



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Fairfield

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

FAIRFIELD

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

FAIRFIELD

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

FAIRFIELD

PROJECT OVERVIEW (CONTINUED)

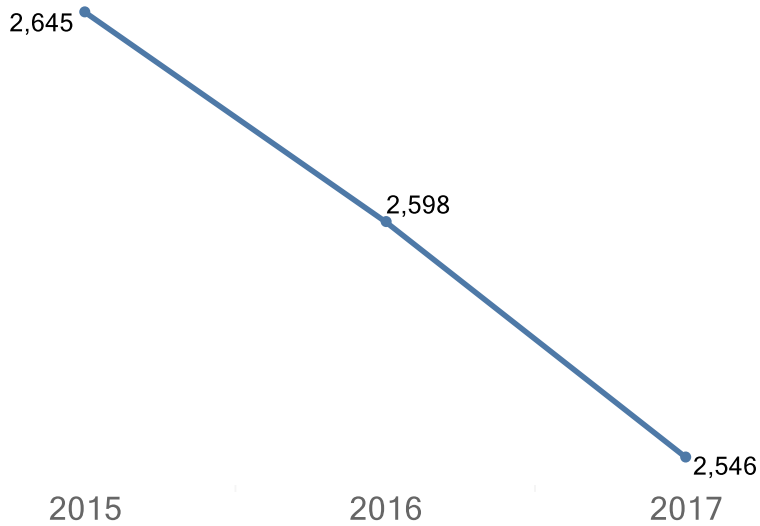
➤ Sources of Data and Savings Estimates:

- 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.

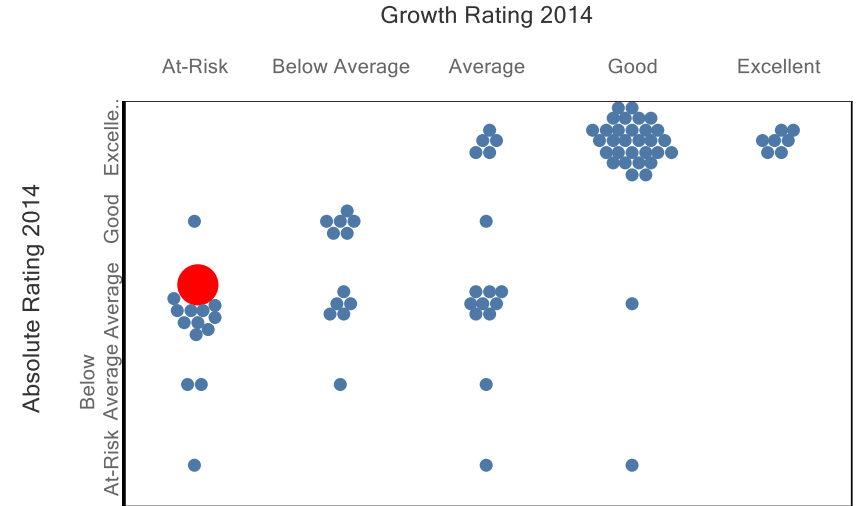
EXECUTIVE SUMMARY

FAIRFIELD

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	7
% Poverty ^[1]	83.7%
% Disability ^[1]	6.3%
\$ Per Student ^{[2],[3]}	\$20,444
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$17,307

Administration

Students Per Instructional Services FTE ^{[2],[4]}	5.6
Students Per Overhead FTE ^{[2],[4]}	97.9
Students Per School Support FTE ^{[2],[4]}	18.8
Students to Total FTE ^{[2],[4]}	4.1

EXECUTIVE SUMMARY

FAIRFIELD

Sources of Funds^[5]
\$50.9M



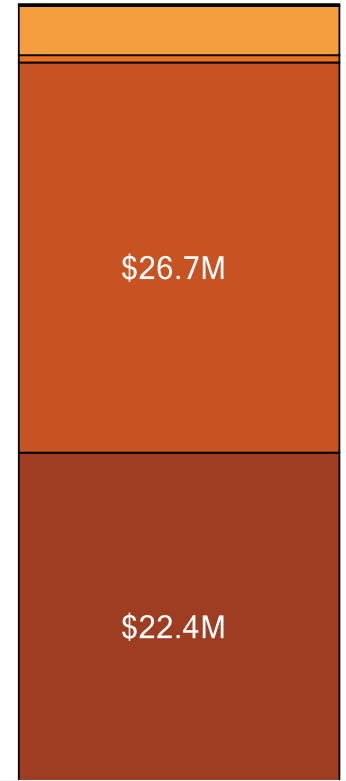
2015-2016

Use of Funds - Type^[3]
\$53.1M



2015-2016

Use of Funds - Function^[3]
\$53.1M



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

FAIRFIELD

\$53.1M
Total

\$8.6M
In-Scope

\$44.5M
Not In-Scope

16.2% of total spend is within scope of the efficiency review:

	In Scope Spend ^[3]	Procurement Component
Finance	\$726,481	\$107,162
Human Resources	\$434,429	\$47,203
Overhead	\$485,824	\$190,972
Transportation	\$1,578,262	\$106,143
Procurement (Community Services, Instruction, Support Services)	\$5,359,360	\$5,359,360
TOTAL	\$8,584,356	\$5,810,840

EXECUTIVE SUMMARY

FAIRFIELD

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

- **Student Achievement:** Increase academic performance and test scores at all levels by providing additional resources and opportunities to students, including expansion of the 1:1 digital learning initiative and curriculum updates/refinement.
- **College & Career Readiness:** Expose students to alternative career opportunities through a variety of partnerships and curriculum offerings.
- **Modernization:** Ensure that students have access to digital tools and resources for blended learning and 21st century learning opportunities through expansion of the Digital Learning Initiative and virtual learning opportunities.
- **Community Relations:** Cultivate home and school relationships to increase parent involvement and awareness by providing workshops, conducting bi-annual conferences, using multimedia communication, etc.
- **School Climate:** Decrease discipline infractions by all students through the establishment of a system to monitor and update facilities, enforcement of the uniform code of conduct, and expansion of alternative school programs.

Achievements

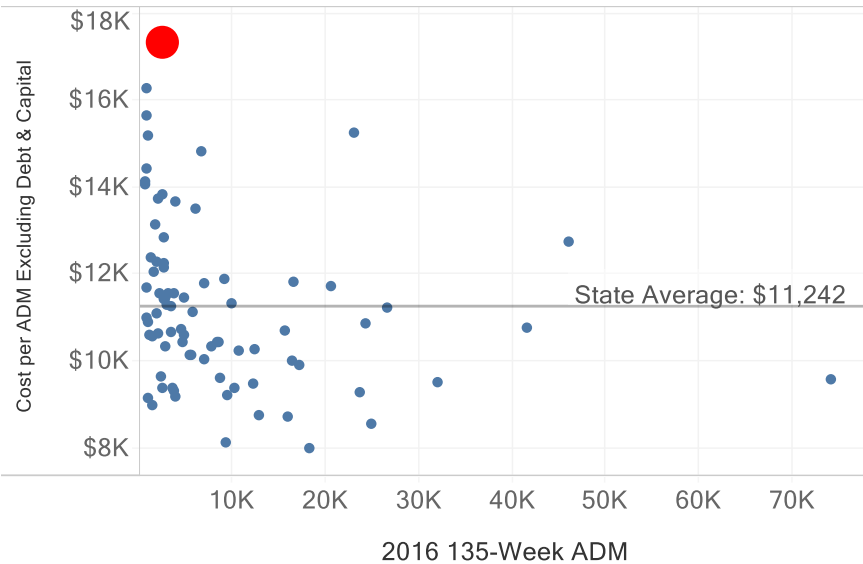
- **Career & Technical Education:** The District recently built a new CATE center and is renovating the old facility for adult education, transportation and main office use.
- **STEM:** The District started a STEM College Academy that partners with Millers Technical College to provide high school graduates with the opportunity to graduate with an associates degree.
- **Academic Programming:** The District has increased their offerings and access potential for AP and dual credit programs.

Challenges

- **Leadership:** The District has struggled to maintain stability in leadership.
- **Capital Needs:** The District has increasing capital needs due to aging facilities, but does not have the revenue needed for funding.
- **Poverty:** Despite increased tax base revenues due to the nearby nuclear facility, the District still struggles with many of the challenges that accompany high poverty levels.

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

FAIRFIELD

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Financial Management: The District has an unrestricted fund balance of 24.9% which is higher than the state average of 18.6% and a days cash on hand of 176.9 days which is also above the state average of 113 days. • Staffing / Processes: The finance team is large, relative to the District's size, and contains specialized positions within each of the functions it serves. The District attempts to automate financial processes.
Human Resources	<ul style="list-style-type: none"> • Staffing / Processes: The District is heavily staffed compared to peer districts despite automated processes to streamline application, recruiting and onboarding. • Challenges with Recruiting and Retention: The District faces common challenges associated with teaching shortages. The District employs a number of international teachers and teachers who graduation from the SC PACE program.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The State pays directly for new buses, bus maintenance, fuel costs and a portion of bus driver salaries. The majority of districts are grappling with a shortage of drivers. • Manual Routing: The District does not have routing software that can be used to improve route efficiencies.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: The District has two dedicated resources for purchasing activities. • Strategic Sourcing: The District has low leverage with vendors due to low purchasing volumes. The District does not make district-wide purchasing decisions, except for technology.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Office of the Superintendent is adequately staffed with the Superintendent and a secretary. • Collaboration: The District participates in some collaboration with other Superintendents through consortiums.

