



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

York 03

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

YORK 03

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.

EXECUTIVE SUMMARY

YORK 03

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)

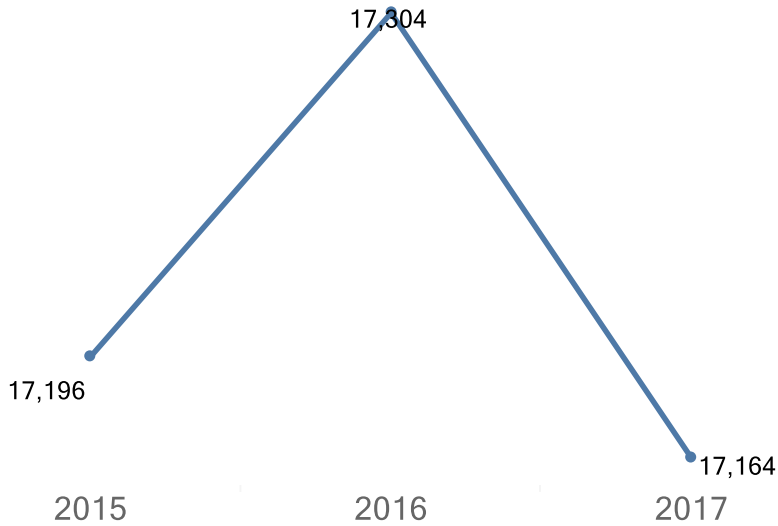
➤ Sources of Data and Savings Estimates:

- 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.

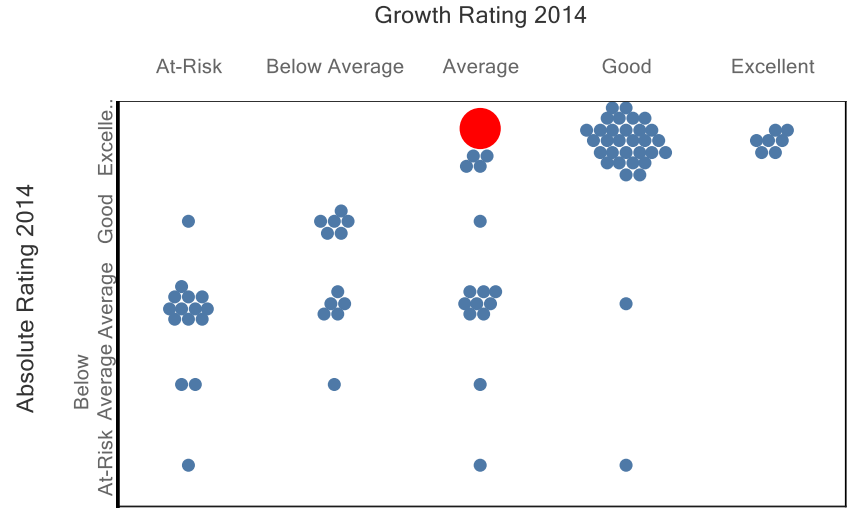
EXECUTIVE SUMMARY

YORK 03

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	26
% Poverty ^[1]	57.7%
% Disability ^[1]	13.8%
\$ Per Student ^{[2],[3]}	\$12,032
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$9,885

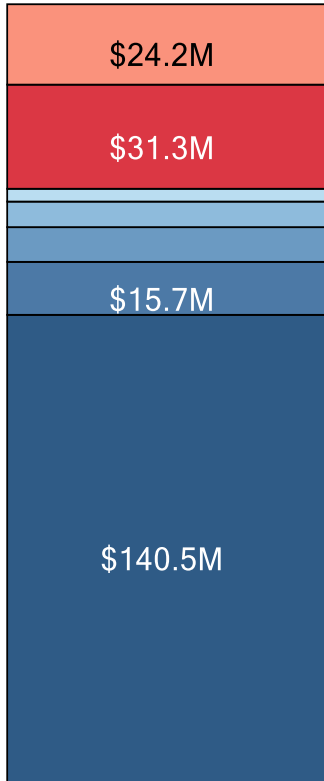
Administration

Students Per Instructional Services FTE ^{[2],[4]}	9.4
Students Per Overhead FTE ^{[2],[4]}	243.3
Students Per School Support FTE ^{[2],[4]}	54.0
Students to Total FTE ^{[2],[4]}	7.8

EXECUTIVE SUMMARY

YORK 03

Sources of Funds^[5]
\$233.2M



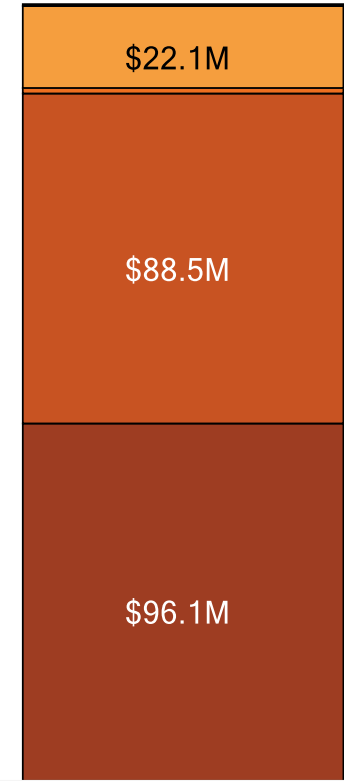
2015-2016

Use of Funds - Type^[3]
\$208.2M



2015-2016

Use of Funds - Function^[3]
\$208.2M



2015-2016

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

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

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

* totals may not tie due to rounding

EXECUTIVE SUMMARY

YORK 03

\$208.2M
Total

\$28.4M
In-Scope

\$179.8M
Not In-Scope

13.7% of total spend is within scope of the efficiency review:

	In Scope Spend ^[3]	Procurement Component
Finance	\$1,848,584	\$422,211
Human Resources	\$589,738	\$142,214
Overhead	\$1,219,281	\$458,951
Transportation	\$3,770,335	\$169,945
Procurement (Community Services, Instruction, Support Services)	\$21,004,979	\$21,004,979
TOTAL	\$28,432,917	\$22,198,300

* totals may not tie due to rounding

EXECUTIVE SUMMARY

YORK 03

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

- Mission:** Rock Hill Schools will provide all students with challenging work that authentically engages them in the learning process and prepares them for successful futures.
- **Instruction and Academic Achievement:** 1) Increase the 4-year grad rate to 88% on or before 2019; 2) Increase the passage rate of EOC assessments; 3) Meet or exceed the NWEA national norms on MAP; meet or exceed mean on SCPASS; improve AP scores.
 - **Employee Professional Growth:** Implement Professional Learning Communities district-wide to expand relevant professional development within the district as measured by a pre and post assessment. Review Professional Learning Community meetings and minutes.
 - **Finance:** Develop a balanced budget for the FY18 that supports the school district's mission and vision for student achievement.

Achievements

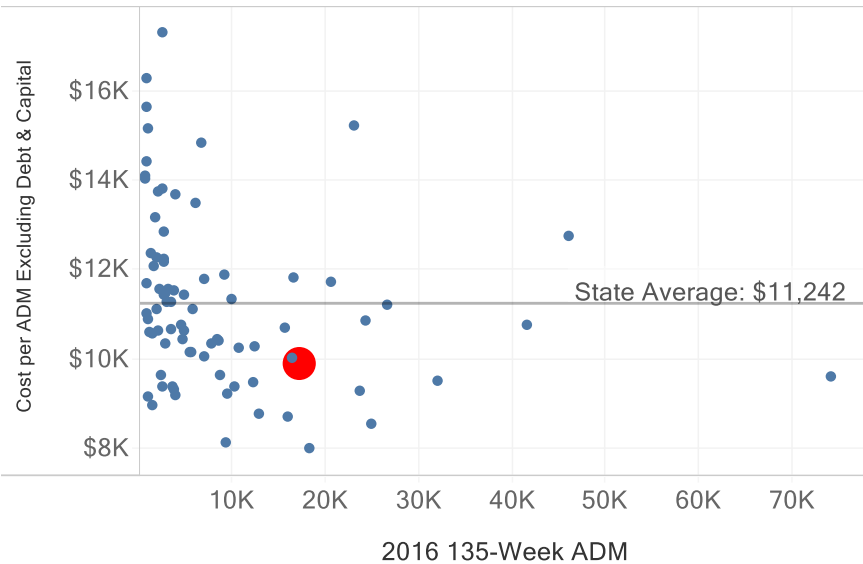
- **Community Support:** Passed a bond referendum for \$110M to maintain facilities; have a supportive Board.
- **Academic Programming:** Creating Montessori school and language immersion school; have robust programs for Arts and STEAM.
- **Technology:** Recognized as a top 10 digital district. In addition to 1:1 initiative, maintenance trades use iPads, and the Board holds some meetings via Skype.
- **Safety:** Recognized for safety and had a National Safety Director of the Year.
- **Economic and Efficiency Sustainability:** District maintains several EnergyStar buildings and has achieved energy savings of \$1.2M per year.

Challenges

- **Financial Resources:** State not fully funding Base Student Cost has caused challenges. Act 388 has also resulted in hardship on local businesses and a potential loss of the business community.
- **Facilities:** Aging facilities coupled with more rigorous building code standards have created a draw on resources.
- **Recruitment and Retention:** Teacher shortage is imminent due to TERI program's cap on retirees. District also loses employees to surrounding districts.

