



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Edgefield

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

EDGEFIELD

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

EDGEFIELD

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.

EXECUTIVE SUMMARY

EDGEFIELD

PROJECT OVERVIEW (CONTINUED)

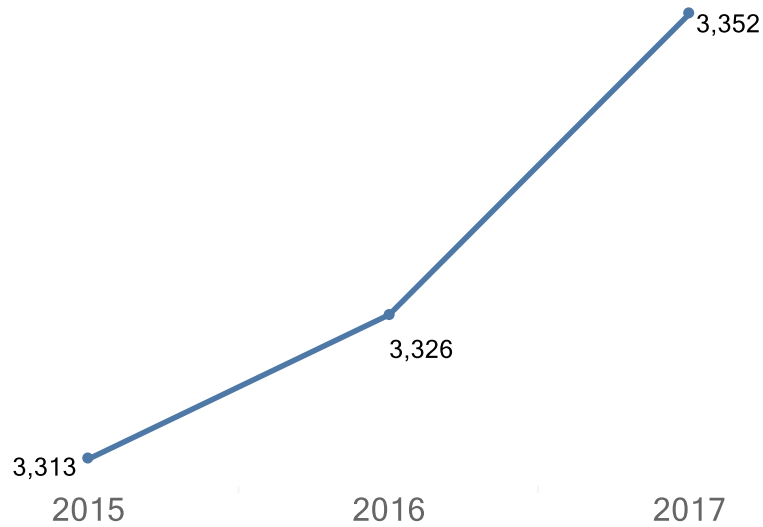
➤ Sources of Data and Savings Estimates:

- 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.

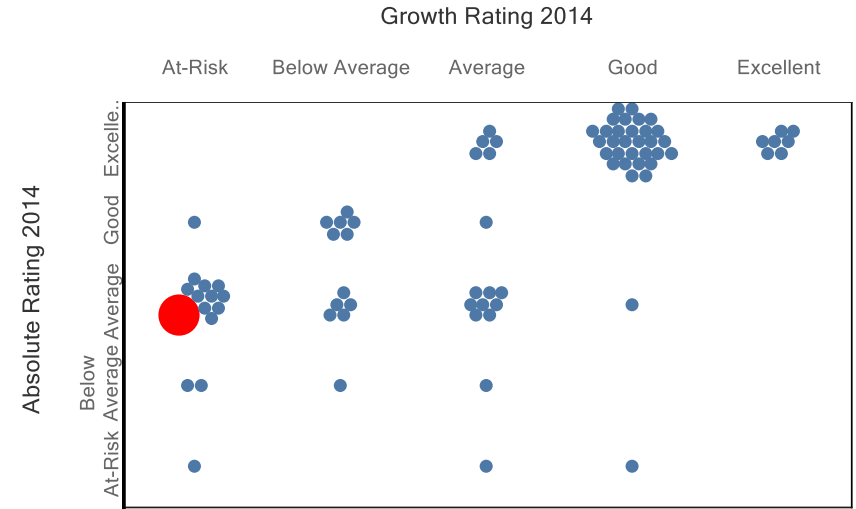
EXECUTIVE SUMMARY

EDGEFIELD

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	8
% Poverty ^[1]	64.1%
% Disability ^[1]	14.4%
\$ Per Student ^{[2],[3]}	\$12,121
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$11,550

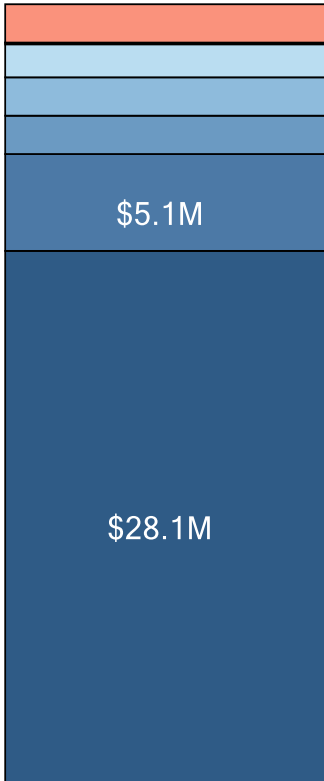
Administration

Students Per Instructional Services FTE ^{[2],[4]}	8.3
Students Per Overhead FTE ^{[2],[4]}	288.4
Students Per School Support FTE ^{[2],[4]}	25.7
Students to Total FTE ^{[2],[4]}	6.2

EXECUTIVE SUMMARY

EDGEFIELD

Sources of Funds^[5]
\$41.1M



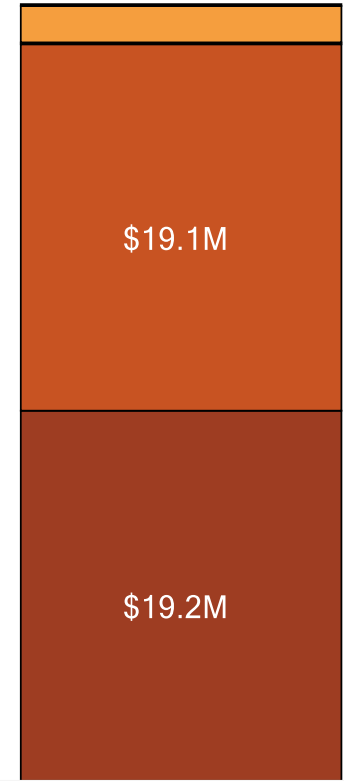
2015-2016

Use of Funds - Type^[3]
\$40.3M



2015-2016

Use of Funds - Function^[3]
\$40.3M



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

EDGEFIELD

\$40.3M
Total

\$5.9M
In-Scope

\$34.4M
Not In-Scope

14.6% of total spend is within scope of the efficiency review:

	In Scope Spend ^[3]	Procurement Component
Finance	\$307,400	\$52,121
Human Resources	\$200,325	\$20,522
Overhead	\$606,057	\$269,755
Transportation	\$1,212,064	\$61,255
Procurement (Community Services, Instruction, Support Services)	\$3,559,967	\$3,559,967
TOTAL	\$5,885,813	\$3,963,620

* totals may not tie due to rounding

EXECUTIVE SUMMARY

EDGEFIELD

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

Mission: The Mission of Edgefield County School District is to create world class citizens who are developing the thinking, personal and relational skills needed for continued success in a changing society.

- **Student Achievement:** Provide assistance, extend opportunities and utilize technology to improve student achievement. Implement a comprehensive assessment system review process (CAS) to better inform instruction.
- **Professional Development:** Utilize Assisting, Developing, and Evaluating Professional Teaching (ADEPT) and Program for Assisting, Developing, and Evaluating Principal Performance (PADEPP) programs to drive student performance.
- **District Environment:** Improve Learning Environment through social, physical and at home relations for students.
- **Teacher / Administrator Quality:** Focus additional funding on Praxis II exams, increasing funding for graduate credit courses, and offering additional support to PACE teachers.

Achievements

- **District Environment:** Put a self-assessment in place in Advanced Ed - Surveys of parents and others.
- **Career Readiness:** Established strong programs with local manufacturing industry for students. Industrial programs offered by the District's Career Center train students in Mechatronics and Welding (among other skill sets), and, as a result, manufacturers such as Bridgestone, Boeing, Carolina CoverTech, and others actively recruit within the District.

Challenges

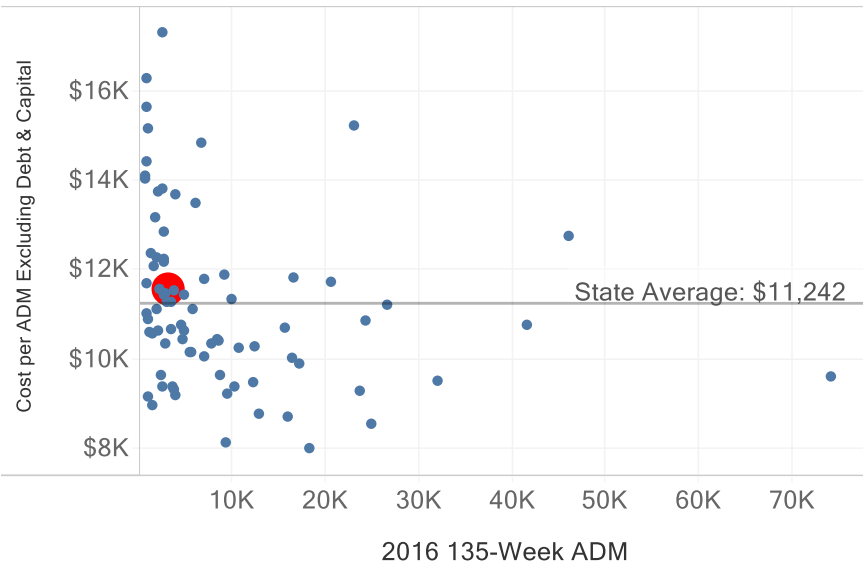
- **Transportation:** Financial challenges related to maintaining a sufficient pool of bus drivers, serving buses that frequently break down, maintaining working cameras on all buses, as well as making payments for hazardous transportation in small towns like Johnston due to railroads or major highways.
- **Financial:** A heavy tax burden is placed on local businesses due to maintenance of competitive salaries, time to sufficiently cross-train between key financial positions, maintaining sufficient separation of duties, and a low mill value.

