



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Greenwood 52

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

GREENWOOD 52

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

GREENWOOD 52

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

GREENWOOD 52

PROJECT OVERVIEW (CONTINUED)

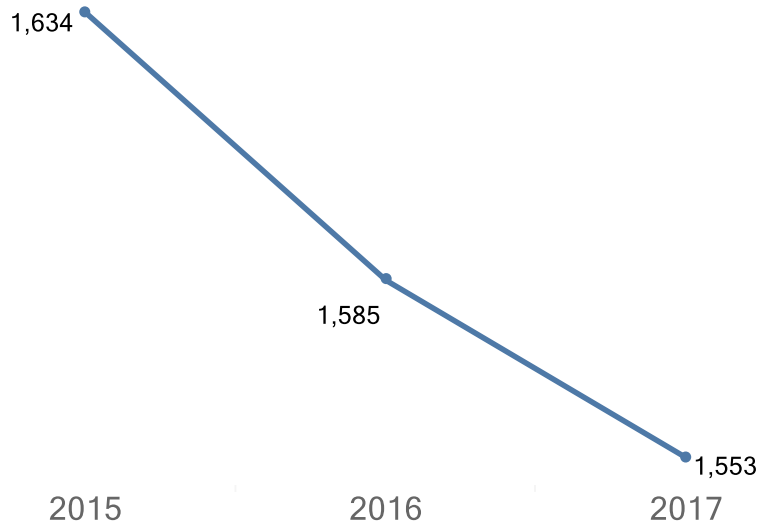
➤ Sources of Data and Savings Estimates:

- 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.

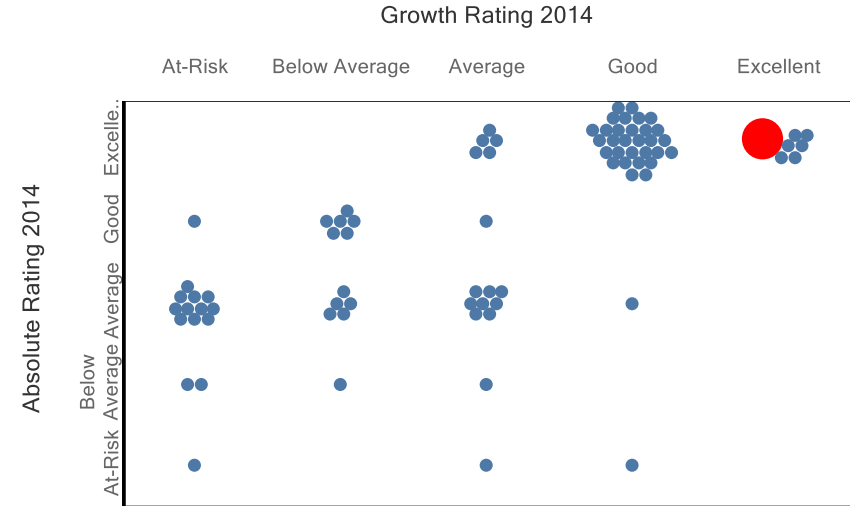
EXECUTIVE SUMMARY

GREENWOOD 52

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	4
% Poverty ^[1]	58.8%
% Disability ^[1]	10.2%
\$ Per Student ^{[2],[3]}	\$11,868
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$10,557

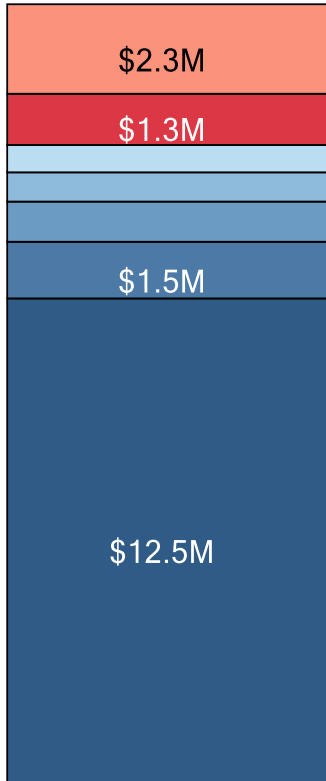
Administration

Students Per Instructional Services FTE ^{[2],[4]}	9.4
Students Per Overhead FTE ^{[2],[4]}	238.9
Students Per School Support FTE ^{[2],[4]}	49.0
Students to Total FTE ^{[2],[4]}	7.6