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

FAIRFIELD

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>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: Expand on staggered bell times: - Complete analysis of expanded bell time impacts (in conjunction with use of routing software) to evaluate potential financial benefits of using routing software.</p>

EXECUTIVE SUMMARY

FAIRFIELD

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

FAIRFIELD

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

FAIRFIELD

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	\$0 -	\$5,000	\$73,700 -	\$221,200
Human Resources	0 -	0	0 -	43,000
Procurement	0 -	0	160,500 -	325,900
Transportation – District	N/A -	N/A	38,000 -	56,000
District Total	0	5,000	272,200	646,100
Transportation – State	18,000 -	63,300	25,500 -	63,900
Total	\$18,000	\$68,300	\$297,700	\$710,000

* 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.

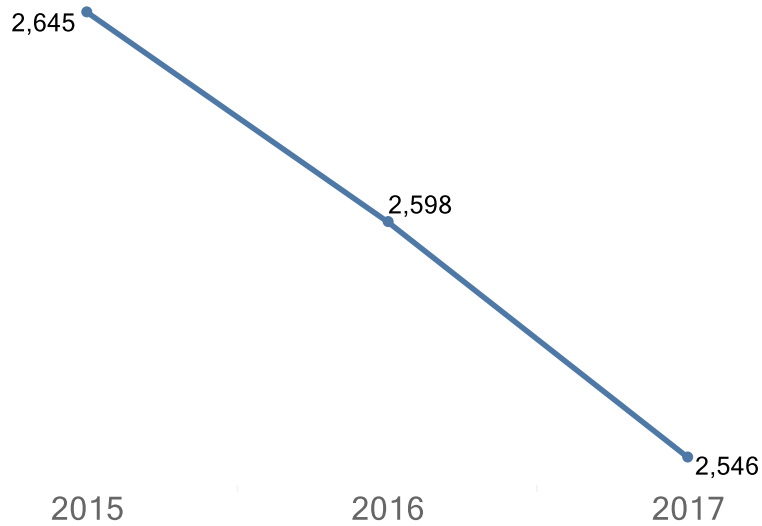


OUTLINE

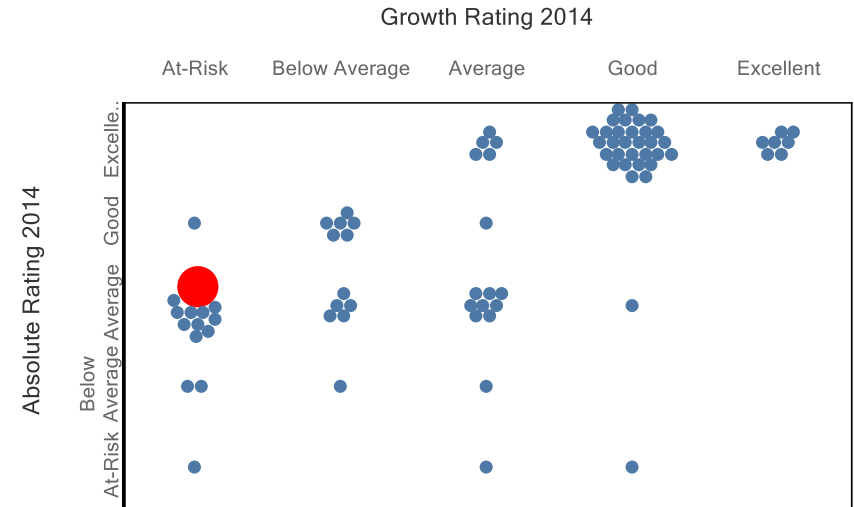
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DISTRICT ADMINISTRATION AND PERFORMANCE FAIRFIELD

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	7
% Poverty ^[1]	83.7%
% Disability ^[1]	6.3%
\$ Per Student ^{[2],[3]}	\$20,444
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$17,307

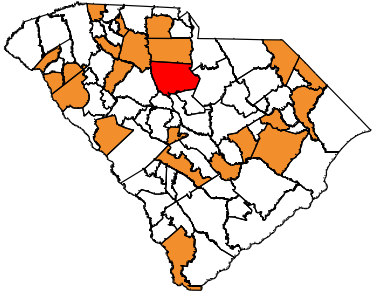
Administration

Students Per Instructional Services FTE ^{[2],[4]}	5.6
Students Per Overhead FTE ^{[2],[4]}	97.9
Students Per School Support FTE ^{[2],[4]}	18.8
Students to Total FTE ^{[2],[4]}	4.1

DISTRICT BENCHMARKING

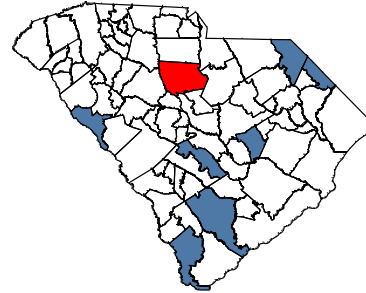
FAIRFIELD

Enrollment (2,500 - 5,000)



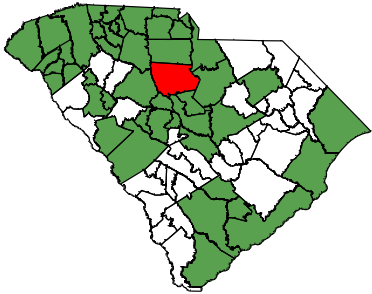
Abbeville 60	Lexington 04
Anderson 02	Marion 10
Anderson 03	Marlboro
Anderson 04	Orangeburg 03
Chester	Orangeburg 04
Clarendon 02	Spartanburg 01
Dillon 04	Spartanburg 03
Edgefield	Spartanburg 04
Fairfield	Union
Florence 03	Williamsburg
Jasper	York 01
Laurens 56	

Poverty (80% - 85%)



Clarendon 02
Colleton
Dillon 04
Fairfield
Jasper
Marlboro
McCormick
Orangeburg 05

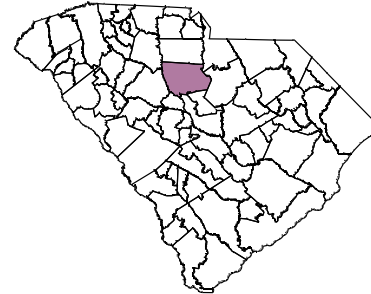
Phase 1 (No)



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	Newberry
Cherokee	Oconee
Chester	Pickens
Colleton	Richland 01
Darlington	Richland 02
Dorchester 02	Spartanburg 01
Dorchester 04	Spartanburg 02
Edgefield	Spartanburg 03
Fairfield	Spartanburg 04
Georgetown	Spartanburg 05
Greenville	Spartanburg 06
Greenwood 50	Spartanburg 07
Greenwood 51	

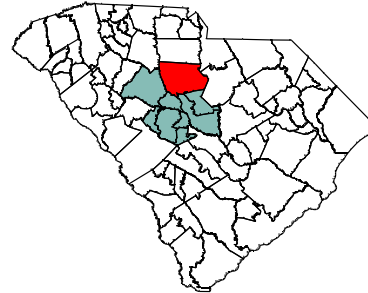
Sumter
Union
York 01
York 02
York 03
York 04

County (Fairfield)



Fairfield

Region (Central Midlands)



Fairfield
Lexington 01
Lexington 02
Lexington 03
Lexington 04
Lexington/Richland 05
Newberry
Richland 01
Richland 02