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 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 size of the District, there are a range of 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

YORK 03

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Financial Management: The District had previous findings in its audited financial statements but is improving its financial management practices by updating policies and procedures and training bookkeepers. The District has an unrestricted fund balance of 19.7%, above the state average, and days cash on hand in line with the statewide average. • Processes: The District leverages Harris SmartFusion software capabilities to automate processes. Finance uses Softdocs software to maintain their centralized electronic records retention for financial records.
Human Resources	<ul style="list-style-type: none"> • Staffing and Organization: The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations and benefits. The District has manual processes for applications and onboarding but recently implemented technology to improve efficiency. • Teacher Recruiting and Retention: Similar to other districts in the State, recruiting teachers into the District is challenging, especially for foreign languages and special education. However, the District has over a 95% teacher retention rate.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The State directly pays for costs of bus purchasing, maintenance, fuel and a portion of driver salaries. The District experienced a driver shortage in the past, but has alleviated the issue due to a pay raise and efforts to improve driver morale. • Routing Software: The District uses VersaTrans software to help drive routing efficiencies.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: The District has resources focused directly on procurement including a Director of Purchasing, a Purchasing Assistant, and the Central Print Room Operator. • Strategic sourcing: The District is focused on achieving the best value with vendors through proactive strategic sourcing strategies. Spending is fragmented across more than 2,200 vendors; however, the top 20 make up more than 80% of total spending. The District could benefit from increased collaboration across districts and continued analysis of individual department spending.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Superintendent has overseen the District for the past 3 years. The Superintendent has 6 direct reports in addition to school principals. • Collaboration: The District is part of the Olde English Consortium and meets regularly with other regional districts.

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.

EXECUTIVE SUMMARY

YORK 03

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>System Enhancements: Update software versions and / or add modules to financial systems to facilitate fully automated and purchase to payments processes.</p> <p>Process Improvements: Further modernize processes to limit manual activities and strengthen internal controls.</p> <p>Staffing/Organization: Train/cross-train personnel on key financial functions to increase the capabilities and effectiveness of the teams.</p>	<p>System Enhancements: Implement new technologies to further automate HR processes such as integrated applicant sourcing, tracking and on-boarding.</p> <p>Process Improvements: Implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates.</p> <p>Staffing and Organization: Train/cross-train personnel on recruiting, talent management and professional development strategies.</p>	<p>Process Improvements: Create an advisory board that oversees cooperative purchasing within the state.</p> <p>Further leverage state contracts and group purchasing organizations to optimize spend.</p> <p>Further 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>Process Improvements: Further Staggering of Bell Times: Complete analysis (in conjunction with use of routing software) to evaluate potential financial benefits and shorten wait and ride time for students.</p> <p>Staffing / Organization: Work with payroll to monitor overtime usage for bus drivers who are dual employed.</p>

EXECUTIVE SUMMARY

YORK 03

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>Accounts Payable and Payroll: Shared Processing; Standardized and automated workflow on approvals</p> <p>Potential to add in:</p> <ul style="list-style-type: none"> Accounting Entries Financial Reporting General Oversight ERP Systems Grant Compliance and Claiming 	<p>Benefits Coordination: Shared Processing and Support</p> <p>Potential to add in:</p> <ul style="list-style-type: none"> Intl. Recruiting: H1B Process or collaborative System Licenses for Recruiting, Substitute Management, and on-boarding Sharing of instructional resources across varying classroom models 	<p>Purchasing Coordination: 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>Transportation: Shared administrative resources</p> <p>Facilities/ Maintenance: Shared staffing of key maintenance positions across districts (e.g, HVAC, Electrician, Plumbing)</p> <p>Technology: Shared oversight and support functions</p> <p>Curriculum: 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

YORK 03

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

YORK 03

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	\$75,500	\$90,500	\$184,000	\$551,900
Human Resources	0	10,000	0	58,700
Procurement	0	0	558,100	1,167,000
Transportation – District	N/A	N/A	0	0
District Total	75,500	100,500	742,100	1,777,600
Transportation – State	0	0	0	0
Total	\$75,500	\$100,500	\$742,100	\$1,777,600

* 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.



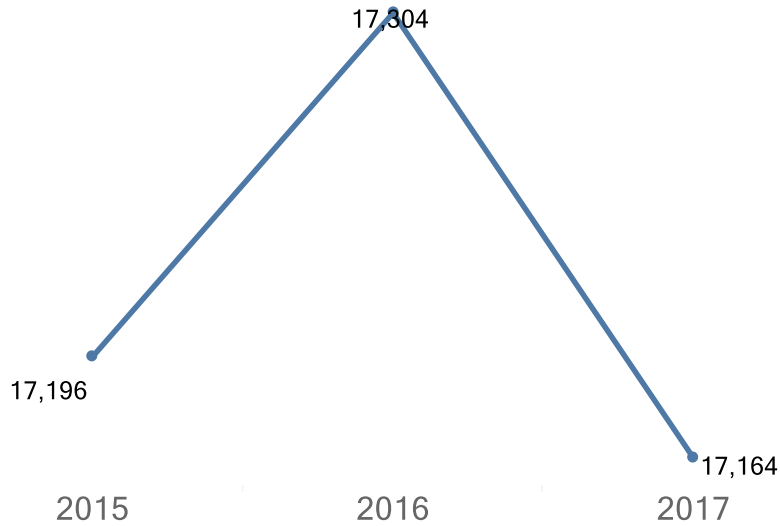
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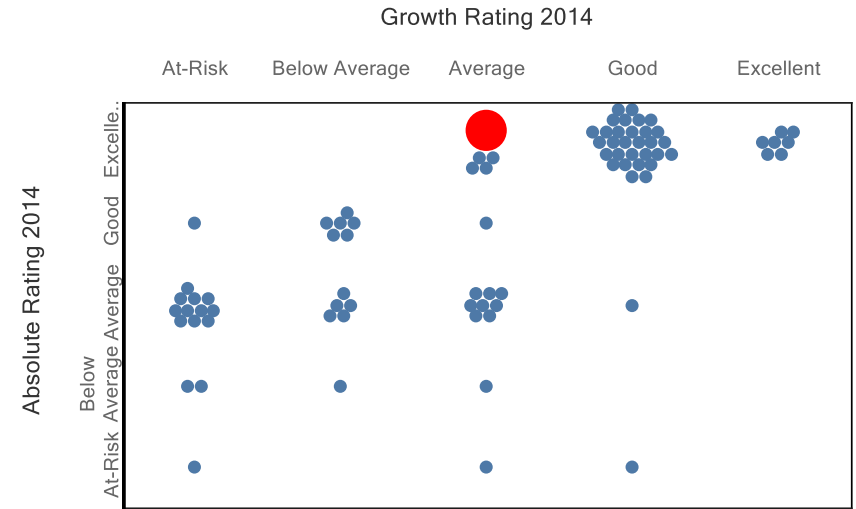
DISTRICT ADMINISTRATION AND PERFORMANCE

YORK 03

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	26
% Poverty ^[1]	57.7%
% Disability ^[1]	13.8%
\$ Per Student ^{[2],[3]}	\$12,032
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$9,885

Administration

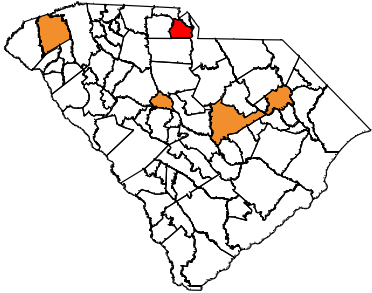
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Students Per Overhead FTE ^{[2],[4]}	243.3
Students Per School Support FTE ^{[2],[4]}	54.0
Students to Total FTE ^{[2],[4]}	7.8

DISTRICT BENCHMARKING

YORK 03

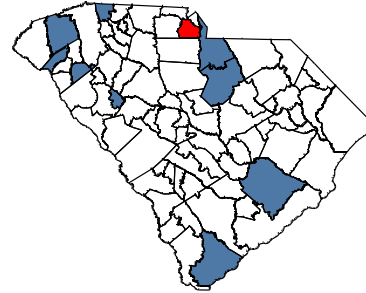
Enrollment (15,000 - 20,000)

- Florence 01
- Lexington/Richland 05
- Pickens
- Sumter
- York 03



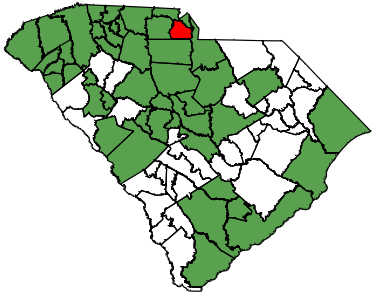
Poverty (55% - 60%)

- Anderson 02
- Anderson 04
- Beaufort
- Berkeley
- Greenwood 52
- Kershaw
- Lancaster
- Pickens
- Spartanburg 01
- York 03



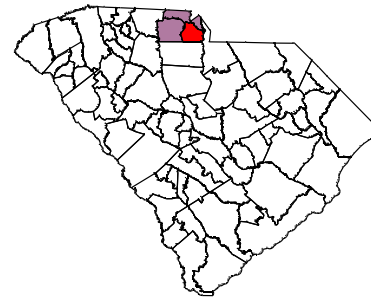
Phase 1 (No)

- 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



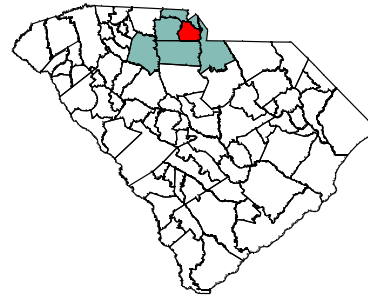
County (York)

- York 01
- York 02
- York 03
- York 04



Region (Catawba)