EXECUTIVE SUMMARY

GREENWOOD 52

Sources of Funds^[5]
\$20.1M



2015-2016

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

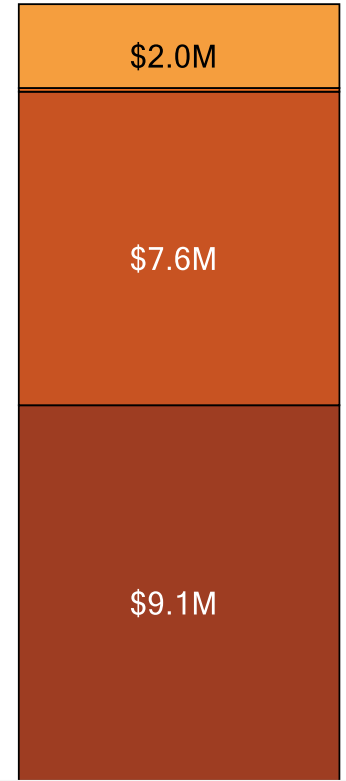
Use of Funds - Type^[3]
\$18.8M



2015-2016

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

Use of Funds - Function^[3]
\$18.8M



2015-2016

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

* totals may not tie due to rounding

EXECUTIVE SUMMARY

GREENWOOD 52

\$18.8M
Total

\$3.2M
In-Scope

\$15.6M
Not In-Scope

17.0% of total spend is within scope of the efficiency review:

	In Scope Spend ^[3]	Procurement Component
Finance	\$203,424	\$18,547
Human Resources	\$	\$
Overhead	\$578,490	\$347,533
Transportation	\$314,727	\$55,200
Procurement (Community Services, Instruction, Support Services)	\$2,096,864	\$2,096,864
TOTAL	\$3,193,505	\$2,518,144

* totals may not tie due to rounding

EXECUTIVE SUMMARY

GREENWOOD 52

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

Mission: The Mission of Greenwood School District 52 is to educate all students to achieve their full potential and to become productive citizens in today's global society.

- **Student Achievement:** Implement a comprehensive assessment system review process (CAS) to better inform instruction.
- **Teacher / Administrator Quality (Professional Development):** Utilize ADEPT and PADEPP.
- **Environment:** Improve the Learning Environment for students through social and physical and at home relations.
- **Partnerships:** Continue to increase community, business, and philanthropic partnerships for the benefit of the District.

Achievements

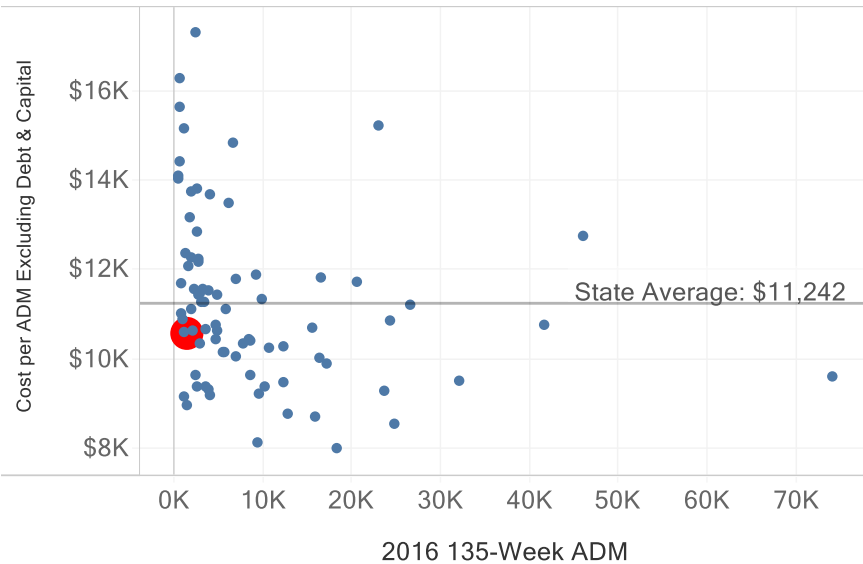
- **Transportation:** Improved the safety and security environment for students by installing a HD camera system on state and district owned buses.
- **Financial:** The District has greatly improved its financial position over the past three years, moving from a deficit budget in FY15 to a balanced budget and adding to fund balance in FY16 and FY17.
- **Other:** Received accreditation from AdvancEd.