DISTRICT OVERVIEW FAIRFIELD

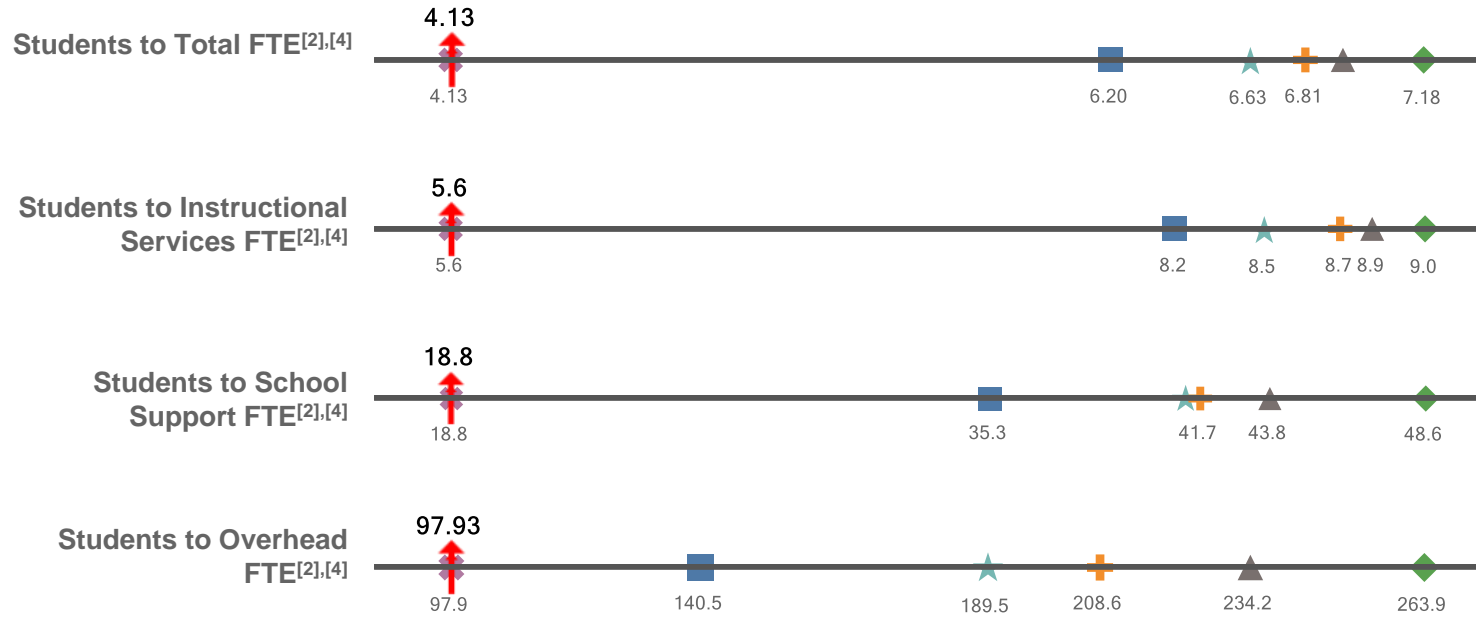
KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

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 FAIRFIELD

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

DISTRICT OVERVIEW AND OVERHEAD FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Enrollment Trends	<ul style="list-style-type: none"> • 3-year Enrollment Trend: The District's enrollment has decreased by 99 or 3.7% over the past 2 years. • Student Demographics: The District has a high poverty rate of 83.7% relative to the statewide average of 68.4% and has a low disability percentage. • Competition: There is a State charter school within Fairfield County. They compete with the District for enrollment. • Other Demographic: The District's high poverty rate is partially offset by the nearby nuclear facility that heavily increases the tax base, but it does not serve to mitigate other challenges in addition to funding that occur within high poverty districts. • Long-term Planning: The District does not prepare long term enrollment projections to help inform long-term planning. 	<ul style="list-style-type: none"> • 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.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Per Pupil Expense: When excluding debt and capital, the District has a high per pupil expense of \$17,307 relative to the statewide average of \$11,242 and the enrollment band average of \$11,362. • Unrestricted Fund Balance: The District has an unrestricted fund balance that is 24.9% of revenues. The fund balance is significantly above the statewide average of 18.6% and the enrollment band average of 18.9% resulting in strong financial flexibility and stability. 	<ul style="list-style-type: none"> • The District should evaluate possible one-time uses of excess fund balance. Funds could potentially be used on capital improvements or one-time investments in academic programs. Use of the fund balance should still be prudent and the District should ensure the fund balance does not dip below 15% to 18%

DISTRICT OVERVIEW AND OVERHEAD FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> • Student to FTE: The District's Student to Total FTE ratio of 4.1 is significantly lower than both the statewide and enrollment band averages. • Student to Instructional Services FTE: The Student to Instruction ratio of 5.6 is lower than both statewide and enrollment band averages indicating smaller class sizes in the District. • Student to School Support FTE: The Student to School Support ratio of 18.8 is lower than both statewide and enrollment band averages. • Student to Overhead FTE: The Student to Overhead Ratio of 97.9 is lower than both statewide and enrollment band averages. 	<ul style="list-style-type: none"> • The District is heavily staffed compared to peer districts. The District should begin to bring staffing levels in line with peer benchmarks through reallocation of staff toward instruction and through attrition.
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Superintendent has 14 direct administrative reports that include: (a) Deputy of Superintendent of Academics; (b) District Level Directors; (c) District Level Coordinators & Supervisors; (d) School Level Directors; (e) Board Clerk & Executive Assistant. In addition, the Superintendent works with the Deputy Superintendent for the oversight of all principals. • Communications Function: The District has a staff member dedicated to Public Relations within the Office of the Superintendent. 	<ul style="list-style-type: none"> • The District should evaluate streamlining the number direct reports to the Superintendent to enhance governance and organization performance.

DISTRICT OVERVIEW AND OVERHEAD FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization (cont'd)	<ul style="list-style-type: none"> • Legal: The District has no legal department. If legal advice is required, the District retains outside counsel to provide support. • Turnover: The Superintendent has overseen the District for the past 5 years, which is the longest tenure that a Superintendent has had in over 25 years. The District has previously struggled with maintaining stability in leadership positions. 	<ul style="list-style-type: none"> • Given historical turnover in the Superintendent's position, the District should establish a succession plan to ensure past progress is embedded long-term in the organization.
Board of Directors	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are paid \$420 annually. • Board Composition: The Board is comprised of 7 members who each oversee a geographic area within the District. Three of the board members serve as Board Chair, Board Vice Chair and Board Secretary. • Training: Board members are encouraged attend training beyond the annual State required training, however they are not required to. 	<ul style="list-style-type: none"> • Require that Board Members attend training to enable members to become impactful members.
Philanthropy and Business Engagement	<ul style="list-style-type: none"> • Partnerships: The District currently has a limited number of partnerships with local area businesses and philanthropic organizations. The County does not house many businesses, however, some local businesses have run an afterschool program for schools in the past. The District recently established a foundation to facilitate more local engagement and support. 	<ul style="list-style-type: none"> • The District should consider establishing a Business and Community Engagement function within the District Office to maintain and cultivate philanthropic and business relationships which will generate additional funding and support.

DISTRICT OVERVIEW AND OVERHEAD FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	<ul style="list-style-type: none"> • Consortiums: The District's Superintendent coordinates to some extent with other regional superintendents through participation in the Olde English Consortium. • Career Center: The District does not have a shared career center. • Special Education: The District does not coordinate with other area districts on Special Education programs • Headcount: The District does not share FTEs with area districts. • The District shares SRO's with the local police. The District funds salaries and benefits for these shared resources. 	<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 shared Chief Development Officer across districts, possibly through the Olde English Consortium.



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FINANCIAL MANAGEMENT OVERVIEW

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

364 : 1

District Students (ADM)^[2]

Financial
FTE^[4]

\$280 per Student

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

Key statistics for metrics

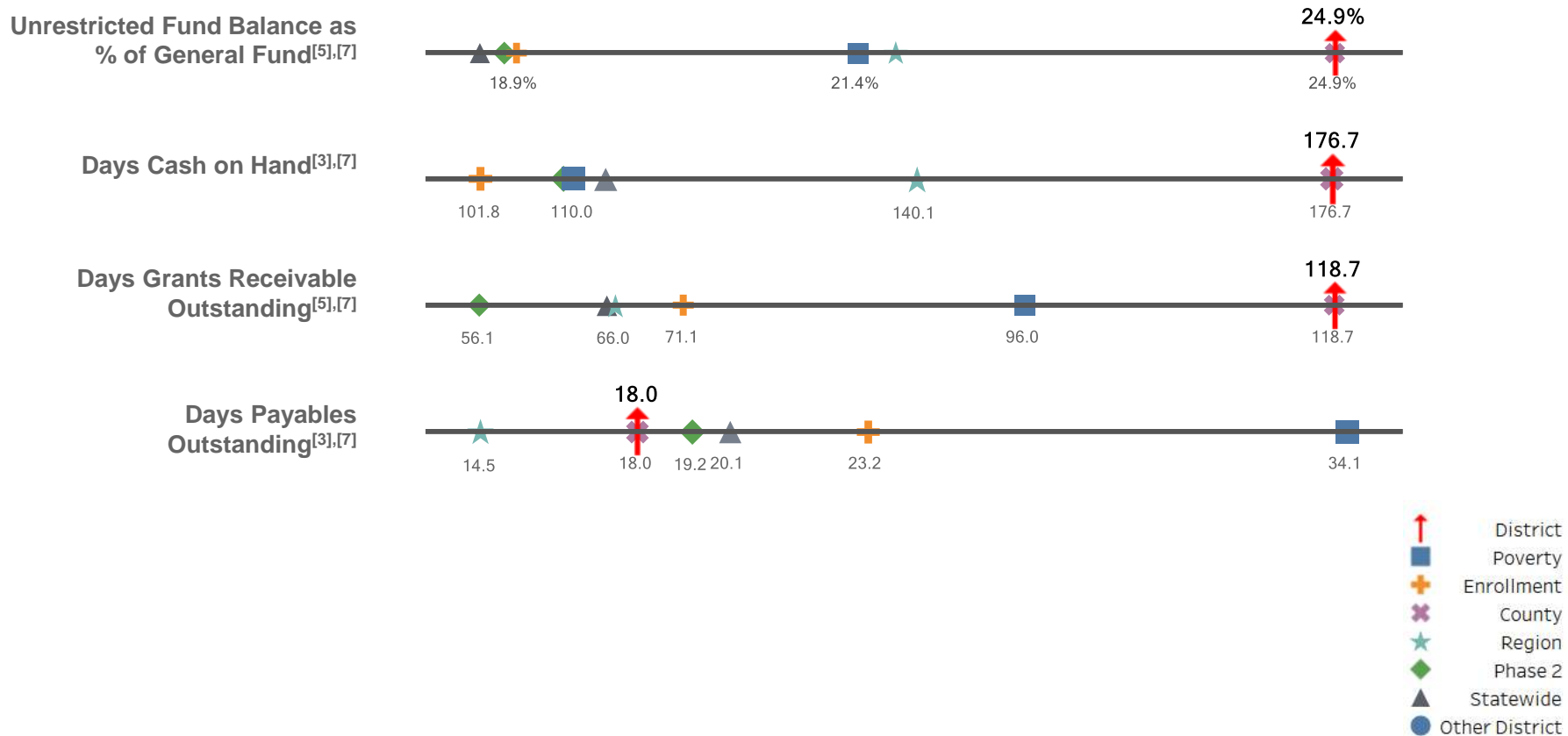
Financial FTEs ^[4]	7.0
Personnel Expense ^[3]	\$619,319
Non-Personnel Expense ^[3]	\$107,162
Total Financial Expense ^[3]	\$726,481