- Chester
- Lancaster
- Union
- York 01
- York 02
- York 03
- York 04

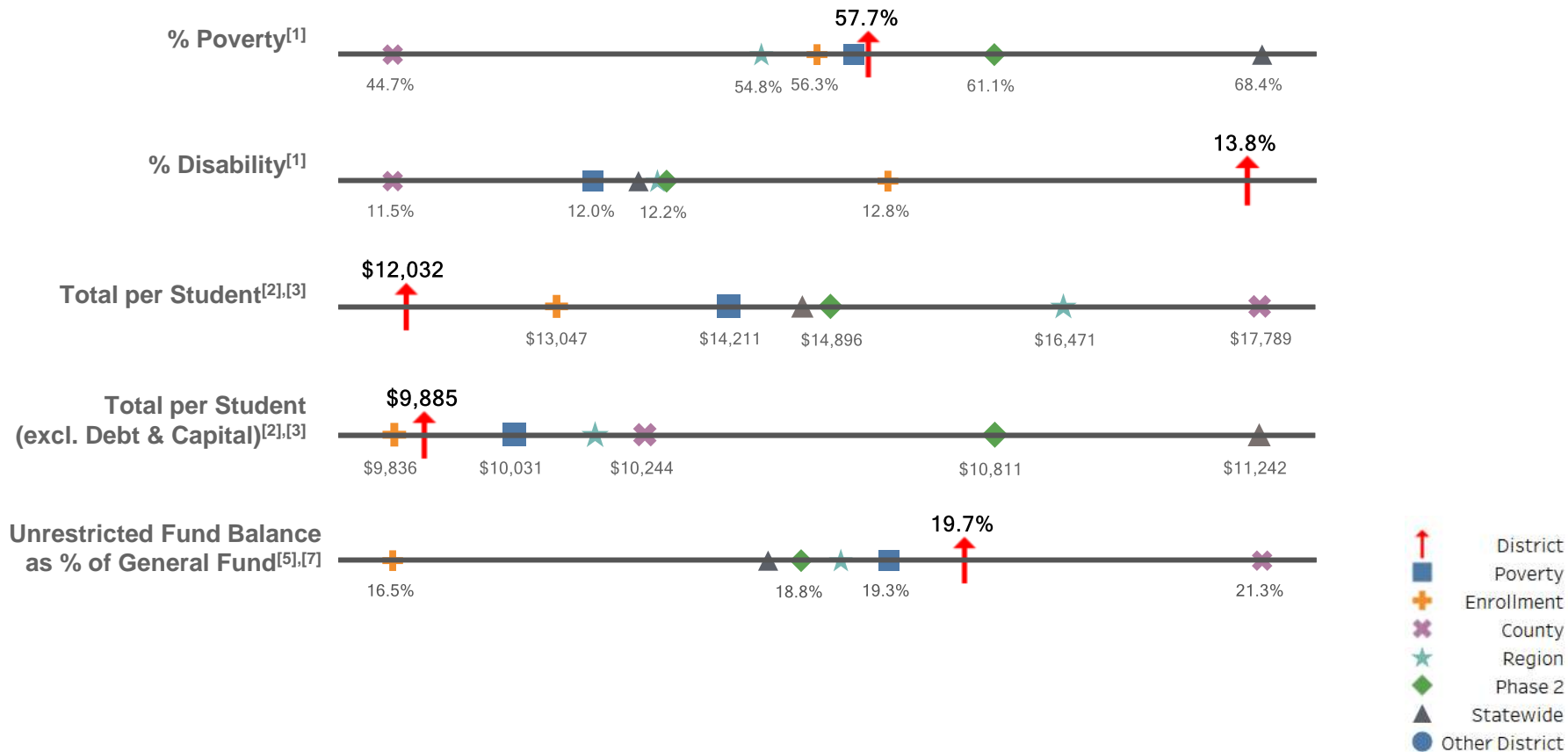


DISTRICT OVERVIEW

YORK 03

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

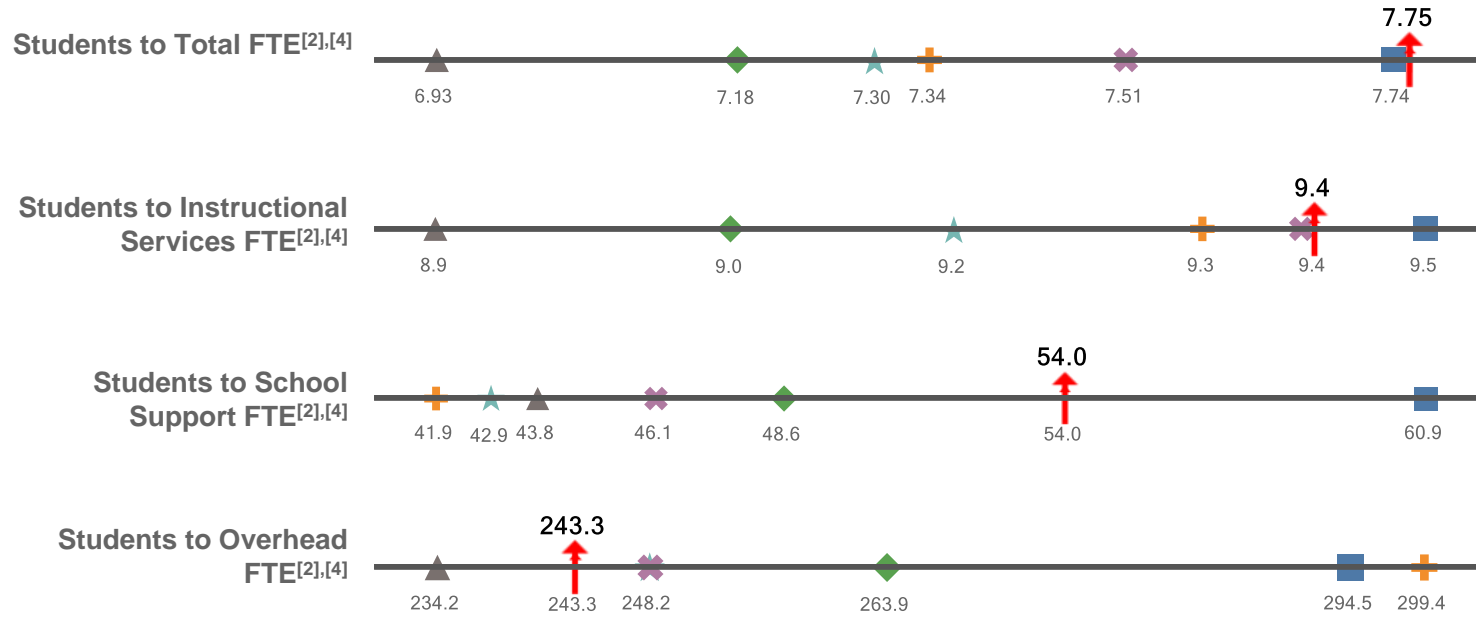
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



DISTRICT OVERVIEW

YORK 03

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

DISTRICT OVERVIEW AND OVERHEAD

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Enrollment Trends	<ul style="list-style-type: none"> • 3-year Enrollment Trend: The District's enrollment has remained consistent, decreasing by only 32 students or 0.8% over the past 3 years. A longer time frame shows steady growth due to the population increase in the area. • Competition: The District faces some competition from charter and private schools. The District has tried to mitigate this issue through increased programming, including language immersion, STEAM, and Arts programs. • Other Demographic: The District's poverty rate is 57.7% which is low relative to the statewide average of 68.4%. • Long-term Planning: The District does prepare long-term enrollment projections to help inform long-term planning. Additionally, the District has a 5-year facilities and capital budget plan. 	<ul style="list-style-type: none"> • Given current volume and a steady growth in enrollment, the District should continue to conduct their robust long-term demographic planning efforts and share their methodology with other districts in the state that are facing similar growth.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Per Pupil Expenses: When excluding debt and capital, the District has a per pupil expense of \$9,885, which is on par with districts of a similar size of \$9,836 and lower than the state average of \$11,242. • Unrestricted Fund Balance: The District has an unrestricted fund balance that is 19.7% of revenues. The fund balance is slightly above the State average of 18.6%, resulting in financial stability. 	

DISTRICT OVERVIEW AND OVERHEAD

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> • Students to FTEs: The District's Student to Total FTE ratio is 7.75, which is higher than the state average of 6.93 and the average for peers of similar size, 7.34. • Students to Instructional Services FTEs: The Student to Instruction ratio of 9.4 is slightly higher than the state average of 8.9 and slightly above the average of 9.3 for districts of similar size. • Students to School Support FTEs: The Student to School Support ratio of 54.0 is higher than the statewide average of 43.8 and the average for districts with similar enrollment of 41.9. • Students to Overhead FTEs: The Student to Overhead Ratio of 243.3 is above than the statewide average of 234.2 and below districts with similar enrollment of 299.4. 	<ul style="list-style-type: none"> • Review the District's staff allocation model in conjunction with long-term enrollment planning and evaluate opportunities to bring overall staffing in line with benchmarks over time.
Staffing / Organization	<ul style="list-style-type: none"> • Role of Superintendent: The Superintendent's job is spread across many functions. Dr. Pew has focused on building community support and investing to improve aging facilities. • Organization: The Superintendent 6 direct administrative reports that include: (a) Director of Communications; (b) Chief Personnel Officer; (c) Chief Financial Officer; (d) Assoc. Superintendent for Instruction and Accountability; (e) Assoc. Superintendent for Planning and Program Support; and (f) Deputy Superintendent. • Communications Function: There is a Director of Communications for the District. The District maintains robust communications through social media, mobile apps, and PeachJar. 	

DISTRICT OVERVIEW AND OVERHEAD

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization (cont'd)	<ul style="list-style-type: none"> • Legal: The District has no legal department. If legal advice is required, the District utilizes an external firm to provide support. • Turnover: The Superintendent has overseen the District for the past 3 years after being Superintendent at Pickens. 	<ul style="list-style-type: none"> • Consider a shared legal resource among the York districts.
Board of Directors	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are paid \$7,200 annually. • Board Composition: Many Board members are former educators and employees, and are therefore familiar with challenges facing the District. The Board contains several business persons and a mix of new and well-tenured members. • Training: Board members are very active in trainings and conferences. They attend the Fall and Spring Board Association conferences, and participate in an on-site retreat led by the School Board Association each Spring. 	
Philanthropy and Business Engagement	<ul style="list-style-type: none"> • Rock Hill Schools models partnerships using a multi-level partnership model. Businesses, civic groups, government agencies, organizations, and faith communities enter into a two-way relationship to address the goal of enriching and enhancing the school experience for students. • The South Carolina State Department of Education has recognized Rock Hill Schools for partnership, volunteer, and service learning opportunities annually for over 20 years. • With a teacher grant program that started in 1992, the Rock Hill Schools Education Foundation is a 501(c)(3) organization. Funds go primarily to teacher grants and weekend food programs. 	<ul style="list-style-type: none"> • Consider expanding role of the community and partnership coordinator to be focused on obtaining business and community partnerships as well as pursuit of potential grant opportunities. • Share best practices in partnerships with other districts.

