



# ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION  
SCHOOL DISTRICT EFFICIENCY REVIEW

**Allendale**

**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

## ALLENDALE

### PROJECT OVERVIEW

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

# EXECUTIVE SUMMARY

## ALLENDALE

### PROJECT OVERVIEW (CONTINUED)

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

# EXECUTIVE SUMMARY

## ALLENDALE

### PROJECT OVERVIEW (CONTINUED)

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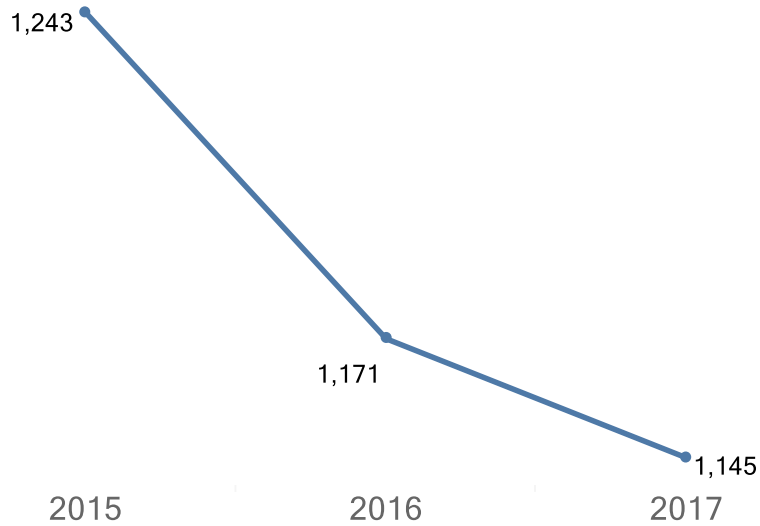
#### ➤ Sources of Data and Savings Estimates:

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

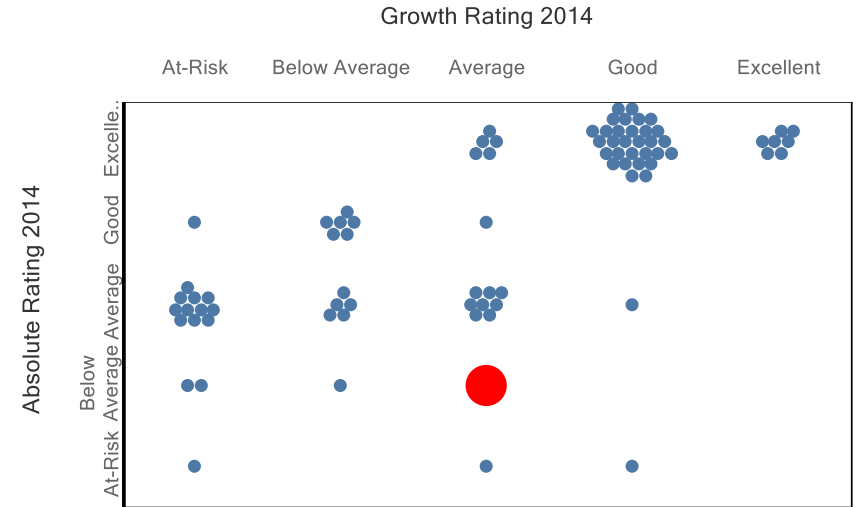
# EXECUTIVE SUMMARY

## ALLENDALE

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



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



### General Info

Number of Schools <sup>[2]</sup>	4
% Poverty <sup>[1]</sup>	91.3%
% Disability <sup>[1]</sup>	10.4%
\$ Per Student <sup>[2],[3]</sup>	\$17,104
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$15,151

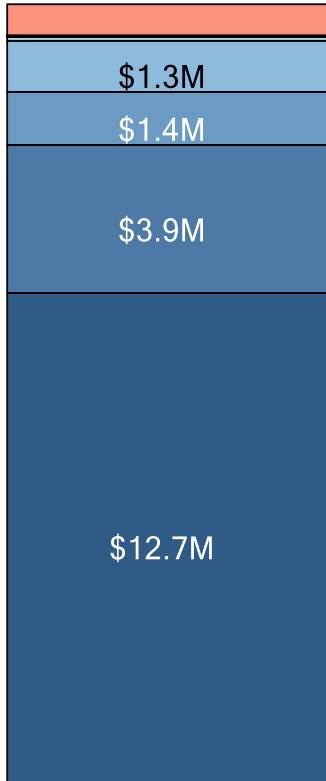
### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	6.8
Students Per Overhead FTE <sup>[2],[4]</sup>	95.4
Students Per School Support FTE <sup>[2],[4]</sup>	21.6
Students to Total FTE <sup>[2],[4]</sup>	4.9

# EXECUTIVE SUMMARY

## ALLENDALE

Sources of Funds<sup>[5]</sup>  
\$20.3M



2015-2016

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

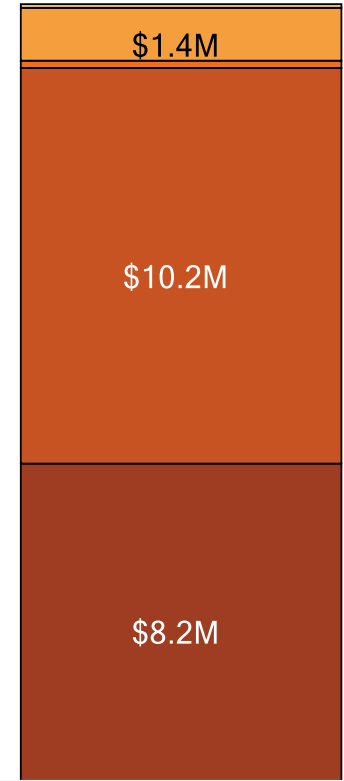
Use of Funds - Type<sup>[3]</sup>  
\$20.0M



2015-2016

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

Use of Funds - Function<sup>[3]</sup>  
\$20.0M



2015-2016

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

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## ALLENDALE

\$20.0M  
Total

\$4.4M  
In-Scope

\$15.6M  
Not In-Scope

*22.1% of total spend is within scope of the efficiency review:*

	In Scope Spend <sup>[3]</sup>	Procurement Component
Finance	\$208,976	\$38,052
Human Resources	\$175,977	\$24,044
Overhead	\$550,723	\$173,209
Transportation	\$564,776	\$20,813
Procurement (Community Services, Instruction, Support Services)	\$2,926,211	\$2,926,211
<b>TOTAL</b>	<b>\$4,426,663</b>	<b>\$3,182,329</b>

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## ALLENDALE

### GOALS, CHALLENGES & ACHIEVEMENTS

#### District Goals

**Mission:** To provide every student with a world-class education, allowing them to graduate college career and life ready. The District aims to provide students with the resources needed to meet the profile of the South Carolina graduate through focus on:

1. **Career Education:** Introduction of career cluster programs, including a newly created law enforcement cluster.
2. **Problem Based Learning:** Use of New Tech Network (NTN) model with high school students.
3. **Expansion of Foreign Language Offerings:** Introducing elementary and middle school students to foreign languages through the Rosetta Stone Language Lab.
4. **STEAM Education:** Providing STEAM camps where students can explore science, technology, engineering, arts and math through academic enrichment. In addition, providing opportunities in the Arts through music, chorus, the Steel Band, drama productions, and band.

#### Achievements

- **Academic Programs:** The District has maintained and rolled out new programs in support of its goals and mission, including expanded offerings in career education, arts and STEAM.
- **Footprint Reduction:** The District was able to consolidate its two elementary schools into the middle and high school buildings.
- **Technology:** Every student and teacher now has access to current technology. Elementary students have iPads available while teachers have MacBook Airs. Middle school and high school students have access to iPads or Mac labs.
- **Carryover Funds:** The District has been able to leverage state and federal carryover funds to support operations.

