



# ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION  
SCHOOL DISTRICT EFFICIENCY REVIEW

**Florence 02**

**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

## FLORENCE 02

### PROJECT OVERVIEW

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

### PROJECT OVERVIEW (CONTINUED)

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

## PROJECT OVERVIEW (CONTINUED)

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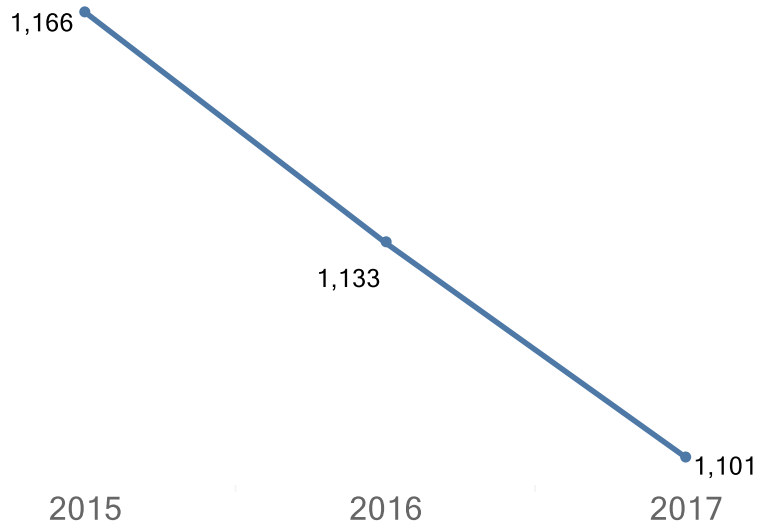
### ➤ Sources of Data and Savings Estimates:

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

# EXECUTIVE SUMMARY

## FLORENCE 02

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



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



### General Info

Number of Schools <sup>[2]</sup>	2
% Poverty <sup>[1]</sup>	68.7%
% Disability <sup>[1]</sup>	16.7%
\$ Per Student <sup>[2],[3]</sup> (Includes \$1 million spend for 1:1 implementation)	\$11,630
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$10,882

### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	7.9
Students Per Overhead FTE <sup>[2],[4]</sup>	367.0
Students Per School Support FTE <sup>[2],[4]</sup>	27.5
Students to Total FTE <sup>[2],[4]</sup>	6.7

# EXECUTIVE SUMMARY

## FLORENCE 02

**Sources of Funds<sup>[5]</sup>**  
**\$13.1M**



2015-2016

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

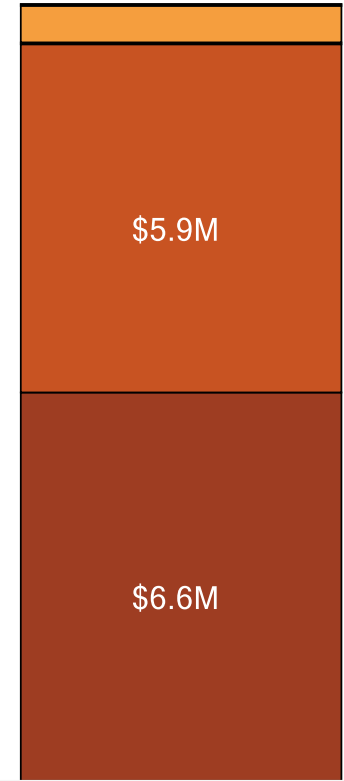
**Use of Funds - Type<sup>[3]</sup>**  
**\$13.2M**



2015-2016

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

**Use of Funds - Function<sup>[3]</sup>**  
**\$13.2M**



2015-2016

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

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## FLORENCE 02

\$13.2M  
Total

\$2.4M  
In-Scope

\$10.8M  
Not In-Scope

*18.3% of total spend is within scope of the efficiency review:*

	In Scope Spend <sup>[3]</sup>	Procurement Component
Finance	\$115,041	\$53,377
Human Resources	\$	\$
Overhead	\$341,542	\$58,974
Transportation	\$248,392	\$33,293
Procurement (Community Services, Instruction, Support Services)	\$1,710,240	\$1,710,240
<b>TOTAL</b>	<b>\$2,415,215</b>	<b>\$1,855,884</b>

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## FLORENCE 02

### GOALS, CHALLENGES & ACHIEVEMENTS

#### District Goals

**Mission:** Florence School District Two (FCSD2) provides the encouragement, motivation, and educational opportunities for every student to prepare for a successful life in an ever-changing world.

1. **Student Learning:** By 2021, 80% of K-2 students will achieve a Ready score on the DRA2. For grades 3-8, 81% of students will perform Exceeding or Ready on all areas.
2. **College and Career Readiness:** By 2021, increase the percentage of college and career ready graduating seniors from 80% to 84%.
3. **Human Capital:** FSD2 will invest in improving teacher quality by increasing the number of teachers with advanced degrees to 70% by 2021.
4. **Parent Satisfaction:** By 2021, increase the percentage of parents satisfied with their students' learning environment from 60% to 80%.
5. **Safety Above All Else:** By 2021, decrease the amount of suspensions/expulsions for violent and/or criminal offenses to 3% from over 7%.

#### Achievements

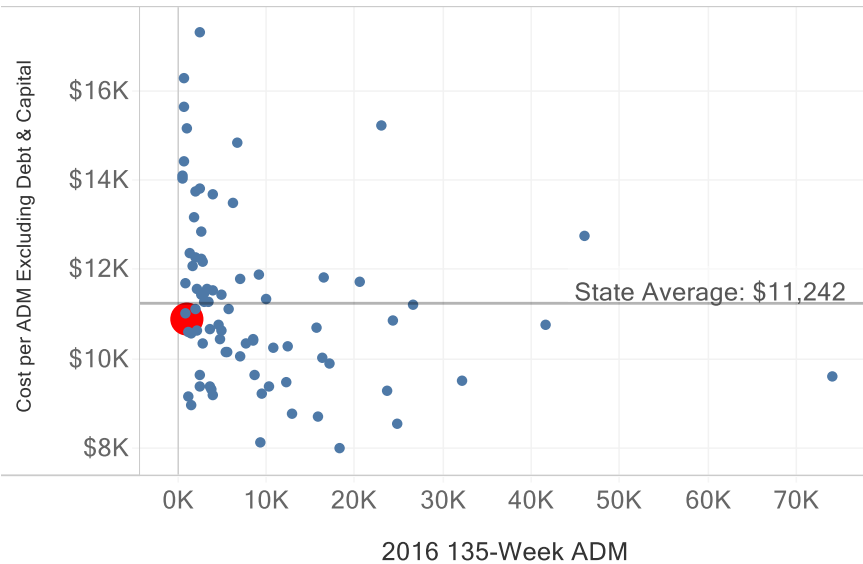
- **College and Career Readiness:** FCSD2 has a strong career and technology program that prepares students for careers in auto tech, biomedical/health sciences, business, finance, and marketing, engineering, electricity, firefighting, masonry, and mechatronics.
- **Student Safety:** FCSD2 has installed video cameras on their buses that have reduced the number of incidents on buses, resulting in a lower suspension/expulsion rate.
- **Instructional Technology:** FCSD2 has provided 100% of students from grades 3-12 with devices. WiFi is available on all buses and student mobile hotspots are available for checkout to complete homework/assignments at home.

#### Challenges

- **Funding:** Act 388 combined with a low millage in Pamplico makes it hard for FCSD2 to raise funds to improve its aging facilities.
- **Recruiting for Shortage Areas:** FCSD2 has a hard time finding teachers in critical needs areas (math, science, and world language), support staff - custodians to keep the facilities clean, bus drivers to transport students, and therapists to help special needs students.
- **Career Options:** There is a lack of local employers and career options for graduating students in Pamplico.