EXECUTIVE SUMMARY

EDGEFIELD

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

EDGEFIELD

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Staffing and Organization: The finance team is led by the Assistant Superintendent and is adequately staffed to support the scope of its roles and responsibilities, reporting a favorable finance spend per pupil compared to that of the District's enrollment peer group. The District is planning to address the current under-investment and under-utilization of technology.
Human Resources	<ul style="list-style-type: none"> • Staffing and Organization: The Human Resources function is also managed by the Assistant Superintendent. The District spend on Human Resources is less than other peer districts and driven by a higher number of Students per Human Resources FTE. • Challenges with Recruiting and Retention: The District experiences general challenges associated with teaching shortages; however, it maintains an average teacher salary slightly above the statewide average and is able to manage the current turnover rate. The District relies on Kelly Services for substitute management.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The District feels challenged by bus driver vacancies and hazardous routing. • Manual Routing: The District does not have routing software that can be used to help drive routing efficiencies.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: The District has no dedicated resources for Procurement. • Strategic sourcing: The District has low leverage with vendors due to low purchasing volumes. Collaboration across districts is primarily limited to professional development through the WPEC consortium.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Office of the Superintendent is comprised of 3 personnel including the Assistant Superintendent who leads the Finance and Human Resources functions. Moreover, the District's relatively low overhead cost per student is driven by a high student to FTE ratio. • Collaboration: The District collaborates with other Superintendents through the WPEC consortium.

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

EDGEFIELD

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 automated and purchase to payments processes, integrated timekeeping and payroll and position control functionality.</p> <p>Process Improvements: 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 automate HR processes, such as integrated applicant sourcing, tracking and on-boarding.</p> <p>Process Improvements: Formalize plans to 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: Leverage state contracts and group purchasing organizations to optimize spend.</p> <p>Enable other districts to purchase off individually negotiated contracts.</p> <p>Negotiate discounts / rebates for tiered levels of spending.</p> <p>Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.</p>	<p>System Enhancements: Implement new routing software, GPS and security cameras on all buses.</p> <p>Process Improvements: Staggered Bell Times: Complete analysis (in conjunction with use of routing software) to evaluate potential financial benefits of expanding staggered bell times.</p> <p>Staffing / Organization: Create dual employment opportunities to help address bus driver shortage.</p>

EXECUTIVE SUMMARY

EDGEFIELD

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

EDGEFIELD

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

EDGEFIELD

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	\$17,500	\$32,500	\$30,400	\$91,200
Human Resources	0	0	0	19,700
Procurement	0	0	105,900	219,200
Transportation – District	N/A	N/A	43,000	64,000
District Total	17,500	32,500	179,300	394,100
Transportation – State	18,000	69,000	40,800	89,900
Total	\$35,500	\$101,500	\$220,100	\$484,000

* 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.

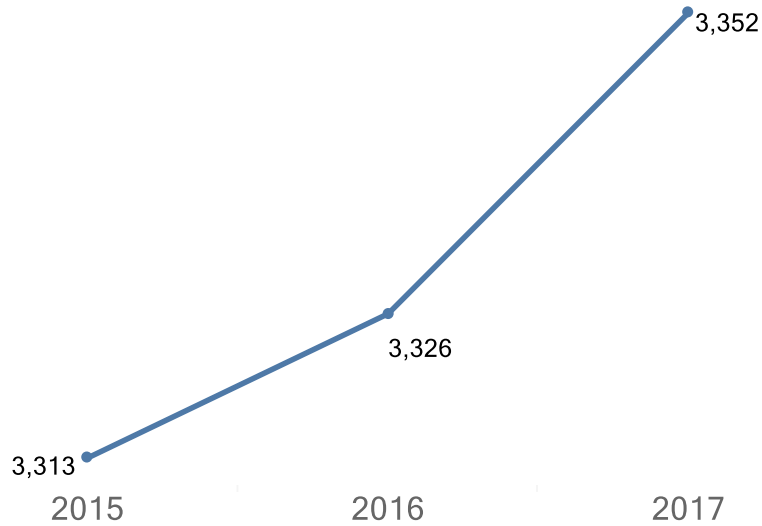


OUTLINE

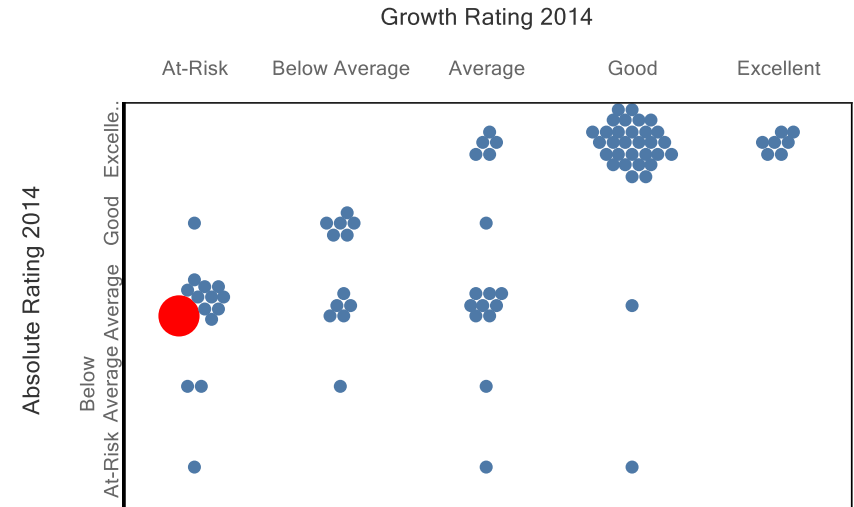
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DISTRICT ADMINISTRATION AND PERFORMANCE EDGEFIELD

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	8
% Poverty ^[1]	64.1%
% Disability ^[1]	14.4%
\$ Per Student ^{[2],[3]}	\$12,121
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$11,550

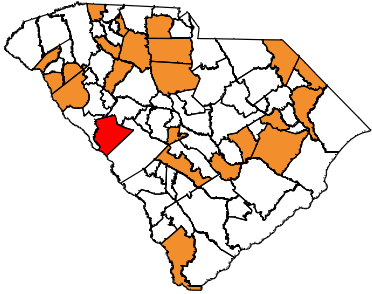
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Students Per Instructional Services FTE ^{[2],[4]}	8.3
Students Per Overhead FTE ^{[2],[4]}	288.4
Students Per School Support FTE ^{[2],[4]}	25.7
Students to Total FTE ^{[2],[4]}	6.2

DISTRICT BENCHMARKING

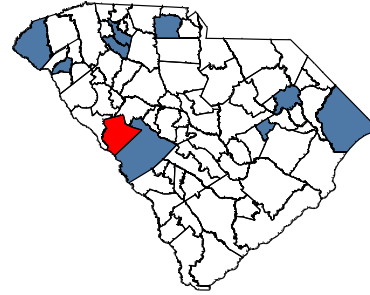
EDGEFIELD

Enrollment (2,500 - 5,000)



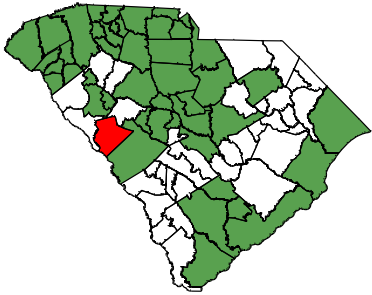
Abbeville 60	Lexington 04
Anderson 02	Marion 10
Anderson 03	Marlboro
Anderson 04	Orangeburg 03
Chester	Orangeburg 04
Clarendon 02	Spartanburg 01
Dillon 04	Spartanburg 03
Edgefield	Spartanburg 04
Fairfield	Union
Florence 03	Williamsburg
Jasper	York 01
Laurens 56	

Poverty (60% - 65%)



Aiken	York 01
Anderson 05	
Clarendon 03	
Edgefield	
Florence 01	
Horry	
Oconee	
Spartanburg 04	
Spartanburg 06	

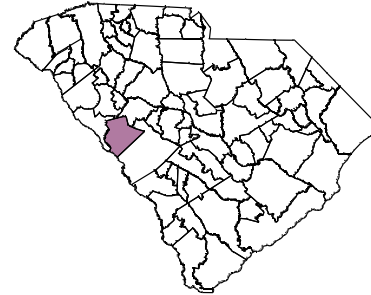
Phase 1 (No)



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

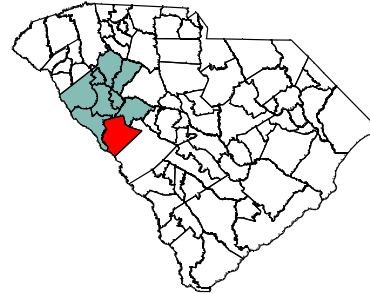
Sumter
Union
York 01
York 02
York 03
York 04

