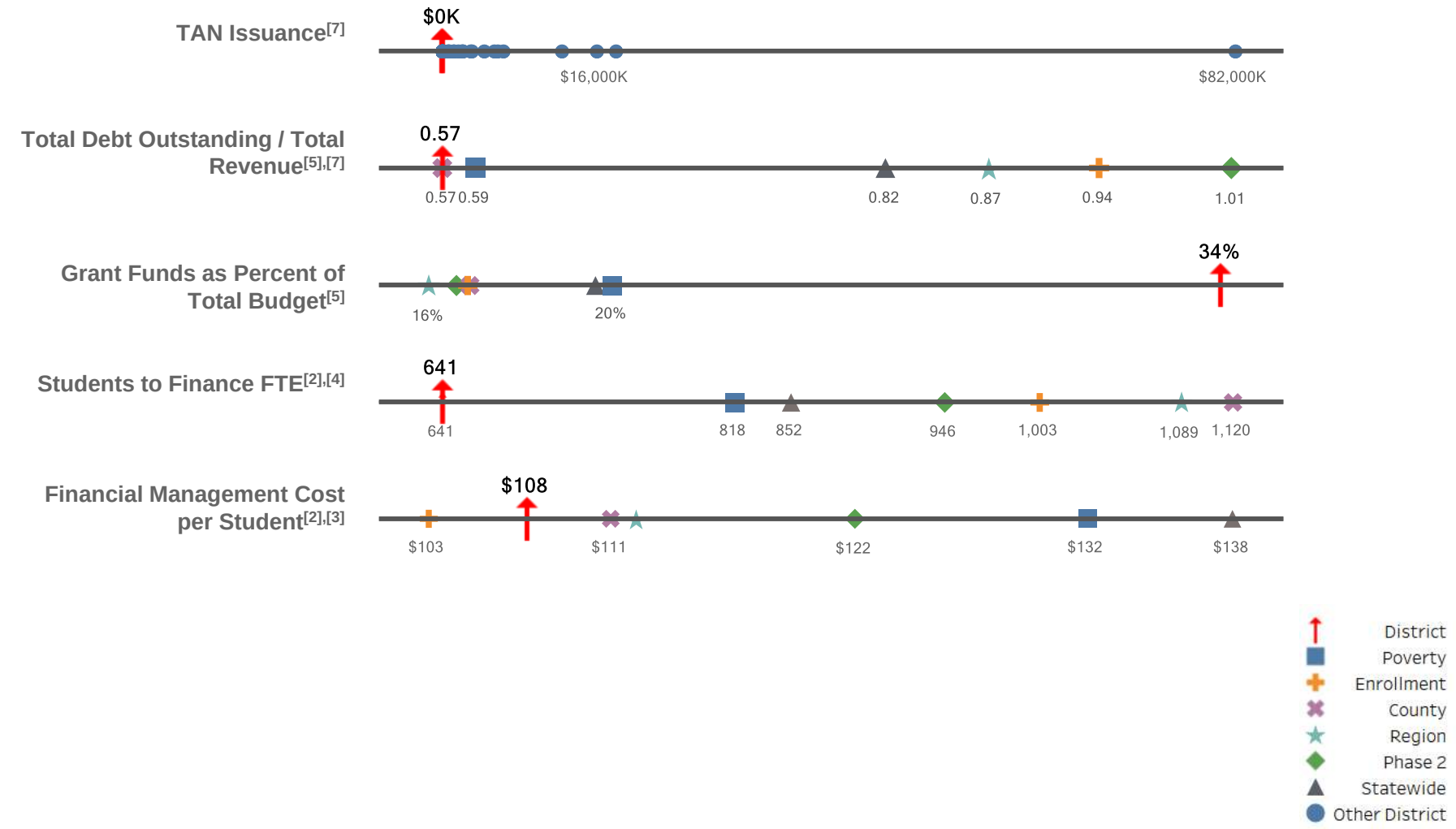
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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



KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations

Staffing / Organization	• The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting. The Department has been recognized for excellence in financial reporting by the Governmental Finance Officers Association (GFOA) and the American Society for Public Administration (ASPA).
	  ◦ **Budgeting & Accounting:** 1.2 FTEs. CFO and Finance Director.
	  ◦ **Payroll:** 1 FTE, who formerly did Accounts Payable.
	  ◦ **Accounts Payable:** 1 FTE.
	  ◦ **Purchasing:** 1 FTE. Procurement Officer.
	  ◦ **Insurance Policy Review, Claims Handling & Processing:** 0.6 FTE. Finance administers property and casualty insurance claims.
	  ◦ **Administrative:** 0.6 FTE. Assists with insurance, general accounting, and serves as executive secretary.
	• **Turnover:** Turnover in the Finance department has been infrequent.
	• **Finance Cost Per Pupil:** The Finance cost per pupil for the district of $108 is lower than the state cost per pupil ($138), and only slightly higher than the $103 cost per pupil for districts of similar enrollment size.
	• **Student per Finance FTE:** The student to financial management FTE ratio, 641, is less favorable than its peers.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	• **Cross-Training:** The District's payroll FTE was formerly their accounts payable clerk and can perform both functions as needed. • **Payroll:** The District currently runs two payroll cycles, one monthly and one bi-weekly. Professional staff are paid monthly. Hourly transportation and maintenance employees are paid biweekly. The District uses a self service payroll platform. Employee initiated payroll changes are all processed automatically. • **Direct Deposit:** All employees are paid via direct deposit except for the first pay cycle for a new hire. • **Timekeeping:** Time tracking is currently accomplished with Aesop and Veritime. Aesop is configured to flow directly into the payroll system. • **Purchasing:** The District uses a centralized purchase order system. Schools are able to secure items and services in accordance with district and state regulations. Finance administers an approval process workflow. • **Pcard:** The District utilizes a Pcard program, but its total Pcard spending of $600,000 in FY16 was below the threshold needed to earn rebates. These cards are primarily used by workers in the maintenance department.	• Standardize payroll to monthly or twice-monthly processes and eliminate the need for extra payrolls. This would reduce annual payroll runs and also enable the finance function to streamline processes and free up time to focus on other key responsibilities. • The District should consider expanding its Pcard program, potentially allowing schools and other district departments to use Pcards to purchase items.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	• **Inventory:** The District maintains one warehouse containing approximately $400,000 to $450,000 in supplies. Inventory reviews of items in this warehouse are ledger-based and manual. • The District tracks inventory for IT, textbooks, library books, and assets worth $5,000 or more. All these items are barcoded. The District uses Destiny/Frontline for library books. and textbook inventory management and the warehouse module in Infinite Visions for other asset types. • **Risk Management:** The District has formal risk management policies in place. As part of that policy, each district employee signs an annual safety commitment pledge, and each school has a safety team. The District developed its risk management policies with assistance from Arthur Gallagher Risk Management Consulting. • **Self-Insurance:** The District uses a hybrid approach to insurance, self-insuring for workers compensation claims up to $50,000 and holding a contract with Surry Insurance for claims above that threshold. Site incident reports go to the CFO for review, and the CFO determines the likelihood of coverage for the incident and whether to escalate incidents to claims.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	• **Grants Revenue %:** Grant revenues provide 34% of revenue for the District, making this district more reliant on grant funds than its peers. • **Federal Funds:** A federal program coordinator within Instruction shares responsibility with Finance for ensuring that special funds are used in compliance with regulations prior to payments being processed. Finance files grant expenditures promptly to maximize cash flow and reduce the likelihood of the District needing to issue short-term debt to fund operations. • **Grant Writing:** Instructional staff work with Finance to identify and pursue grant opportunities. As a result, there are always at least two employees at the District who are knowledgeable about grant requirements and reporting deadlines. • **Indirect Costs:** The District charges some indirect costs against federal grants, but frequently balances that option against the desire to maximize grant funds for their intended purpose. • **Grants Monitoring:** Review of expenditures against grant requirements is conducted by the federal program coordinator, with limited review by the Finance department. Since this data is viewable by program officers by logging in to Infinite Visions, transparency in grants administration is high. • **Other:** The District maximizes reimbursement of grants such as Medicaid by promptly filing for reimbursement and tracking budgeted to actual grant expenditures on an ongoing basis. PCG is used for billing via a collaborative contract with other school districts in Spartanburg County.	• Consider hiring a grant writer to help drive applications for competitive grant opportunities.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Internal Controls	• **F/S Audit:** The District had no material weaknesses in its FY16 audited financial statements. The District already reviews internal controls annually as part of their external audit process. • **Position Control:** The District utilizes position control.	
Cash Management	• **Days Cash on Hand:** The District has a strong cash balance with 195.9 days cash on hand. While the District typically deposits excess cash in the Local Government Investment Pool, they also make sure to have adequate cash in order to avoid short-term debt issuance. • **Grants Receivable Outstanding:** At 29.6, the District has a significantly better Days Grants Receivable Outstanding than its benchmark groups. The District submits grant reimbursements monthly. • **Days Payable Outstanding:** At 3.6, the District's Days Payables Outstanding is significantly more favorable than its benchmark groups. • **Cash:** The District reviews cash flow forecasts on a monthly basis and invests cash balances in the State Local Government Investment Pool.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	• **Debt:** The total debt outstanding to revenue of 0.57 is low compared to the state and equal to the county benchmark. • **TAN:** The District did not issue TANs this past year to assist with liquidity needs during cash low point. Typically, the District has been able to avoid use of short-term borrowing by utilizing its fund balance as needed and also filing for federal reimbursements promptly, which has improved cash flow.	
Budget	• **Budget Planning:** The annual budget process is linked with the annual strategic planning process. The district has a robust resource allocation model that is used to determine annual budgets for schools and departments. They utilize rolling allocation assessment analyses as well as enrollment projections to inform the budget. Since individual schools have different focuses, the Finance department considers supply or resource allocations that are unique to their programming. • **Fiscal Monitoring:** The District produces budget-to-actual variance reports on an ongoing basis, at least monthly. Any staff member with budgetary oversight can review this information by logging into the District's ERP. Monthly budget-to-actual reports are generated and circulated to department heads and principals. Additionally, school-based personnel (principals and school bookkeepers) are able to view their budgets, expenditures and grants at any time by logging into Infinite Visions.	• The District should consider conducting a school equity analysis annually to ensure that each individual school is receiving its fair share of resources based on the student needs of the school. The analysis would compare school-based FTEs, salaries and non-personnel spending across student type, school size, school level and overall across the district. • Prepare zero-based and / or performance based budget for departmental budgets annually incorporating KPIs that would allow for better estimation of central office staff needs and expenses, and align with the strategic plan.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	• **ERP:** The District uses Infinite Visions for general accounting, budgeting, payroll and accounts payable, warehouse, and automated workflow approval of purchase requisitions through to purchase orders. It also uses Infinite Visions to facilitate employee self-service for payroll matters. • The District has been able to successfully transition to automated workflows for many of its processes. • The District uses Veritime for time-tracking.	• Continue exploring opportunities to better utilize the existing Infinite Visions software. • Develop a plan to move towards paperless document retention for financial records. Storage of electronic documents for receiving documents and invoices will help streamline the procure to pay process. In addition, the availability of invoices within the financial system will facilitate improved financial analysis and inquiry.
Regional Collaboration	• Finance staff for Spartanburg County school districts meet periodically to discuss issues of interest and make use of an active listserv in between meetings. • Five years ago, several school districts around the state, including Spartanburg 7, shared the cost of an Infinite Visions ERP consultant. This core group of finance personnel has continued to meet several times a year, assisting each other with learning how to leverage the system's capability to support budgeting activities, position control and ACA compliance.	• 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).