DISTRICT OVERVIEW AND OVERHEAD

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	<ul style="list-style-type: none"> The District coordinates with other regional superintendents, primarily through the Olde English Consortium. The Consortium holds monthly meetings by functional area to discuss various issues and successes across regional districts. The Consortium held a shared services workshop in an attempt to share resources. Though many ideas were generated, little implementation occurred. Career Center: The District does not have a career center shared with other districts. Special Education: The District does not coordinate with other area districts on Special Education programs. Headcount: The District does not share certain FTEs with area districts. 	<ul style="list-style-type: none"> Reexamine potential for a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional. Identify barriers to implementation such as leadership and maintenance of control in order to clearly address them. Review best practices and examples in other organizations to assist in planning and execution. Consider a shared Chief Development Officer across districts.



OUTLINE

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FINANCIAL MANAGEMENT OVERVIEW

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

1,037 : 1
District Students (ADM)^[2] Financial FTE^[4]

\$107 per Student

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

Key statistics for metrics	
Financial FTEs ^[4]	16.6
Personnel Expense ^[3]	\$1,426,373
Non-Personnel Expense ^[3]	\$422,211
Total Financial Expense ^[3]	\$1,848,584

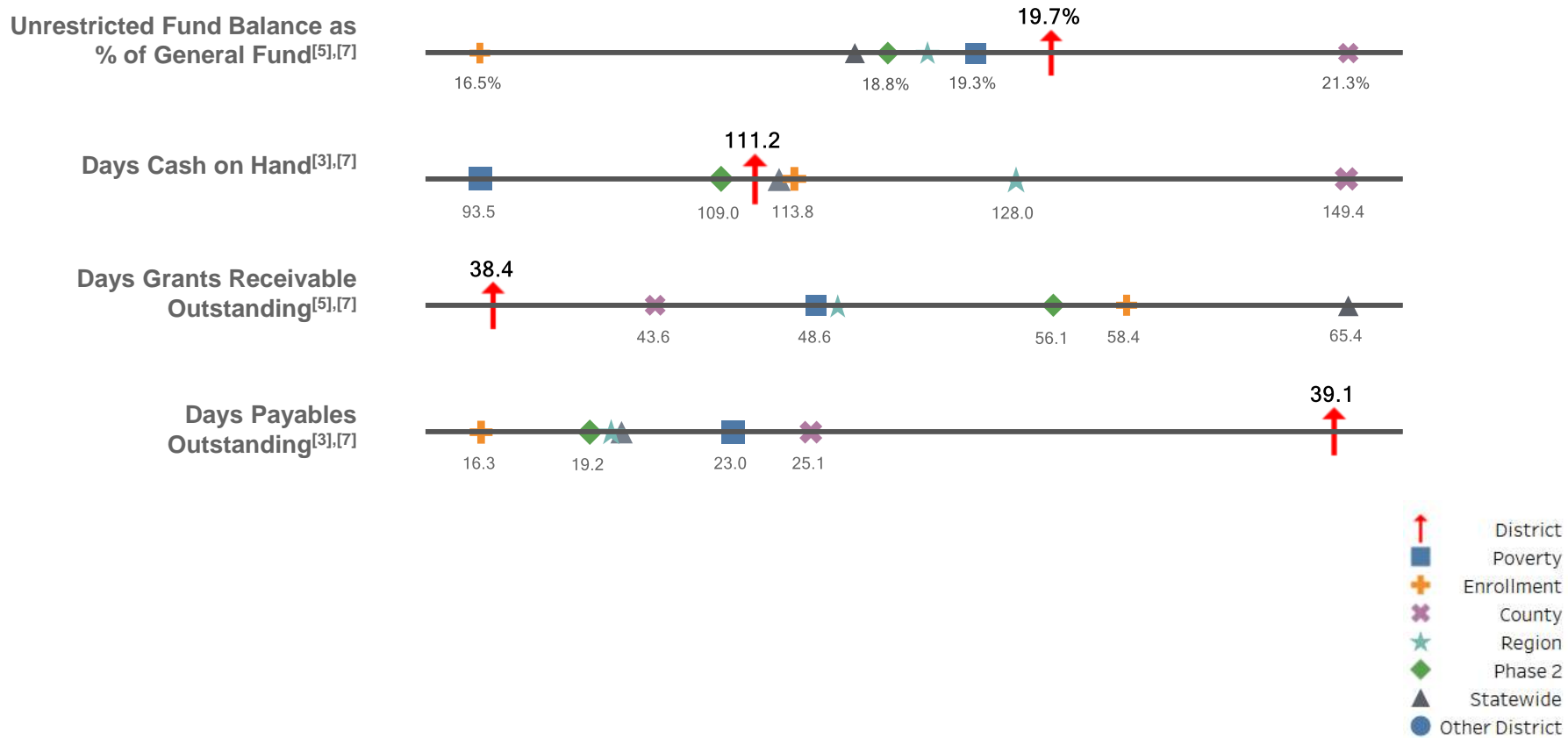
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

FINANCIAL MANAGEMENT

YORK 03

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

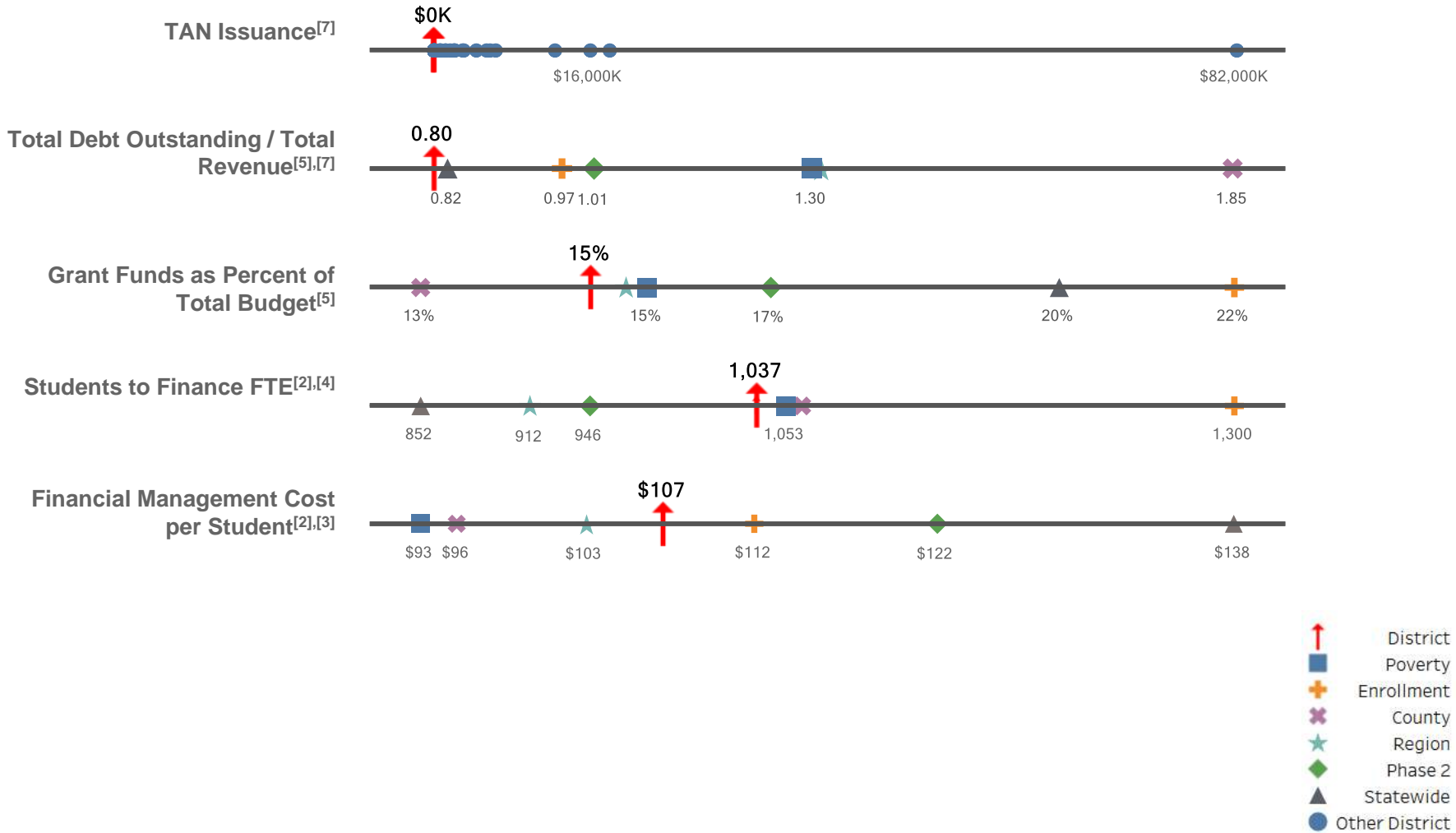
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



FINANCIAL MANAGEMENT

YORK 03

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Staffing: The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, treasury, procurement, financial reporting, internal audit, benefits and insurance. • The District previously had 3 payroll coordinators but converted one position to an internal audit role. • Turnover: The current Chief Financial Officer has been in her current position for about 1 year. The previous CFO had been in her position for approximately 8 years. • Finance Cost per Pupil: The Finance cost per pupil for the District is \$107, which is in line with peers of similar size of \$112 and below the state average of \$138. • Students per Finance FTE: Compared to districts of similar size, Rock Hill has a lower ratio of students to Finance FTEs (1,037 compared to 1,300), though this is largely due to the inclusion of 2 benefits employees and 1 central print room operator in the Finance department. This ratio is higher than the state average of 852. • Other: Many Finance staff have been in their positions for several years. 	<ul style="list-style-type: none"> • Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes. Cross-train individuals to be able to do multiple functions. • Evaluate staff responsibilities in conjunction with implementation of potential process and technology initiatives. • Consider moving benefits staff to HR function in order to more accurately reflect the customer service orientation of the role. • 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.