#### Challenges

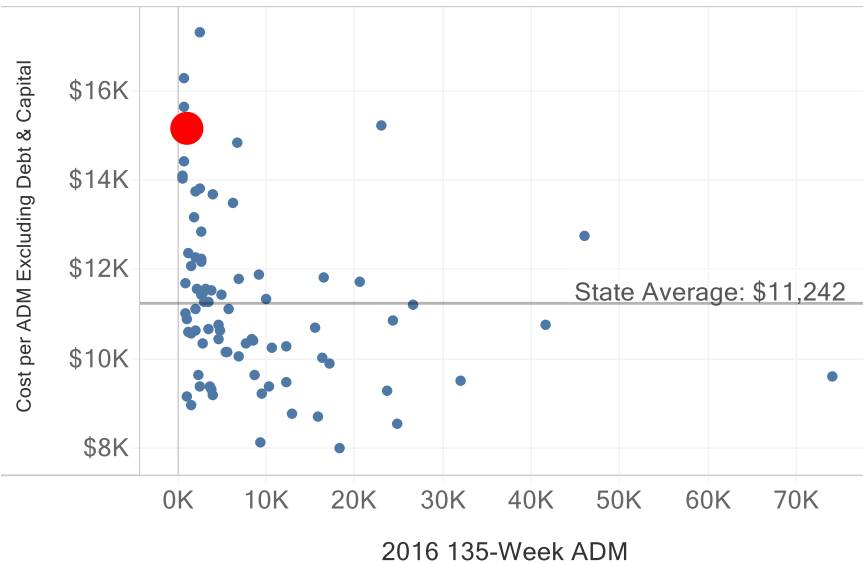
- **Facilities:** Age of buildings (50+ years old), resulting in need for expensive ongoing maintenance and improvements. New funding would be required to make longer term fixes.
- **Enrollment Declines:** Continued declines in enrollment may put increasing pressure on the District to make changes to resource allocation decisions.
- **Teacher recruitment:** Difficulty attracting teachers in high needs areas.
- **Revenue Planning/Non-recurring Revenue:** Loss of State Priority Funds as academic performance improves. The District will need to explore new sources of grant revenue with the potential to offset.

# EXECUTIVE SUMMARY

## ALLENDALE

### KEY OBSERVATIONS

#### Per Pupil vs. Enrollment



#### District Size and Minimum Costs

##### Minimum Cost Base:

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

##### Resource Utilization:

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

#### Opportunities for Improvement

##### Modernize / Process Improvements:

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

##### Collaboration / Maximizing Efficiencies:

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

# EXECUTIVE SUMMARY

## ALLENDALE

### OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> <li>• <b>Financial Position:</b> The District's overall size and declining enrollment trend will require it to continue to be prudent with long term financial planning and fund balance reserves in order to navigate through any unanticipated events.</li> <li>• <b>Limited Staffing / Manual Processes:</b> The Finance organization operates on a lean budget and is thinly staffed to support its scope of roles and responsibilities. Limited staffing and under-investment in technology contribute to internal control weaknesses and gaps in financial processes.</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>• <b>Limited Staffing / Manual Processes:</b> The Human Resources function operates on a lean budget with 2.5 FTEs to support retention, personnel relations, professional, benefits and professional development activities.</li> <li>• <b>Challenges with Recruiting and Retention:</b> The District currently employs 7 international teachers (approximately 8% of its total teaching force) and leverages staffing agencies to fill hard-to-staff positions. In addition, the District does not leverage technology support systems for recruiting or application processing.</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• <b>Transportation Management:</b> The District has a difficult time recruiting bus drivers.</li> <li>• <b>Manual Routing:</b> The District does not have staggered bell times and does not use software to optimize routes.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> The District has no resources dedicated to Procurement.</li> <li>• <b>Strategic Sourcing:</b> The District spends a significant amount of resources on issues related to its aging facilities, instructional services, and support services. The District has limited leverage with vendors due to low purchasing volumes so contracts are negotiated without volume discounts / rebates.</li> </ul>
Overhead	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> The Superintendent's office is supported with an Executive Assistant and a Head of Communications.</li> <li>• <b>Collaboration:</b> The Superintendent currently participates in an informal network of local superintendents.</li> </ul>

## RECOMMENDATIONS

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

### **Modernize School District Operations**

- Invest in technology
  - New statewide 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)
  - Strengthen purchasing collaboration through dedicated volume
- Collaboration will not only drive cost savings, but will increase the effectiveness of the services.

# EXECUTIVE SUMMARY

## ALLENDALE

### MODERNIZATION RECOMMENDATIONS

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

MODERNIZATION RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<p><b>System Enhancements:</b> Update software versions and / or add modules to financial systems to facilitate automated and purchase to payments processes, integrated timekeeping and payroll and position control functionality.</p> <p><b>Process Improvements:</b> Modernize processes to limit manual activities and strengthen internal controls.</p> <p><b>Staffing and Organization:</b> Train/cross-train personnel on key financial functions to increase the capabilities and effectiveness of the teams.</p>	<p><b>System Enhancements:</b> Implement new technologies to automate HR processes, such as integrated applicant sourcing, tracking and on-boarding.</p> <p><b>Process Improvements:</b> Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates.</p> <p><b>Staffing and Organization:</b> Train/cross-train personnel on recruiting, talent management and professional development strategies.</p>	<p><b>Process Improvements:</b> Leverage state contracts and group purchasing organizations to optimize spend.</p> <p>Enable other districts to purchase off individually negotiated contracts.</p> <p>Negotiate discounts / rebates for tiered levels of spending using minimum buying commitments as appropriate.</p> <p>Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.</p>	<p><b>System Enhancements:</b> Implement new routing software.</p> <p><b>Process Improvements:</b> Staggered Bell Times: Complete analysis (in conjunction with use of routing software if possible) to evaluate potential benefits of routing changes.</p> <p><b>Staffing and Organization:</b> Create dual employment opportunities to help address bus driver shortagea.</p>

# EXECUTIVE SUMMARY

## ALLENDALE

### COLLABORATION RECOMMENDATIONS

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

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

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

# EXECUTIVE SUMMARY

## ALLENDALE

### 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

## ALLENDALE

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

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

	MODERNIZE Est. One-Time Investment		COLLABORATE Est. Net Annual Savings	
	Low	High	Low*	High
Finance	\$5,000	\$12,500	\$23,200	\$69,500
Human Resources	5,000	10,000	0	18,200
Procurement	0	0	86,100	175,300
Transportation – District	N/A	N/A	40,000	60,000
<b>District Total</b>	<b>10,000</b>	<b>22,500</b>	<b>149,300</b>	<b>323,000</b>
Transportation – State	7,000	28,600	49,200	86,000
<b>Total</b>	<b>\$17,000</b>	<b>\$51,100</b>	<b>\$198,500</b>	<b>\$409,000</b>

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

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

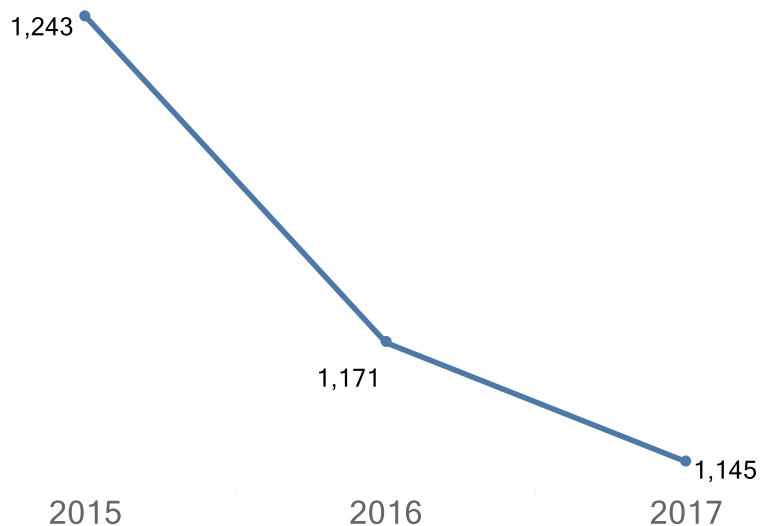


## OUTLINE

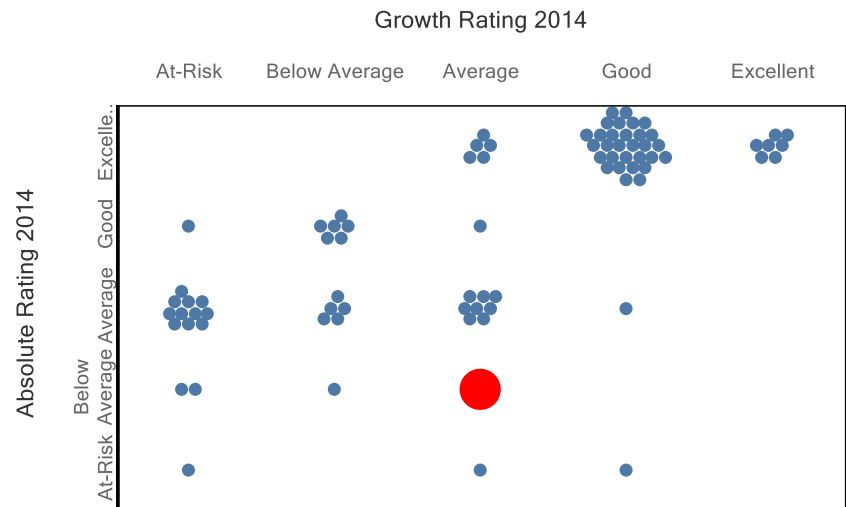
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# DISTRICT ADMINISTRATION AND PERFORMANCE ALLENDALE