## 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

## FLORENCE 02

### OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
<b>Finance</b>	<ul style="list-style-type: none"> <li>• <b>Staffing / Processes:</b> The Finance organization operates on a lean budget and is thinly staffed to support its scope of roles and responsibilities. The District leverages SmartFusion, but manually tracks time before entering into the system.</li> <li>• <b>Financial Management:</b> The District demonstrates good financial management with above average Days Cash on Hand and no Material Weaknesses.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• <b>Staffing / Processes:</b> The District does not have any staff focused solely on Human Resources. Both the Superintendent and the Deputy Superintendent are very involved with Human Resources. The District does not leverage technology for Human Resources processes.</li> <li>• <b>Recruiting and Retention:</b> The District's average teacher salary is below both the state and regional average. Many of the teachers are former students and are there due to local pride.</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>• <b>Transportation Management:</b> The state directly pays for costs of bus purchasing, maintenance, fuel costs and a portion of driver salaries. Most bus drivers are also custodians and classroom assistants between routes.</li> <li>• <b>Routing:</b> The District does not use staggered release times. All PK-12 students ride the same routes in the morning and the afternoon. The District does not use routing software to evaluate route efficiency.</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• <b>Staffing / Processes:</b> The District does not have resources focused directly on procurement.</li> <li>• <b>Strategic sourcing:</b> The District has collaborated with Florence 1 to leverage volume discounts across both districts to implement a 1:1 initiative, with pricing levels that are better than those provided by state contracts.</li> </ul>
<b>Overhead</b>	<ul style="list-style-type: none"> <li>• <b>Staffing:</b> The District office is very thinly staffed. The Superintendent and the Deputy Superintendent wear many hats and are very involved in every aspect of the District.</li> <li>• <b>Collaboration:</b> The District is part of the Pee Dee Consortium and has collaborated with other districts on a number of projects. The Superintendent has many informal arrangements for collaborating with various districts.</li> </ul>

## RECOMMENDATIONS

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

### **Modernize School District Operations**

- Invest in technology
  - New statewide bus routing software
  - Purchase new or expand existing technologies to minimize “paper-pushing”
  - Drive data quality improvements across district financial and personnel systems
- Streamline people and processes around new technology

### **Collaborate Across Districts**

- Districts can achieve greater economies of scale in administrative (Finance and HR) and procurement functions.
  - Implement a regional shared service model that includes Finance, HR and procurement (at a minimum)
  - Strengthen purchasing collaboration through dedicated volume
- Collaboration will not only drive cost savings, but will increase the effectiveness of the services.

# EXECUTIVE SUMMARY

## FLORENCE 02

### MODERNIZATION RECOMMENDATIONS

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

MODERNIZATION RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<p><b>System Enhancements:</b> Update software versions and / or add modules to financial systems to facilitate automated purchase to payments processes, integrated timekeeping and payroll.</p> <p><b>Process Improvements:</b> Modernize processes to limit manual activities and strengthen internal controls.</p> <p><b>Staffing and Organization:</b> Train/cross-train district personnel on key financial functions to increase the capabilities and effectiveness of the teams.</p>	<p><b>System Enhancements:</b> Implement new technologies to automate HR processes, such as integrated applicant sourcing, tracking and on-boarding.</p> <p><b>Process Improvements:</b> Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates.</p> <p><b>Staffing and Organization:</b> Train/cross-train school personnel on recruiting, talent management and professional development strategies.</p>	<p><b>Process Improvements:</b> Formalize relationships with Florence 1 for procurement support to mitigate the risk of personnel changes.</p> <p>Leverage state contracts and group purchasing organizations.</p> <p>Negotiate discounts / rebates for tiered levels of spending using minimum buying commitments as appropriate.</p> <p>Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.</p>	<p><b>System Enhancements:</b> Implement new routing software.</p> <p><b>Process Improvements:</b> Complete analysis (in conjunction with use of routing software if possible) to evaluate potential benefits of routing changes.</p> <p><b>Hazard Routes:</b> Consider using activity buses to run high hazard routes to decrease costs.</p>

# EXECUTIVE SUMMARY

## FLORENCE 02

### COLLABORATION RECOMMENDATIONS

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

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

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

# EXECUTIVE SUMMARY

## FLORENCE 02

### 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

## FLORENCE 02

### 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	\$10,700	\$32,200
Human Resources	15,000	25,000	0	0
Procurement	0	0	44,100	94,400
Transportation – District	N/A	N/A	9,000	13,000
<b>District Total</b>	<b>32,500</b>	<b>57,500</b>	<b>63,800</b>	<b>139,600</b>
Transportation – State	7,000	19,000	7,000	18,000
<b>Total</b>	<b>\$39,500</b>	<b>\$76,500</b>	<b>\$70,800</b>	<b>\$157,600</b>

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

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



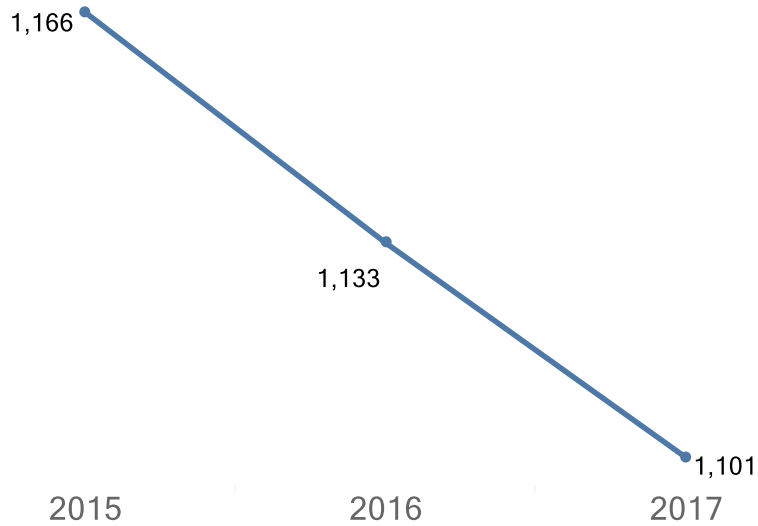
## OUTLINE

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# DISTRICT ADMINISTRATION AND PERFORMANCE

## FLORENCE 02

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



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



### General Info

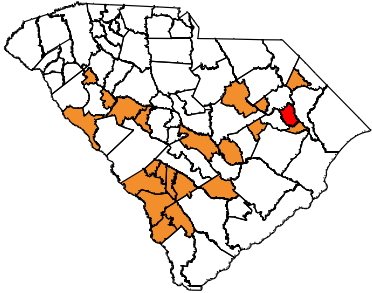
Number of Schools <sup>[2]</sup>	2
% Poverty <sup>[1]</sup>	68.7%
% Disability <sup>[1]</sup>	16.7%
\$ Per Student <sup>[2],[3]</sup> (Includes \$1 million of spend for 1:1 implementation)	\$11,630
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$10,882

### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	7.9
Students Per Overhead FTE <sup>[2],[4]</sup>	367.0
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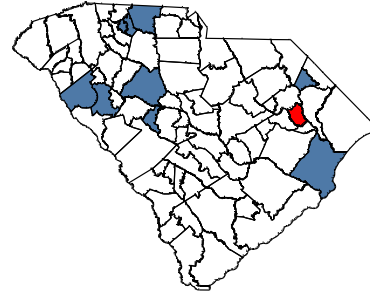
# DISTRICT BENCHMARKING

## FLORENCE 02



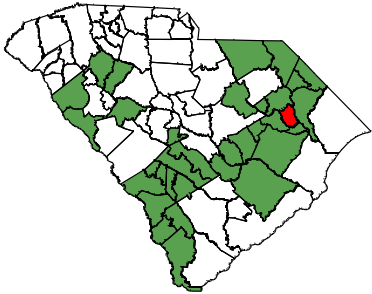
### Enrollment (< 2,500)

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



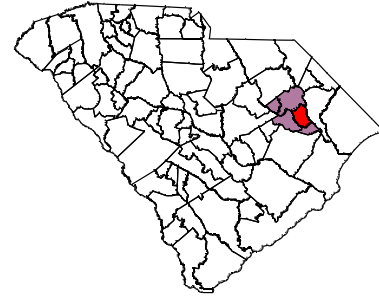
### Poverty (65% - 70%)

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



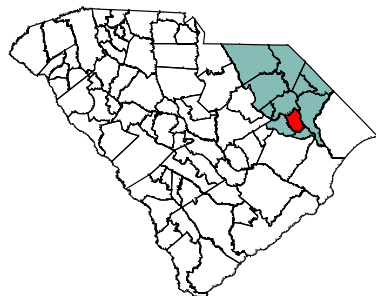
### Phase 1 (Yes)