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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.

1,175 : 1

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

$76 per Student

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

Key statistics for metrics	
Human Resources FTEs[4]	6.0
Personnel Expense[3]	$475,848
Non-Personnel Expense[3]	$38,710
Total Human Resources Expense[3]	$514,558

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

KEY PERFORMANCE INDICATORS: HUMAN RESOURCES

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

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations

Staffing / Organization	• The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations and benefits.
	  • **Staffing & Employee Services:** 1 FTE, Personnel Analyst.
	  • **Certification and Training:** 1 FTE, Teacher Quality Coordinator. The Assistant Superintendent for Human Resources also assists with this function.
	  • **Talent Management:** No dedicated FTEs. The Assistant Superintendent for Human Resources performs this function.
	  • **Employee Benefits and Retirement Services:** No dedicated FTEs.
	  • **Substitute and Temporary Employment:** 1 FTE, Administrative Assistant.
	  • **Administrative:** 1 FTE, Receptionist.
	• **Human Resources Cost Per Pupil:** The HR cost per pupil for the district ($76) is higher than all benchmark groups.
	• **Students per Human Resources FTE:** The student to human resources FTE ratio, 1,175, is less favorable than most benchmark peers with the exception of the county and regional groups.
		• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes.
		• Cross-train staff to be able to do multiple functions.

Recruiting and Retention	• **Teacher Recruitment:** Due in part to its partnerships with colleges and universities in the community, the District has not faced severe staffing challenges in recent years. The District filled 31 teacher vacancies in advance of the current school year and has less than 15 teacher positions currently vacant.	• Consider a compensation study and / or implementation of incentive programs to recruit and retain teachers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) housing incentive signing; (c) tuition reimbursement; (d) differentiated salaries for hard to staff positions; (e) innovative professional development programs.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting and Retention	• **International Teachers:** The District currently employs 3 international teachers; two are Chinese teachers placed with the District through its sister school district in China, and one is a high school Spanish teacher contracted through FACES. • **Teacher Pay:** At $50,884, the average teacher salary for the District is above the state average and all other benchmark groups. • **Teacher Retention:** The teacher retention rate is 89.1%, well above the statewide average but slightly lower than all other benchmark groups.	• Conduct exit interviews to gather information on the causes of employee attrition, and use the results of the process to formulate an effective teacher retention plan.
Technology	• The District leverages Talent Ed for recruiting, application screening and processing. • Aesop is used for substitute management.	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Benefits	• Benefits administration is typically done by an administrative assistant.	• Benefits administration process could be automated via establishment of employee portal. Employees could be responsible for updates and information would be linked directly to payroll. • In collaboration with other large districts in the state, work with PEBA to automate benefits related transaction processing to include: - Acceptance and processing of electronic signatures - Integration of benefit changes into district financial systems
Collaboration	• The Human Resources Director participates in the ongoing multi-district meetings between other Spartanburg County districts and Union and Cherokee county districts. • The District participates in teacher recruiting initiatives coordinated through multi-district partnerships with area colleges and universities. These partnerships are a primary feeder for new teachers into the District. • The District does not collaborate with other school districts on human resource system licenses or arrangements with international or local staffing agencies.	• 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: - Benefits Coordination - Human Resources System Licenses (Frontline) - H1B Process for International Teachers • Consider creating a regional recruitment and training center focused on teacher recruitment across multiple districts.