County (Edgefield)



Edgefield

Region (Upper Savannah)

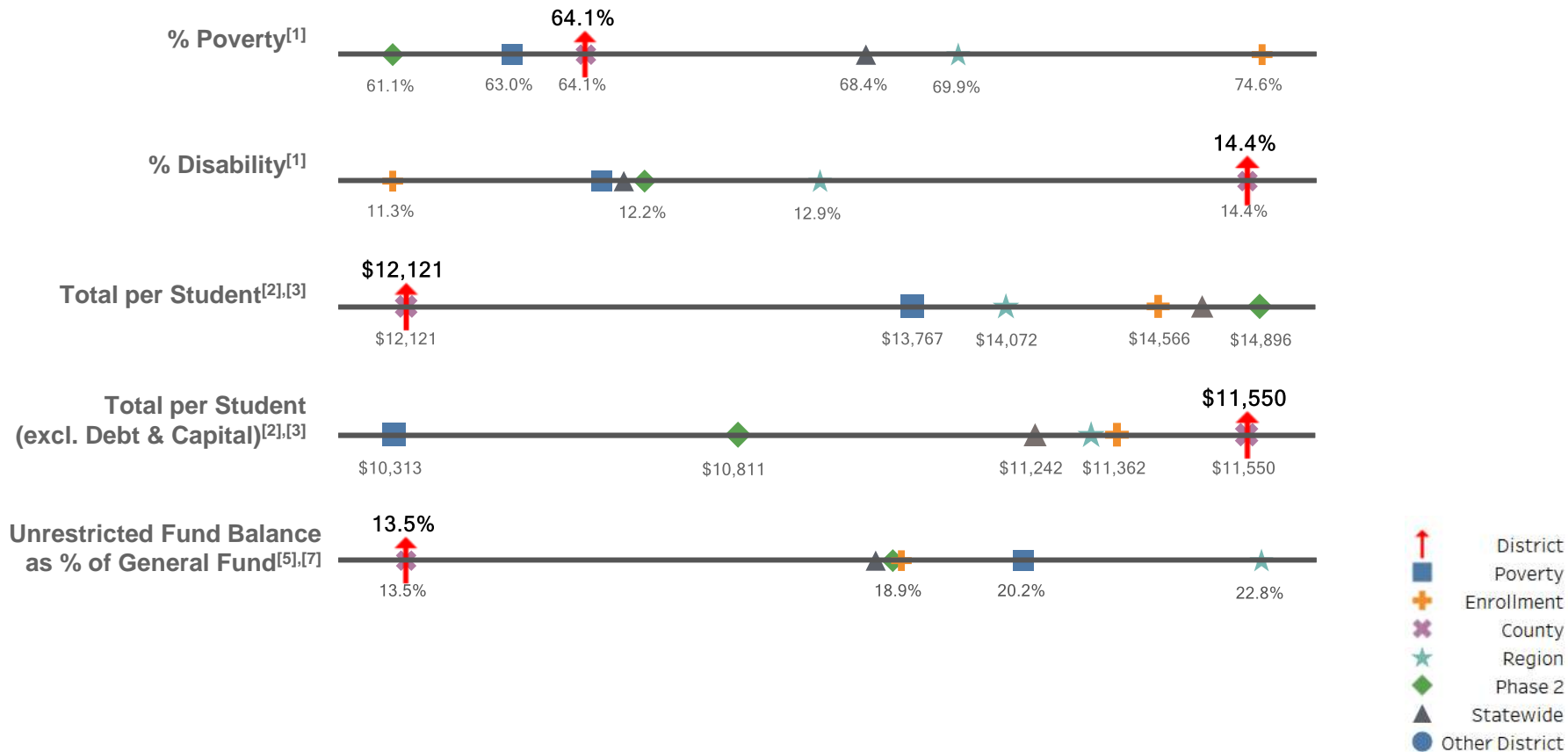


Abbeville 60
Edgefield
Greenwood 50
Greenwood 51
Greenwood 52
Laurens 55
Laurens 56
McCormick
Saluda

DISTRICT OVERVIEW EDGEFIELD

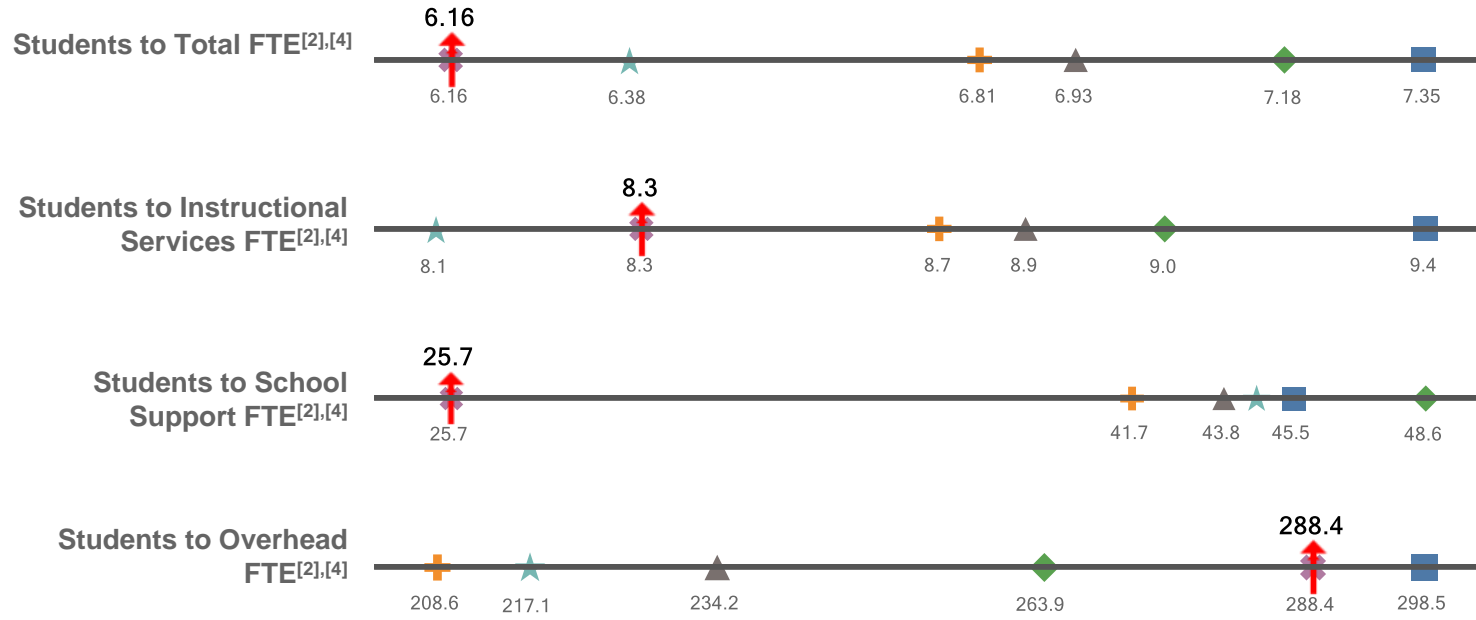
KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

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 EDGEFIELD

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

DISTRICT OVERVIEW AND OVERHEAD EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Enrollment Trends	<ul style="list-style-type: none"> • 3-year Enrollment Trend: The District has seen a 1% increase in enrollment over the past three years from 3,313 to 3,352 students. • Student Demographics: The District reports a lower percentage of students at the poverty level (64.1%) compared to the statewide average (68.4%) and the District’s enrollment peer group (74.6%). • Competition: This District resides in a single-district county and does not identify charter or private schools as competition for student enrollment. • Long-term Planning: The District does not prepare long term enrollment projections to help inform long-term planning. 	<ul style="list-style-type: none"> • As best practice, the District should develop a long-term enrollment forecast to anticipate and better plan for enrollment changes, ensuring long term financial stability.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Financial Viability: The District’s steady enrollment, lack of competition for student enrollment, increasingly strong local manufacturing industry and comparatively high per pupil spend all indicate financial stability despite a slightly lower than desirable fund balance. • Per Pupil Expenses: When excluding debt and capital, the District has a higher per pupil expense relative to peers (\$11,550 compared to the peer district enrollment benchmark of \$11,362). • Unrestricted Fund Balance: The District has an unrestricted fund balance that is 13.5% of General Fund revenues compared to the statewide average of 18.6%. While the District reports a lower than average Unrestricted Fund Balance, it in line with the minimum recommended standard of 15-18%. 	