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



### County (Florence)

Florence 01
Florence 02
Florence 03
Florence 04
Florence 05



### Region (Pee Dee)

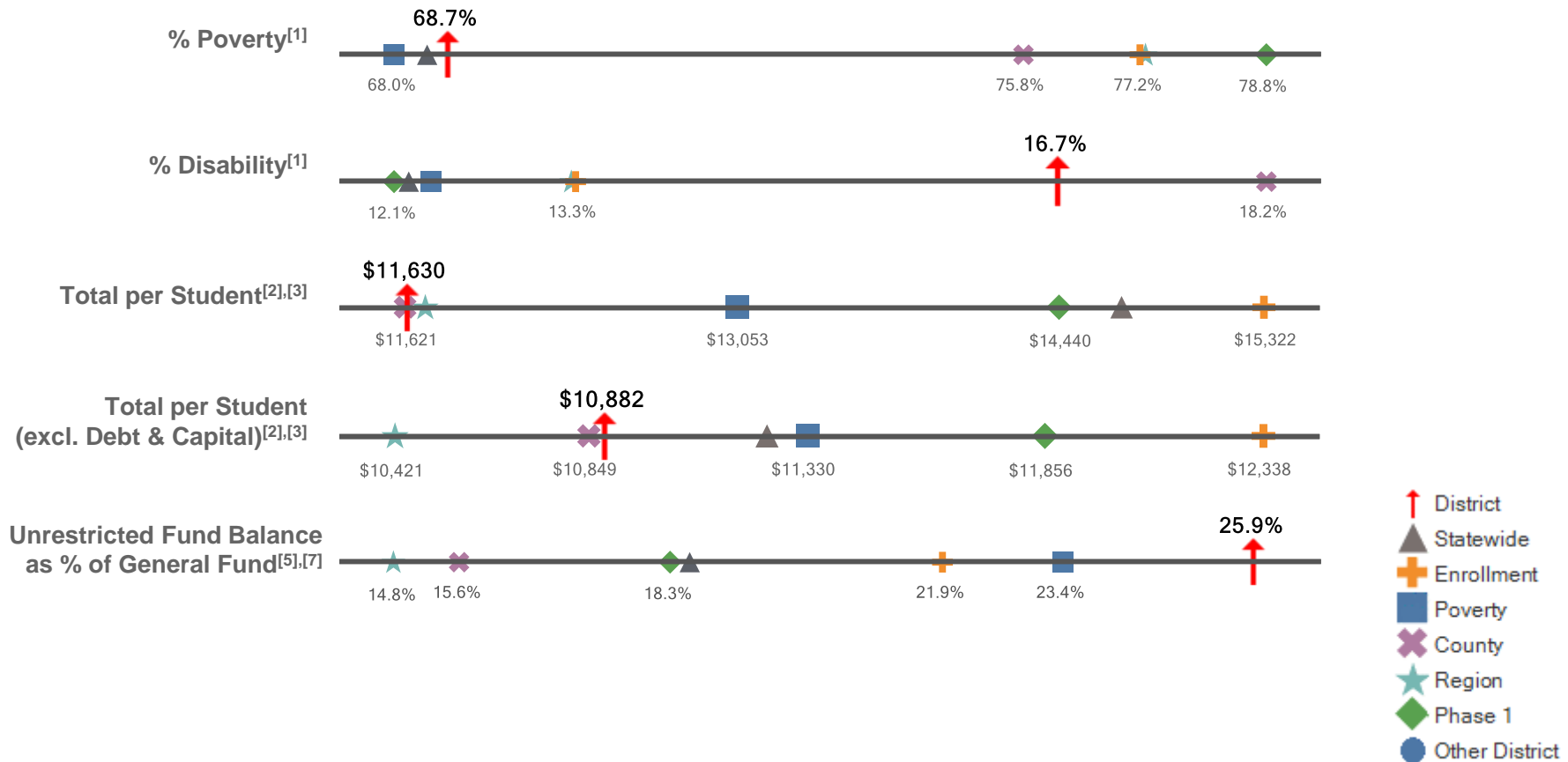
Chesterfield	Marlboro
Darlington	
Dillon 03	
Dillon 04	
Florence 01	
Florence 02	
Florence 03	
Florence 04	
Florence 05	
Marion 10	

# DISTRICT OVERVIEW

## FLORENCE 02

### KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

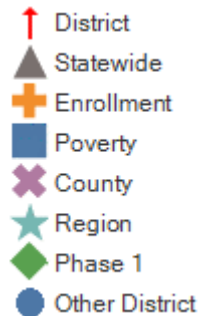
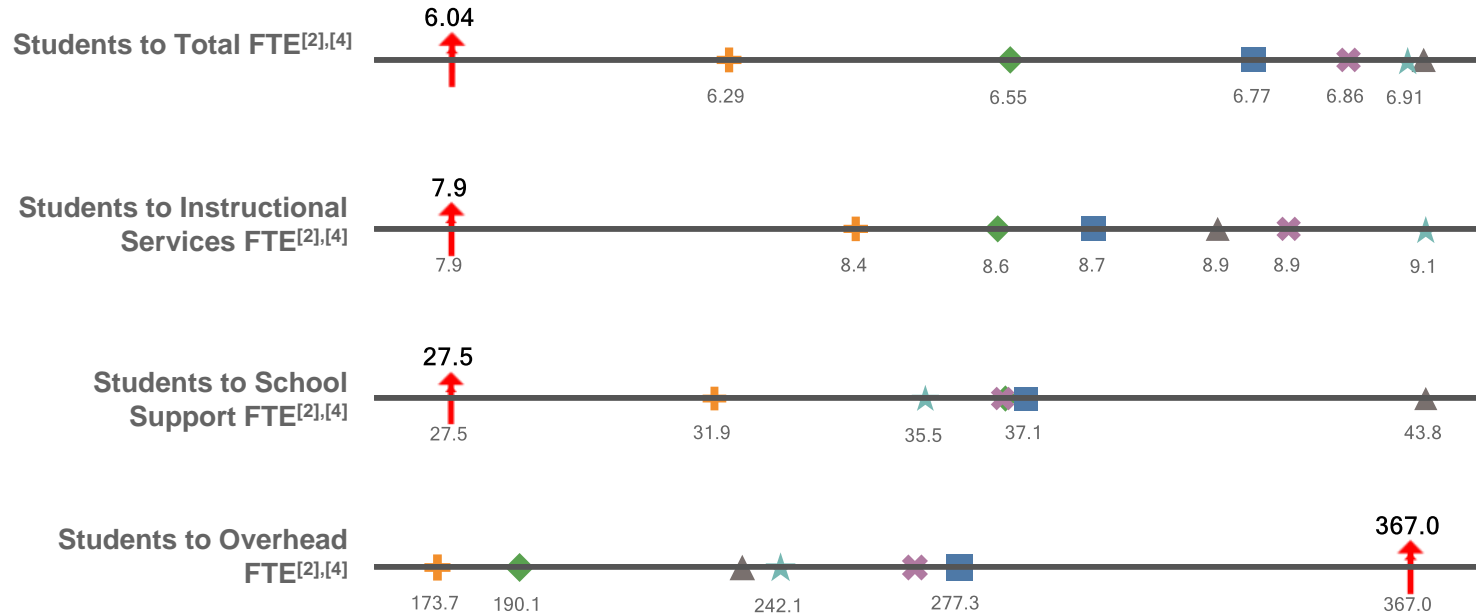
*The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.*



# DISTRICT OVERVIEW

## FLORENCE 02

### KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



# DISTRICT OVERVIEW AND OVERHEAD

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Enrollment Trends and District Funding</b>	<ul style="list-style-type: none"> <li>• <b>3-year Enrollment Trend:</b> The District's enrollment has decreased by 65, or 6%, over the past 3 years.</li> <li>• <b>Student Demographics:</b> 68.7% of the District's enrollment qualifies for Medicaid services and/or free or reduced lunch.</li> <li>• <b>Financial Viability:</b> Despite fund balance levels better than the state average, the District's declining enrollment trend and aging facilities require it to be prudent with long term financial planning and fund balance reserves in order to navigate through unanticipated events.</li> <li>• <b>Per Pupil Expenses:</b> The District's Per Pupil Expense is \$10.882, when excluding debt and capital. This is low relative to both the statewide average and districts with similar enrollment. This Per Pupil Expense includes approximately \$1 million dollars in technology spend to implement the 1:1 program.</li> <li>• <b>Unrestricted Fund Balance:</b> The District's Unrestricted Fund Balance is 26% of the general fund. The fund balance is significantly better than both the statewide average and districts with similar enrollment.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the financial stability of the District is maintained, the District should prepare a three to five year financial plan that allows for investment in critical areas of academics and operations while still maintaining a strong fund balance.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Resource Allocation	Observations	Recommendations
Resource Allocation	<ul style="list-style-type: none"> <li>• <b>Student to Total FTE:</b> The District's Student to Total FTE is 6.04, which is lower than both the state average and districts with similar enrollment.</li> <li>• <b>Student to Instruction FTE:</b> The District's Student to Instruction FTE is 7.9, which is lower than both the statewide average and districts with similar enrollment.</li> <li>• <b>Student to Support Services FTE:</b> The District's Student to Support Services FTE is 27.5, which is lower than both the statewide average and districts with similar enrollment.</li> <li>• <b>Student to Overhead FTE:</b> The District's Student to Overhead FTE is 367, which is higher than both the statewide average and districts with similar enrollment.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider review and reorganization of other direct support areas of the Superintendent which are outside of the scope of this report, in order to optimize resources and bring spending in line with benchmarks.</li> </ul>
Staffing / Organization	<ul style="list-style-type: none"> <li>• <b>Role of Superintendent:</b> The District Office is very thinly staffed. The Superintendent and the Deputy Superintendent wear many hats and are very involved in every aspect of the school. They are the main people responsible for recruiting and retaining staff. The Deputy Superintendent will also cut grass when needed.</li> <li>• <b>Communications Function:</b> There is no communications support for the Superintendent's office. The function resides solely with the Superintendent.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider review and reorganization of other direct support areas of the Superintendent which are outside of the scope of this report, in order to optimize resources and bring spending in line with benchmarks.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• <b>Informal Networks:</b> The District has informal collaboration with other regional Superintendents and district personnel.</li> <li>• <b>Vocational Center:</b> The District does coordinate with neighboring districts to provide vocational resources.</li> <li>• <b>Alternative School:</b> The District does coordinate with FSD3 for alternative schooling.</li> <li>• <b>Back Office:</b> The District has created hand shake agreements with other districts to provide efficient resources for the students.</li> </ul>	<ul style="list-style-type: none"> <li>• Formalize the hand shake agreements to mitigate the risk of people moving on and the benefits are no longer available.</li> <li>• 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.</li> </ul>