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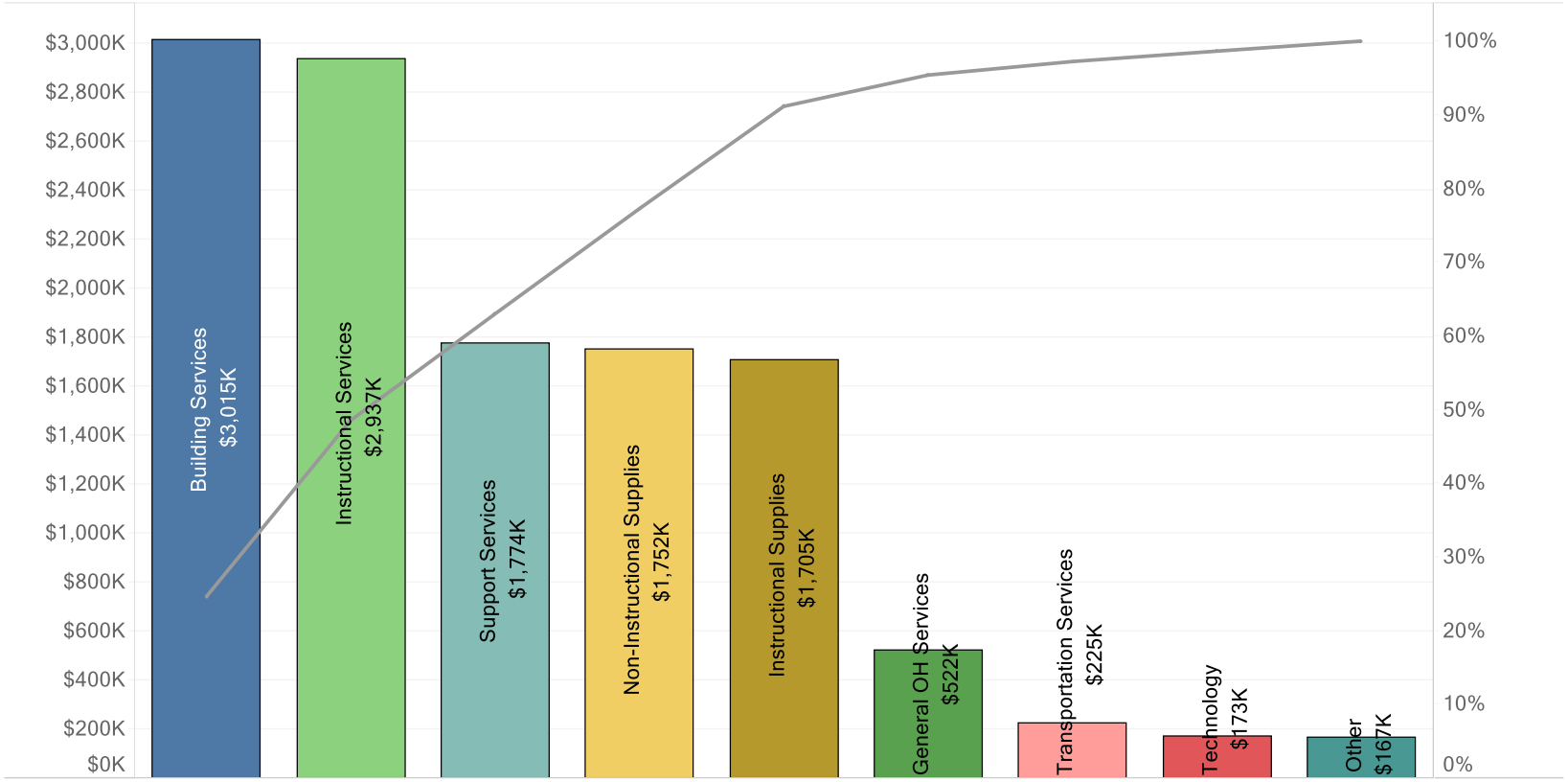
PROCUREMENT OVERVIEW

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

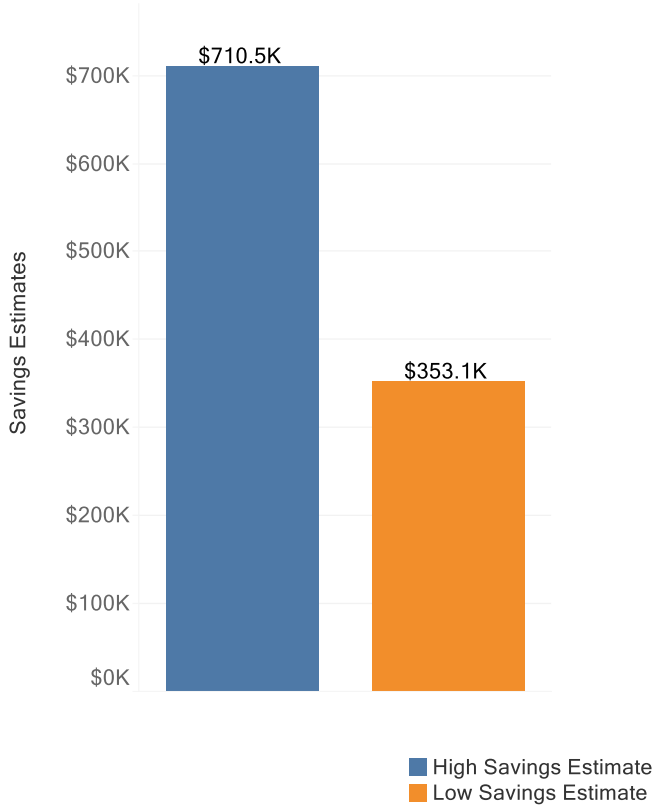
District In Scope Total Procurement Spend[3] = $12,270,805