DISTRICT OVERVIEW AND OVERHEAD EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> • Resource Allocation: The District reports a lower Student to Total FTE ratio compared to the District's enrollment peer group but has a particularly favorable student to Overhead FTE ratio. • Student to FTE: The Student to Total FTE ratio for the District is below that of the District's enrollment peer group (6.2 compared to 6.8). • Student to Instructional Services FTE: The Student to Instruction ratio is slightly more favorable to that of the District's enrollment peer group (8.3 to 8.7). • Student to School Support FTE: The Student to Support Services ratio is considerably less favorable than that of the District's enrollment peer group (25.7 compared to 41.7). • Student to Overhead FTE: The Student to Overhead Ratio is considerably more favorable than that of the District's enrollment peer group (288.4 vs. 208.5). • Overhead Spend Per Student: Overhead spend per student is also comparatively low at \$182 per student vs. \$192 and \$202 for both the District's enrollment peer group and the statewide average, respectively. 	<ul style="list-style-type: none"> • The District should continue to monitor non-instructional vacancies closely (as has been common practice) to determine if filling these positions is necessary, particularly in the area of School Support Services where ratios are less favorable compared to the District's peer group by enrollment. This area includes Food Services, Facilities, and Transportation.

DISTRICT OVERVIEW AND OVERHEAD EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none">• Role of Superintendent: The Office of the Superintendent is comprised of the District Superintendent, Assistant Superintendent and a secretary. The Superintendent focuses heavily on the design and implementation of the strategic plan as well as cultivating partnerships with local businesses that benefit students through career training and opportunities. The Assistant Superintendent effectively serves as the Director of Finance, Human Resources and Federal Programs. The secretary also serves as a federal programs assistant.• Communications Function: Communications is primarily managed by the Superintendent.• Legal: The District has no legal department. If legal advice is required, the District utilizes an outside firm.• Turnover: The Superintendent has utilized the departure of key administrators over the past few years as an opportunity to consolidate directorships within the Office of the Superintendent.	<ul style="list-style-type: none">• See collaboration section.

DISTRICT OVERVIEW AND OVERHEAD

EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Philanthropy	<ul style="list-style-type: none">• The District prioritizes cultivating student career and training opportunities with local manufacturing operations through the District’s career and technology center, The Strom Thurman Career and Technology Center (STCTC), over philanthropic donations. Examples of these relationships include:<ul style="list-style-type: none">• Networking: STCTC’s Advisory Committee includes representation of manufacturing in the county. These committee members provide insight regarding curriculum focus and soft skill development. In addition, STCTC’s director serves on the South Carolina Department of Commerce’s Regional Workforce Committee.• Outreach: STCTC has contacted the limited number of manufactures in Edgefield County and the immediate surrounding area to establish relationships that would lead to the development of pipeline of talent from the school to industry (interest and response of industry in the area has been minimal).• Recruitment: Bridgestone, Boeing, and Carolina CoverTech recruit from the District’s STCTC programs.	<ul style="list-style-type: none">• Continue to seek greater partnerships with foundations and local business for donations of money, food, goods, and time.

DISTRICT OVERVIEW AND OVERHEAD EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Board of Directors	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are paid \$50 per meeting. District salary information indicates \$1,200 per member annually. • Board Composition: The Board is comprised of 7 non-partisan, Single-members, serving 4-year terms. • Training: Board Members are not required to attend training in excess of the State’s minimum requirements. 	<ul style="list-style-type: none"> • Consider having the Board of Directors attend an annual training to enable members to become more impactful members of the board.
Collaboration	<ul style="list-style-type: none"> • WPEC: The District coordinates with other regional superintendents to some degree through the WPEC consortium. • Career Center: The District has a technology and career center. • Special Education: The District does not coordinate with other area districts on Special Education programs. • Headcount: The District does not typically share FTEs with area districts. 	<ul style="list-style-type: none"> • Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional. • Consider utilizing a shared career center across neighboring districts.



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.

1,117 : 1
 District Students (ADM)^[2] Financial FTE^[4]

\$92 per Student

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

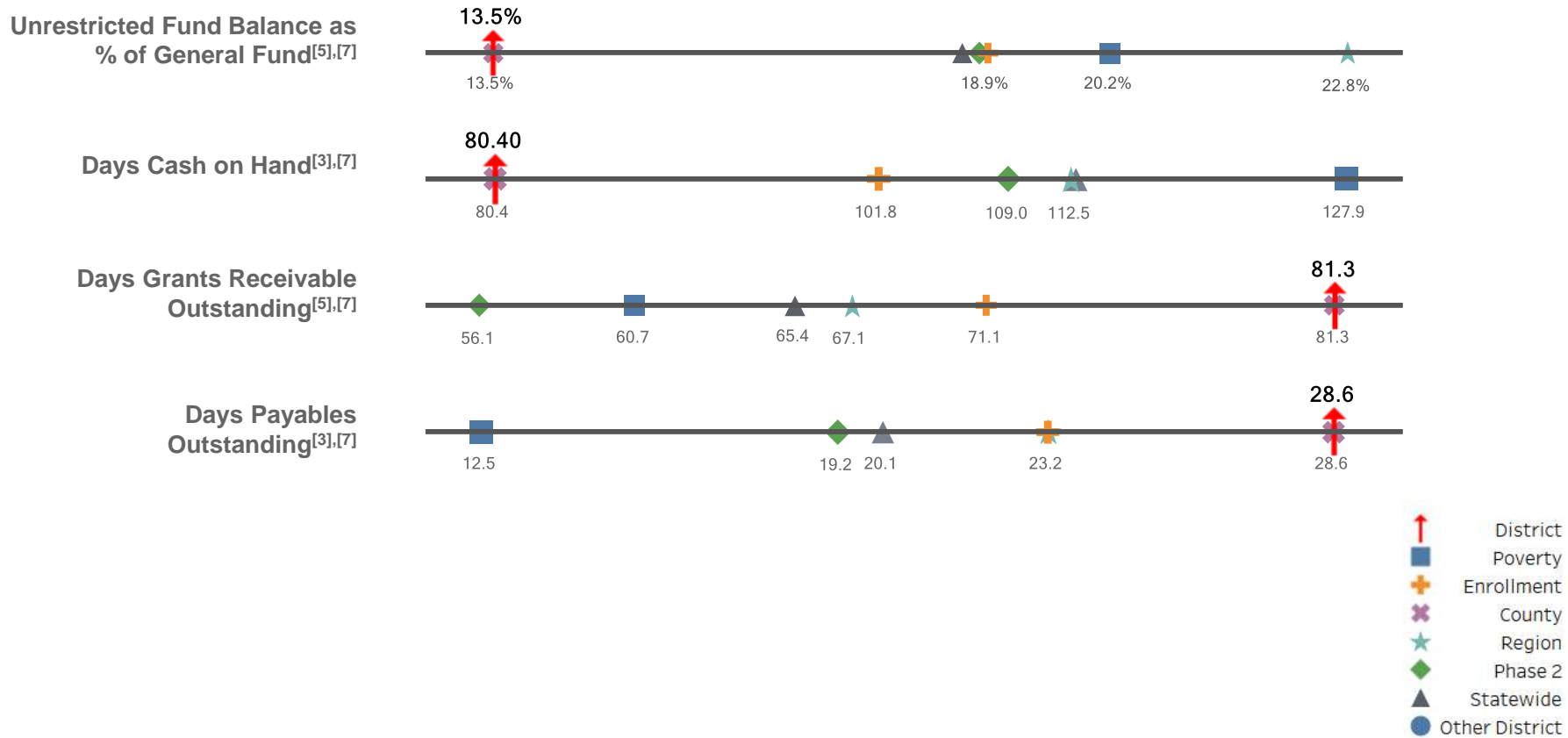
Key statistics for metrics	
Financial FTEs ^[4]	3.0
Personnel Expense ^[3]	\$255,279
Non-Personnel Expense ^[3]	\$52,121
Total Financial Expense ^[3]	\$307,400