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



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



## General Info

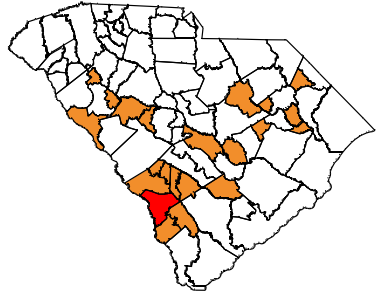
Number of Schools <sup>[2]</sup>	4
% Poverty <sup>[1]</sup>	91.3%
% Disability <sup>[1]</sup>	10.4%
\$ Per Student <sup>[2],[3]</sup>	\$17,104
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$15,151

## Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	6.8
Students Per Overhead FTE <sup>[2],[4]</sup>	95.4
Students Per School Support FTE <sup>[2],[4]</sup>	21.6
Students to Total FTE <sup>[2],[4]</sup>	4.9

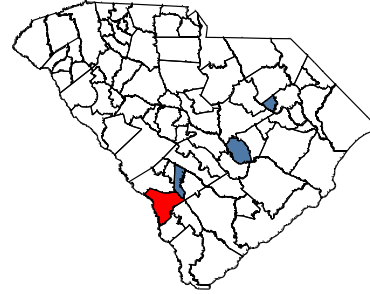
# DISTRICT BENCHMARKING

## ALLENDALE



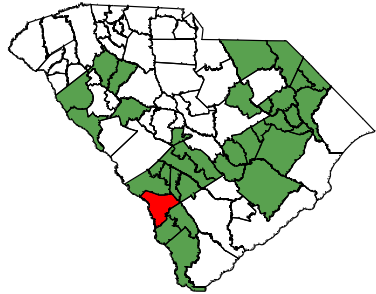
### Enrollment (< 2,500)

Allendale	Florence 04
Bamberg 01	Florence 05
Bamberg 02	Greenwood 51
Barnwell 19	Greenwood 52
Barnwell 29	Hampton 01
Barnwell 45	Hampton 02
Calhoun	Lee
Clarendon 01	Lexington 03
Clarendon 03	McCormick
Dillon 03	Saluda
Dorchester 04	
Florence 02	



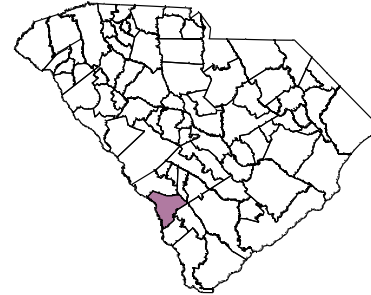
### Poverty (>90%)

Allendale  
Bamberg 02  
Clarendon 01  
Florence 04



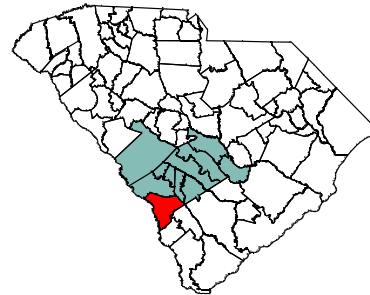
### Phase 1 (Yes)

Abbeville 60	Hampton 01
Allendale	Hampton 02
Bamberg 01	Jasper
Bamberg 02	Laurens 55
Barnwell 19	Laurens 56
Barnwell 29	Lee
Barnwell 45	Lexington 04
Berkeley	Marion 10
Chesterfield	Marlboro
Clarendon 01	McCormick
Clarendon 02	Orangeburg 03
Clarendon 03	Orangeburg 04
Dillon 03	Orangeburg 05
Dillon 04	Saluda
Florence 01	Williamsburg
Florence 02	
Florence 03	
Florence 04	
Florence 05	



### County (Allendale)

Allendale



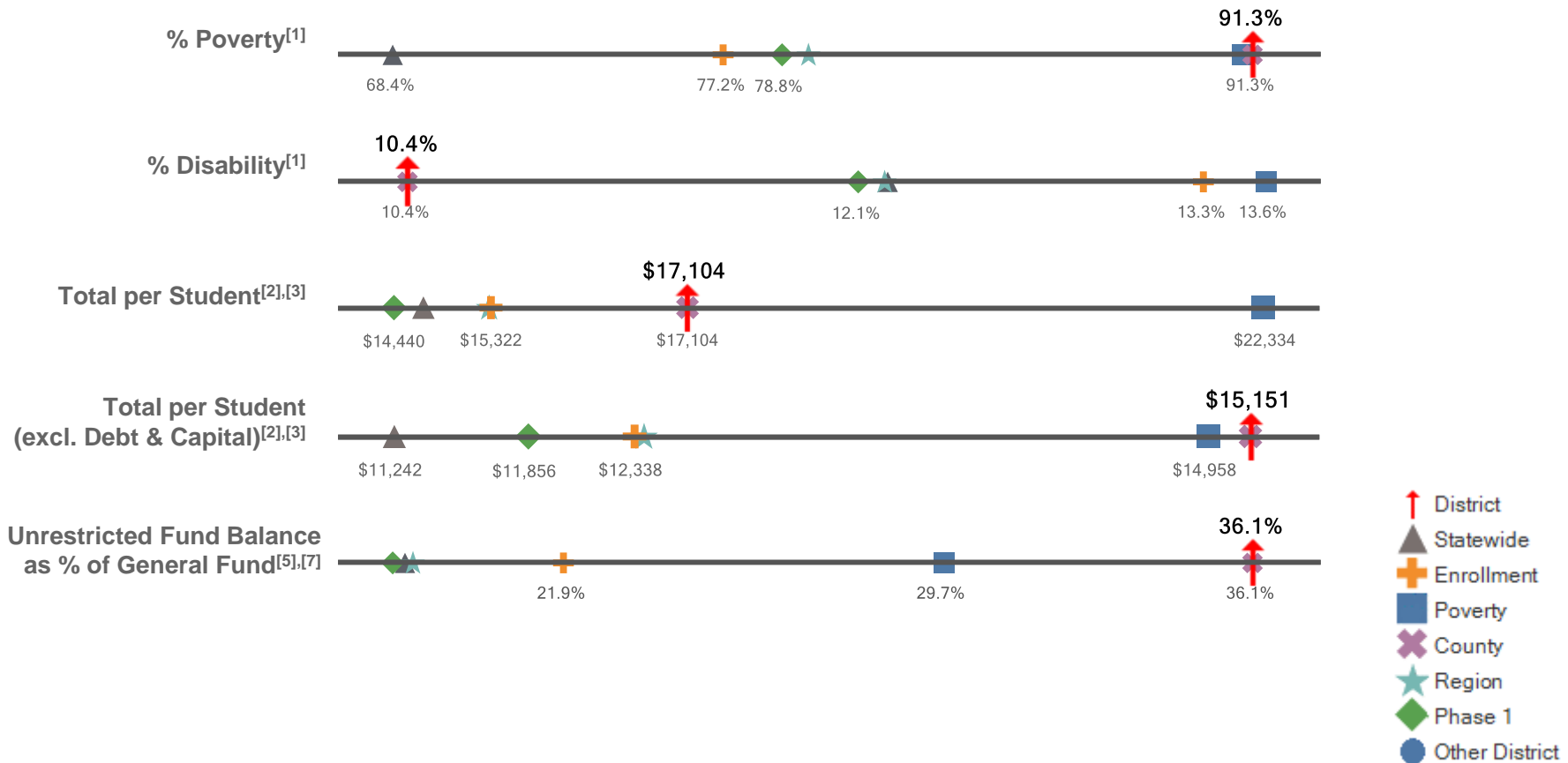
### Region (Lower Savannah)

Aiken  
Allendale  
Bamberg 01  
Bamberg 02  
Barnwell 19  
Barnwell 29  
Barnwell 45  
Calhoun  
Orangeburg 03  
Orangeburg 04  
Orangeburg 05

# DISTRICT OVERVIEW ALLENDALE

## 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 1 and (g) other districts.*



# DISTRICT OVERVIEW ALLENDALE

## KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



- ↑ District
- ▲ Statewide
- ✚ Enrollment
- Poverty
- ✖ County
- ★ Region
- ◆ Phase 1
- Other District