Challenges

- **Curriculum & Instruction:** Implement a standards driven curriculum & pacing guide and establish an assessment plan that includes benchmarks.
- **Career readiness:** Establish programs with industry for students.
- **Facilities:** Develop a long range plan to replace or renovate the primary school and continue to upgrade the safety and security assets within the District.
- **Communication:** Develop self-assessment survey for stakeholders, i.e. parents and others.

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

GREENWOOD 52

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Staffing and Organization: The Finance organization operates on a lean budget, showing efficient metrics for both spend per pupil and student to FTE ratio for Financial Management. The current Interim Superintendent has successfully prioritized improving the financial stability of the District over the past 2 years by decreasing long term debt and improving the District's cash position. • Limited Staffing / Manual Processes: Limited staffing, under-investment and under-utilization of technology present the District with the opportunity to further improve operational efficiency.
Human Resources	<ul style="list-style-type: none"> • Staffing and Organization: The District does not have any staff focused on Human Resources due to an unexpected departure. Recruiting, retention, personnel relations, and professional development activities are managed by the Assistant Superintendent. Although Benefits administration is managed by the finance department's payroll specialist, this area of the administration is currently understaffed, but the District plans to fill this vacancy next year. • Recruiting and Retention: Comparatively high teacher salaries, as well as a high Teacher Return Rate of 92%, indicate that teacher retention is not currently as challenging for the District as it is in other districts.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The State pays directly for costs of bus purchasing, maintenance, fuel and a portion of driver salaries. Like the majority of districts, this District is grappling with a shortage of drivers. • Manual Routing: The District does not have routing software to help drive routing efficiencies.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: There is no sole resource dedicated to Procurement. • Strategic sourcing: The District has low leverage with vendors due to low purchasing volumes. Contracts are negotiated without volume discounts / rebates. Although, there is some collaboration across districts through WPEC.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Superintendent and Assistant Superintendent manage finance and human resources for the District, operating an understaffed office at a similar cost per student relative to peers. • Collaboration: Varying levels of informal collaboration with other Superintendents through WPEC.

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

GREENWOOD 52

MODERNIZATION RECOMMENDATIONS

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

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

EXECUTIVE SUMMARY

GREENWOOD 52

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

GREENWOOD 52

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

GREENWOOD 52

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	\$21,000	\$62,900
Human Resources	7,500	17,500	0	0
Procurement	0	0	69,400	142,500
Transportation – District	N/A	N/A	10,000	15,000
District Total	25,000	50,000	100,400	220,400
Transportation – State	7,000	19,000	6,000	16,000
Total	\$32,000	\$69,000	\$106,400	\$236,400