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 EDGEFIELD

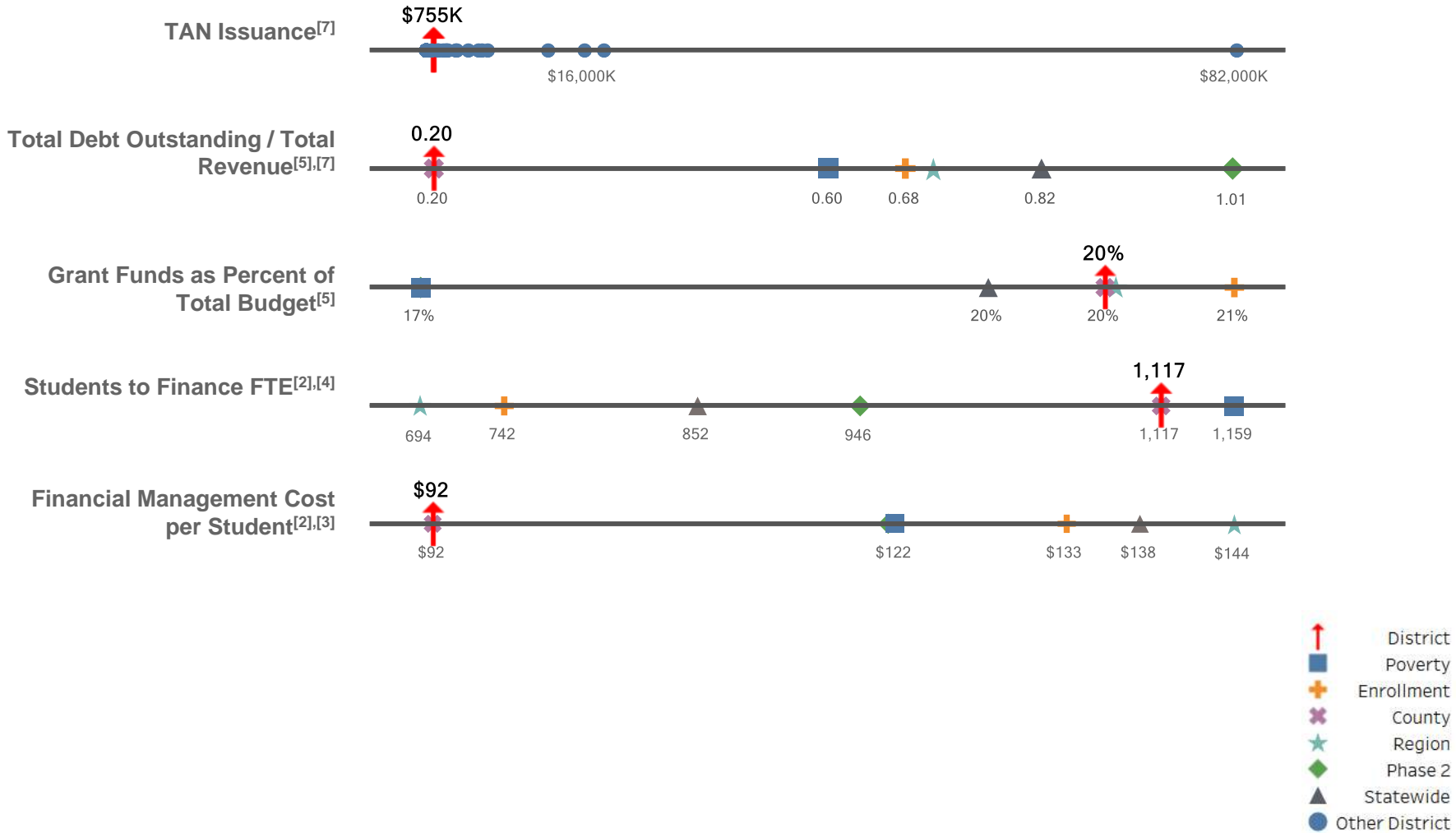
KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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 EDGEFIELD

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll and benefits administration, accounts payable, budget, treasury, procurement, financial reporting, and procurement. • The finance team is led by the Assistant Superintendent. The team includes a supervisor who focuses on budgetary and accounting activities, as well as a payroll and benefits administrator and an accounts payable specialist. • Turnover: The finance supervisor has been with the District for over 15 years, serving in various roles until promotion to Assistant Principle two years ago. • Finance Cost per Pupil: The Finance Cost per Pupil for the district is favorable compared to that of the District's enrollment peer group (\$92 to \$133). • Student per Finance FTE: The Student per Finance FTE ratio is significantly more favorable than that of the District's enrollment peer group (1,117 to 742), indicating an efficient financial management organization. 	<ul style="list-style-type: none"> • See collaboration section.

FINANCIAL MANAGEMENT EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	<ul style="list-style-type: none"> • Payroll: The District currently runs payroll on a monthly basis. All employees receive payroll via direct deposit (with the exception of substitute teachers hired through Kelly Services). • Time-tracking: Time-tracking is not currently automated. This was identified as a planned implementation for the upcoming fiscal year. • Purchasing: Purchase order requests are manually competed and entered into the system by the Accounts Payable specialist. Once approvals are completed in the system by the Finance Supervisor, the Accounts Payable specialist manages payment of vendors. • P-cards: The district utilizes a P-card program. • Inventory: The District does not maintain a warehouse but has implemented bar-code scanning software to manage technology assets which links to the ERP. • Risk Management: The District does not have formal risk management policies in place. 	<ul style="list-style-type: none"> • Implement automated time-tracking functionality that integrates with the payroll system in order to eliminate the need for manual time sheet adjustments. This was identified as a planned implementation for the upcoming fiscal year. • Leverage currently available automated purchase order work flow systems or modules to reduce manual purchase order processing. • Develop risk management policies and procedures to include: (a) risk assessment and management; (b) safety and loss prevention review; (c) insurance claims handling and processes; and (d) insurance policy review and negotiation.

FINANCIAL MANAGEMENT EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	<ul style="list-style-type: none"> • Grants Revenue %: Grant revenues provide 20% of revenue for the district which is comparable to the statewide average of 20% and the District’s enrollment peer group average of 21%. • Federal Funds: The Assistant Superintendent serves as both the Director of Finance and the Director of Federal Programs and is primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance team provides support 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 for Title I only. • Grants Monitoring: Review of expenditures against grant requirements is conducted by the grants coordinator and includes a thorough review by the Finance Director and his team. 	<ul style="list-style-type: none"> • Consider utilizing a grant writer that could be hired and shared with other nearby districts to help drive applications for competitive grant opportunities. • Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.

FINANCIAL MANAGEMENT EDGEFIELD

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. • Position Control: The District has strong position control that includes a review of vacancy positions before replacing them as demonstrated by the positions consolidated within the Office of the Superintendent discussed earlier in this report. 	<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 reports 80.4 days cash on hand. Note that last fiscal year, the District was required to utilize reserve funds to cover a budget shortfall driven by the Base Student Cost estimates, shifting from the proposed to passed budget. • Reporting: The District does not have a formalized cash flow forecasting process. It increases its monitoring on a seasonal basis (typically in November) when cash flow tightens before annual grant funding is received. • Grants Receivable Outstanding: The District averages 81.3 Day Grants Receivable Outstanding, comparable to the statewide average of 65.4. • Days Payable Outstanding: The District averages 28.6 Days Payables Outstanding. • Investments: The District maintains cash investments with the Country Treasurer. • TAN: The District did not issue TANs this past year and does not typically engage in this practice. 	<ul style="list-style-type: none"> • 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. • Implement cash flow forecast to monitor weekly receipts and disbursements to help maximize investments earnings. Forecasting should coincide with decision-making around the issuance of TANs.

FINANCIAL MANAGEMENT EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Budget	<ul style="list-style-type: none"> • Budget Planning: The Finance team follows an incremental budget process beginning typically in January or February. The team relies on enrollment data as well as the 45 and 130-day reports to adjust staffing needs and gather information regarding other requests at meetings with school principals. • The Finance team initially presents this budget to the School Board in March and compares it to initial revenue projections before making final changes by June. • Fiscal Monitoring: The District does not perform monthly or quarterly closes. However, financial reports comparing budget to actual are shared monthly with the Office of the Superintendent and the School Board. 	<ul style="list-style-type: none"> • Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for.
Technology	<ul style="list-style-type: none"> • ERP: The District uses Harris Smartfusion accounting software system and has begun leveraging the procurement module to move away from manual purchase ordering. Time-tracking (as already discussed) is not yet automated but is planned to be by next fiscal year. 	<ul style="list-style-type: none"> • Continue to utilize the existing accounting software more to leverage enhanced functionality that provides automated and paperless workflow and approval of purchase orders and time-keeping.
Regional Collaboration	<ul style="list-style-type: none"> • The District does not coordinate with others in the region on any transaction processing or finance related activities. The District is, however, a member of the WPEC Consortium which practices information sharing among job-alike groups such as fiscal directors. 	<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

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

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.