# DISTRICT OVERVIEW AND OVERHEAD ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Enrollment Trends</b>	<ul style="list-style-type: none"> <li>• <b>3-year Enrollment Trend:</b> The District's enrollment has decreased by approximately 8% over the past 3 years to a total of 1,145 students.</li> <li>• <b>Student Demographics:</b> The District's poverty rate of 91.3% is the second highest in the state. The statewide average is 68.4%. It also has a special education population of 10%, below the state average of 12.2%.</li> <li>• <b>Long-term Planning:</b> The District does not prepare long-term enrollment projections to help inform long-term planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Given the recent trends in enrollment, the District should develop a long-term enrollment forecast to anticipate and better plan for enrollment changes, ensuring long-term financial stability.</li> </ul>
<b>District Funding and Resource Allocation</b>	<ul style="list-style-type: none"> <li>• <b>Financial Stability:</b> The District's strong fund balance ratio is in excess of other Phase I districts. The District's overall size and declining enrollment trend will require it to continue to be prudent, with long-term financial planning and fund balance reserves in order to navigate through any unanticipated events.</li> <li>• <b>Per Pupil Expenses:</b> The District's Per Pupil Expense is \$15,151 when excluding debt and capital, which is higher than both the statewide average, \$11,242, and other districts of similar size, \$12,338.</li> <li>• <b>Unrestricted Fund Balance:</b> The District's Unrestricted Fund Balance is 36.1% of general fund revenues after factoring in the amounts due from the County (which controls the District's cash). This puts the District significantly above the statewide average of 18.6%.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the financial stability of the District is maintained, the District should prepare a three to five year financial plan that allows for investment in critical areas of academics and operations while still maintaining a strong fund balance.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>District Funding and Resource Allocation (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Students to Total FTEs:</b> The District's Student to Total FTE ratio is 4.9, which is lower than the statewide average of 6.9 and districts of similar size at 6.3.</li> <li>• <b>Students to Instructional Services FTEs:</b> The District's Student to Instructional Services FTE ratio is 6.8, which is lower than districts of similar size at 8.4 and the statewide average of 8.9.</li> <li>• <b>Students to Support Services FTEs:</b> The District's Student to Support Services ratio is 21.6, which is lower than districts of similar size at 31.9 and the statewide average of 43.8.</li> <li>• <b>Students to Overhead FTEs:</b> The District's Student to Overhead ratio is 95.4, which is lower than districts of a similar size at 173.7 and the statewide average 234.2.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Superintendent's Office:</b> The Superintendent's office includes 3 FTEs. In addition to the Superintendent, there is an executive assistant and a head of communications.</li> </ul>	
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• <b>Informal Networks:</b> The Superintendent currently participates in an informal network of local superintendents.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or are 2) highly transactional.</li> </ul>



## OUTLINE

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- VI. Transportation

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.*

382 : 1

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

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

\$178 per Student

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

Key statistics for metrics

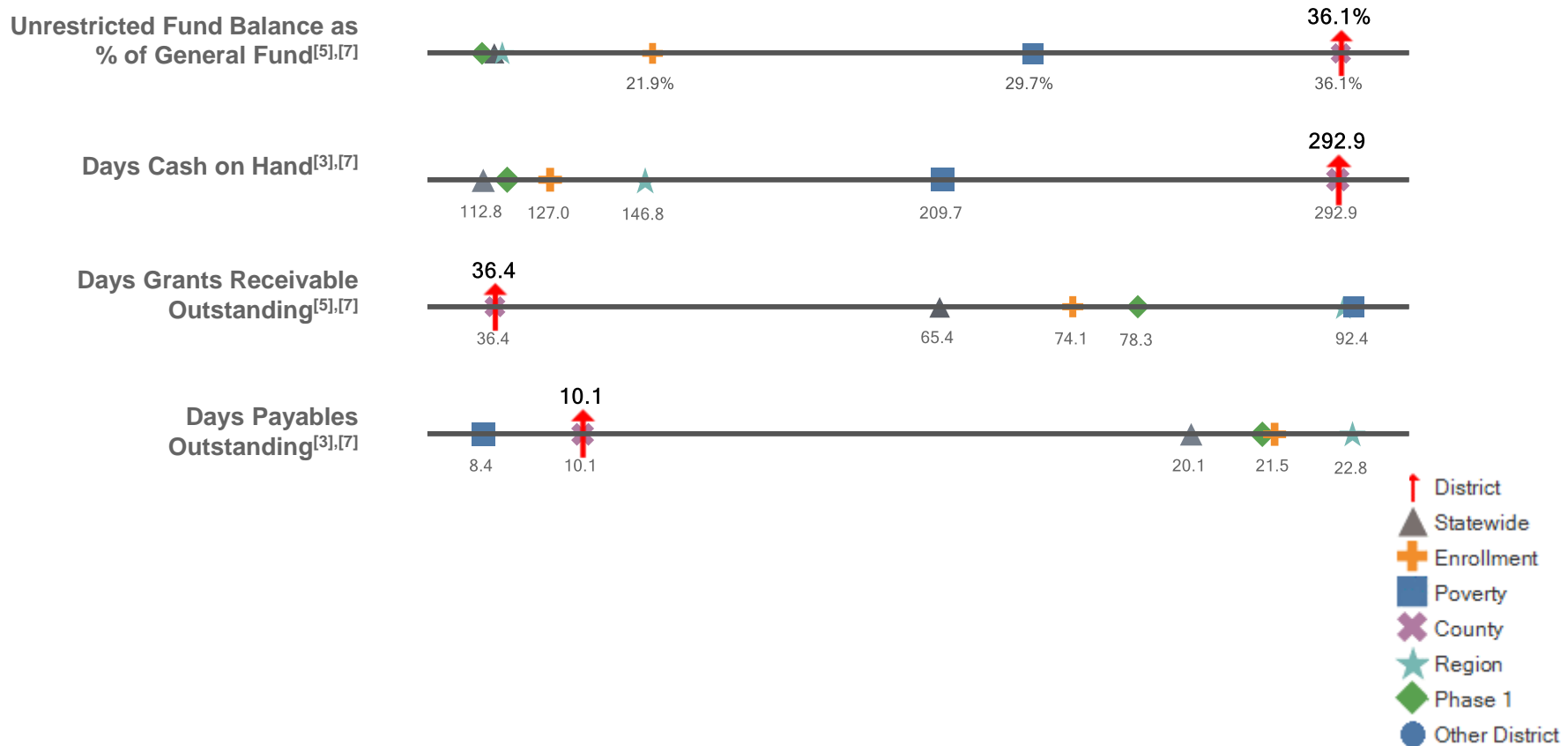
Financial FTEs <sup>[4]</sup>	3.0
Personnel Expense <sup>[3]</sup>	\$183,328
Non-Personnel Expense <sup>[3]</sup>	\$38,052
Total Financial Expense <sup>[3]</sup>	\$221,380

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 ALLENDALE

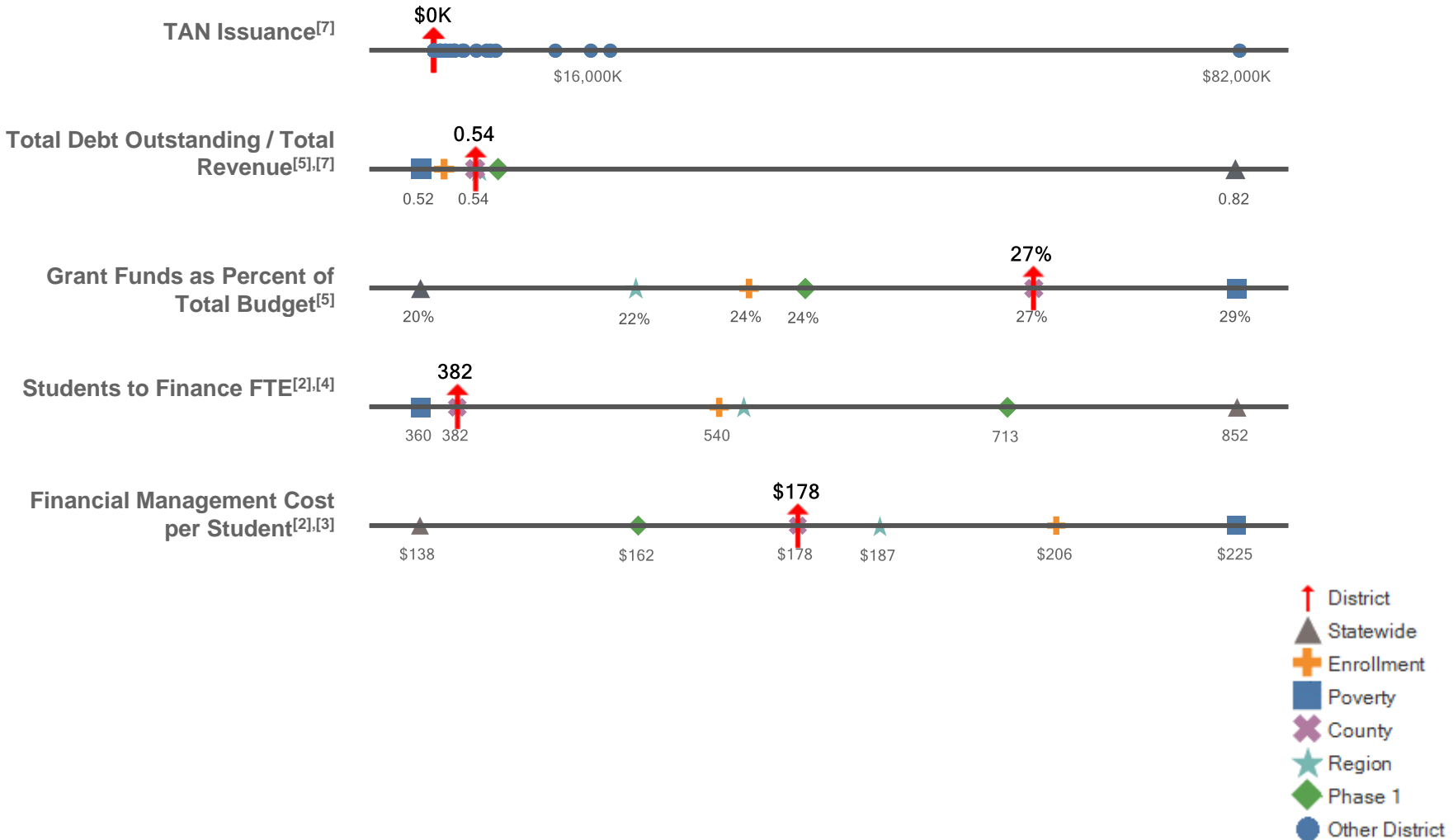
## KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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 1 and (g) other districts.