FINANCIAL MANAGEMENT

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	<ul style="list-style-type: none"> • Payroll: The District has about 15% of employees on a bi-weekly payroll but is shifting these employees to monthly payroll. • Bus drivers are moving from a 10-month pay basis to a 12-month basis in order to provide a steady, even cash flow throughout the year. • The District requires direct deposit for all employees. • The District uses a self-service payroll platform through Harris SmartFusion, so employee-initiated payroll changes are all processed automatically. • The District offers a standard set of benefits including PEBA, an Employee Assistance Program, Workers' Compensation, and Retirement. • Timekeeping: Time tracking is currently managed via Kronos, which interfaces directly with the CSI accounting system. • Purchasing: The District currently uses a centralized purchase order system. Schools are able to secure items and services in accordance with district and state regulations, and there is a centralized approval process in place. The District attempts to make larger purchases across schools cooperative. • The District does utilize a Pcard program. In FY15-16, approximately \$5.6 million was spent on Pcards, with a rebate of \$62,000. 	<ul style="list-style-type: none"> • Develop reports generated with each payroll to monitor the use of overtime by title and department. Increased transparency and oversight will help to drive accountability for the use of overtime. • Consider keeping bus drivers on a 10-month pay basis to eliminate need to continuously accrue and defer payroll. In lieu of a 12-month salary, consider incentives such as a beginning of the year advance, holiday bonus, and/or summer employment opportunities. • In collaboration with other large districts in the state, work with PEBA to automate benefits related transaction processing to include (a) acceptance and processing of electronic signatures; and (b) integration of benefit changes into District financial systems. • PCard: • Partner with the Procurement Department for oversight and analysis of PCard spend in order to identify trends and potential savings that could be gained through the solicitation of bids for competitive pricing. • To maximize rebates, the District should explore the possibility of paying monthly invoices to larger vendors such as utilities and supply vendors with PCards in lieu of checks and ACH. Use of PCards as alternative payment method will be subject to vendors acceptance of the payment type.

FINANCIAL MANAGEMENT

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	<ul style="list-style-type: none"> • Inventory: The District bar codes technology for asset tracking and has the fixed assets module in SmartFusion. Inventory reviews are conducted annually. The technology department tracks inventory for the 1:1 initiative. • Risk Management: The District has formal risk management policies in place. Additionally, they have a Safety Coordinator who evaluates building safety and facilitates regular safety trainings throughout the year. The District was recognized for having the National Safety Director of the Year. 	
Grants Management	<ul style="list-style-type: none"> • Grants Revenue %: Grant revenues provide 15% of revenue for the District, making this district less reliant on grant funds than its peers of similar size that average 22%. The statewide average is 20%. • Federal Funds: Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made on a timely manner in order to maximize cash flow. • Indirect Costs: The District charges indirect costs against federal grants. • Grants Monitoring: Review of expenditures against grant requirements is conducted by the grants coordinator within Finance, who prepares monthly budget to actual reports for grants. 	<ul style="list-style-type: none"> • Consider expanding the role of the business and community partnerships coordinator to assist in seeking competitive grant opportunities. • Create a consolidated grants tracking report that compares award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.

FINANCIAL MANAGEMENT

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Internal Controls	<ul style="list-style-type: none"> • F/S Audit: The District was found to have no material weaknesses in its latest audited financial statements. Previously, significant deficiencies were found in the area internal controls for pupil activities. The District has designed appropriate policies and procedures over these activities and implemented robust trainings for bookkeepers. • Position Control: The District has position control. • Other: The District has one staff member focused on internal auditing. This role conducts audits of all schools to review internal control compliance, cash collections, Pcard transactions, and provide training on policies and procedures. 	<ul style="list-style-type: none"> • Implement annual review of processes to ensure segregation of duties over key areas of internal control.
Cash Management	<ul style="list-style-type: none"> • Days Cash on Hand: The District has a strong cash balance with 111 days cash on hand. This is in line with the State average of 114 days. • The District has had to monitor cash flow closely. Tax Anticipation Notes (TAN) were utilized in 2014 to help manage working capital but have not been used since. The District checks cash flow at least once per week. • Grants Receivable Outstanding: The District has a better Days Grants Receivable Outstanding than peers of similar size (38.4 vs. 58.4). The District submits grant reimbursements monthly. 	<ul style="list-style-type: none"> • Consider expansion of online payment collection tool in order to minimize cash in schools and improve cash controls.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	<ul style="list-style-type: none"> • Days Payable Outstanding: The Districts Days Payables Outstanding is worse than peers at 39.1, compared to 16.3. The State average is 20 days. The District notes that their turnaround time for paying invoices is approximately 2 weeks. • Cash: The District invests cash balances in the State local investment pool. • Debt: The ratio of debt to revenue is 0.8, which is lower than 0.97 for peers of similar size and the State average of 0.82. • TAN: The District did not issue TANs this past year to assist with liquidity needs during cash low point. 	
Budget	<ul style="list-style-type: none"> • Budget Planning: The annual budget process is linked with the annual strategic planning process. The budget team works extensively with department heads and principals to assess any new needs that are anticipated for the new fiscal year. The District has Cabinet members thoroughly evaluate any new requests to ensure validity as well as alignment with the strategic plan. • Schools are allocated a per pupil amount for non-personnel expenditures. • The District recently contracted an outside firm to conduct an equity analysis of student activity funds. • Fiscal Monitoring: The District produces budget to actual variance reports monthly, performs regular variance analysis and meets with key department heads to review expenses. 	<ul style="list-style-type: none"> • Annually review and assess staffing levels in departments to ensure resources are maximized. Benchmark staffing ratios against districts of similar size. • The District should consider conducting an expanded 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.

FINANCIAL MANAGEMENT

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> ERP: The District has been able to successfully transition to automated work processing in several workstreams. The District currently uses Harris SmartFusion for general accounting, payroll and accounts payable. The District also leverages SoftDocs for procurement and automated workflow approval of requisitions. 	<ul style="list-style-type: none"> Develop a plan to move towards complete paperless document retention for financial records. Storage of electronic 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	<ul style="list-style-type: none"> The District does not coordinate with others in the region on transaction processing or finance-related activities; however, it does attempt to coordinate and share information throughout the budget process. The District is part of the Olde English Consortium in which the finance directors of individual districts meet monthly to discuss various topics. 	<ul style="list-style-type: none"> 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).



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.

2,861 : 1

District Students (ADM)^[2]

Human Resources FTE^[4]

\$34 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]	\$447,524
Non-Personnel Expense ^[3]	\$142,214
Total Human Resources Expense ^[3]	\$589,738

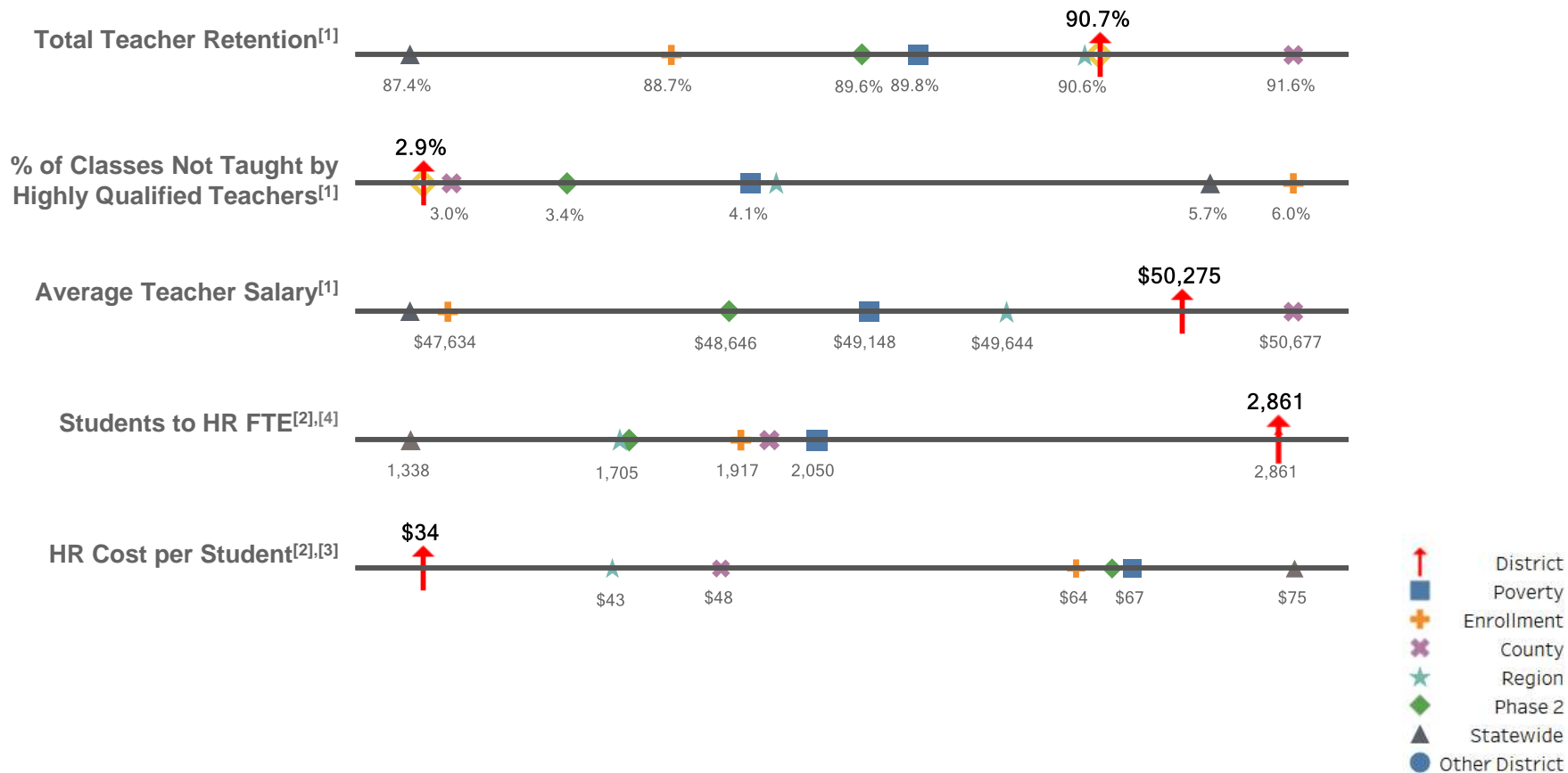
NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

HUMAN RESOURCES

YORK 03

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

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Staffing: The Human Resources function is adequately staffed with the positions required to support recruiting, retention, personnel relations and benefits. • Human Resources Cost Per Pupil: The HR cost per pupil of \$34 for the District is lower than the statewide average of \$75 and the average for districts with similar enrollment levels, \$64. • Students per Human Resources FTE: The student to HR FTE ratio of 2,861 is high relative to the state average of 1,338 and to the average of districts with similar enrollment levels, 1,917. This difference is largely due to the inclusion of 2 benefits positions in the finance department. 	<ul style="list-style-type: none"> • Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes. Cross-train individuals to be able to do multiple functions.
Recruiting and Retention	<ul style="list-style-type: none"> • Teacher Recruitment: Similar to other school districts in the State, recruiting teachers into the District is challenging. The District currently employs 8 international teachers, though these teachers exclusively serve the District's immersion programs. The District finds it challenging to staff certain areas such as Special Education. • The District found errors in the calculation of its Highly Qualified Teachers percentage, and has submitted corrections to the State which have been subsequently cleared. • Salaries: The average teacher salary of \$50,275 is above the state average of \$47,497 and slightly below the county average of \$50,677, making it more difficult for the District to compete for incoming teachers. The District has conducted a salary study and is reevaluating its salary scale. 	<ul style="list-style-type: none"> • Consider 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; and (e) innovative professional development programs.