2,234 : 1

District Students (ADM)^[2]

Human
Resources
FTE^[4]

\$60 per Student

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

Key statistics for metrics

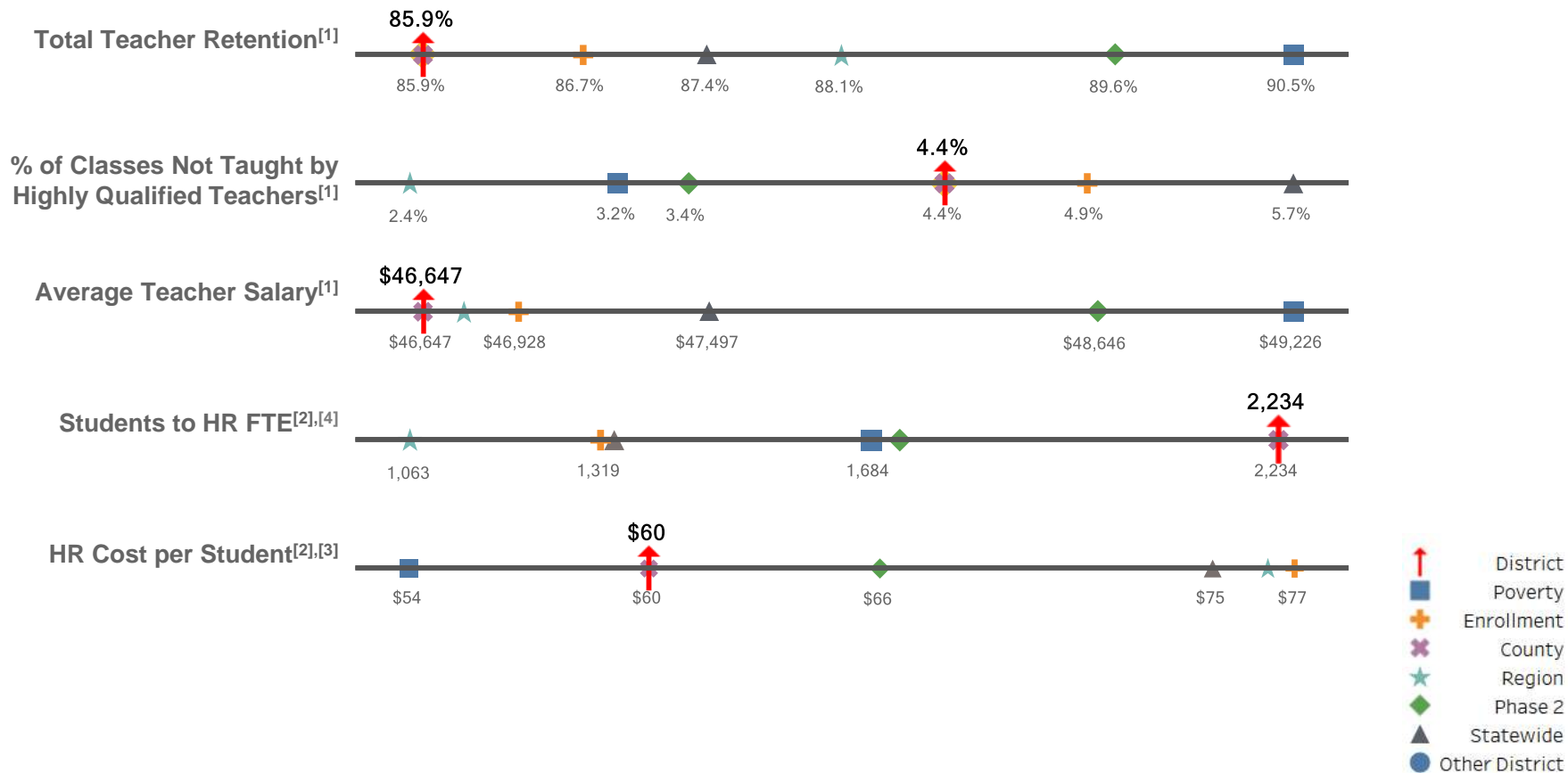
Human Resources FTEs ^[4]	1.5
Personnel Expense ^[3]	\$179,803
Non-Personnel Expense ^[3]	\$20,522
Total Human Resources Expense ^[3]	\$200,325

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 EDGEFIELD

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

EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Human Resources function is managed by the Assistant Superintendent (.5 FTE dedicated), as well as a secretary (1 FTE). Benefits Administration is managed by the Finance team. • HR Cost per Student: HR cost per student is \$60 per student compared to the District's enrollment peer benchmark of \$77. • Student to HR FTE: Student to HR FTE ratio is considerably more favorable than that of the District's enrollment peer group (2,234 vs. 1,319) due to the small footprint of the District fully dedicated to this function. 	<ul style="list-style-type: none"> • See regional collaboration.
Recruiting and Retention	<ul style="list-style-type: none"> • Recruiting and Retention: The District focuses its recruiting efforts with Lander University and the University of South Carolina. The District reports a teacher retention rate of 86% and had 36 vacancies that were successfully filled prior to the start of the current school year. While the District does not identify any significant challenges to recruiting, it has struggled to diversify its teacher base with minority candidates and will continue to focus on that as a District initiative. The District does not utilize international teachers. • Teacher Salary: The average teacher salary of \$46,647 is slightly below the state average of \$47,497. • Substitute Management: The District utilizes Kelly Services. 	<ul style="list-style-type: none"> • The District should consider a collaborative model with neighboring districts to utilize group purchasing for services currently contracted out to firms such as Kelly Services.

HUMAN RESOURCES

EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> The District does not leverage technology support systems for recruiting or application processing. The District uses Aesop Frontline (and Kelly Services) for substitute management. The District is planning to implement Aesop time-keeping for the upcoming school year. 	<ul style="list-style-type: none"> Implement technology to help enhance and automate recruiting and on-boarding processes that are currently manual.
Benefits	<ul style="list-style-type: none"> Benefits administration is managed by the Payroll specialist on the finance team. Employees are not currently able to access Benefits and Payroll information via an automated portal, but there is a plan to implement this solution. 	<ul style="list-style-type: none"> The District should follow-through on its plan to implement a portal for Employees to access Benefits and Payroll information.
Collaboration	<ul style="list-style-type: none"> The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with 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 (e.g. Frontline) - Substitute Management (e.g. Kelly Services)



OUTLINE

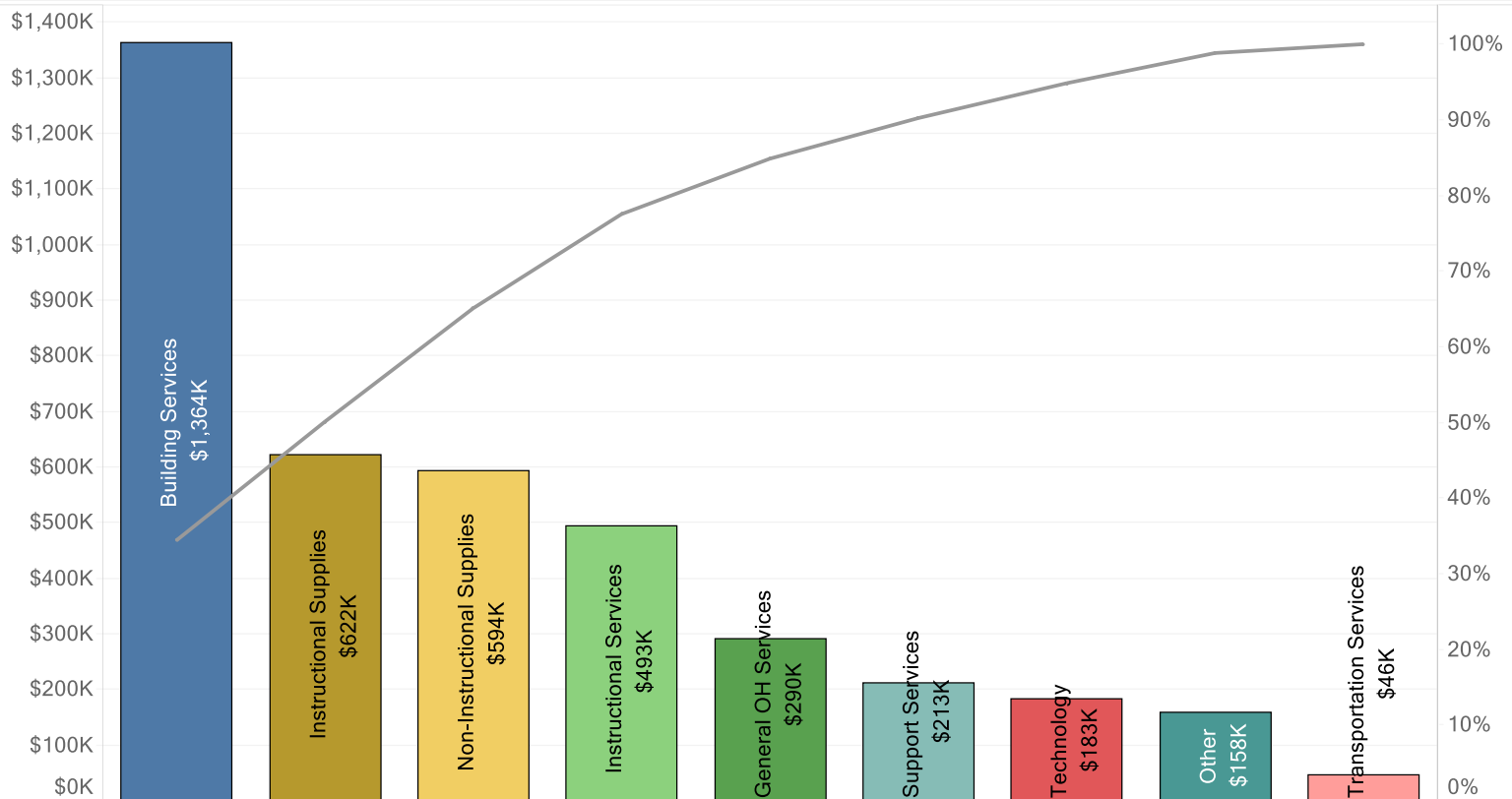
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PROCUREMENT EDGEFIELD

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.