## OUTLINE

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FINANCIAL MANAGEMENT OVERVIEW

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

1,101 : 1  
District Students (ADM)<sup>[2]</sup> Financial FTE<sup>[4]</sup>

\$102 per Student

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

Key statistics for metrics	
Financial FTEs <sup>[4]</sup>	1.0
Personnel Expense <sup>[3]</sup>	\$61,664
Non-Personnel Expense <sup>[3]</sup>	\$53,377
Total Financial Expense <sup>[3]</sup>	\$115,041

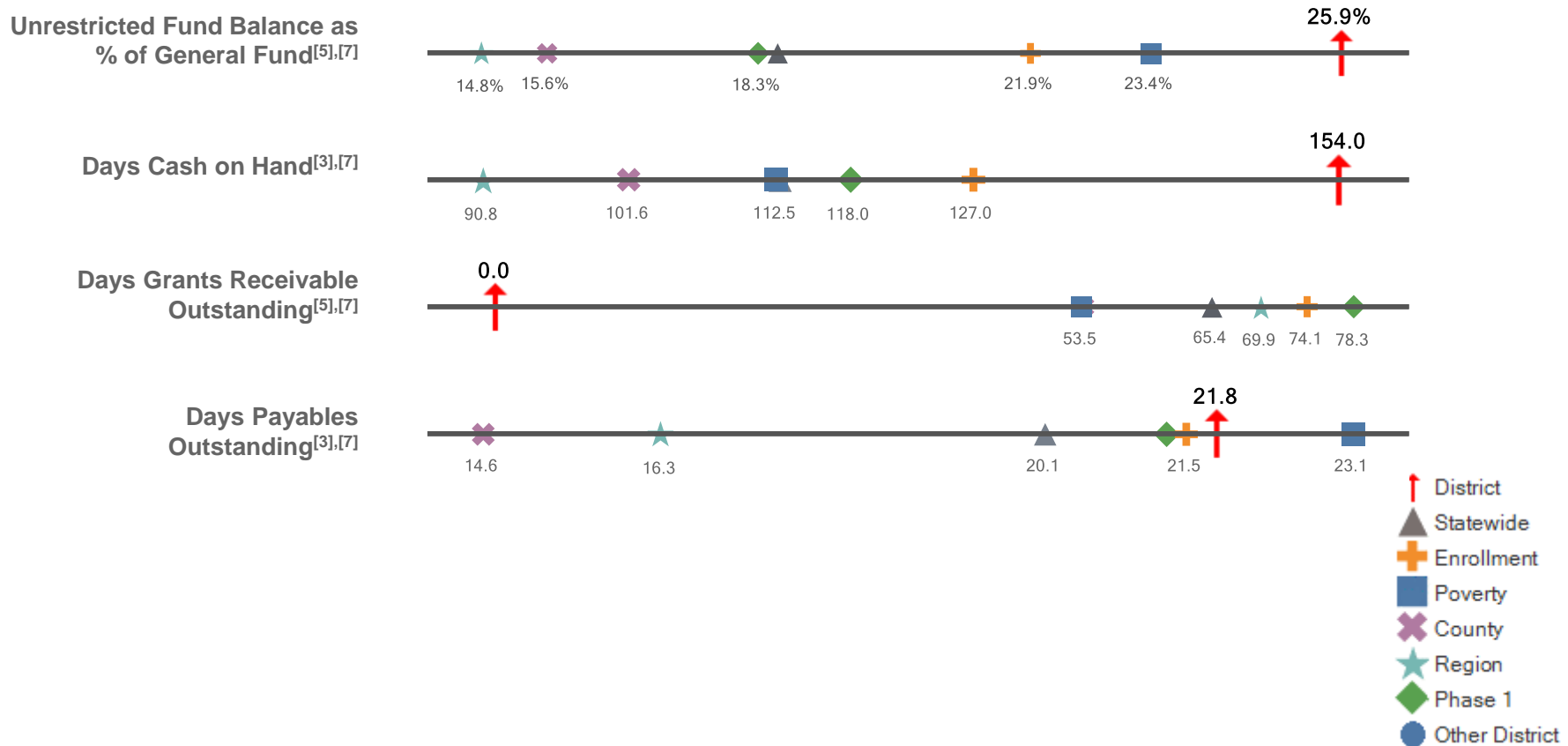
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

# FINANCIAL MANAGEMENT

## FLORENCE 02

### KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

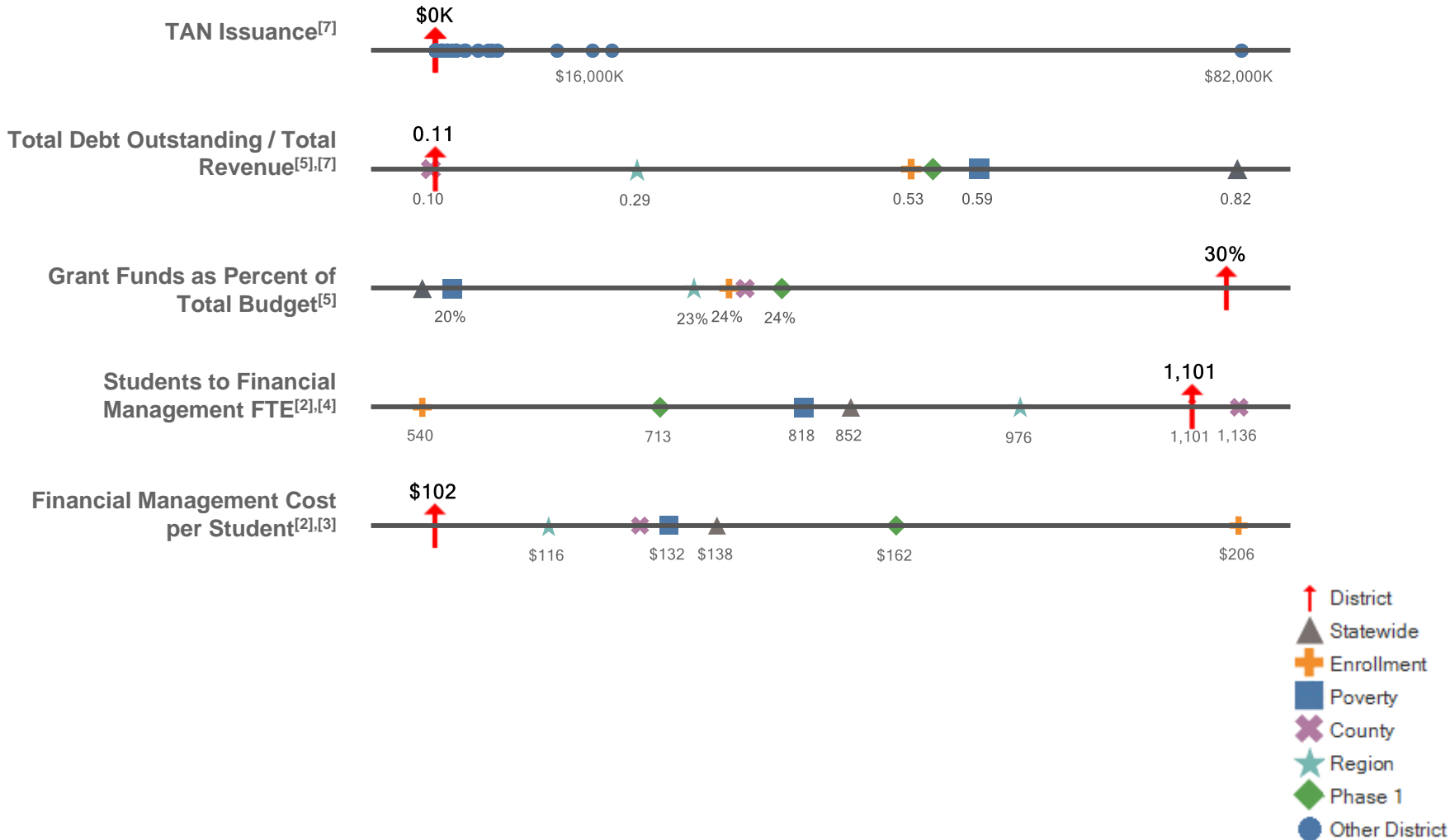
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.