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	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%



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	• The District's Procurement function resides within the Finance department. • There is one Procurement Director who oversees all purchasing functions. There are no additional staff dedicated to this function.	• Leverage additional resources to better optimize procurement functions. See Regional Collaboration below.
Spending by Vendor	• Spending is fragmented across more than 2,616 vendors; however, the top 108 make up more than 80% of total spending. • The District does not maintain a significant data or analytic function within the procurement organization, relying primarily on experience to drive savings in various procurement categories.	• 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. • Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts. • Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts. • Perform annual review of vendor performance (on time, complete, quality) to assess opportunities to reduce or eliminate non-value add services.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	• **Building and Maintenance:** These services are bid out using state procurement guidelines. Given the District's urban location, multiple providers are available and competitive pricing can be found. • **Food Services:** Spartanburg County school districts 1, 2, 3, 5, and 7 collectively bid out for comprehensive food services every five years. Bids are collectively reviewed, and all five districts award their business to one contractor, thereby achieving greater economies of scale. The current contractor is Chartwell. • **Energy:** The District does not fix rates for natural gas contracts. • **Instructional Support Services and Supplies:** The District places procurement of instructional support software and services out to bid. Typically, the District does not procure these services and software in collaboration with any other districts. • **Technology – Standardization:** The District frequently issues solicitations for IT purchases rather than using State contracts because they are big enough to get volume discounts. The District has included Spartanburg 3 and 6 in numerous IT solicitations; Spartanburg 1 and 5 have also participated, although less frequently.	• Consider establishing fixed rate contract for natural gas. • Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts. • Require instructional software purchases to conform to standard procurement guidelines for bids and proposals in order to enable to best pricing. Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts. • **Standardization of Technology:** The greatest saving potential can be realized through rollout of low cost/high quality technology options that are standardized across a geographic region. Standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. Decisions made by individual districts regarding roll-out of 1:1 initiatives vary greatly in cost per device and total cost of ownership.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	• **Collaborative Contracts:** Spartanburg County school districts with spending in excess of $75 million annually (state procurement districts) occasionally collaborate on contract vehicles with other South Carolina school districts. Recent examples of these contracts include one for flooring, and another for cleaning supplies. • **Minority Vendor Fair:** All Spartanburg County districts participate in an annual minority vendor fair coordinated by Spartanburg 7. Spartanburg 7 runs an in-house program to certify minority vendors and/or woman-owned businesses. The District invites qualified vendors doing business with the City of Spartanburg and Spartanburg County as well as those doing business with school districts throughout the county.	• 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 and contract management. • A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include: - Technology - Instructional Software and Services - Instructional Staffing - Supplies

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TRANSPORTATION OVERVIEW: STATE VS. DISTRICT

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

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

TRANSPORTATION OVERVIEW

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

13 Years

Avg. Age of State Provided Bus Fleet[9]