# FINANCIAL MANAGEMENT ALLENDALE

## KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



# FINANCIAL MANAGEMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The finance organization operates on a lean budget and is thinly staffed to support its scope of roles and responsibilities that includes: accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting. It is led by a Director of Finance and supported by 1 FTE in Accounts Payable and 1 FTE in Payroll.</li> <li>• <b>Finance Costs Per Pupil:</b> The District's Finance Cost Per Student is \$178, which is lower than districts of a similar size at \$206 and higher than the state average of \$138.</li> <li>• <b>Students Per Finance FTE:</b> The District's Student to Finance FTE ratio is 382, which is lower than districts of a similar size at 540 and the statewide average of 852.</li> </ul>	<ul style="list-style-type: none"> <li>• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes. Cross-train individuals to be able to do multiple functions.</li> </ul>

# FINANCIAL MANAGEMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Payroll and Accounts Payable</b>	<ul style="list-style-type: none"> <li>• <b>Overall Processes:</b> The District has been able to transition to automated work processing using current functionality of its accounting system; however, it is still currently using manual processes for timekeeping.</li> <li>• <b>Payroll:</b> The District uses a self-service payroll platform; therefore, employee initiated payroll changes are all processed manually.</li> <li>• <b>Timekeeping:</b> Time tracking is currently managed via manual processes and entered into the payroll system by the finance department.</li> <li>• <b>Inventory:</b> The District bar codes technology for asset tracking, but it does not currently conduct centralized inventory processes. Inventory is managed directly by schools and cross referenced against inventory listings maintained by the technology department. Finance is not currently part of the physical inventory count process.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement an automated time tracking functionality that integrates with the payroll system in order to eliminate the need for manual time sheets.</li> <li>• Implement standard policies and procedures around managing physical inventory and ensure that the District finance organization is part of the overall process.</li> </ul>

# FINANCIAL MANAGEMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• <b>Grant Revenue %:</b> Grant revenues provide 27% of general fund revenue for the District making this district more reliant on grant funds than its peers of similar size at 24% and the statewide average of 20%.</li> <li>• <b>Grants Monitoring:</b> Review of expenditures against grant requirements is conducted by the grants coordinator, with limited review by the Finance department.</li> <li>• <b>Grant Claims Processing:</b> Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made in a timely manner in order to maximize cash flow. The District files claims for federal grants on a quarterly basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, claims processed and amounts of each grant.</li> <li>• Require that claims are processed monthly for all grant areas in order to: (a) maximize cash flow; (b) identify any potential issues with submissions as early as possible.</li> </ul>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• <b>Financial Statements Audit:</b> The District was found to have material weaknesses in its previous two audited financial statements related to controls over financial reporting. The District believes it has reallocated tasks and responsibilities to address these issues.</li> <li>• <b>Position Control:</b> The District does not have position control. Lack of position control can lead to over-hiring / spending and ultimately to an unanticipated deficit.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement annual review of processes to ensure segregation of duties over key areas of internal control.</li> <li>• Implement processes to ensure that identified internal control weaknesses are mitigated.</li> <li>• Implement automated budget position control to ensure controls around hiring of individuals.</li> </ul>

# FINANCIAL MANAGEMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Cash Management</b>	<ul style="list-style-type: none"> <li>• <b>Days Cash on Hand:</b> The District's Days Cash on Hand is 293 Days after factoring in the receivable from the County. The District has one of the highest levels of cash compared to similar sized districts at 127 and the state at 113.</li> <li>• The District reviews cash flow forecasts on a monthly basis. In addition, it generally needs to utilize short-term debt issuances to help manage working capital through December of the school year.</li> <li>• <b>Grants Receivable Outstanding:</b> The District's Grants Receivable Outstanding is 36 Days before consideration of claims that may have been received by the County. This amount is lower than the statewide average of 65 days and the average for similar sized districts at 74 days.</li> <li>• <b>Days Payable Outstanding:</b> The District's Days Payables Outstanding of 10.1 is lower than the statewide average of 20.1 and the average for similar sized districts at 21.5.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement cash flow forecast to monitor weekly receipts and disbursements to help maximize investments earnings and minimize draw on debt facilities.</li> <li>• Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines.</li> </ul>

# FINANCIAL MANAGEMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Budget</b>	<ul style="list-style-type: none"> <li>• <b>Budget Planning:</b> The annual budget process begins with a roll-forward of the prior year expenses. The budget team works extensively with department heads to assess any new needs that are anticipated for the new fiscal year.</li> <li>• <b>Fiscal Monitoring:</b> The Finance team monitors financial reports on a monthly basis, but there are no formal monthly variance reports used by district leadership on a monthly or quarterly basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for.</li> <li>• Prepare monthly financial reports and variance analysis. Reports should be shared with district leadership and each department head on monthly basis.</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>ERP:</b> The District uses the Harris SmartFusion accounting software system; however, the processes remain manual for time keeping, payroll and invoice approval.</li> </ul>	<ul style="list-style-type: none"> <li>• Complete process to select an automated and integrated time keeping system and implement prior to start of the next school year.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not coordinate with others in the region on any transaction processing or finance related activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).</li> </ul>



## OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
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- V. Procurement
- VI. Transportation

# HUMAN RESOURCES ALLENDALE

## 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.*

458 : 1

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

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

\$150 per Student

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

### Key statistics for metrics

Human Resources FTEs <sup>[4]</sup>	2.5
Personnel Expense <sup>[3]</sup>	\$151,933
Non-Personnel Expense <sup>[3]</sup>	\$24,044
Total Human Resources Expense <sup>[3]</sup>	\$175,977

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 ALLENDALE

## 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 1 and (g) other districts.



# HUMAN RESOURCES ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Staffing:</b> The Human Resources function operates on a lean budget with limited staffing to support recruiting, retention, personnel relations, professional, benefits and professional development activities. The department includes 2.5 FTEs and is led by a Director of Personnel and supported by a Benefits Administrator and an Administrative Assistant (0.5 FTE).</li> <li>• <b>Human Resources Cost Per Pupil:</b> The District’s Human Resources Cost Per Pupil is \$150, higher than districts of a similar size at \$104, and the statewide average of \$75.</li> <li>• <b>Students Per Human Resources FTE:</b> The District’s Student to Human Resources FTE is 458, which is higher than districts of a similar size at 372 and lower than the statewide average of 1,338.</li> </ul>	<ul style="list-style-type: none"> <li>• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes. Cross-train individuals to be able to do multiple functions.</li> </ul>
<b>Recruiting and Retention</b>	<ul style="list-style-type: none"> <li>• <b>Recruiting:</b> Similar to other school districts in the State, recruiting teachers into the District is challenging. The District currently employs 7 international teachers (approximately 8% of its total teaching force) and leverages multiple agencies to provide these positions. In addition, the District leverages staffing agencies to fill hard to staff services (Physical Therapy, Occupational Therapy, etc.).</li> <li>• <b>Average Salary:</b> While competitive with nearby districts, the District’s average teacher salary of \$46,130 is below the state average of \$47,497, making it more difficult for the District to compete for incoming teachers.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate opportunities to reduce reliance on international agencies and related administrative fees, either via direct sponsorship, cross-district shared resources or alternative recruitment strategies.</li> <li>• Consider 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.</li> </ul>