# FINANCIAL MANAGEMENT

## FLORENCE 02

### KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



**SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Staffing:</b> The Finance organization operates on a lean budget and is thinly staffed to support its scope of roles and responsibilities that include, accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting. The District has one Director of Finance and an admin that helps with payroll and a food services worker that helps with AP.</li> <li>• <b>Turnover:</b> Department has had 1 lead finance director in the past few years.</li> <li>• <b>Finance Cost Per Pupil:</b> The District’s Finance Cost per Pupil is \$102, which is lower than both the statewide average and districts with similar enrollment.</li> <li>• <b>Students per Finance FTE:</b> The District’s Student to Finance FTE is 1,101, which is higher than the statewide average.</li> </ul>	<ul style="list-style-type: none"> <li>• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do AP and payroll.</li> </ul>

**SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

	Observations	Recommendations
<p><b>Payroll and Accounts Payable</b></p>	<ul style="list-style-type: none"> <li>• <b>Payroll:</b> The District currently runs payroll on a semi-monthly basis and it takes 2 days to process. The District still has nearly 100% of employees receiving paychecks via direct deposit. In addition, The District uses a self service payroll platform.</li> <li>• <b>Timekeeping:</b> Time tracking is currently managed via manual processes and entered into the payroll system.</li> <li>• <b>Purchasing:</b> The District uses the purchase order functionality provided by the accounting system; however, it does not have an integrated document management system to manage and automate workflow and approvals.</li> <li>• <b>Inventory:</b> The District bar codes technology for asset tracking, but it does not currently conduct centralized inventory processes. IT keeps track of who has what equipment. However, the district does not track inventory of technology, furniture or textbooks as spare hardware is not stored centrally.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement automated time-tracking functionality that integrates with the payroll system in order to eliminate the need for manual time sheets.</li> <li>• Implement a document management system to automate workflow and approvals for purchase orders.</li> <li>• Implement standard policies and procedures around managing physical inventory and ensure that the finance organization is part of the overall process.</li> </ul>

# FINANCIAL MANAGEMENT

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• <b>Grant Revenue %:</b> Grant revenues provide 29% of revenue for the district making this district more reliant on grant funds than its peers.</li> <li>• <b>Federal Funds:</b> The superintendents are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made on a timely manner in order to maximize cash flow.</li> <li>• <b>Grants Monitoring:</b> Review of expenditures against grant requirements is conducted by the finance team in coordination with the Superintendents.</li> </ul>	<ul style="list-style-type: none"> <li>• Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, claims processed and amounts for each grant.</li> <li>• Require finance to provide for a secondary review process before paying for grant funded activities or submitting claims for reimbursement on grants.</li> <li>• Require that claims are processed monthly for all grant areas in order to: (a) maximize cash flow, (b) identify any potential issues with submissions as early as possible.</li> </ul>
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• <b>F/S Audit:</b> The District was not found to have Material Weaknesses in its FY16 audited financial statements.</li> <li>• <b>Other:</b> The Director of Finance approves the AP and payroll entries that are input by other employees to create a proper check to minimize errors while keeping costs down.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement annual review of processes to ensure segregation of duties over key areas of internal control.</li> <li>• See Grants Management recommendations.</li> </ul>

**SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

	Observations	Recommendations
<b>Cash Management</b>	<ul style="list-style-type: none"> <li>• <b>Days Cash on Hand:</b> The District's Days Cash on Hand is 154 Days. This is higher than the statewide average, signaling a strong cash balance.</li> <li>• <b>Cash Flow Forecast:</b> The District does not have a formalized weekly cash flow forecasting process.</li> <li>• <b>Days Payable Outstanding:</b> The District's Days Payables Outstanding is 22, which is on par with districts of similar enrollment and greater than the statewide average.</li> <li>• <b>Debt:</b> The total debt load per student is low compared to the state average.</li> <li>• <b>Cash:</b> The District does invest cash balances in the State Local Investment Pool.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement cash flow forecast to monitor weekly receipts and disbursements to help maximize investments earnings.</li> <li>• Implement processes to file for grant (State and Federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines.</li> </ul>
<b>Budget</b>	<ul style="list-style-type: none"> <li>• <b>Budget Planning:</b> The annual budget process begins with a roll-forward of the prior year expenses. The budget team works extensively with department heads to assess any new needs that are anticipated for the new fiscal year.</li> <li>• <b>Fiscal Monitoring:</b> The District uses SmartFusion to inform purchase order approvers whether or not their purchase order is within budget on both YTD expenses and encumbered expenses.</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for.</li> </ul>

# FINANCIAL MANAGEMENT

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>ERP:</b> The District uses SmartFusion accounting software system, however, processes remain manual for time-keeping. The district does not rely on document management software.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement automated time-tracking functionality that integrates with the payroll system in order to eliminate the need for manual time sheets.</li> <li>• Consider implementing a document management system to automate workflow and approvals for purchase orders.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• The District currently does not coordinate with others in the region on any transaction processing or finance related activities. Since our meetings, they have discussed starting to coordinate with Florence 3 on payroll.</li> <li>• The District is part of the Pee Dee Consortium in which the finance directors of individual districts meet quarterly to discuss various topics.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).</li> </ul>



## OUTLINE

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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.*

**No Dedicated HR Personnel**

District Students (ADM)<sup>[2]</sup>      Human Resources FTE<sup>[4]</sup>

**\$ per Student**

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

Key statistics for metrics	
Human Resources FTEs <sup>[4]</sup>	0.0
Personnel Expense <sup>[3]</sup>	\$0
Non-Personnel Expense <sup>[3]</sup>	\$0
Total Human Resources Expense <sup>[3]</sup>	\$0

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

## FLORENCE 02

### KEY PERFORMANCE INDICATORS: HUMAN RESOURCES

The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.



# HUMAN RESOURCES

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Staffing:</b> The District does not have any staff focused solely on Human Resources. Both the Superintendent and the Deputy Superintendent are very involved with HR, specifically recruiting. They have an administrator who also manages benefits and payroll.</li> <li>• <b>Human Resources Cost Per Pupil:</b> The District does not have any dedicated human resources personnel, nor does it charge costs to the human resources function code. This compares to districts of a similar size spending \$103.50 per pupil and statewide average of \$73.65.</li> <li>• <b>Student Per Human Resources FTE:</b> The District does not have any dedicated human resources personnel. This compares to districts of a similar size at a ratio of 372 and the statewide average of 1,338.</li> </ul>	<ul style="list-style-type: none"> <li>• Because there are not any members of the team solely focused on HR, the District should review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes.</li> </ul>
<b>Recruiting and Retention</b>	<ul style="list-style-type: none"> <li>• <b>Recruiting;</b> Similar to other school districts in the state, recruiting teachers into the District is challenging. Many of the teachers are former students and are there due to local pride.</li> <li>• <b>Average Salary:</b> The average teacher salary is below the state average, making it more difficult for the District to compete for incoming teachers.</li> <li>• <b>Turnover:</b> The turnover rate for school-based personnel is about 10%.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider compensation study and / or implementation of incentive programs to recruit and retain teachers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) housing incentive signing; (c) tuition reimbursement; (d) differentiated salaries for hard to staff positions; (e) innovative professional development programs.</li> <li>• Provide teachers with opportunities for certifications with a commitment after achievement to help mitigate risk of retirement of teachers leaving a big gap on hard to fill positions.</li> </ul>

# HUMAN RESOURCES

## FLORENCE 02

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>The District does not leverage technology support systems for recruiting, or application processing; however, they are in the process of moving to Frontline with the help of state funding support.</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementation of Frontline to enhance and automate recruiting.</li> <li>Implement an automated time tracking system that can interface directly with the payroll system.</li> <li>Capitalize on functionality provided by the Frontline technology to fully automate the application to onboarding process.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include:               <ul style="list-style-type: none"> <li>- Benefits Coordination</li> <li>- Human Resources System Licenses (Frontline)</li> <li>- H1B Process for International Teachers</li> </ul> </li> </ul>