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 FAIRFIELD

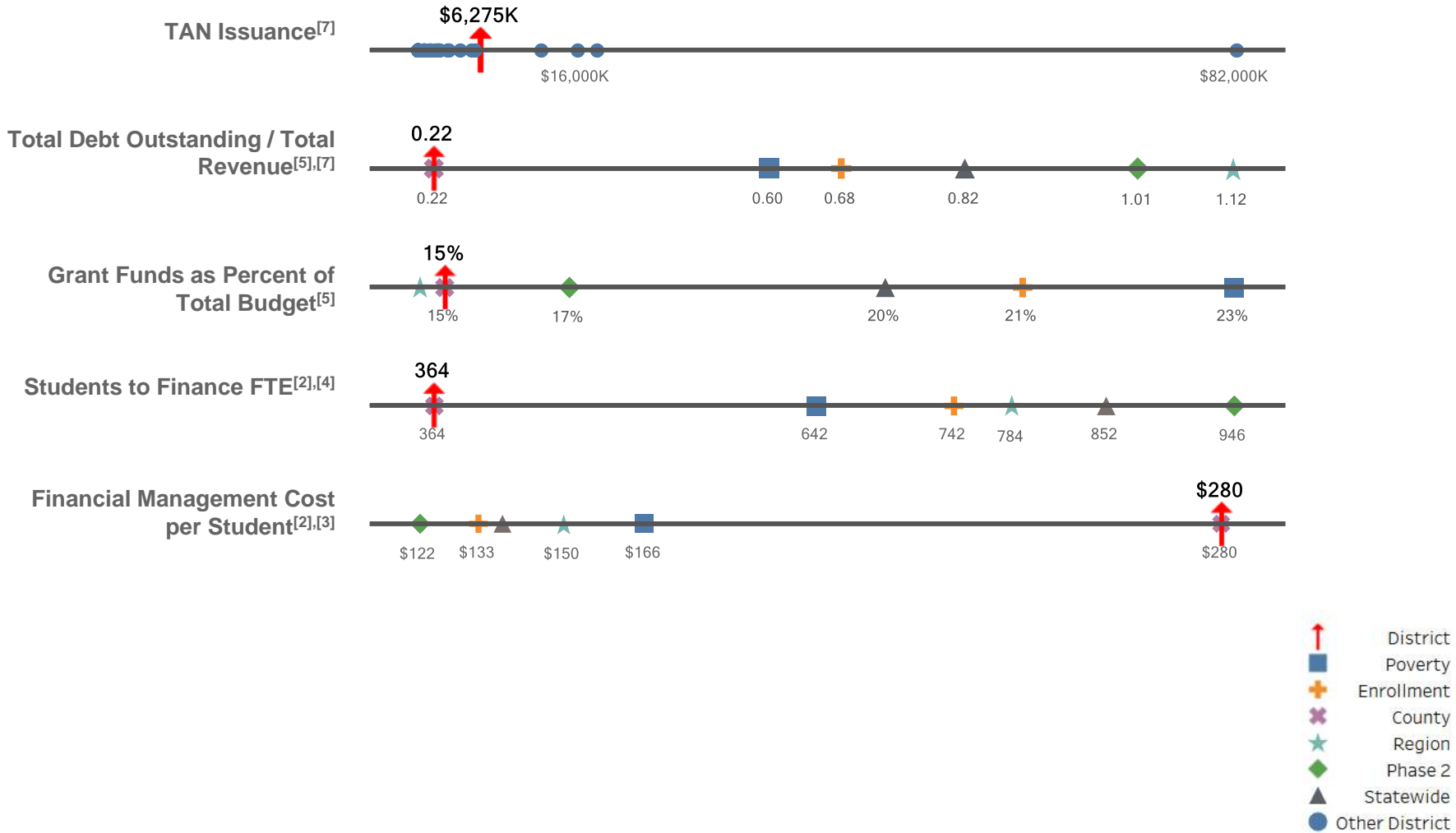
KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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 FAIRFIELD

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



FINANCIAL MANAGEMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Finance team is large, relative to the District's size, and contains specialized positions within each of the functions it serves. • Turnover: The Finance director has been in his role for 10 years and has an extensive background in supporting school finance functions. • Finance Cost Per Pupil: The Finance Cost Per Pupil for the District of \$280 is high relative to the statewide average of \$138 and enrollment band average of \$133. • Student per Finance FTE: The Student to Financial Management FTE ratio of 364 is low relative to the statewide and enrollment band averages, indicating a larger finance department. • District Resources: The District has an FTE dedicated to Medicaid billing that falls within the Student Services Department, but the position is funded out of the finance function code. • School-Based Staff: Each school has an assigned bookkeeper to handle school-based transactions. 	<ul style="list-style-type: none"> • Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions. • The District should begin to bring staffing levels in line with peer district benchmarks through attrition and reallocation of staff toward instruction. • Consider sharing some of the specialized finance staff (Medicaid Biller, Purchasing Agent) with other small districts in the region that could benefit from the additional Finance functions.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<p>Payroll and Accounts Payable</p>	<ul style="list-style-type: none"> • Payroll: The District currently runs payroll on a bi-monthly basis. • Direct Deposit: While a majority of the District’s employees are on direct deposit, 15 of the District’s employees still receive payments via check. • Employee Self-Service: The District currently does not use a self service payroll platform; therefore, employee initiated payroll changes are all processed manually. The District intends to implement an employee self service module and will try to phase all employees to direct deposit as the functionality becomes available. • Timekeeping: Timeclocks are currently being implemented for the management of hourly employee timekeeping. The timeclocks will integrate directly with the Harris SmartFusion payroll module. • Purchasing: All items must be purchased through centralized approval process using a requisition form. Purchases less than \$2,500 can be procured by the school, with the issuance of a requisition and associated purchase order. Any purchase exceeding \$2,500 requires district-level approval. Purchase order workflow approvals are automated through Harris SmartFusion and Doc-E-Fill. • Pcard: The District recently implemented a Pcard program in FY17. 	<ul style="list-style-type: none"> • Require all employees to receive payroll via direct deposit. In addition, eliminate the physical mailing of check stubs to employees and leverage employee self-service functionality available within the Harris SmartFusion system. • Expand and promote the use of the P-card program with a single financial institution to leverage a rebate incentive.

FINANCIAL MANAGEMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	<ul style="list-style-type: none"> • Inventory: The District bar codes large fixed assets for asset tracking that is logged in Harris SmartFusion. The District contracts with an outside vendor to conduct inventory reviews every two to three years. The District does not conduct centralized inventory processes on a more frequent basis. • Warehouse: The District maintains a small room for the storage of furniture for which inventory is taken periodically. • Management: Inventory is managed directly by schools, except for custodial supplies which are managed by the district. • Risk Management: The District has formal risk management policies in place. 	<ul style="list-style-type: none"> • Implement standard policies and procedures around managing physical inventory and ensure that the District Finance organization is part of the overall process. • Conduct centralized inventory reviews on a more frequent, recurring basis.
Grants Management	<ul style="list-style-type: none"> • Grants Revenue %: Grant funds provide 15% of revenue for the District, making them less reliant on grant funds than the statewide average and districts with similar poverty levels. • Federal Funds: A Director of Special Projects and Title I Secretary (outside of Finance) are largely 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. • Indirect Costs: The District charges indirect costs against federal grants at the standard state negotiated rate. • Claims: Reimbursement claims are submitted quarterly. 	<ul style="list-style-type: none"> • Consider hiring a grant writer that can be shared with other nearby districts to help drive applications for competitive grant opportunities. • Require that claims are processed monthly for grants that are eligible for monthly submission in order to: (a) maximize cash flow; (b) identify any potential issues with submissions as early as possible.