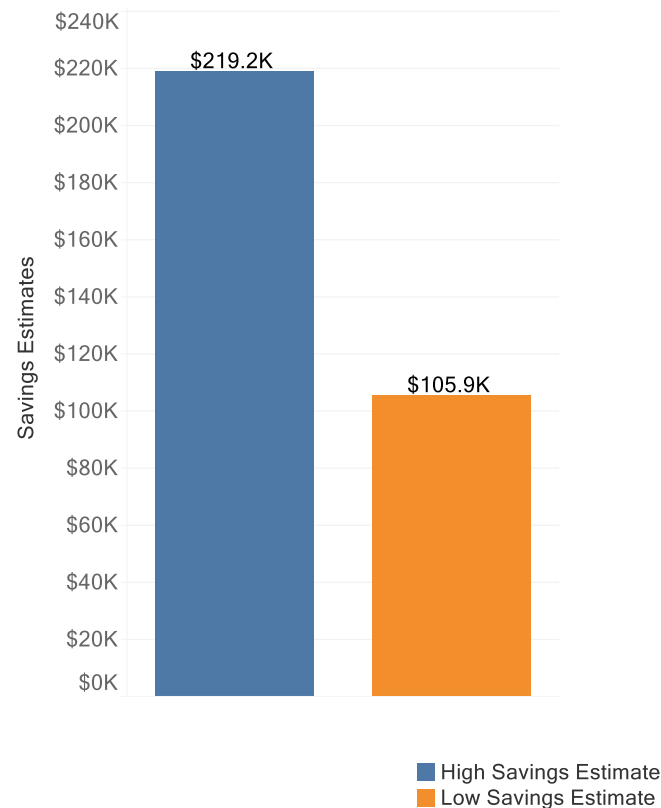
District In Scope Total Procurement Spend^[3] = \$3,963,620



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 EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> The District does not have a dedicated procurement team; this function is managed by the Assistant Superintendent and Finance team. 	<ul style="list-style-type: none"> Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.
Spending by Vendor	<ul style="list-style-type: none"> Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across districts are not typically made, with the exception of some Professional Development opportunities leveraged through the WPEC consortium. The District utilizes Kelly Services (independently of other Districts) for substitute management. See spending by category section. 	<ul style="list-style-type: none"> Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts. Group Purchasing: 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.

PROCUREMENT EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	<ul style="list-style-type: none"> • Building and Maintenance: The District utilizes the State contract. • Food Services: The District independently negotiated pricing with Sysco (not through a consortium). • Energy: The District does not fix rates for natural gas contracts but does work with energy suppliers to support projects to improve their facilities' energy efficiency. • Non-instructional Supplies - Contracting Vehicles: The District purchases most supplies leveraging the state contract. • Technology and Software: The District utilizes the state contract for some technology, with the exception of tablets purchased through separate pricing through Dell and the copier lease recently renegotiated. The District does not currently leverage cross-district pricing for SW licensing such as Harris or professional services such as Kelly Services. 	<ul style="list-style-type: none"> • Standardization of Technology: The greatest savings 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. • Coordinate purchasing of instructional services with surrounding Districts to maximize the potential for volume discounts. • Consider establishing fixed rate contract for natural gas. • Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding Districts to maximize the potential for volume discounts.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	<ul style="list-style-type: none">The District utilizes WPEC for acquiring Professional Development Services.	<ul style="list-style-type: none">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.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



OUTLINE

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TRANSPORTATION EDGEFIELD

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.

14 Years

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

\$364 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	56.3
Personnel Expense ^[3]	\$1,150,809
Non-Personnel Expense ^[3]	\$61,255
Total Transportation Expense ^[3]	\$1,212,064

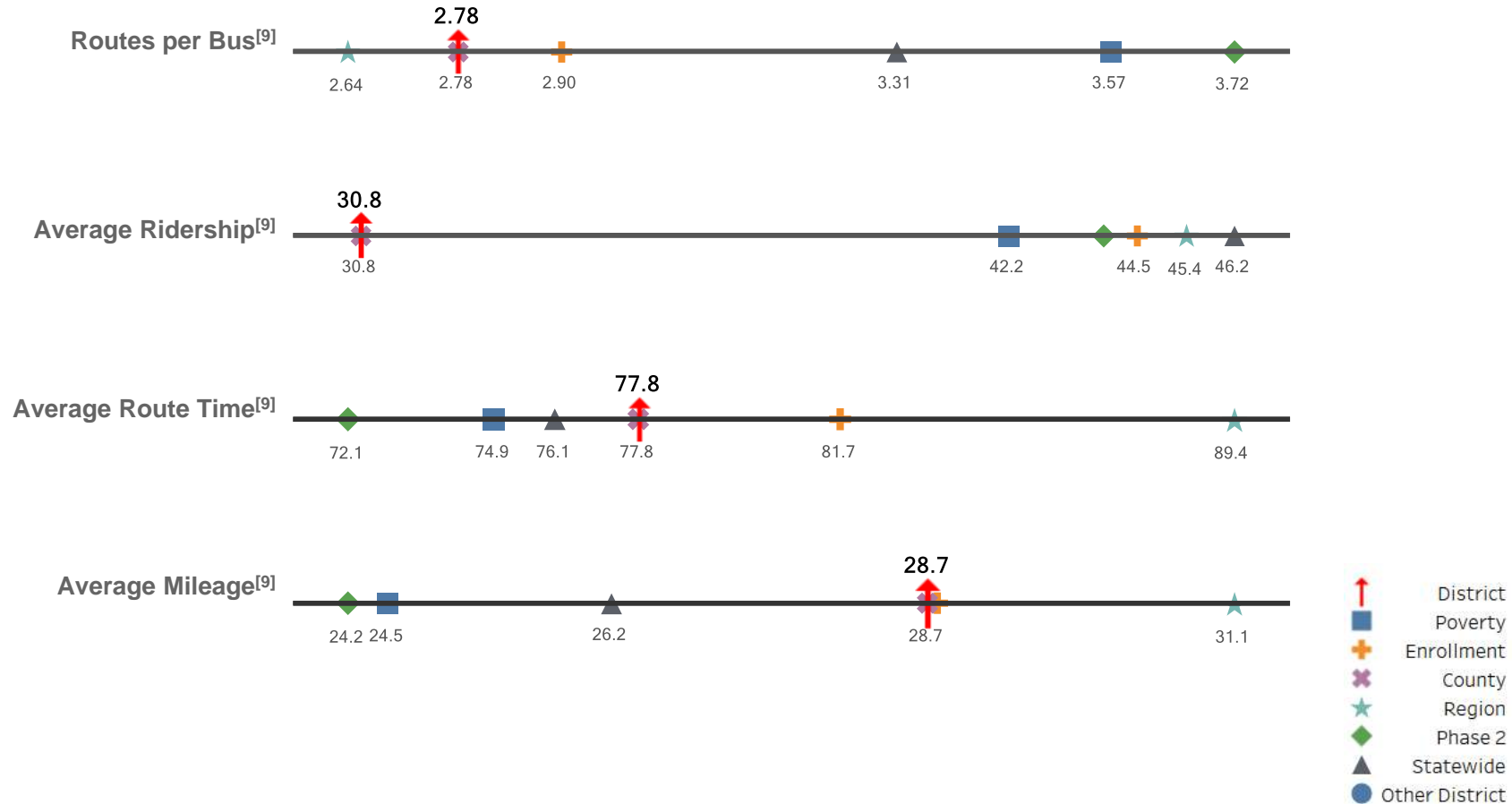
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

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	40.3	112	2.8	3,446	31	78	29
Special Needs	5.0	15	3.0	151	10	Not-Available	43
Other	1.7	7	4.2	107	15	Not-Available	18
Total	47.0	134	2.9	3,704	N/A	N/A	N/A

TRANSPORTATION EDGEFIELD

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 EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none">• Recruiting: The District reports a high level of difficulty in recruiting bus drivers and managing to find substitutes when needed.• Incentives: The District offers dual employment as well as full-time positions with benefits. 18 drivers are dually employed within the District. The starting salary for the District is up to \$12.34 (over \$4.50 in excess of the state reimbursement level) to address the need to recruit more drivers.• Substitute Drivers: The District maintains a small substitute pool of approximately 5 bus drivers who hold other full-time positions with the District.• Compensation: Bus drivers are currently paid a starting rate over \$4.50 in excess of state reimbursement levels.• Management: Transportation is run by two administrators.	

TRANSPORTATION EDGEFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	<ul style="list-style-type: none"> • Bus Routing: The District currently staggers bell times and routes between the Elementary, Middle, and High Schools. Train tracks run through the middle of the town of Johnston requiring the District to provide Hazard transportation to many students who live otherwise within a mile of school. • Technology: The District does not utilize routing software. • The District does not have GPS on its buses. • The District provides radios to drivers to contact drivers while on routes. • The District has security cameras on approximately 50% buses (there is an ongoing project to achieve 100% coverage). • The District does not have stop-arm cameras on buses. • Activity Buses: The District does not use the State fuel for activity buses. 	<ul style="list-style-type: none"> • Consider furthering the spread of staggered bell times to increase availability of individual bus capacity.
Collaboration	<ul style="list-style-type: none"> • The District does not collaborate with surrounding districts. 	<ul style="list-style-type: none"> • Consider partnering with districts that are also transporting children to other out of district placements.