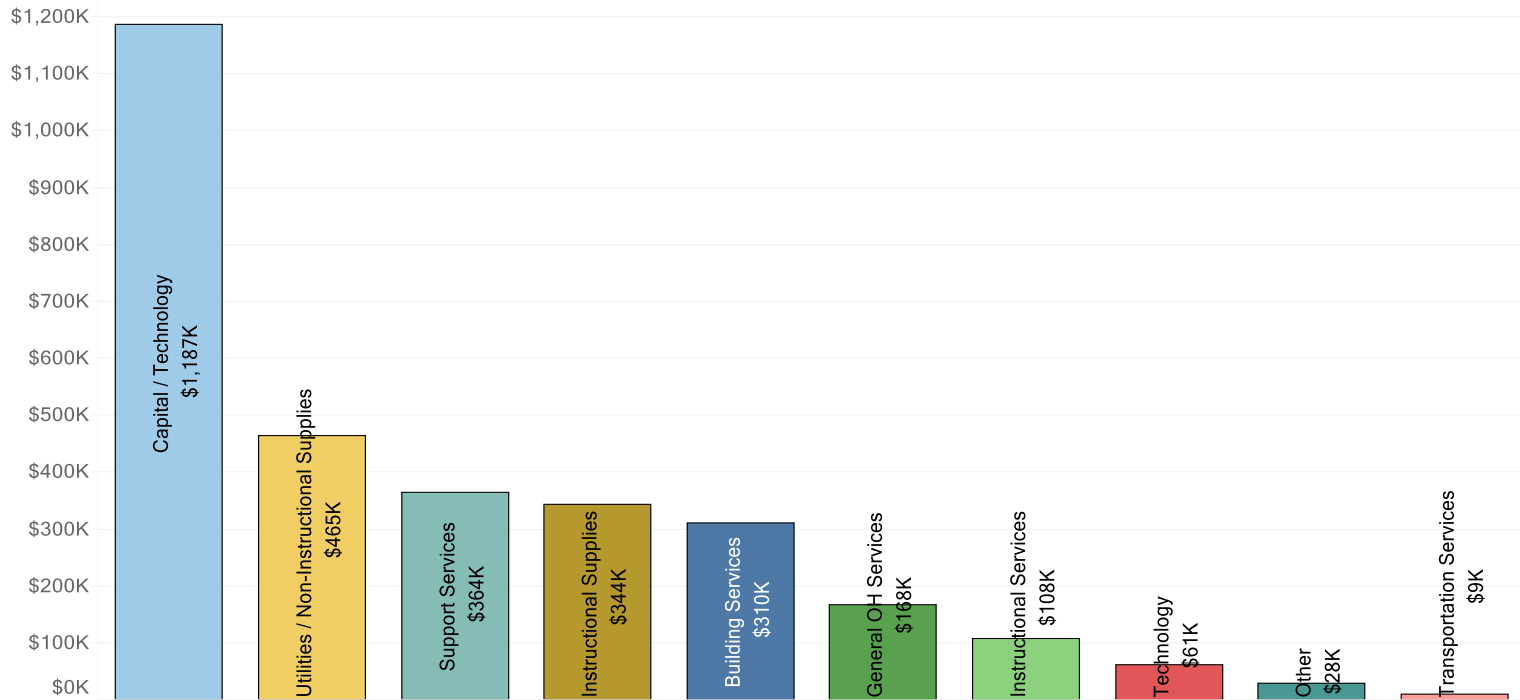


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## PROCUREMENT OVERVIEW

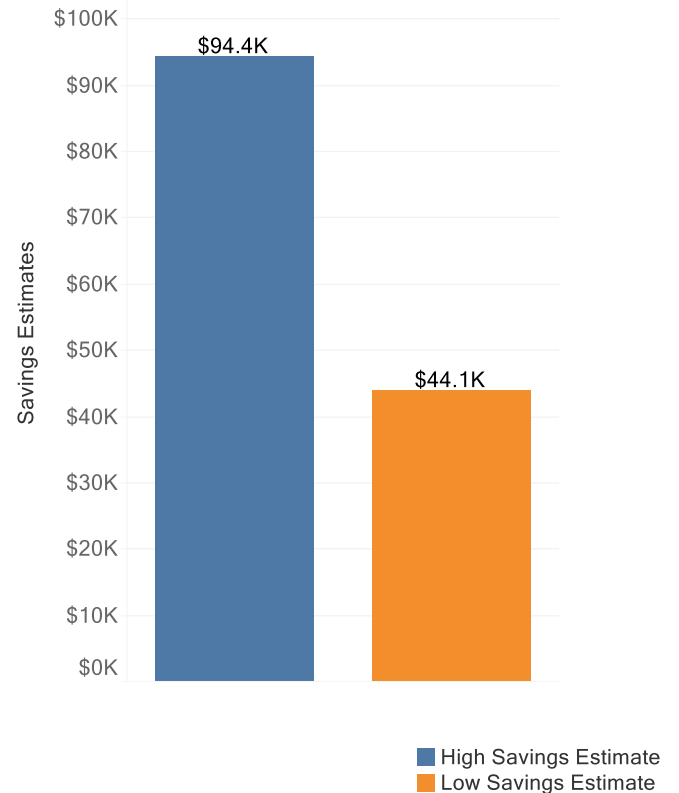
*The District is responsible for purchasing all goods and services in accordance with procurement regulations. The chart below shows the District's procurement spend by major category (object and function code) for FY16 and is based on information included in the FY16 state expenditure data. The majority of the District's procurement spend during this period is related to roll-out of the 1:1 initiative (approximately \$1 million) and this one time spend is not included in scope or savings estimates. Non-Instructional Supplies is driven by energy costs for the District's facilities.*



ESTIMATED PROCUREMENT SAVINGS

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

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



# PROCUREMENT FLORENCE 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Organization / Staffing</b>	<ul style="list-style-type: none"> <li>The District does not have any staff focused on purchasing and procurement.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage additional resources to better optimize procurement functions. See Regional Collaboration below.</li> </ul>
<b>Spending by Vendor</b>	<ul style="list-style-type: none"> <li>Spending is fragmented across more than 700 vendors; however, the top 35 make up more than 80% of total spending.</li> <li>Spending efforts are made based upon the individual buyer, with local price as the main priority. Aggregated purchasing decisions across districts are not made, except with HP laptops and Chromebooks that were purchased with Florence One.</li> </ul>	<ul style="list-style-type: none"> <li><b>Requirements:</b> Standardize requirements and specifications for commonly purchased goods in order to streamline the number of vendors used, aggregate buying power within the District and enable volume pricing discounts. Contract options may take the form of: (a) state contracts, (b) stand-alone negotiated contracts; (c) negotiated contracts done in collaboration with surrounding districts.</li> <li><b>Timing:</b> Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.</li> <li><b>Minimum Commitments:</b> Consider use of commitments of minimum buying levels to facilitate negotiations of discounts and rebates over specified buying thresholds. Add provisions that include tiering and volume discounts/rebates in all new contracts.</li> <li><b>Group Purchasing:</b> Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include supplies and technology .</li> </ul>

# PROCUREMENT FLORENCE 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Spending by Category	Observations	Recommendations
Spending by Category	<ul style="list-style-type: none"> <li>• <b>Building and Maintenance:</b> Due to the location of the district and options around, the District has a hard time finding resources for facilities work. In many cases, they have to pay a premium for someone to travel to them.</li> <li>• <b>Instructional Support Services and Supplies:</b> The District uses state contracts to purchase instructional support services and supplies. The District has also worked with a neighboring district to procure technology at better pricing than provided by State contracts.</li> <li>• <b>Instructional Staffing:</b> The District currently relies on several vendors for staffing of special education services.</li> <li>• <b>Technology:</b> The District has nearly completed its one to one initiative and is leveraging a Florence 1 contract to purchase hardware.</li> <li>• <b>Non-instructional Supplies:</b> The District purchases non-instructional supplies outside of available state contracting vehicles when it believes it can receive better pricing.</li> </ul>	<ul style="list-style-type: none"> <li>• Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts. Alternatively, consider hiring key trades positions of HVAC, Plumbing and Electrician in collaboration with a nearby district and sharing resources.</li> <li>• Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts.</li> <li>• Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts.</li> <li>• Continue to standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. The greatest saving potential can be realized through rollout of low cost/high quality technology options, that are standardized across a geographic region.</li> </ul>

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>The District does partner with other districts to procure goods and services.</li> <li>The District purchased 260 Chromebooks in FY16 for \$240 each. In FY17, they purchased 15 Chromebooks with FSD1 for \$210 each. They also purchased HP Laptops in collaboration with FSD1.</li> </ul>	<ul style="list-style-type: none"> <li>Consider formalizing sharing resources to create a regional procurement function across districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management.</li> <li>A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include:               <ul style="list-style-type: none"> <li>- Technology</li> <li>- Instructional Software and Services</li> <li>- Instructional Staffing</li> <li>- Supplies</li> </ul> </li> </ul>



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**TRANSPORTATION OVERVIEW: STATE VS. DISTRICT**

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

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

TRANSPORTATION OVERVIEW

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

14 Years

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

\$219 per Student

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

Key statistics for metrics

Transportation FTEs <sup>[4]</sup>	8.0
Personnel Expense <sup>[3]</sup>	\$215,099
Non-Personnel Expense <sup>[3]</sup>	\$33,293
Total Transportation Expense <sup>[3]</sup>	\$248,392