FINANCIAL MANAGEMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management (cont'd)	<ul style="list-style-type: none"> • Grants Monitoring: Review of expenditures against grant requirements is conducted by the grants coordinator, with a secondary review performed by the Finance department. 	
Internal Controls	<ul style="list-style-type: none"> • Audit Findings: The District was found to have a material weakness in audited financial statements related to the reporting of students with disabilities for funding allocation. • Mitigation: The District is required to address audit findings to the State which details its strategy to mitigate a recurrent violation. • Position Control: The District utilizes a module within the Harris SmartFusion system for position control to avoid over-hiring / spending. 	<ul style="list-style-type: none"> • Implement annual review of processes to ensure segregation of duties over key areas of internal control.
Cash Management	<ul style="list-style-type: none"> • Days Cash on Hand: The District has a strong cash balance of 176.7 days. • Monitoring: The District reviews cash balances on a monthly basis and performs weekly cash flow forecasting during low-liquidity months. • Grants Receivable Outstanding: The District has a Days Grants Receivable Outstanding of 118.7, which is worse than the statewide average of 65.4. The District submits grant claims quarterly. • Days Payable Outstanding: The Districts Days Payables Outstanding of 18 days is better than the statewide average. 	<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.

FINANCIAL MANAGEMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	<ul style="list-style-type: none"> • Cash: The District invests excess cash balances in the State local investment pool. • Debt: The total debt load as a percent of revenues of 22% is low compared to the statewide average of 82%. • TAN: The District issued a TAN in FY17 of \$6.3 million to assist with liquidity needs during pre tax-receivable low cash months. • SCAGO: The District utilized SCAGO to assist with Tax Anticipation Note issuance efforts. 	<ul style="list-style-type: none"> • Implement recurring cash flow forecast to monitor weekly receipts and disbursements to help maximize investments earnings and minimize draw on TANs.
Budget	<ul style="list-style-type: none"> • Budget Planning: The annual budget process is linked with the annual strategic planning process and is prepared through a zero-based process. The budget team works extensively with school principals and department heads to assess any new needs that are anticipated for the upcoming fiscal year and to determine ideal class sizes. The District does not use a formal resource allocation model. • Fiscal Monitoring: The District produces budget to actual variance reports monthly and meets with key department heads, including the school board, to review expenses. 	<ul style="list-style-type: none"> • Expand the zero-based and / or performance based budgeting approach to expand on the KPIs and workload drivers, estimate central office staff and expenses, and align with the strategic plan.

FINANCIAL MANAGEMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> • ERP: The District currently uses Harris SmartFusion for all general accounting, payroll and accounts payable. The District has also implemented a system for automated timekeeping. The District has been largely able to successfully transition to automation in much of its processes and is using Doc-E-Fill for automatic processes for procurement, including workflow approval of requisitions. • Employee Self-Service: The District does not currently have employee self service functionality but is looking to implement a module within the next year. 	
Regional Collaboration	<ul style="list-style-type: none"> • Collaboration: The District does not coordinate with others in the region on any transaction processing or finance related activities. • Consortiums: The District is part of the Olde English Consortium in which the finance directors of individual districts meet quarterly to discuss various topics. • SC Network: The District participates in South Carolina School Board CFO and finance director discussions quarterly. 	<ul style="list-style-type: none"> • Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the Region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing; and (c) financial system licenses (potential for volume discounts).



OUTLINE

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HUMAN RESOURCES OVERVIEW

The Human Resources function is responsible for managing the District workforce and is directly responsible for teacher recruitment and retention, ensuring proper certification of personnel, supporting benefits management and coordinating personnel transactions.

509 : 1

District Students (ADM)^[2]

Human Resources FTE^[4]

\$167 per Student

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

Key statistics for metrics

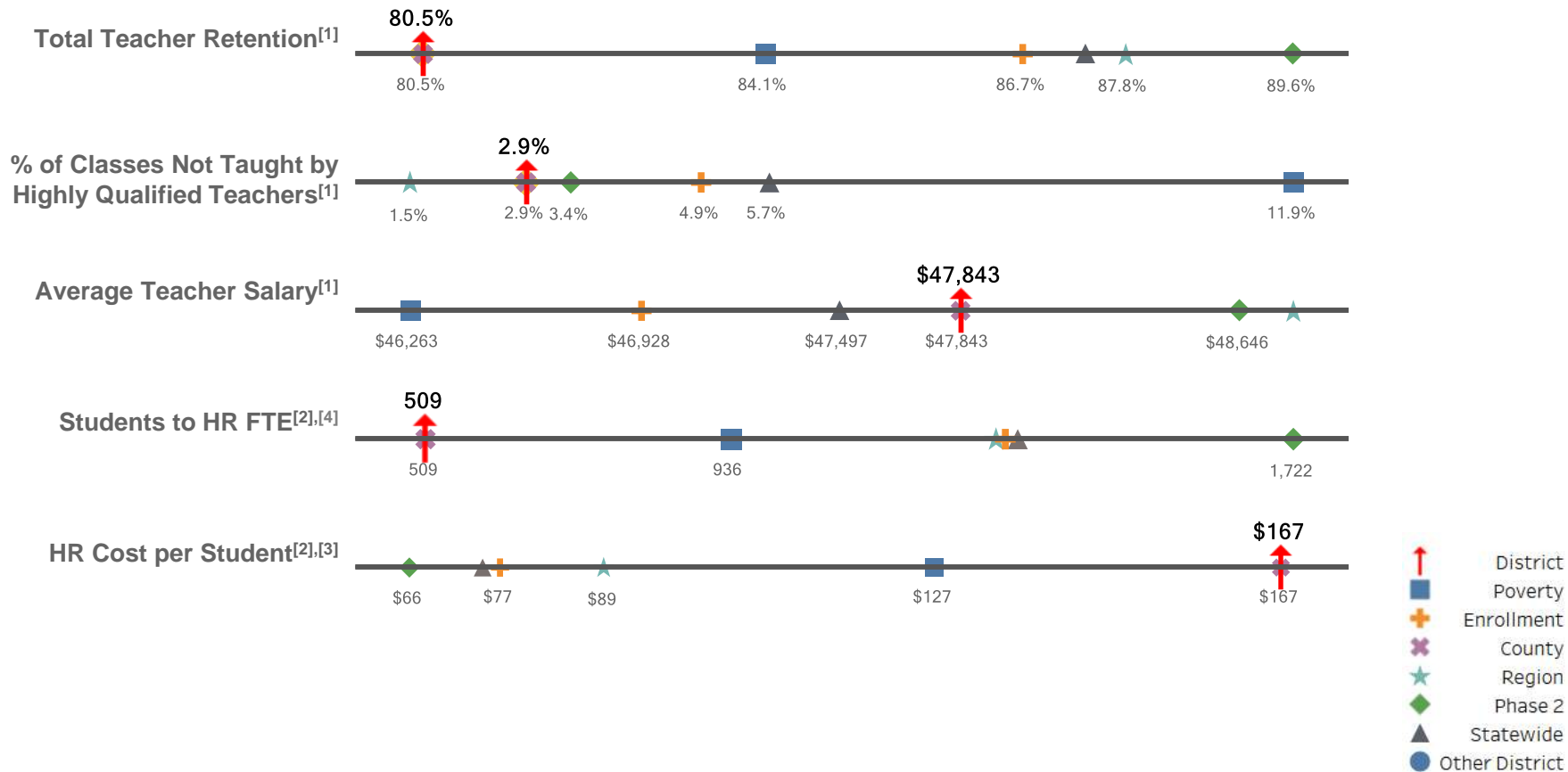
Human Resources FTEs ^[4]	5.0
Personnel Expense ^[3]	\$387,226
Non-Personnel Expense ^[3]	\$47,203
Total Human Resources Expense ^[3]	\$434,429

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 FAIRFIELD

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 FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The District is heavily staffed compared to peer districts. • Student Per Human Resources FTE: The Student per HR FTE ratio of 637 is low relative to both the statewide and enrollment band averages, indicating a larger HR department. • Human Resources Cost Per Pupil: Due to the large size of the HR department, per pupil expense of \$167 is very high relative to districts with similar levels of enrollment of \$76.7 and the state average of \$74. 	<ul style="list-style-type: none"> • Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions. • As processes become increasingly automated, benefits administration in particular, assess the department's staffing model and consider streamlining/further specialization of employees in the department.
Recruiting and Retention	<ul style="list-style-type: none"> • Teacher Shortage: Similar to other school districts in the State, recruiting teachers into the District is challenging. The District currently employs 17 international teachers (5% of the total instructional staff) and leverages 2 different agencies to provide these positions. In addition, the District leverages staffing agencies to fill hard to staff services such as physical therapy and occupational therapy. • Recruiting: The District primarily leverages the State alternative certification program pipeline and international teachers on J1 visas. The District also utilizes university partnerships to attract and retain teachers. • Avg. Teacher Salary: The average teacher salary is above the state average but below the regional average. 	<ul style="list-style-type: none"> • 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. • Consider increasing the average incoming teacher salary to the regional average to incentivize potential hires to join the district.