# HUMAN RESOURCES ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>The District does not leverage technology support systems for recruiting, application processing, or substitute management.</li> </ul>	<ul style="list-style-type: none"> <li>Implement technology to help enhance and automate, onboarding, substitute management and time tracking processes that are currently manual.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include:               <ul style="list-style-type: none"> <li>- Benefits Coordination</li> <li>- Human Resources System Licenses</li> <li>- H1B Process for International Teachers</li> </ul> </li> </ul>



## OUTLINE

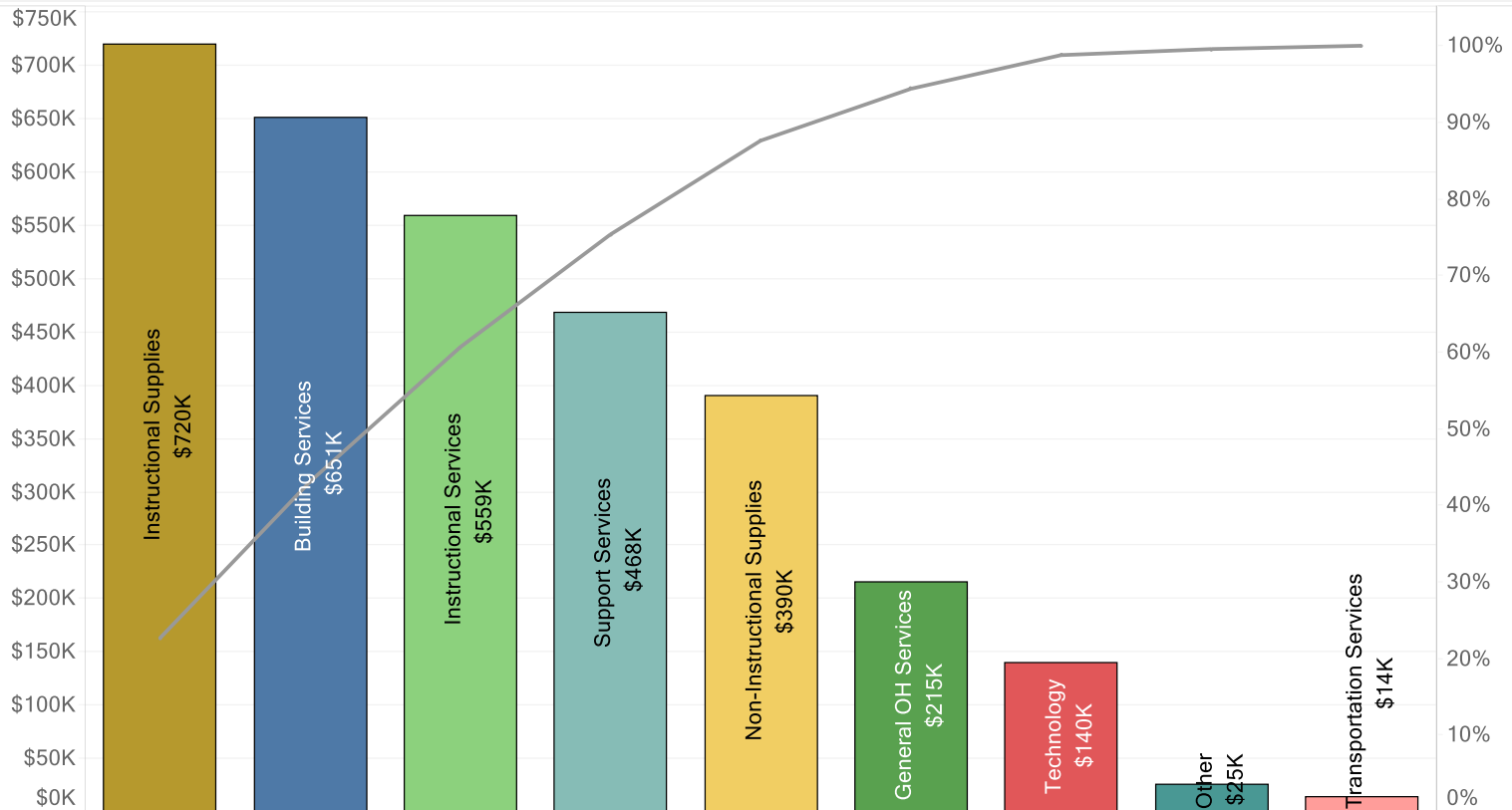
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# PROCUREMENT ALLENDALE

## 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.*

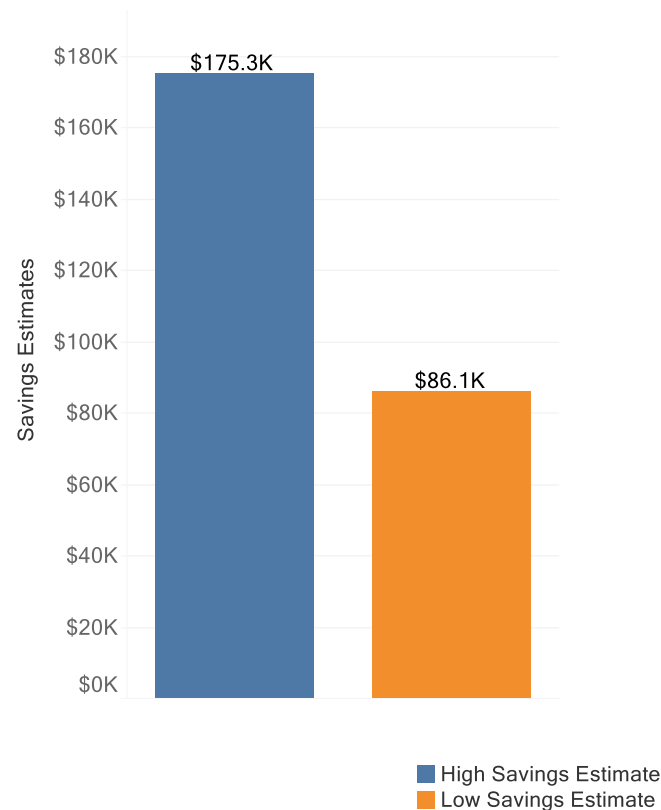
**District In Scope Total Procurement Spend = \$3,182,329**



**ESTIMATED PROCUREMENT SAVINGS**

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

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



# PROCUREMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Organization / Staffing</b>	<ul style="list-style-type: none"> <li>The District does not have any staff dedicated specifically to maximizing purchasing and procurement activities.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage additional resources to better optimize procurement functions. See Regional Collaboration below.</li> </ul>
<b>Spending by Vendor</b>	<ul style="list-style-type: none"> <li>Spending is fragmented across more than 770 vendors (including employees); however, the top 70 make up nearly 80% of total spending. In addition, there are nearly 425 (or 56%) of vendors were each paid less than \$1,000 respectively.</li> <li>Spending efforts are made based upon the individual buyer, with local optimization the main priority. Aggregated purchasing decisions across districts are not made.</li> </ul>	<ul style="list-style-type: none"> <li><b>Standardize:</b> Standardize requirements and specifications for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power within the District and enable volume pricing discounts. Contract options may take the form of: (a) state contracts; (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts.</li> <li><b>Timeframes:</b> Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.</li> <li><b>Minimum Buying Commitments:</b> Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts.</li> <li><b>Group Purchasing:</b> Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include Supplies and Technology.</li> </ul>

# PROCUREMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Spending by Category</b>	<ul style="list-style-type: none"> <li>• <b>Building and Maintenance:</b> The District uses numerous individual contractors and to provide general and specialized maintenance support.</li> <li>• <b>Instructional Support Services and Supplies - Procurement Exemptions:</b> Consistent with state regulations, the District does not require procurement of instructional support software to be placed out to bid. In addition, the District does not procure these services and software in collaboration with any other districts.</li> <li>• <b>Instructional Staffing:</b> The District currently relies on several vendors (including FACES and Unique for international staffing and Soliant for staffing of special education services).</li> <li>• <b>Technology:</b> The District is expanding its 1:1 initiative and is leveraging a state contracts with Apple to make its purchases. The District does not coordinate technology purchases with other nearby districts.</li> </ul>	<ul style="list-style-type: none"> <li>• Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts. Alternatively, consider hiring key trades positions of HVAC, Plumbing and Electrician in collaboration with a nearby district and sharing resources.</li> <li>• Require instructional software purchases to conform to standard procurement guidelines for bids and proposals in order to enable to best pricing. Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts.</li> <li>• Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts.</li> <li>• <b>Standardization of Technology:</b> The greatest saving potential can be realized through rollout of low cost/high quality technology options that are standardized across a geographic region. Standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. Decisions made by individual districts regarding roll-out of 1:1 initiatives vary greatly in cost per device and total cost of ownership.</li> </ul>