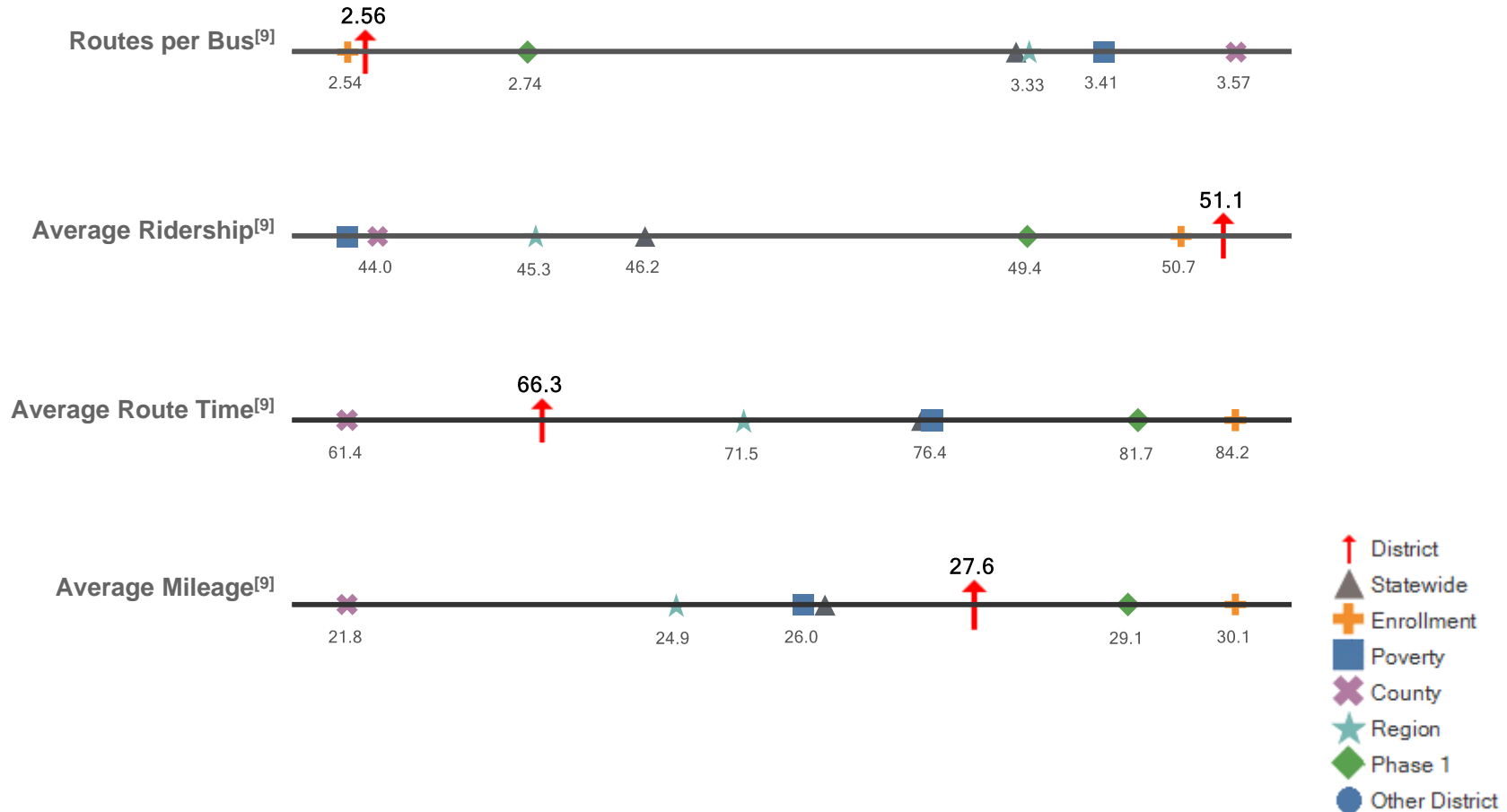
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

Key statistics for State Routes	# Buses <sup>[9]</sup>	# Routes <sup>[9]</sup>	Routes per Bus <sup>[9]</sup>	Ridership <sup>[9]</sup>	Avg Ridership <sup>[9]</sup>	Avg Route Time (including dead time) <sup>[9]</sup>	Avg Mileage per Bus <sup>[9]</sup>
Regular	9.0	23	2.6	1,175	51	66	28
Special Needs	1.0	2	2.0	18	9	Not-Available	35
Other	0.0	0	0.0	0	0	Not-Available	0
Total	10.0	25	2.5	1,193	N/A	N/A	N/A

# TRANSPORTATION FLORENCE 02

## 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 FLORENCE 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"><li>• The District has a difficult time recruiting bus drivers.</li><li>• The District does not have a sufficient pool of substitute drivers; therefore, other employees are used to fill in for absent drivers.</li><li>• Bus drivers are frequently employed as aides, food workers or custodians to offer full employment opportunities at the District.</li><li>• Bus drivers are currently paid a starting rate of \$11.22, approximately \$4 above state reimbursement levels.</li><li>• Transportation is run by one administrator.</li></ul>	<ul style="list-style-type: none"><li>• Continue to create opportunities for full-time employment as an incentive for recruiting and retaining bus drivers.</li><li>• Implement a substitute/back up driver pool in collaboration with nearby districts.</li></ul>

# TRANSPORTATION FLORENCE 02

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Routing and Bus Management</b>	<ul style="list-style-type: none"> <li>• The District does not utilize routing software.</li> <li>• The District does have GPS on its buses, but only able to track location after bus returns. In addition, the District does have security cameras on most buses.</li> <li>• All students are bused at the same time in the district. Approximately 40% of the students are bused every day.</li> <li>• The District pays about \$4,000 per year in hazard costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement routing software to ensure most efficient routes.</li> <li>• Use activity buses for high hazard cost routes.</li> <li>• Consider using staggered bell times to improve route efficiencies. While this may also require adjusting the timing of breakfast in elementary and high school, such a change could ultimately 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.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not collaborate with surrounding districts.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider partnering with surrounding districts on shared bus usage. Potential areas include share transport of students attending out of district placement and activity buses.</li> </ul>

# APPENDIX A: SAVINGS METHODOLOGY



# APPENDIX A: SAVINGS METHODOLOGY

## FLORENCE 02

### APPROACH TO SAVINGS

#### GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

#### FINANCE AND HUMAN RESOURCES

- A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within each district.
- A&M estimated a range of potential synergies from district collaboration based on average district spend in key finance and HR functional areas. Synergies will be realized when participating district resources are pooled in a Shared Service Center. For purposes of this analysis, A&M calculated the District level savings by estimating the level of resources that would be required to support two average sized smaller districts at the low end and five districts of varying sizes at the high end.

#### PROCUREMENT

- A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the District's procurement spend.
- On a limited basis, A&M reviewed rates paid to individual vendors by multiple districts.
- In order to estimate savings, A&M leveraged the information gathered above and then applied potential savings rates to key spend categories. Savings rates were based upon past experience that our clients have achieved by partnering with A&M on strategic sourcing.

#### TRANSPORTATION

- A&M used data provided by the State to analyze the District route mileage, frequency, timing, and volume to estimate potential efficiencies available through the implementation of routing software and staggered bell times.
- Benchmarks were established based on districts currently using routing software and staggered bell times.
- Savings were estimated based on a target benchmark for the District that took into consideration the location, population and rural profile of the each district.
- Estimates include savings for bus drivers, fuel, maintenance and buses.

## APPROACH TO SAVINGS: OTHER CONSIDERATIONS

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➤ **State-wide Benchmarking Data:**