HUMAN RESOURCES FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting and Retention	<ul style="list-style-type: none"> • Vacancies: The District currently has 2 mid-year teacher vacancies that resulted from a breach of contract. Sudden departures are increasingly becoming an issue. • TERI Expiration: The District currently rehires retired teachers based on the Superintendent’s discretion. The District is currently unsure of how the program expiration will affect teacher headcount. 	<ul style="list-style-type: none"> • Anticipate increased staffing needs in FY19 based on TERI program expiration and begin recruitment process early to avoid mid-schoolyear vacancies. • Continue to conduct exit interviews to gather information on the causes of employee attrition and use the results of the process to formulate an effective teacher retention plan.
Technology	<ul style="list-style-type: none"> • HR Software: The District leverages AppliTrack software systems for recruiting and application screening. • Substitute Management: The District uses the Frontline – AESOP absence management system that communicates with Kelly Services for outsourced substitute management. 	

HUMAN RESOURCES FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Benefits	<ul style="list-style-type: none"> • Administration: Administration is typically done by a Benefits Coordinator. • Ineligible Dependents: The District has a State-mandated process with PEBA to conduct a local review of benefit plans for ineligible dependents. The District must provide proof of eligibility. 	<ul style="list-style-type: none"> • Benefits administration process could be automated via establishment of an employee self-service portal. Employees could be responsible for updates and information would be linked directly to payroll.
Collaboration	<ul style="list-style-type: none"> • Consortiums: The District participates in the Olde English Consortium which provides a lot of Professional Development opportunities to the District's employees in conjunction with employees from other participating districts. • Collaboration: The District does not collaborate with other nearby school districts on human resource system licenses or arrangements with international or local staffing agencies. 	<ul style="list-style-type: none"> • Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the Region. This could include: <ul style="list-style-type: none"> - Benefits Coordination - Human Resources System Licenses (Frontline) - H1B Process for International Teachers



OUTLINE

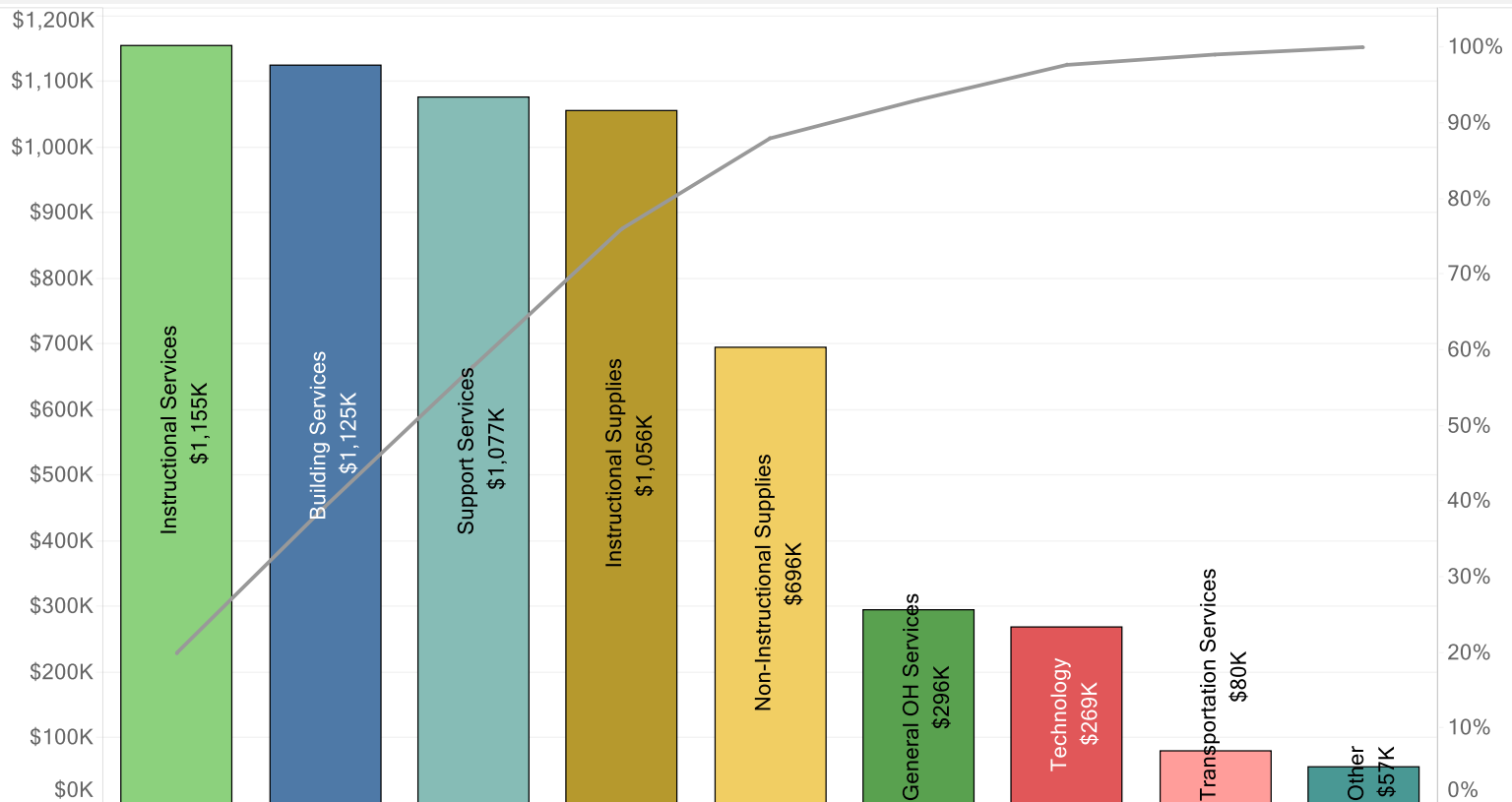
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PROCUREMENT FAIRFIELD

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.

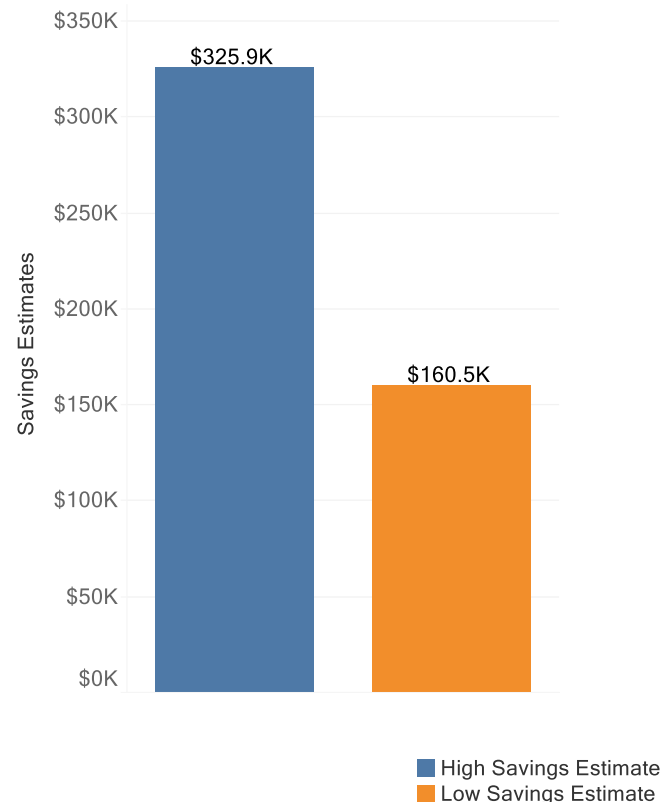
District In Scope Total Procurement Spend^[3] = \$5,810,840



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 FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> • Organization: The District has two full time resources focused directly on procurement and is able to rely on these resources to maximize purchasing activities. • The procurement function manages the P-Card program and reconciles pupil activity funds. All requisitions for pupil activity must be approved centrally by the procurement office. • School-Based Staff: School-based bookkeepers oversee the de-centralized purchasing that occurs within the Pupil Activity Fund. 	<ul style="list-style-type: none"> • Assess the department’s staffing model and consider streamlining/further specialization of employees in the department. • Consider sharing these resources with other small districts in order to streamline operations and reduce overall departmental costs. See General Collaboration and Regional Collaboration below.
Spending by Vendor	<ul style="list-style-type: none"> • Vendors: Spending is fragmented across more than 1,000 vendors; however, the top 90 make up more than 80% of total spending. • Attracting vendors and taking advantage of collaborative purchasing opportunities is challenging due to the District’s small size. 	<ul style="list-style-type: none"> • Standardize requirements and specifications for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power within the District and enable volume pricing discounts. Contract options may take the form of: (a) state contracts; (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts. • The procurement function should conduct ongoing analysis of non-personnel spending, including review of spending by transaction and dollar volume to determine potential candidates for formal contracting and price negotiation to enable better pricing and cost savings. Examples of metrics that could inform analysis include: (a) vendor concentration (# of vendors comprising 80% of spend); (b) % of vendor spending negotiated through formal RFP process; (c) average POs per vendor. • Perform annual review of vendor performance (on time, complete, quality) to assess opportunities to reduce or eliminate non-value add services.

PROCUREMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Vendor (cont'd)	<ul style="list-style-type: none"> • Aggregated Purchasing Decisions: Spending efforts are made based upon the individual buyer, with local optimization the main priority. Apart from custodial supplies, schools are largely purchasing supplies independent of the District. Aggregated purchasing decisions across districts are not made. 	<ul style="list-style-type: none"> • The District should make aggregate purchasing decisions on behalf of schools for supplies that are commonly used such as paper goods and instructional material. Making large-scale purchases as a district can better leverage a volume-pricing incentive. • Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts. • Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts • Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include: (a) Food (if not currently using GPO, Supplies, Technology). Based upon experience across other school systems and districts, purchases made through suitable Group Purchasing Organizations for supplies and equipment typically yield savings.

PROCUREMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	<ul style="list-style-type: none"> • Building and Maintenance: The District utilizes a cooperative agreements for the purchase of furniture and carpet/flooring. • Food Services: The District purchases dairy and bread through the South Carolina Purchasing Alliance. • Instructional Support Services and Supplies - Procurement Exemptions: The District does not require procurement of instructional support software and services to be placed out to bid. The District generally acquires these services and supplies through sole source due to customized software needs. Additionally, the District does not procure these services and software in collaboration with any other districts. • Staffing Agency: The District currently relies on a contract with Kelly Services for the outsourcing of their substitute services. • Technology – Standardization: The District is expanding its 1:1 initiative and is leveraging a state contract with reseller CDW Government Inc. to make its Chromebook purchases. The District does not coordinate technology purchases with other nearby districts. 	<ul style="list-style-type: none"> • Coordinate purchasing if facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts. • Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts. • Standardization of Technology: The greatest saving potential can be realized through rollout of low cost/high quality technology options that are standardized across a geographic region. Standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. Decisions made by individual districts regarding roll-out of 1:1 initiatives vary greatly in cost per device and total cost of ownership.

PROCUREMENT FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category (cont'd)	<ul style="list-style-type: none"> • Non-instructional Supplies - Contracting Vehicles: The District purchases the majority of its non-instructional supplies using state contracting vehicles, namely the Staples Business Advantage contract through which they receive rebates on all purchases. State contracts are used for paper, office supplies, furniture and custodial supplies. 	
Regional Collaboration	<ul style="list-style-type: none"> • Collaboration: The District is a part of the South Carolina Purchasing Alliance (SCPA) and does limited collaboration with other districts to procure goods and services through consortiums, but does not employ formal partnerships with guaranteed volume or participation levels with other districts to procure goods and 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



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TRANSPORTATION FAIRFIELD

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]

\$607 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	48.5
Personnel Expense ^[3]	\$1,471,396
Non-Personnel Expense ^[3]	\$106,866
Total Transportation Expense ^[3]	\$1,578,262

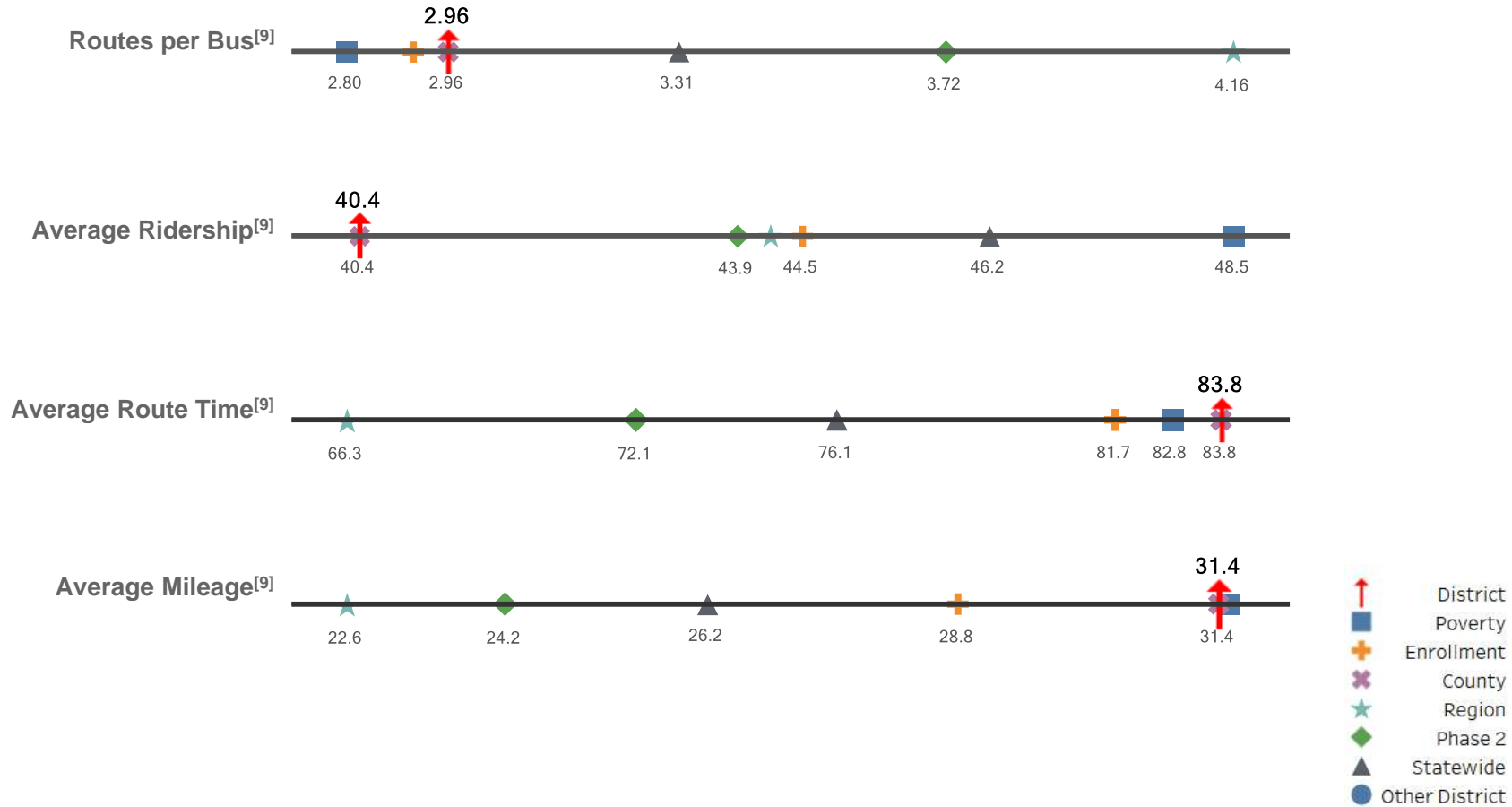
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

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	31.1	92	3.0	3,717	40	84	31
Special Needs	4.7	10	2.1	97	10	Not-Available	51
Other	5.6	22	4.0	69	3	Not-Available	21
Total	41.3	124	3.0	3,883	N/A	N/A	N/A

TRANSPORTATION FAIRFIELD

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 FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Administration: Transportation is run by one director with the support of a bookkeeper. • Recruiting: Unlike most other districts in the state, the District does not have a tough time with recruiting and retaining bus drivers. The more prevalent issue is getting drivers to meet their requirements. • Substitute Pool: The District does have a pool of 25 substitute drivers in addition to 2 floater drivers that can fill in for any route. • Dual-Employment: 13 Bus Drivers are employed as aides or food workers to offer full employment opportunities at the District. • Staggered Routes: The District runs staggered bus routes. Given that all schools start at the same time, students regularly arrive at school up to an hour before school starts. • Driver Pay: Bus drivers are currently paid a starting rate of \$12.22, approximately \$4.50 above state reimbursement levels • Maintenance: A part time mechanic is used to offer bus maintenance services and training to career center students. 	<ul style="list-style-type: none"> • Use an automated calling system to fill needed driver substitute vacancies. • Implementation of staggered bell times will allow for 1) a reduction in the number of drivers needed, 2) eliminate the need for double bus runs, 3) reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students

TRANSPORTATION FAIRFIELD

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	<ul style="list-style-type: none"> • Routing Software: The District does not utilize routing software. • GPS: The District has GPS capability on its buses, but they are no longer live. • Driver Communication: The District provides cell phones to administrators and digital radio systems to drivers to contact drivers while on routes. • Security Cameras: The District has 4-way security cameras on all buses. • Stop-Arm Cameras: The District does not have stop-arm cameras on buses. • Activity Buses: The District uses the State fuel for activity buses. 	<ul style="list-style-type: none"> • Implement routing software to ensure most efficient routes. • Utilize GPS, in conjunction with routing software, on buses to monitor bus routes and increase route efficiency.
Collaboration	<ul style="list-style-type: none"> • Collaborate: The District does not collaborate with surrounding districts on transportation. • Homeless Transportation: The District collaborates on out-of-district McKinney-Vento homeless student transportation coordination. 	