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

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



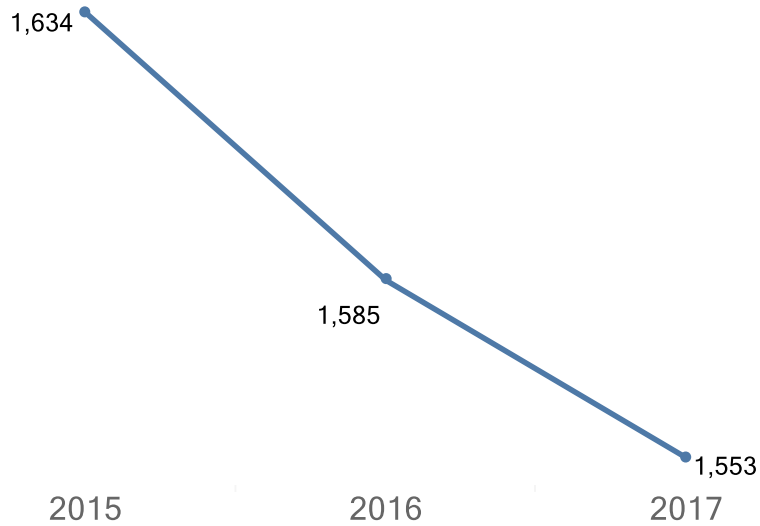
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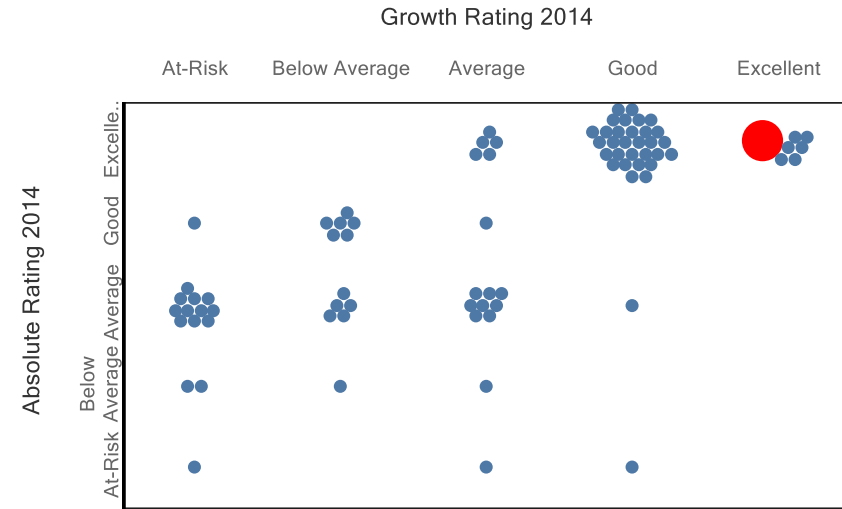
DISTRICT ADMINISTRATION AND PERFORMANCE

GREENWOOD 52

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	4
% Poverty ^[1]	58.8%
% Disability ^[1]	10.2%
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\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$10,557

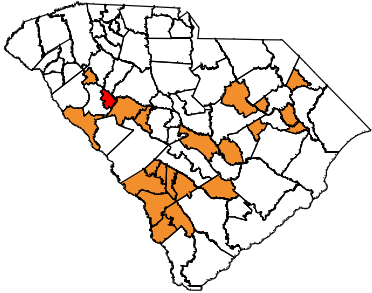
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Students Per Overhead FTE ^{[2],[4]}	238.9
Students Per School Support FTE ^{[2],[4]}	49.0
Students to Total FTE ^{[2],[4]}	7.6

DISTRICT BENCHMARKING

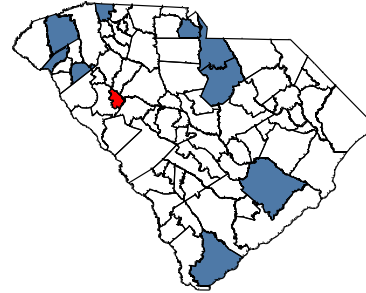
GREENWOOD 52

Enrollment (< 2,500)



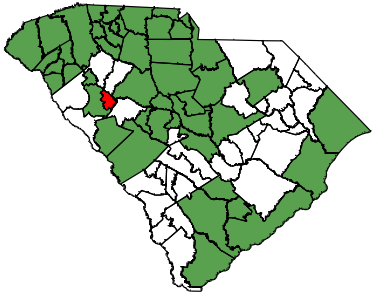
- | | |
|---------------|--------------|
| Allendale | Florence 04 |
| Bamberg 01 | Florence 05 |
| Bamberg 02 | Greenwood 51 |
| Barnwell 19 | Greenwood 52 |
| Barnwell 29 | Hampton 01 |
| Barnwell 45 | Hampton 02 |
| Calhoun | Lee |
| Clarendon 01 | Lexington 03 |
| Clarendon 03 | McCormick |
| Dillon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

Poverty (55% - 60%)