$474 per Student

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

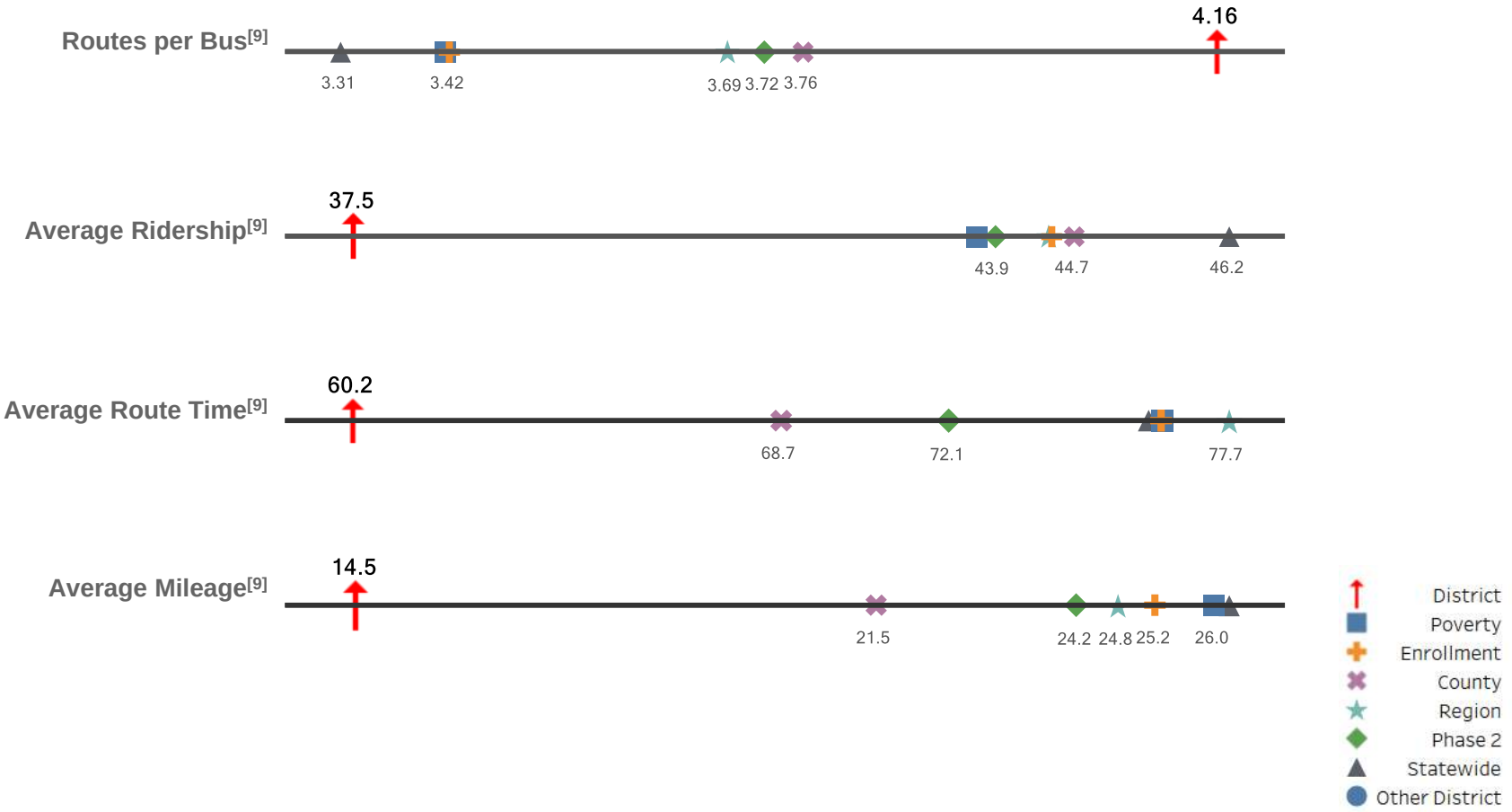
Key statistics for metrics	
Transportation FTEs[4]	72.0
Personnel Expense[3]	$2,941,717
Non-Personnel Expense[3]	$279,144
Total Transportation Expense[3]	$3,220,861

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	27.6	115	4.2	4,316	38	60	15
Special Needs	27.5	61	2.2	552	9	Not-Available	35
Other	7.4	44	6.0	1,413	32	Not-Available	10
Total	62.5	220	3.5	6,281	N/A	N/A	N/A

KEY PERFORMANCE INDICATORS: REGULAR ROUTES ONLY

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



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	• **Driver Recruitment and Retention:** The District only faces difficulty in recruiting bus drivers when the local labor market is strong. The District is continually hiring bus drivers and currently has no vacancies. • **Dual Employment:** All 80 of the District's full-time bus drivers are dual employed as teacher's aides, food workers or custodians. • **Substitute Bus Drivers:** The District maintains a small pool of 4 substitute drivers, which has proved sufficient. • **Staggered Bus Routes:** The District runs staggered bus routes with the earliest routes starting as early as 5:45am. • **Bus Driver Pay:** Bus drivers are currently paid a starting rate of $11 per hour, approximately $2.30 above state pay levels. .	• Implement a substitute/back up driver pool in collaboration with nearby districts. • Use an automated calling system to fill needed driver substitute vacancies.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	• **Routing Software:** The District utilizes VersaTrans routing software. • **GPS:** The District does not have GPS on its buses. • **Communications:** The District provides radios to drivers. • **Security Cameras:** The District has security cameras on all buses. • **Stop-Arm Cameras:** The District has stop-arm cameras on all buses. • **Activity Buses:** The District has 6 standard and 18 non-standard buses in its fleet. A limited number are used for non-hazardous routes to early childhood centers. The District employs two mechanics and typically performs all maintenance on these buses in-house.	• Install GPS on all existing buses to create tracking capability, enhance safety, and collect data for later use in route optimization.
Collaboration	• The District coordinates the transportation of other Spartanburg County district students to county-wide programs within its footprint. Notably, the District provides transportation to its large special needs student population who receive instruction at the McCarthy Teszler campus. Although the District is reimbursed by those students' home district for that cost, its transportation cost per student appears high because of its fiscal agent role in this arrangement.	