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

EDGEFIELD

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

EDGEFIELD

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.

APPENDIX A: SAVINGS METHODOLOGY

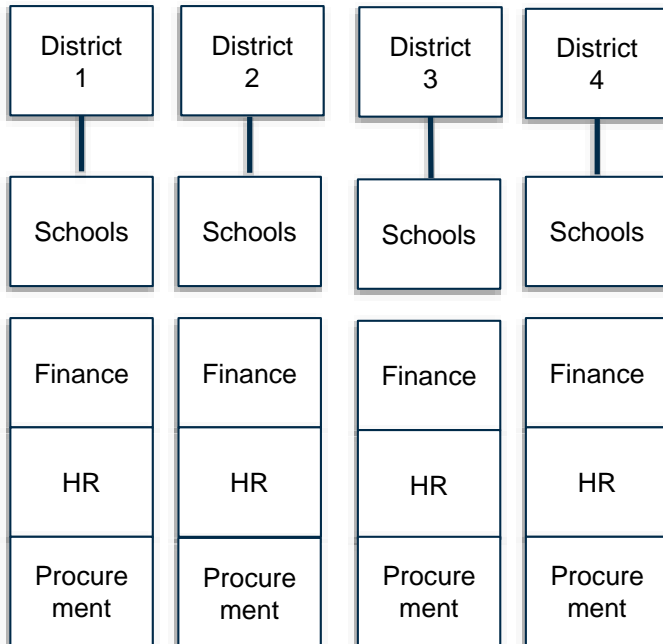
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COLLABORATION: SHARED SERVICE MODELS

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.

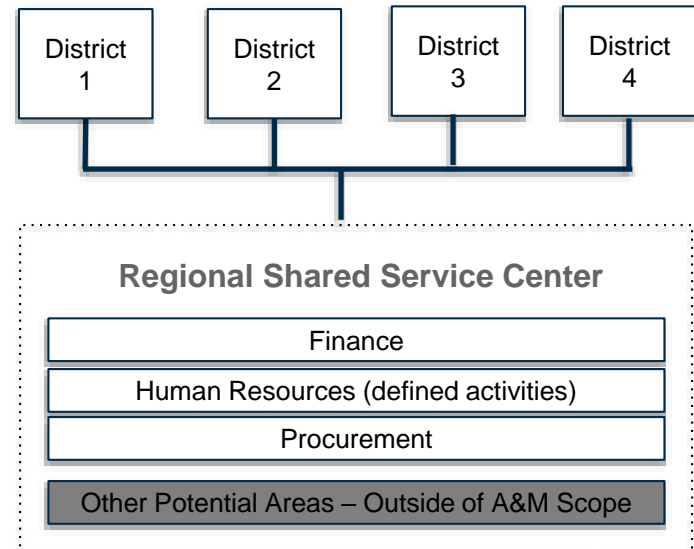
CURRENT STATE: STAND ALONE DISTRICT

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

EDGEFIELD

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).

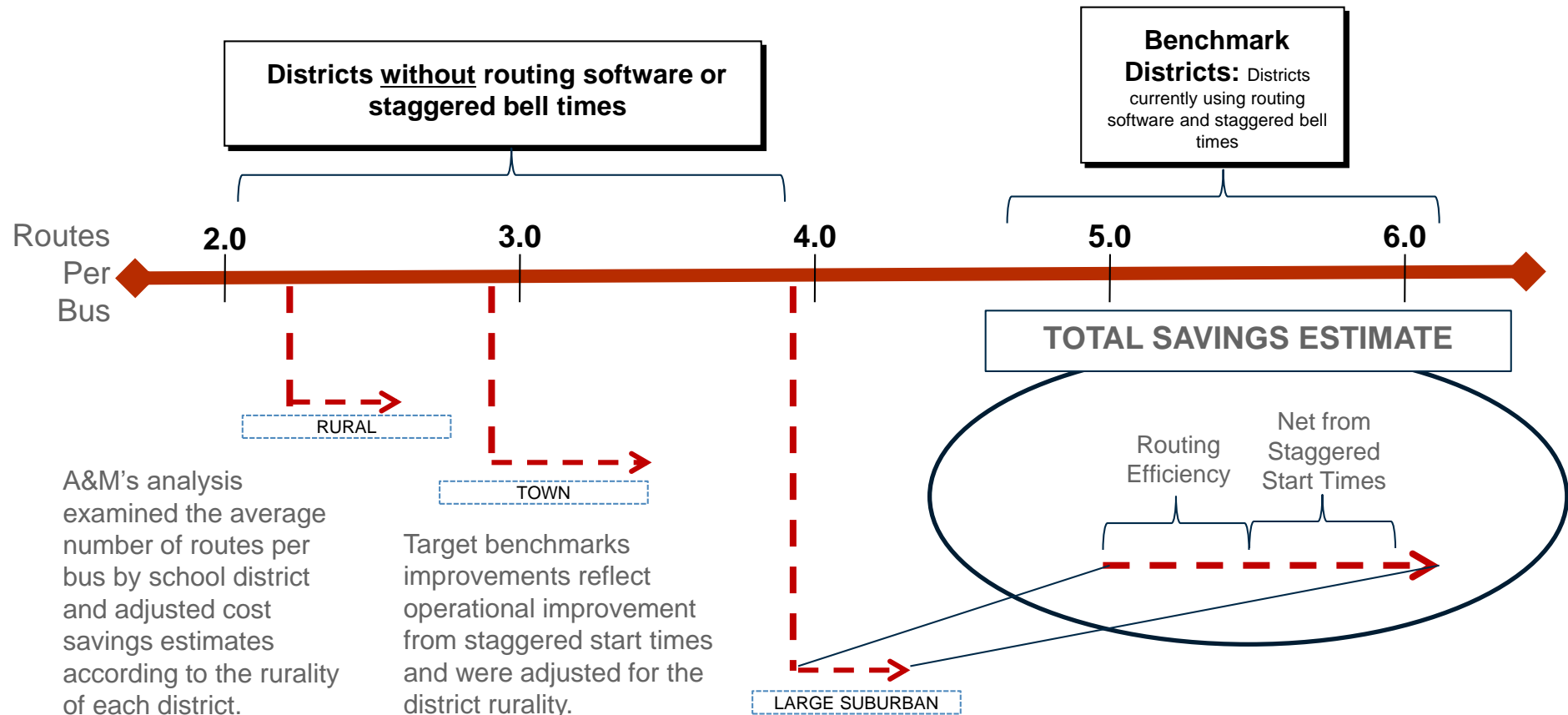
Preliminary estimates, excluding costs of one-time investments related to technology and organizational changes, of potential savings from collaboration of financial management functions across districts range from 8.9% to 30.1%.

APPENDIX A: SAVINGS METHODOLOGY

EDGEFIELD

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

EDGEFIELD

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

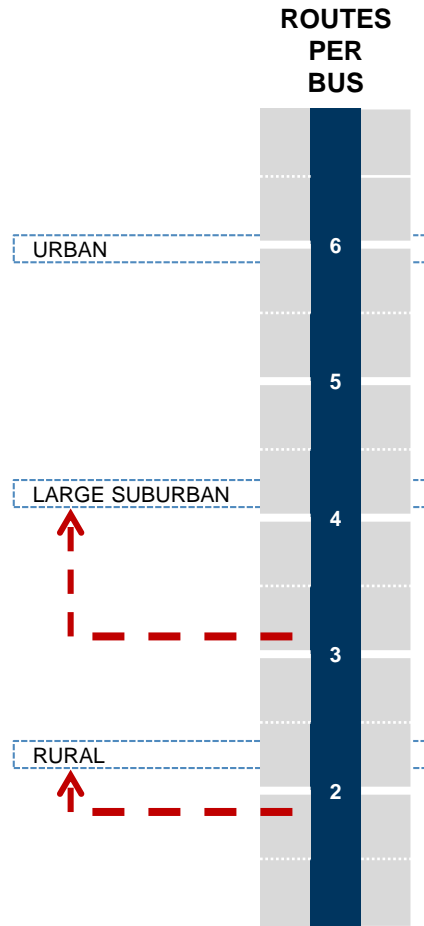
EDGEFIELD

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

Savings from Increased Utilization:

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

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



DISTRICT EXAMPLE COST SAVINGS OPPORTUNITIES FROM STAGGERED SCHOOL START TIMES

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

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

APPENDIX A: SAVINGS METHODOLOGY

EDGEFIELD

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

EDGEFIELD

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

EDGEFIELD

[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 EDGEFIELD

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 EDGEFIELD

Source [5]

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

Source [3],[7]

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

Source [5],[7]

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

Source [9]

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

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