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

➤ **Implementation:**

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

**SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT**

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**PEOPLE**

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

**TECHNOLOGY**

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

**Functional Review  
Operating Model Components**



**PROCESS**

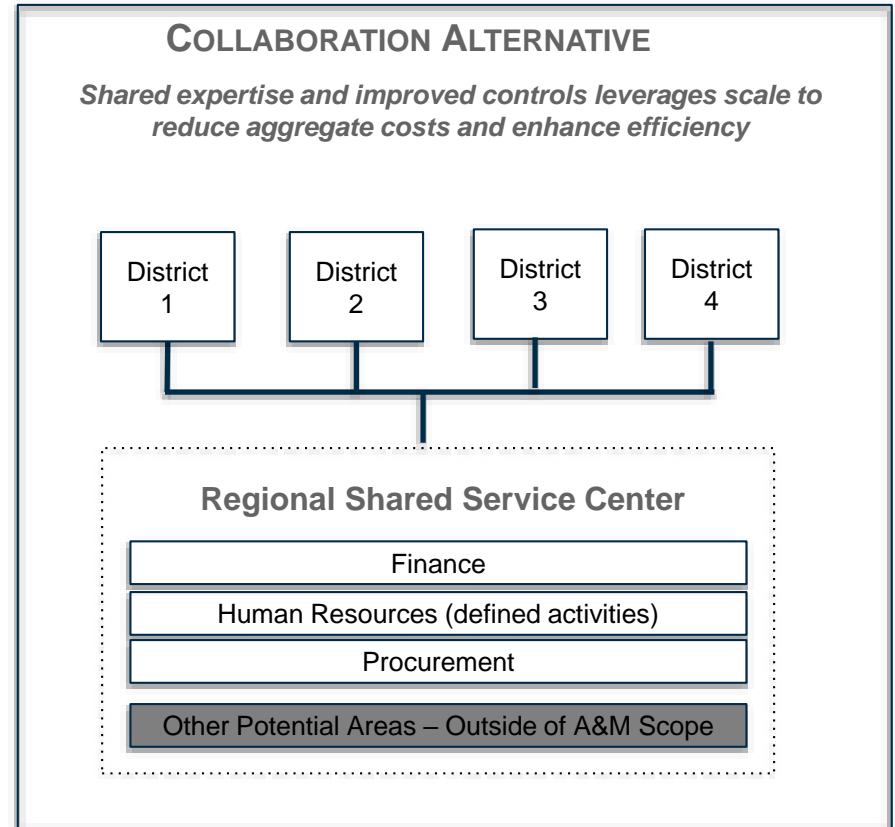
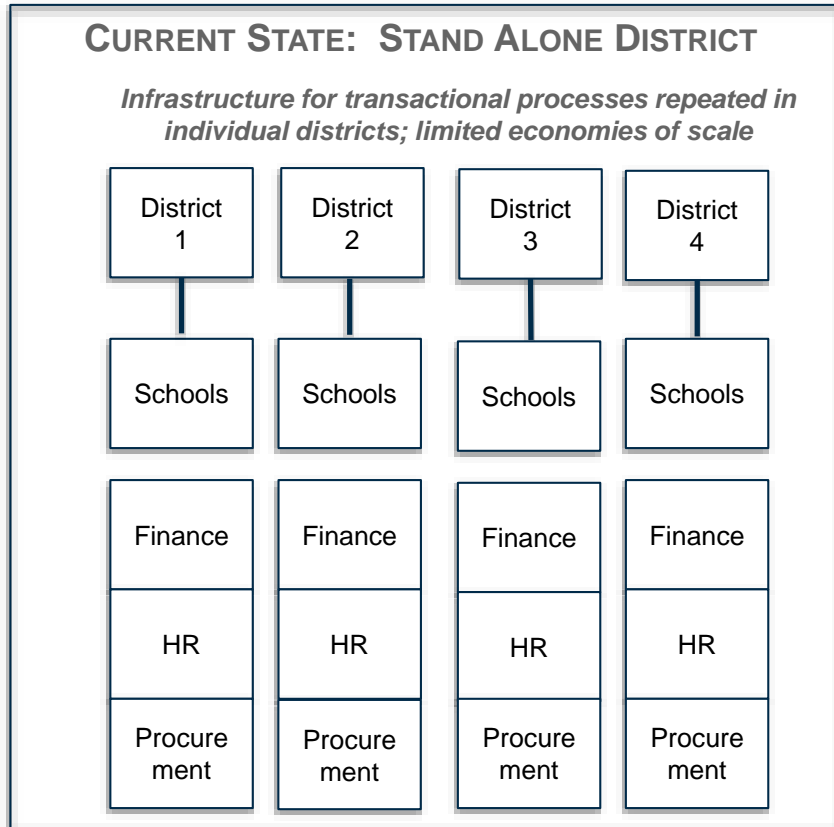
Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

**ORGANIZATION**

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

### COLLABORATION: SHARED SERVICE MODELS

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



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

# APPENDIX A: SAVINGS METHODOLOGY

## FLORENCE 02

### SHARED SERVICES MODEL: SAVINGS APPROACH

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

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

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

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

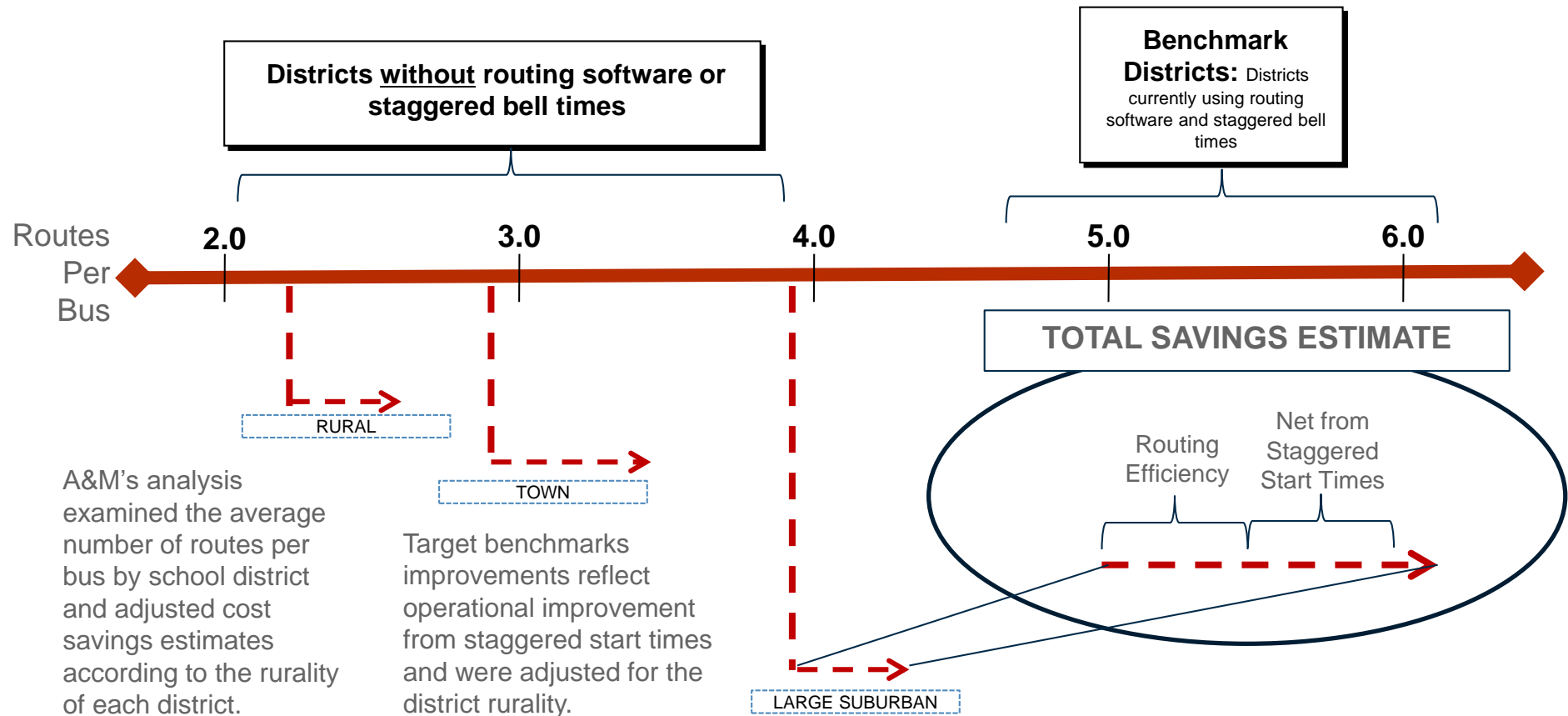
	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	Collaboration Model	Savings
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs <sup>(2)</sup>	18.9	13.0	6.0
Total Spend <sup>(2)</sup>	\$2,409,840	\$1,684,478	\$725,326
Savings %			30.1%

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

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

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

## FLORENCE 02

### 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

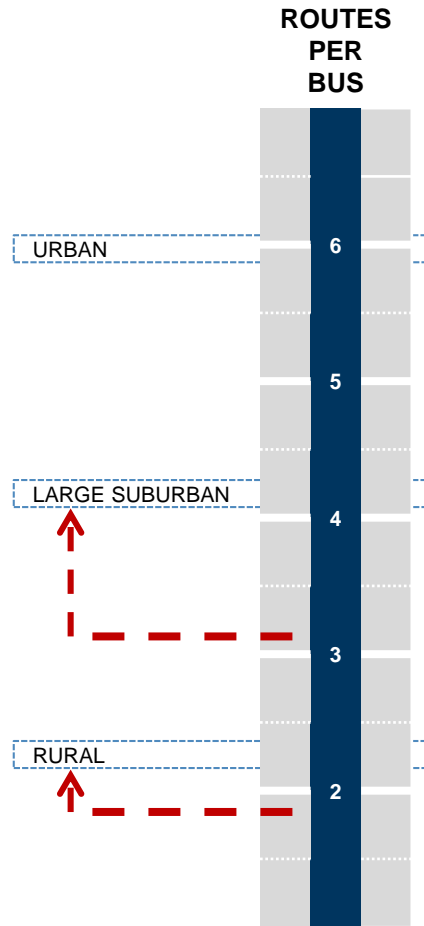
## FLORENCE 02

### TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

#### Savings from Increased Utilization:

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

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



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

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

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

# APPENDIX A: SAVINGS METHODOLOGY

## FLORENCE 02

### 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

## FLORENCE 02

### 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

## FLORENCE 02

### [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

## FLORENCE 02

### Sources [2],[3]

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

### Sources [2],[4]

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

# APPENDIX B: FORMULAS DEFINED

## FLORENCE 02

### Source [5]

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

### Source [3],[7]

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

### Source [5],[7]

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

### Source [9]

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

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