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

FAIRFIELD

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

FAIRFIELD

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.

APPENDIX A: SAVINGS METHODOLOGY FAIRFIELD

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.

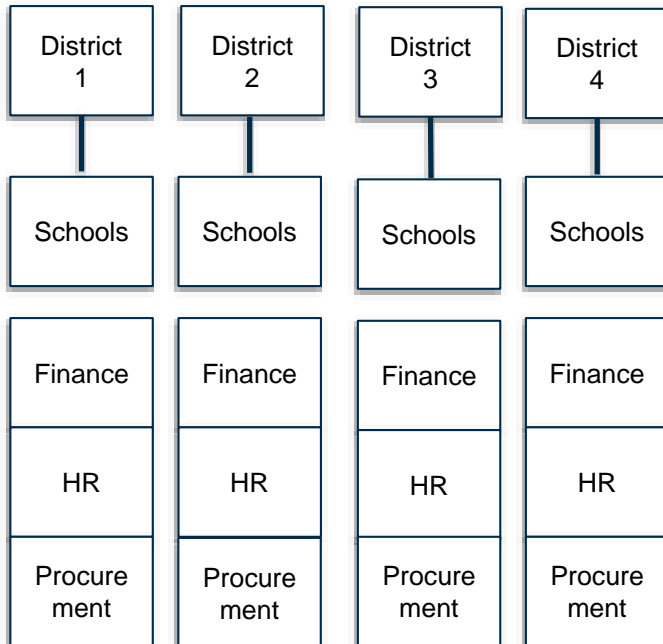
APPENDIX A: SAVINGS METHODOLOGY FAIRFIELD

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.

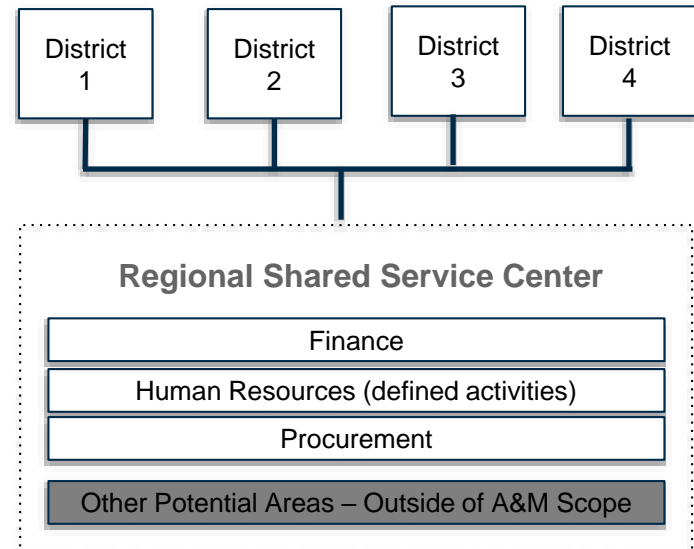
CURRENT STATE: STAND ALONE DISTRICT

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

FAIRFIELD

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%

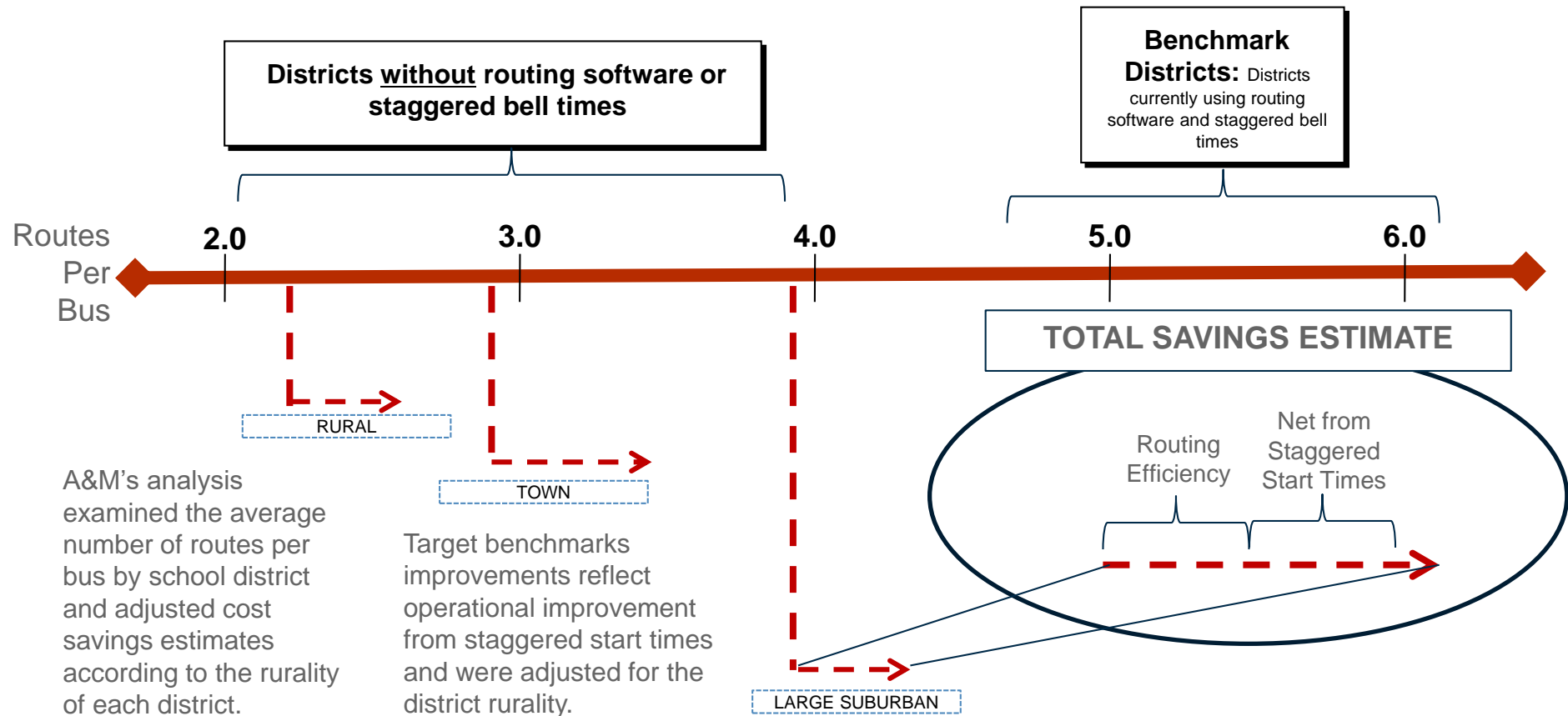
(2) Total FTEs and Total Spend based upon average FTEs and average spend of one large district (>10,000 ADM), one medium district (between 5,000 and 10,000 ADM) and 3 small districts (less than 2,500 enrollment).

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 FAIRFIELD

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 FAIRFIELD

TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

Savings from Routing Efficiencies

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

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

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

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

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

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

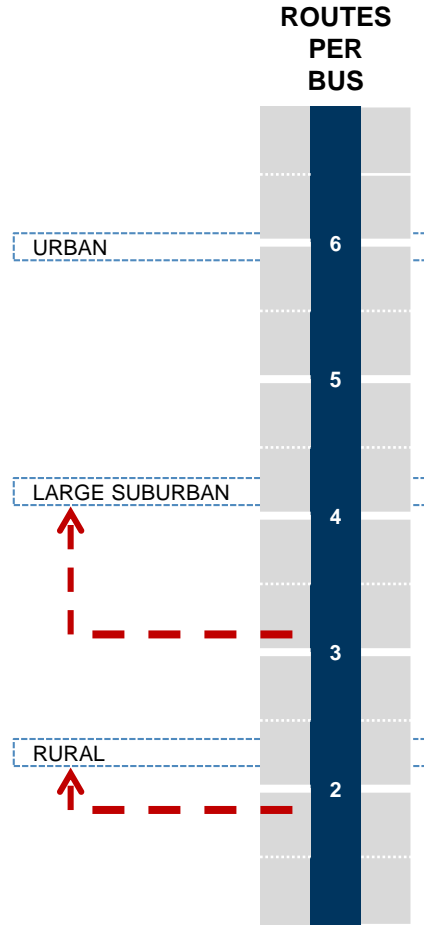
APPENDIX A: SAVINGS METHODOLOGY FAIRFIELD

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 FAIRFIELD

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 FAIRFIELD

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 FAIRFIELD

[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 FAIRFIELD

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 FAIRFIELD

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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