HUMAN RESOURCES

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting and Retention (Cont'd)	<ul style="list-style-type: none"> The District has noted that teachers will often come to Rock Hill for its professional development programs and training and then leave for another district where pay is higher. Recruitment strategies: The District benefits from an attractive region. Recruiters attend staffing fairs, post on national job board, SchoolSpring, and utilize the State's Program of Alternative Certification for Educators (PACE). The District conducts an initial screen by a recruitment director. All interns receive a recruiter visit. Vacancies: The District has approximately 50 teacher vacancies each year and a retention rate of 95%. Partnerships: The District partners with Winthrop University to host student teachers and establish a teacher pipeline. All student teachers have a recruiter visit with the potential to be hired full-time. The District has considered partnering with online universities, though the quality of student teachers has been mixed. The District uses Kelly Services to manage substitutes, and was the first in the State to use this provider. Professional Development: The District has a Director of Professional Development and utilizes MyLearningPlan for tracking employee development. Additionally, they partner with the University of South Carolina and eLearning SC through the State Department of Education to provide training resources. The District feels their PD programs are a selling point during recruiting. 	<ul style="list-style-type: none"> Expand the exit interview process to gather information on the causes of employee attrition. Use the results of the process to formulate an effective teacher retention plan. Consider implementing programs to build District culture and strengthen ties to schools. Consider leveraging an online candidate screening platform to reduce the need for face-to-face recruiter screenings. The District should develop / incorporate survey questions into an annual employee survey that gauges the number of impending retirements over the next 3-5 years, and develop a formal succession plan for both leadership and deputy-level positions. Due to the significant percentage of teachers who are expected to retire in the next five years, develop a workforce plan for hard to fill positions that may include: hiring early to ensure continuity of student education, sponsoring high performing teacher training to enable a promotion, and partnering with staffing services to meet the needs of the students in case a gap in employment arises. Collaborate with surrounding districts on professional development programs. Consider receiving reimbursement from surrounding districts for services provided.

HUMAN RESOURCES

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> The District currently uses manual processes for application and onboarding paperwork, but is transitioning to TalentEd software systems for recruiting, application screening, processing and onboarding. 	<ul style="list-style-type: none"> Continue implementing technology to help enhance and automate recruiting and onboarding, and explore reporting and analytic capabilities.
Collaboration	<ul style="list-style-type: none"> The District is part of the Olde English Consortium and meets regularly with other regional districts to discuss common challenges and opportunities. The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies. 	<ul style="list-style-type: none"> 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"> - Benefits Coordination - Human Resources System Licenses (Frontline) - H1B Process for International Teachers



OUTLINE

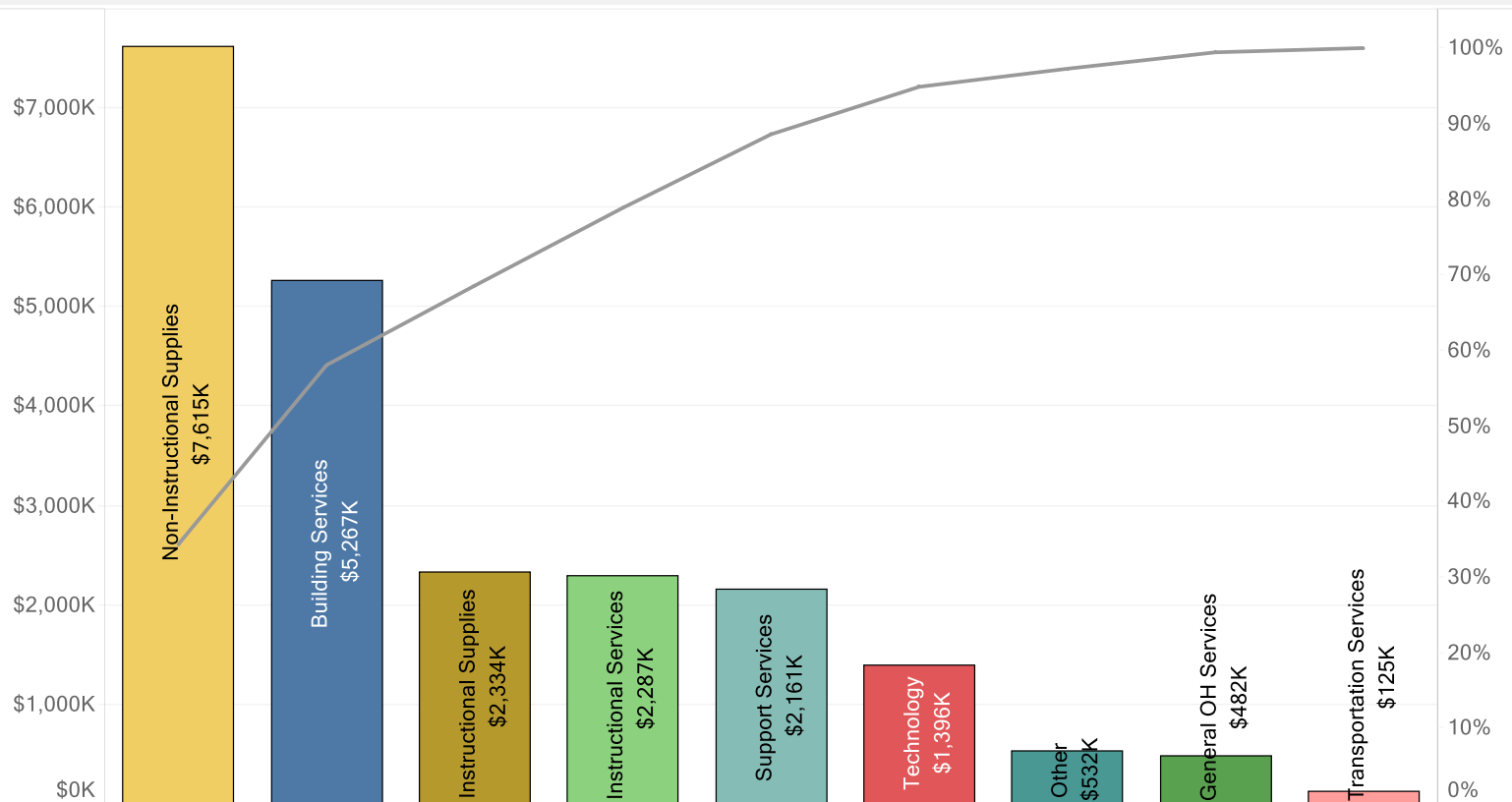
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PROCUREMENT YORK 03

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.

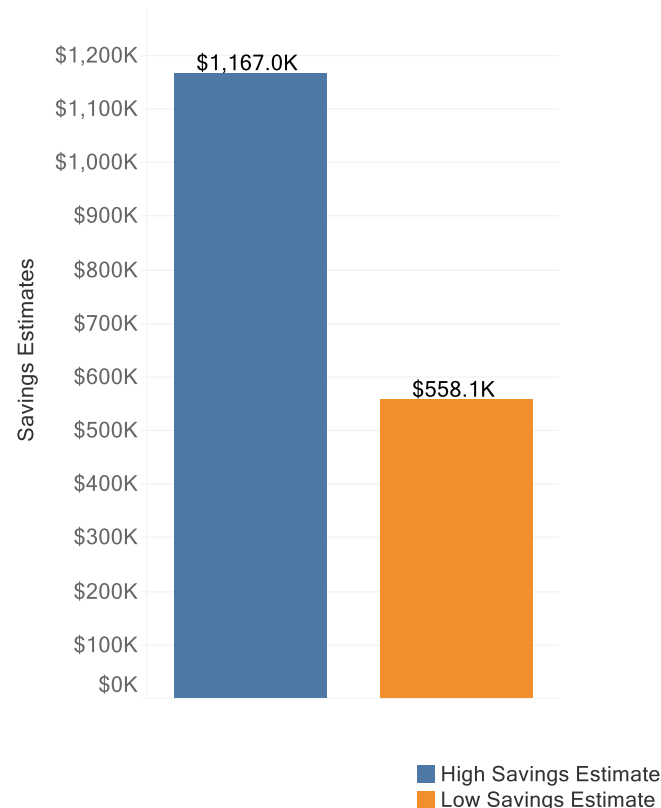
District In Scope Total Procurement Spend^[3] = \$22,198,300



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%



PROCUREMENT YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> The District has resources focused directly on procurement and is able to rely on these resources to maximize purchasing activities. The Procurement office has lean staffing to support its purchasing volume with 2.5 FTEs: A Director of Purchasing, a Purchasing Assistant, and the Central Print Room Operator. 	<ul style="list-style-type: none"> Leverage additional resources to better optimize procurement functions. See Regional Collaboration below. Ensure the Procurement Office is well-integrated into the finance and strategy decision-making process to better inform purchasing strategy.
Spending by Vendor	<ul style="list-style-type: none"> Spending is fragmented across more than 2,200 vendors; however, the top 20 make up more than 80% of total spending. Schools and individual departments are given some degree of autonomy in spending below \$2,500. However, the District is investing in efforts to evaluate spending, especially at the school level, to determine where optimization and volume discounts can be obtained. 	<ul style="list-style-type: none"> 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; or (c) negotiated contracts done in collaboration with surrounding districts. 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; or (c) average POs per vendor. Perform annual review of vendor performance (i.e. on time, complete, quality) to assess opportunities to reduce or eliminate non-value add services. Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.