# PROCUREMENT ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Spending by Category</b>	<ul style="list-style-type: none"> <li>• <b>Non-instructional Supplies - Contracting Vehicles:</b> The District purchases the majority of its non-instructional supplies using the state contract with Office Depot.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider a review of additional supplier options (e.g, Amazon’s new K12 offering, US Communities, etc.).</li> <li>• Consider standardizing to one supplier to achieve additional volume discounts.</li> <li>• Analyze supply spending with neighboring districts and approach vendors with minimum volume commitments for additional discounts.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not generally partner with other districts to procure goods and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider combining resources to create a regional procurement function across districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management.</li> <li>• A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include:               <ul style="list-style-type: none"> <li>- Technology</li> <li>- Instructional Software and Services</li> <li>- Instructional Staffing</li> <li>- Supplies</li> </ul> </li> </ul>



## OUTLINE

- I. Executive Summary
- II. District Overview and Overhead
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# TRANSPORTATION ALLENDALE

## TRANSPORTATION OVERVIEW: STATE VS. DISTRICT

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

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

TRANSPORTATION OVERVIEW

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

14 Years

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

\$482 per Student

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

Key statistics for metrics

Transportation FTEs <sup>[4]</sup>	17.0
Personnel Expense <sup>[3]</sup>	\$543,963
Non-Personnel Expense <sup>[3]</sup>	\$20,813
Total Transportation Expense <sup>[3]</sup>	\$564,776

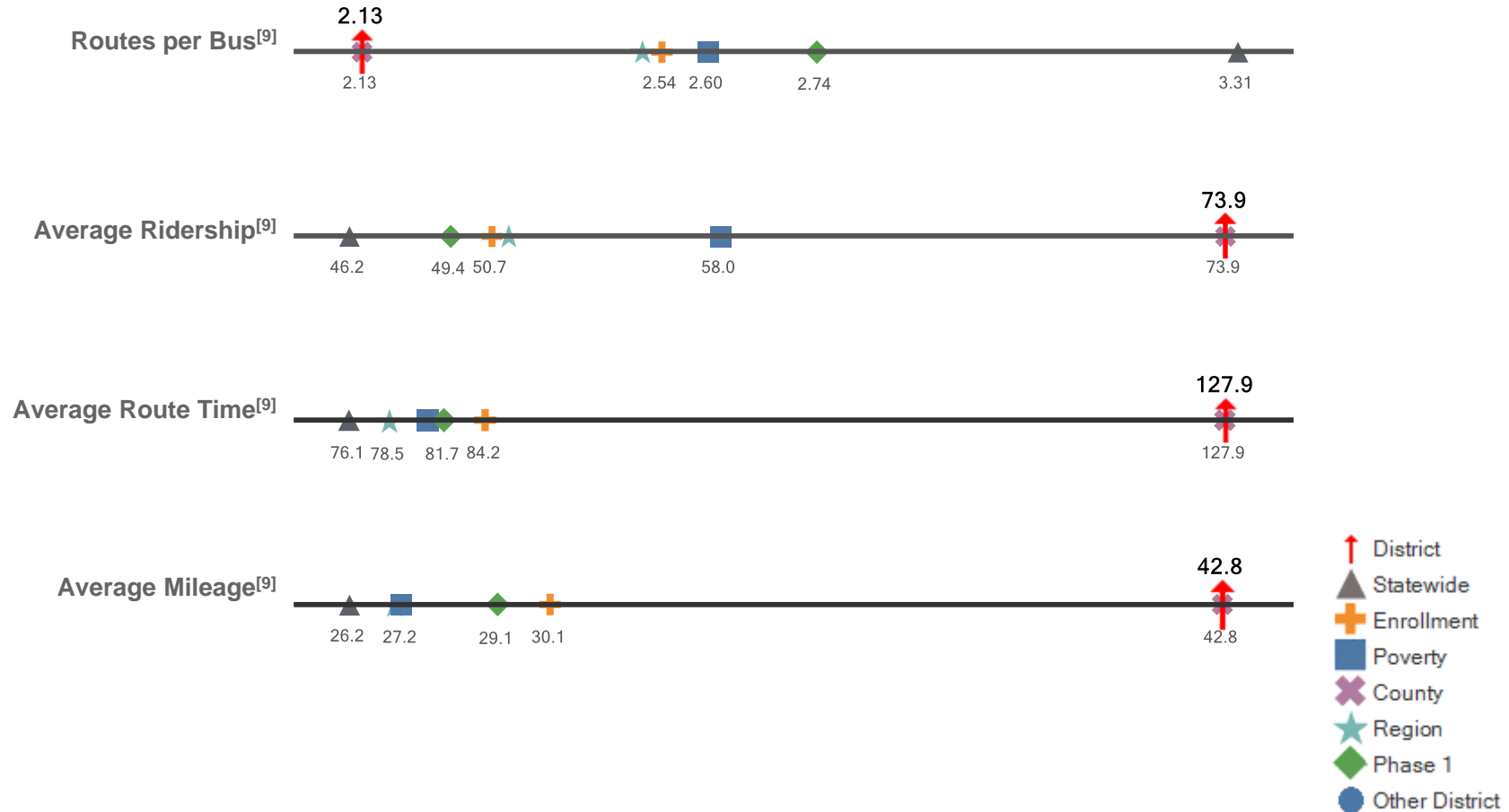
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

Key statistics for State Routes	# Buses <sup>[9]</sup>	# Routes <sup>[9]</sup>	Routes per Bus <sup>[9]</sup>	Ridership <sup>[9]</sup>	Avg Ridership <sup>[9]</sup>	Avg Route Time (including dead time) <sup>[9]</sup>	Avg Mileage per Bus <sup>[9]</sup>
Regular	17.8	38	2.1	2,810	74	128	43
Special Needs	0.5	2	4.0	36	18	Not-Available	62
Other	1.2	4	3.4	147	37	Not-Available	29
Total	19.5	44	2.3	2,993	N/A	N/A	N/A

# TRANSPORTATION ALLENDALE

## 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 ALLENDALE

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>Similar to other districts in the state, the District has a difficult time recruiting bus drivers.</li> <li>Bus drivers are currently paid a starting rate of more than \$3.00 above state reimbursement levels and are employed for an average of 40 hours / week.</li> <li>Transportation is run by one administrator.</li> </ul>	<ul style="list-style-type: none"> <li>As an incentive to recruit and retain bus drivers, create opportunities for full-time employment. Bus drivers in other districts in the State are dual employed serving in aide, food services and / or maintenance roles when not driving buses.</li> </ul>
<b>Routing and Bus Management</b>	<ul style="list-style-type: none"> <li>The District has common bell times for all schools (7:30 am).</li> <li>The District does not utilize routing software.</li> <li>District buses are equipped with GPS and security cameras on all buses.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of staggered bell times will 1) reduce the number of drivers needed, 2) eliminate the need for double bus runs, 3) reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students.</li> <li>Implement routing software to ensure most efficient routes.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>The District does not generally collaborate with surrounding districts on transportation.</li> </ul>	<ul style="list-style-type: none"> <li>Consider partnering with surrounding districts to evaluate opportunities to better utilize bus fleet and analyze route efficiencies and bus driver sourcing.</li> </ul>

# APPENDIX A: SAVINGS METHODOLOGY



# APPENDIX A: SAVINGS METHODOLOGY

## ALLENDALE

### 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.

# APPENDIX A: SAVINGS METHODOLOGY

## ALLENDALE

### APPROACH TO SAVINGS: OTHER CONSIDERATIONS

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➤ **State-wide Benchmarking Data:**