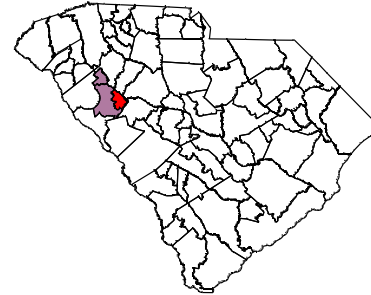
- | | |
|----------------|---------|
| Anderson 02 | York 03 |
| Anderson 04 | |
| Beaufort | |
| Berkeley | |
| Greenwood 52 | |
| Kershaw | |
| Lancaster | |
| Pickens | |
| Spartanburg 01 | |

Phase 1 (No)



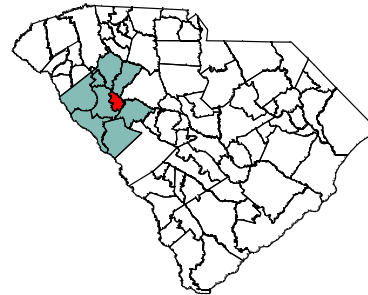
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|---------------|-----------------------|
| Aiken | Greenwood 52 |
| Anderson 01 | Horry |
| Anderson 02 | Kershaw |
| Anderson 03 | Lancaster |
| Anderson 04 | Lexington 01 |
| Anderson 05 | Lexington 02 |
| Beaufort | Lexington 03 |
| Calhoun | Lexington/Richland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

- | |
|---------|
| Sumter |
| Union |
| York 01 |
| York 02 |
| York 03 |
| York 04 |



County (Greenwood)

- | |
|--------------|
| Greenwood 50 |
| Greenwood 51 |
| Greenwood 52 |



Region (Upper Savannah)

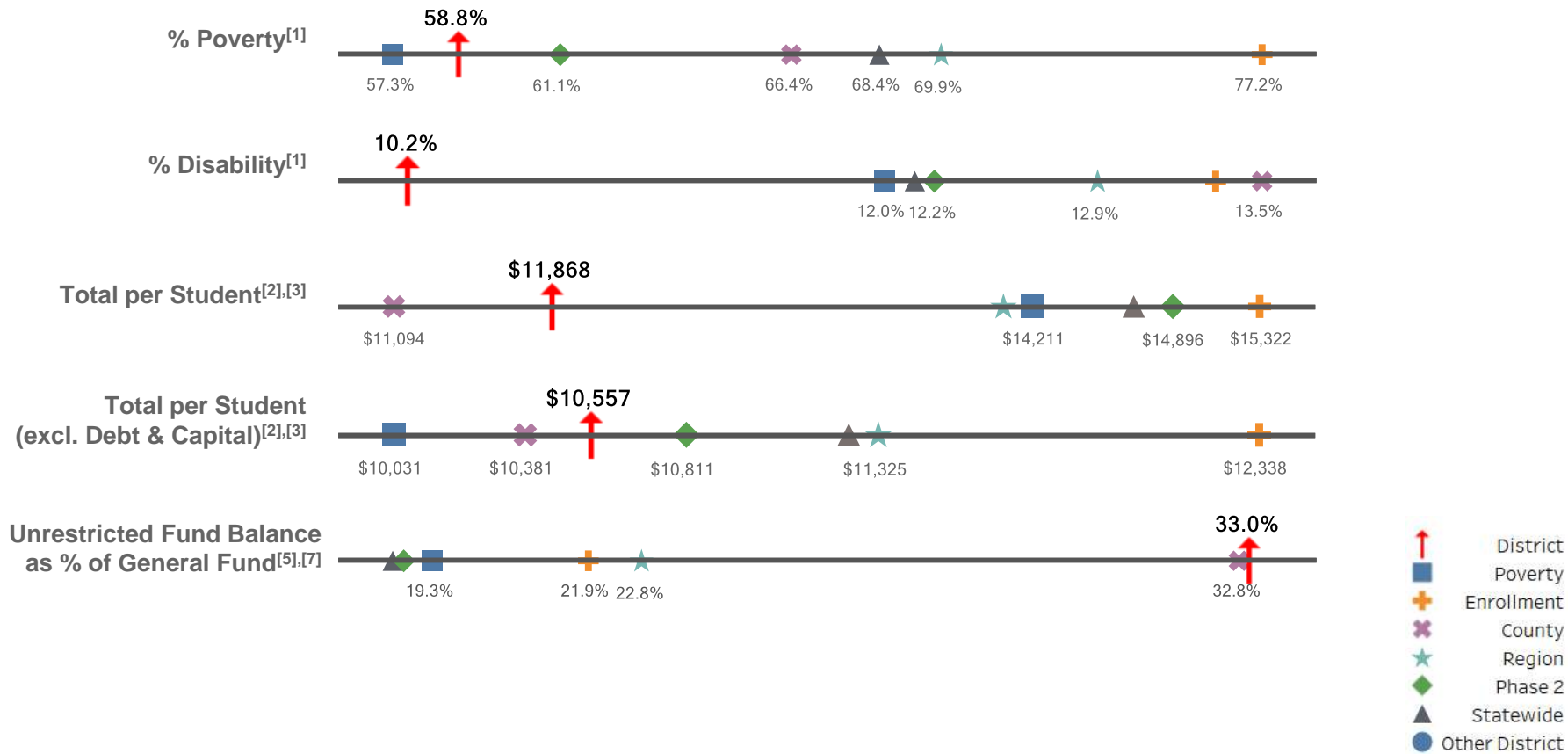
- | |
|--------------|
| Abbeville 60 |
| Edgefield |
| Greenwood 50 |
| Greenwood 51 |
| Greenwood 52 |
| Laurens 55 |
| Laurens 56 |
| McCormick |
| Saluda |