PROCUREMENT

YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Vendor (cont'd)		<ul style="list-style-type: none">• Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts.• Where appropriate, include Most Favored Nation (MFN) clauses into contracts that require the vendor to provide the District pricing that is no higher than the price it provides to any other buyer, now or during the term of the agreement.• Further, the District should work with the state procurement officials to promote the value of cooperative purchasing and Group Purchasing Organizations (e.g. US Communities). Ultimately, the state legislature will need to consider revisions to the code to enable use of this type of collaboration for larger districts.

PROCUREMENT YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	<ul style="list-style-type: none"> • Building and Maintenance: The District uses Rock Hill-based companies Leitner Construction and R & J Landscaping. These contracts are re-bid every 5 years. • Food Services: The District recently ended its contract with Sodexo and awarded a new food services contract to Southwest Foodservice Excellence. • Energy: Through a targeted energy management plan, the District has achieved energy cost avoidance of \$1.2M per year. • Instructional Support Services and Supplies - Procurement Exemptions: The District does not require procurement of instructional support software and services to be placed out to bid unless the purchase amount exceeds \$2,500. • The District does not procure these services and software in collaboration with any other districts. • The District currently relies on several vendors including EPI for international staffing and Soliant for staffing of special education services. • Technology – Standardization: The District has a robust 1:1 initiative and bid out HP laptops that are on State contract to receive a higher discount. The District strategically purchased the laptops on tax-free day to increase savings. • The District has been able to beat state price on technology through proper acquisition strategy, especially where ancillary services (insurance, accident protection, mobile device management, etc.) are part of the outlay package. 	<ul style="list-style-type: none"> • Coordinate purchasing with surrounding districts to maximize the potential for volume discounts for facilities services such as HVAC, electrical and plumbing. • 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. • Coordinate purchasing of instructional services with surrounding districts to maximize the 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
<p>Spending by Category (cont'd)</p>	<ul style="list-style-type: none"> • Non-instructional Supplies - Contracting Vehicles: The District purchases the majority of its non-instructional supplies outside of available state contracting vehicles (Quill) under the belief that it can receive comparable, if not better, pricing. 	
<p>Regional Collaboration</p>	<ul style="list-style-type: none"> • The District partners with other districts to procure goods and services by utilizing cooperative contracts. 	<ul style="list-style-type: none"> • The state procurement districts should work with the state to create an advisory board that oversees cooperative purchasing within the state with representation from the State, Districts, and potentially Higher Education institutions, to identify and pursue specific sourcing categories. The group would identify categories to pursue collectively, name specific districts as leads on a particular sourcing effort, and consolidate the spend across districts. The procurements would be made available to all districts, but advisory board members would be rotated on a periodic basis with some regular sitting advisory board members from the state, regional cooperatives, and largest districts. • 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: <ul style="list-style-type: none"> - Technology - Instructional Software and Services - Instructional Staffing - Supplies



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TRANSPORTATION

YORK 03

TRANSPORTATION OVERVIEW: STATE VS. DISTRICT

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

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

TRANSPORTATION OVERVIEW

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

15 Years

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

\$218 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	141.4
Personnel Expense ^[3]	\$3,600,390
Non-Personnel Expense ^[3]	\$169,945
Total Transportation Expense ^[3]	\$3,770,335

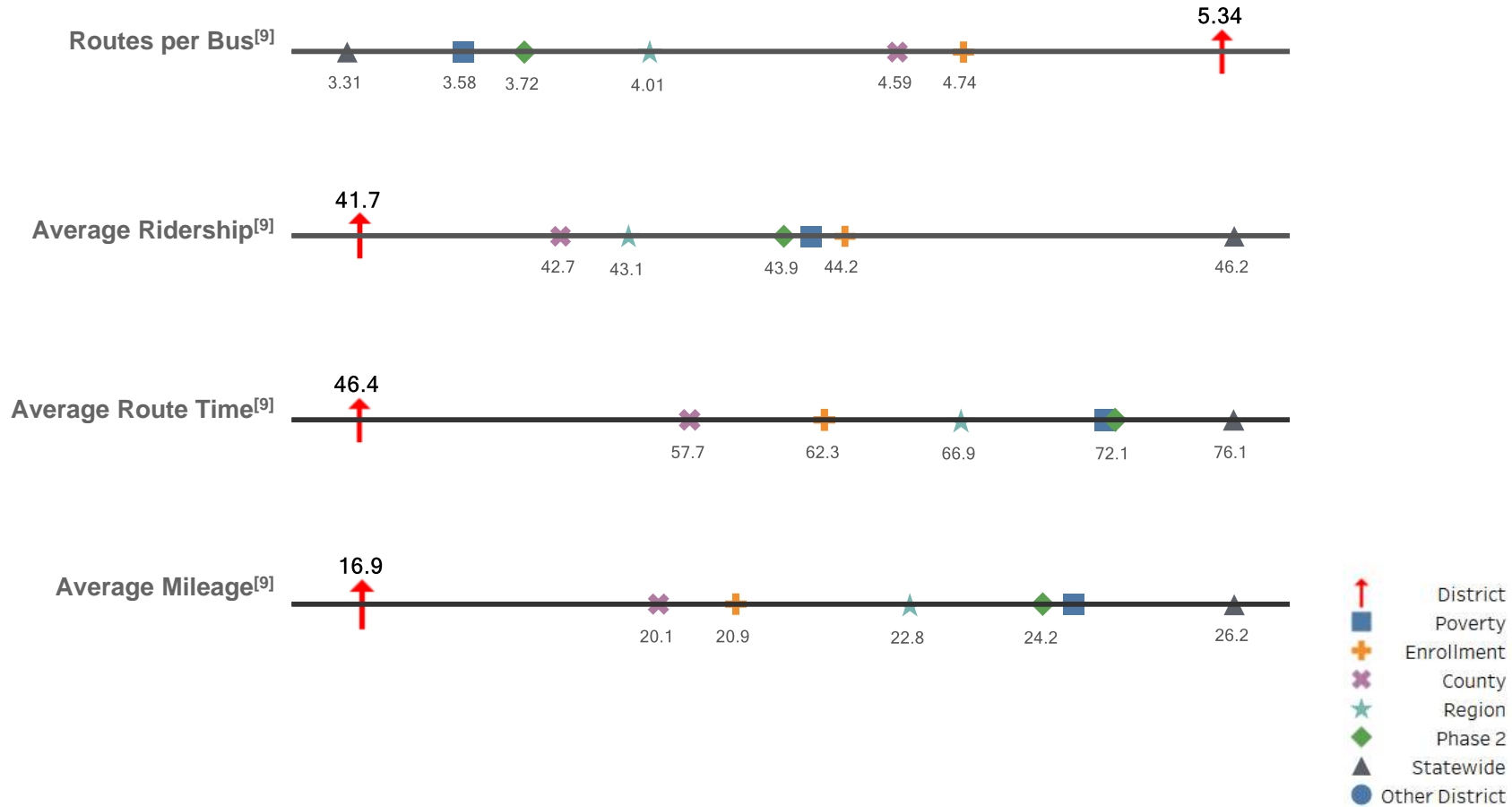
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

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	58.1	310	5.3	12,931	42	46	17
Special Needs	19.0	74	3.9	493	7	Not-Available	25
Other	10.6	68	6.4	1,205	18	Not-Available	13
Total	87.7	452	5.2	14,629	N/A	N/A	N/A

TRANSPORTATION YORK 03

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 YORK 03

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • The District has mitigated driver shortages by increasing driver pay and morale improvement efforts, such as team building events and bus driver uniforms. • The District has a pool of 10 substitute drivers. • No bus drivers are dual-employed as aides, food workers or custodians. Dual-employment is a challenge because the District outsources food service and custodians. • The District runs staggered bus routes with the earliest routes starting as early as 5:45am. The District also staggers bell times. Middle schools and high schools begin and end within 10 minutes of each other. • Bus drivers are currently paid a starting rate of \$11.95, approximately \$4.80 above state reimbursement levels. • Transportation is run by two administrators. 	<ul style="list-style-type: none"> • Implement a substitute/back up driver pool in collaboration with nearby districts. • Provide substitute drivers the opportunity to work daily either as a driver or bus aide, increasing potential for full-time employment. • Use an automated calling system to fill needed driver substitute vacancies. • Further staggering bell times will allow for 1) a reduction in 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.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<p>Routing and Bus Management</p>	<ul style="list-style-type: none"> • Routing: • The District utilizes VersaTrans routing software. • The District runs very efficient routes at 5.34 routes per bus. • The District has experienced additional routing challenges due to its school choice program. It utilizes a wheel and spoke system to help mitigate these challenges. • The District has average mileage and route times significantly below benchmarks, which is largely due to the more urban environment. • Technology: • The District has GPS on its buses. • The District provides radios to drivers to contact drivers while on routes. • The District does have security cameras on all buses. • The District does not have stop-arm cameras on buses. The District participated in a pilot program but found the cameras were insufficient to prosecute violators. • Activity Buses: The District does not use State fuel for activity buses because local fuel prices are usually cheaper. 	
<p>Collaboration</p>	<ul style="list-style-type: none"> • The District meets monthly with surrounding districts through the Olde English Consortium. 	<ul style="list-style-type: none"> • Leverage the State maintenance hubs for activity buses.