APPENDIX A:
SAVINGS METHODOLOGY

APPROACH TO SAVINGS

GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

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

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

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

SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

PEOPLE

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

TECHNOLOGY

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

Functional Review

Operating Model Components

PROCESS

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

ORGANIZATION

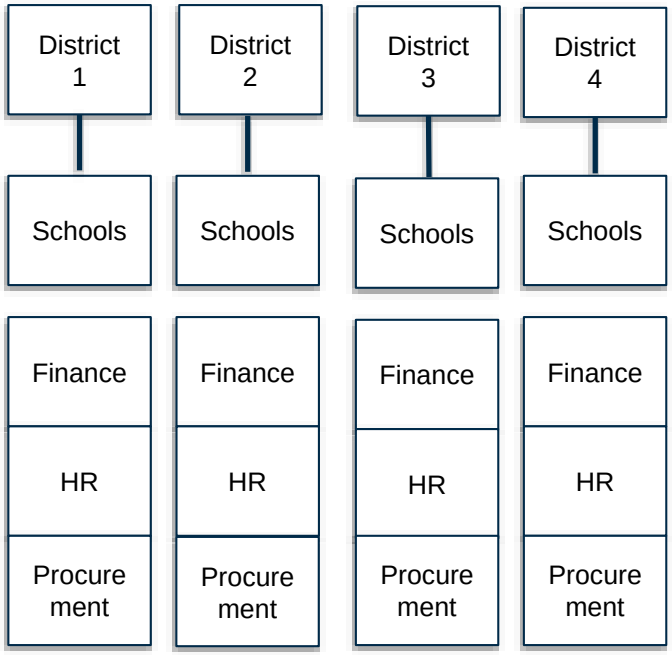
An analysis of each organization's staffing levels on an As-Is Basis, against peer benchmarks, and in a regional collaborative model were conducted to assess overall efficiency and effectiveness.

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.

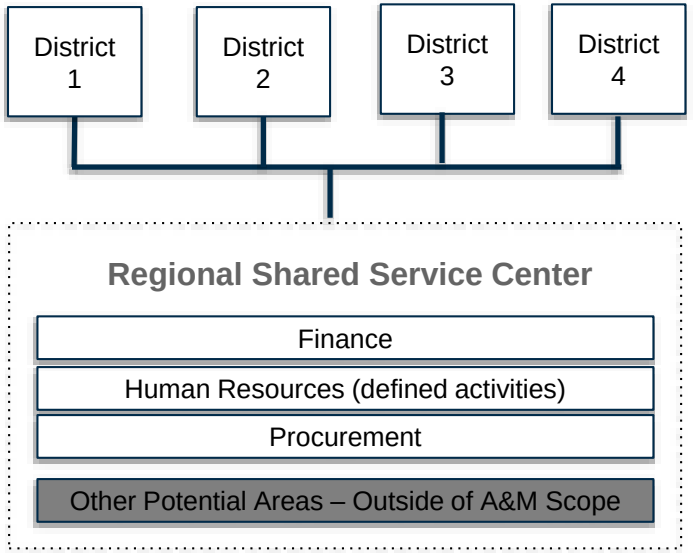
CURRENT STATE: STAND ALONE DISTRICT

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.

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(1)	4.75	4.00	0.75
Total Spend(1)	$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.

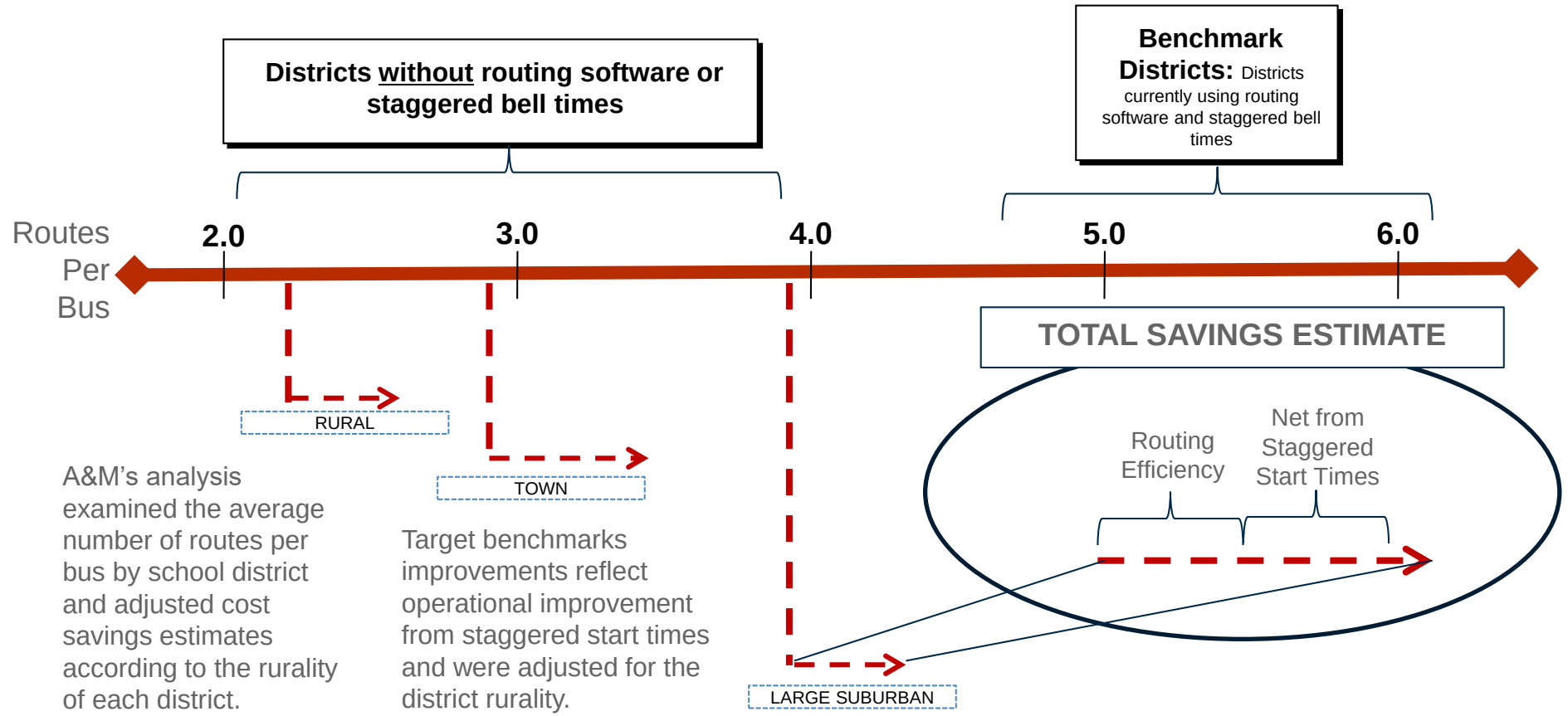
	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	**Collaboration Model**	**Savings**
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs(2)	18.9	13.0	6.0
Total Spend(2)	$2,409,840	$1,684,478	$725,326
Savings %			30.1%