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

➤ **Implementation:**

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

# APPENDIX A: SAVINGS METHODOLOGY

## ALLENDALE

### SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

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#### PEOPLE

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

#### TECHNOLOGY

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

### Functional Review Operating Model Components



#### PROCESS

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

#### ORGANIZATION

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

# APPENDIX A: SAVINGS METHODOLOGY

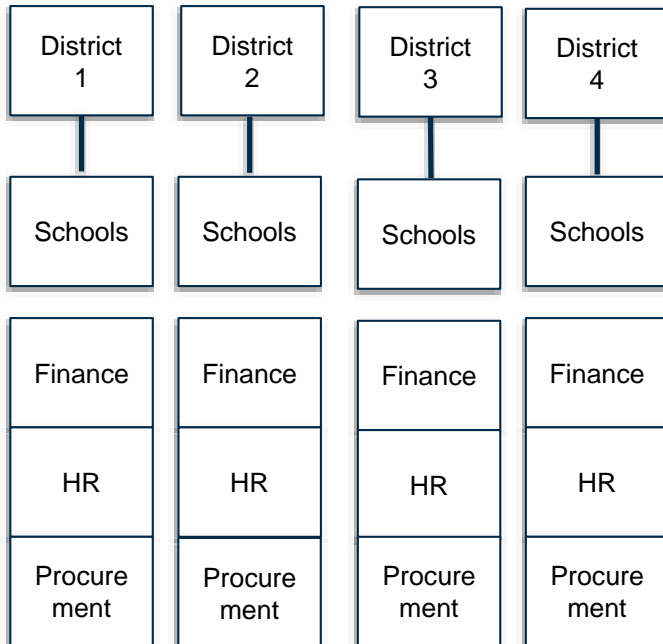
## ALLENDALE

### COLLABORATION: SHARED SERVICE MODELS

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

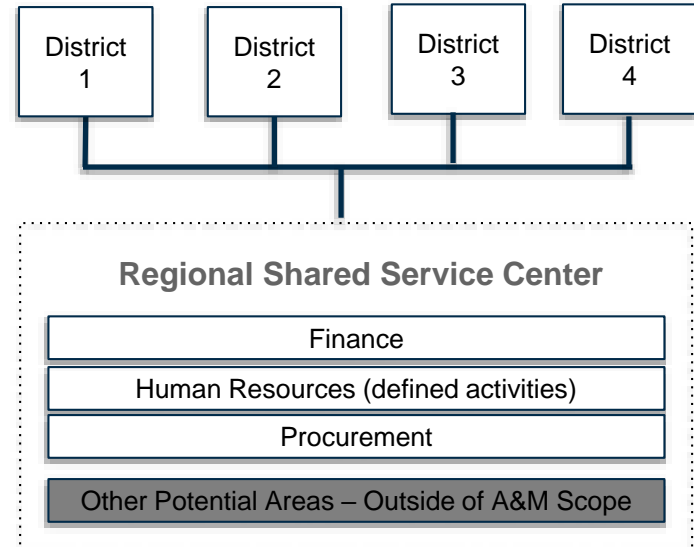
#### CURRENT STATE: STAND ALONE DISTRICT

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



#### COLLABORATION ALTERNATIVE

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



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

# APPENDIX A: SAVINGS METHODOLOGY

## ALLENDALE

### SHARED SERVICES MODEL: SAVINGS APPROACH

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

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

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

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

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

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

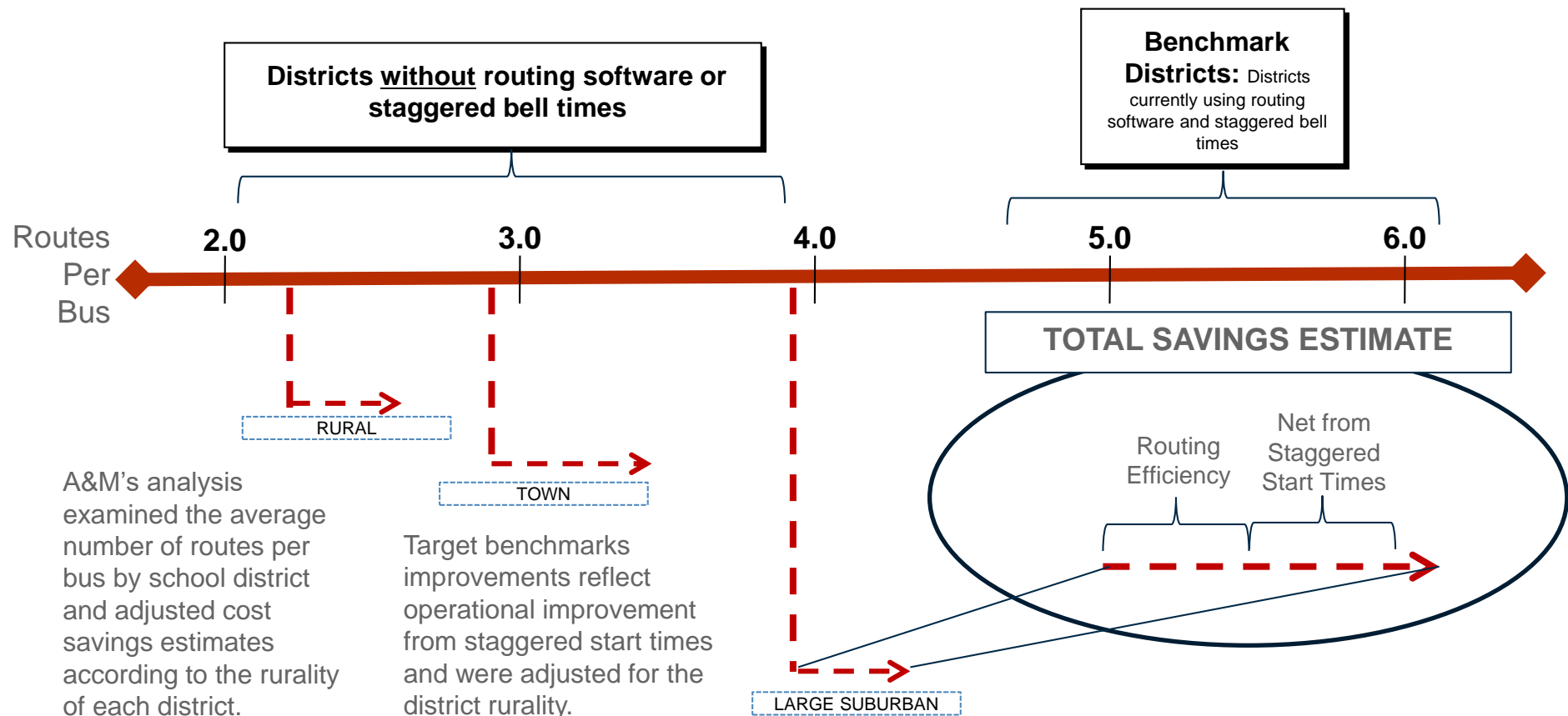
**Preliminary estimates, excluding costs of one-time investments related to technology and organizational changes, of potential savings from collaboration of financial management functions across districts range from 8.9% to 30.1%.**

# APPENDIX A: SAVINGS METHODOLOGY

## ALLENDALE

### 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

## ALLENDALE

### TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

#### Savings from Routing Efficiencies

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

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

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

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

#### DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

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

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

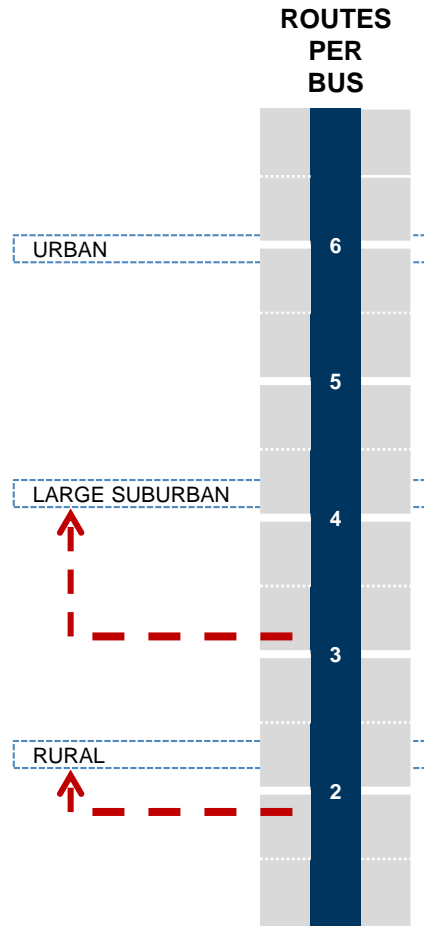
# APPENDIX A: SAVINGS METHODOLOGY ALLENDALE

## TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

### Savings from Increased Utilization:

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

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



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

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

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

# APPENDIX A: SAVINGS METHODOLOGY

## ALLENDALE

### 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

## ALLENDALE

### 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

## ALLENDALE

### [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 ALLENDALE

## Sources [2],[3]

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

## Sources [2],[4]

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

# APPENDIX B: FORMULAS DEFINED

## ALLENDALE

### 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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