DISTRICT OVERVIEW

GREENWOOD 52

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

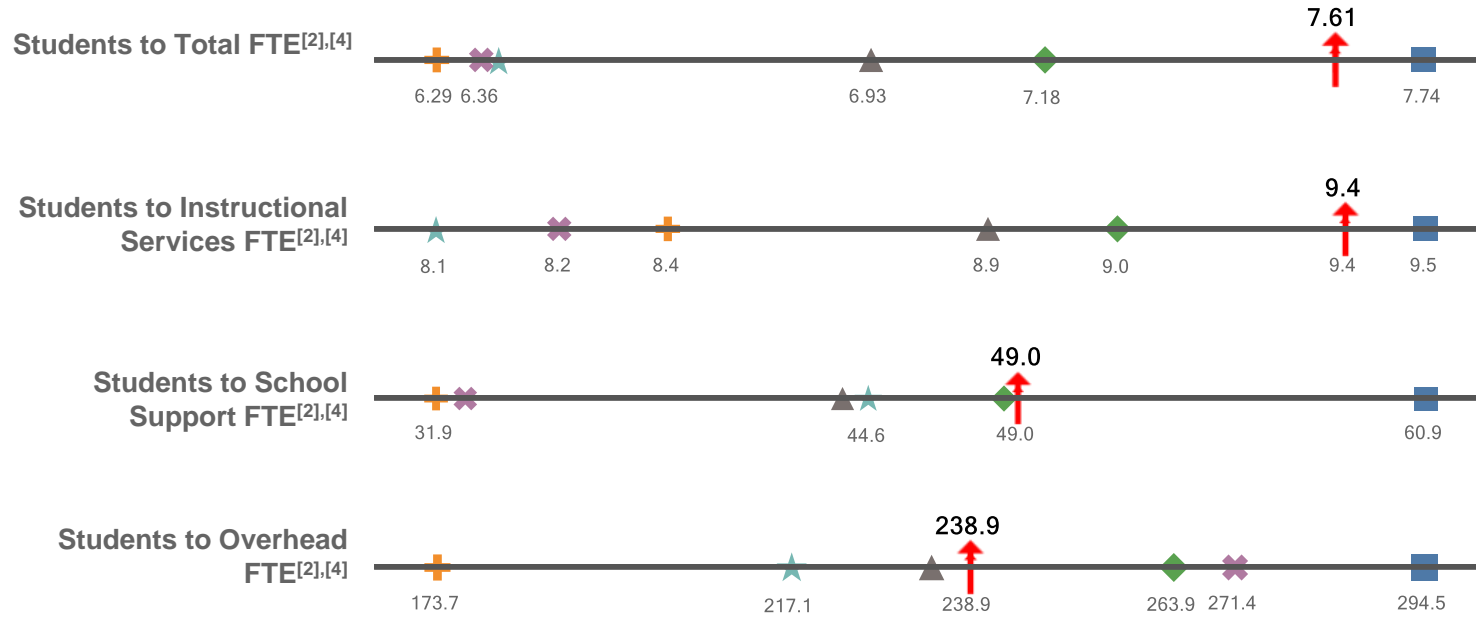
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