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

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

TRANSPORTATION ROUTING: SAVINGS APPROACH

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



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

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

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

Savings from Routing Efficiencies

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

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

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

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

DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

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

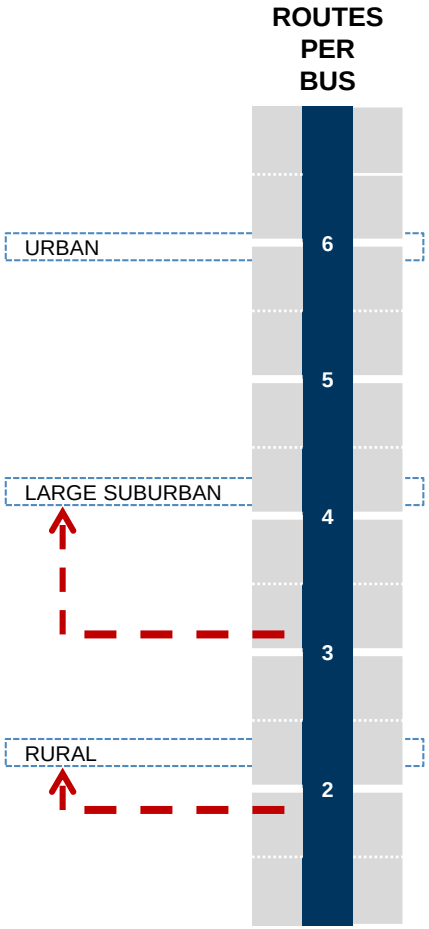
Cost savings from more efficient routing are significant, with savings shared between the districts and the State.

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

Savings from Increased Utilization:

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

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



DISTRICT EXAMPLE COST SAVINGS OPPORTUNITIES FROM STAGGERED SCHOOL START TIMES

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

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

COLLABORATION: PURCHASING COORDINATION AND AGGREGATION

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

EXAMPLES OF STATE-WIDE PROCUREMENT OPPORTUNITIES

Example 1: Differentiated Pricing in Professional Services

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

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

Example 2: Volume Discounts and Rebates with a Technology Vendor

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

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

PURCHASING COORDINATION AND AGGREGATION: SAVINGS APPROACH

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

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

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

	Range of Savings: 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
SPARTANBURG 07

[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
SPARTANBURG 07

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
SPARTANBURG 07

Source [5]

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

Source [3],[7]

- Days Cash on Hand = (Cash: Unrestricted, general fund [7] + Investments: general fund [7] + AR: County [7]) / (General Fund Expenditures [3] / 365))
  *General Fund Expenditures = expenses where fund code = 100

- Days Payable Outstanding = (Accounts Payable: General Fund [7] / (Non-Personnel Expenditures [3] / 365))
  *Non-Personal Expenditures = expenses where Object Code between 300 – 700

Source [5],[7]

- Unrestricted Fund Balance as % of General Fund = Fund balance – unrestricted [7] / General Fund Revenue [5]

- Grants Receivables Days Outstanding = (Grants Receivable from State [7] + Grants Receivable from Federal [7]) / (total grant funds from statewide revenues [5]/365)
  *Total Grant Fund From Statewide Revenue is revenue where fund code = 200 & 300

- Total Debt Outstanding/Total Revenue = Total Debt Outstanding[7] / Revenue[5] (Where Fund Name ≠ "Capital Projects Fund" or "Debt Service Fund")

Source [9]

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

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

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

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

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