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

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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

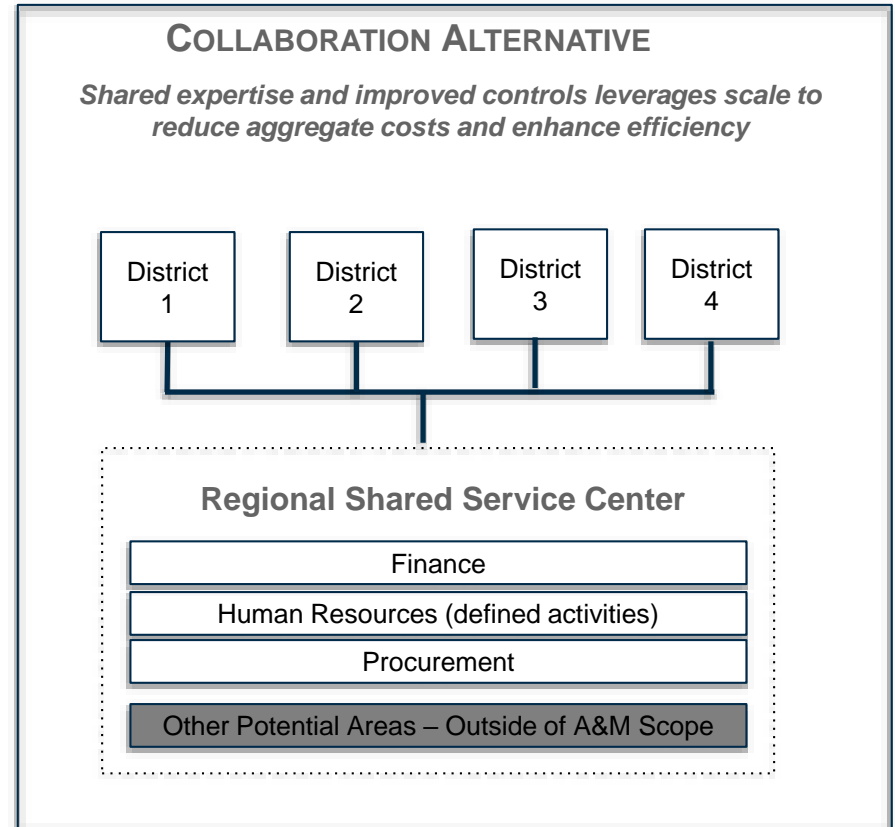
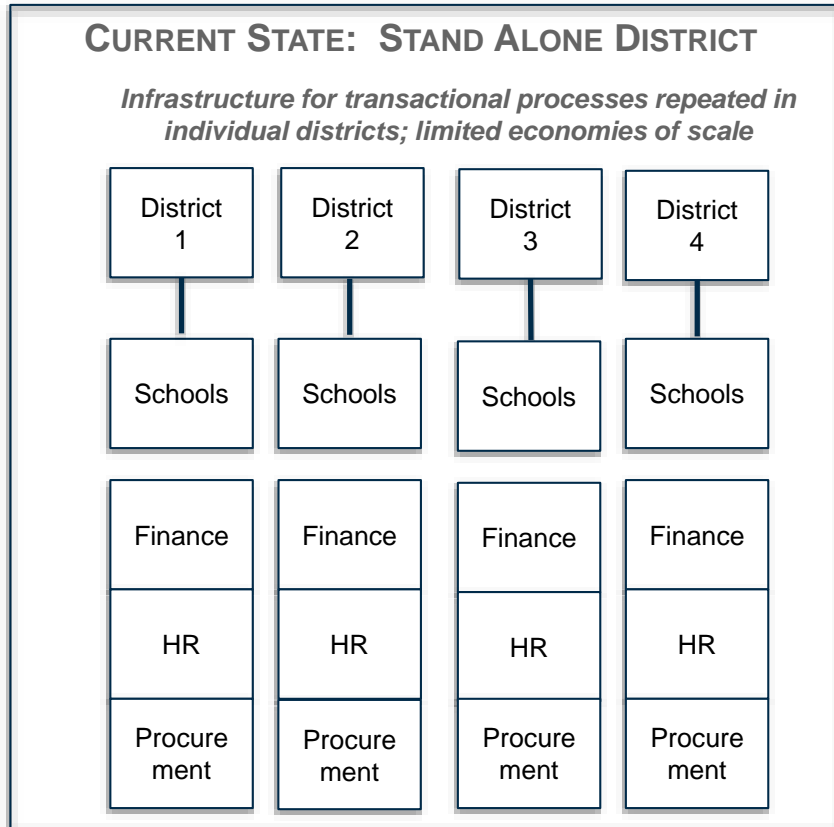
Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

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.



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

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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.

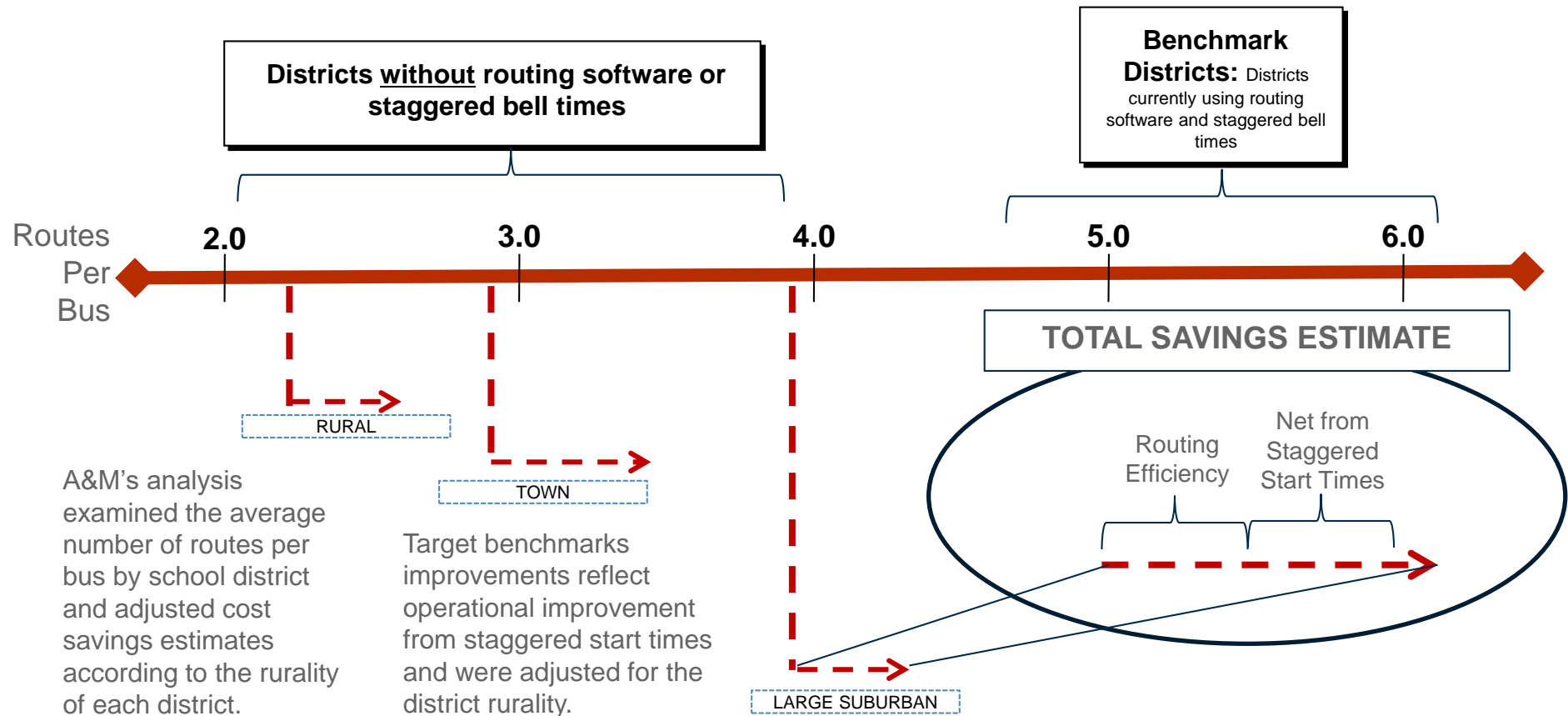
	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	Collaboration Model	Savings
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs ⁽²⁾	18.9	13.0	6.0
Total Spend ⁽²⁾	\$2,409,840	\$1,684,478	\$725,326
Savings %			30.1%

(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.



APPENDIX A: SAVINGS METHODOLOGY

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TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

Savings from Routing Efficiencies

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

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

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

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

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

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

APPENDIX A: SAVINGS METHODOLOGY

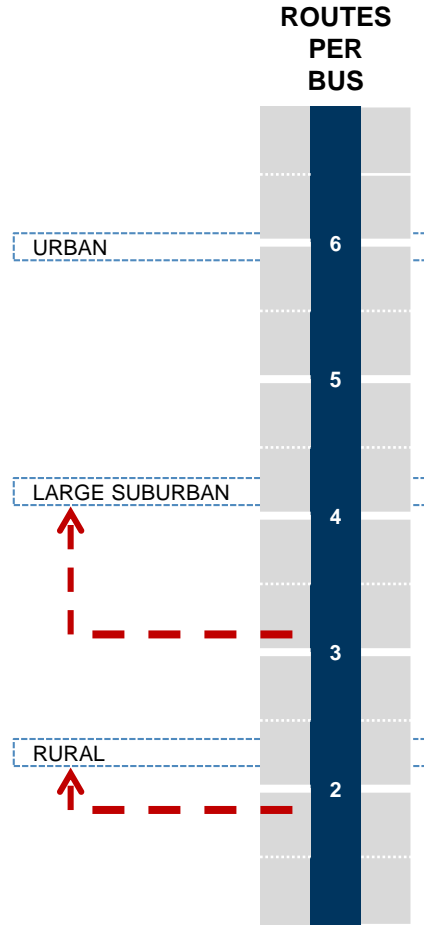
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TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

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

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

APPENDIX A: SAVINGS METHODOLOGY

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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

YORK 03

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

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[1] FY 16 District Report Card

[2] State-provided enrollment numbers:

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

*Number of schools calculated using state ADM files

[3] State-provided FY 16 district expenses

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

[4] District-provided FY 17 personnel rosters

[5] State-provided FY 16 district revenue

[6] A&M Functional Area Mapping

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

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

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

[9] FY 16 State-provided transportation data

APPENDIX B: FORMULAS DEFINED

YORK 03

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

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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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