DISTRICT OVERVIEW

GREENWOOD 52

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

DISTRICT OVERVIEW AND OVERHEAD

GREENWOOD 52

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 81 students or approximately 5% over the past 3 years. • Student Demographics: The District serves Special Education students within its district with limited collaboration across other districts in the county and region. The District does, however, share a Behavioral Health Services grant with Saluda County School District in an effort to increase efficiency in this area. • Competition: Despite the recent decline in enrollment, the District does not identify charter schools or private schools as competition, estimating that 300 students from neighboring Greenwood 50 attend school in Greenwood 52 instead. • Long-term Planning: The District does not prepare long term enrollment projections to help inform long-term planning. 	<ul style="list-style-type: none"> • The District should develop a long-term enrollment forecast to anticipate enrollment changes and continue to ensure long term financial stability.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Financial Viability: The District's strong fund balance ratio is in excess of the statewide average. The District's overall size and declining enrollment trend will require it to continue to be prudent with long term financial planning and fund balance reserves in order to navigate through any unanticipated events. • Per Pupil Expenses: When excluding debt and capital, the District has a lower Per Pupil Expense relative to peers (\$10,557 compared to the peer enrollment benchmark of \$12,338). • Unrestricted Fund Balance: The District's Unrestricted Fund Balance that is 33% of General Fund revenues compared to the statewide average of 19%, indicating a strong financial position. 	<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

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> • Resource Allocation: Despite slightly less favorable Student to Instructional Services FTE ratio, the District maintains a favorable Student to Overhead FTE ratio and an overall efficient allocation of resources. • Student to FTE: The Student to Total FTEs for the District is more favorable than the District's enrollment peer group by enrollment (7.6 compared to 6.3). • Student to Instruction: The Student to Instruction ratio is slightly less favorable than the District's enrollment peer group (9.4 to 8.4). • Student to Support Services: The Student to Support Services ratio is significantly more favorable than the District's enrollment peer group (49.0 compared to 31.9). • Student to Overhead Ratio: The Student to Overhead Ratio is significantly more favorable than the District's enrollment peer group (238.9 vs. 173.7) due to the lean size of the General Administration, Human Resources and Finance functions. 	<ul style="list-style-type: none"> • Consider the addition of one or two resources (finance and human resource) to support the Superintendent and allow for incremental support to the leadership team.

DISTRICT OVERVIEW AND OVERHEAD

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Role of Superintendent: The Interim Superintendent has primarily focused on improving the financial stability of the District and various instructional initiatives, with no full time finance director in place. She is mainly supported by an assistant superintendent who has absorbed the duties of a Human Resources Director on extended leave. • Communications Function: Responsibility for communications are shared by the Interim Superintendent and Assistant Superintendent. • Legal: The District has no legal department. If legal advice is required, the District utilizes an external firm based in Columbia to provide support. • Turnover: The current Interim Superintendent has served for the past two years and is currently transitioning her role over to the incoming Superintendent for the next fiscal year. 	<ul style="list-style-type: none"> • The District should move forward with its plan to hire a full-time finance director in order to ensure continued financial forecasting and stability for the next five years, particularly given the apparent decline in enrollment.
Philanthropy	<ul style="list-style-type: none"> • The District has established partnerships with several foundations and organizations that include: <ul style="list-style-type: none"> • Self-family foundation • Lions Club • United Way • Healthy Learners • Beckman Mental Health • Additionally, the District partners with the local Police Department for school security and the Town of 96 for grants to build side walks for students to use to walk to school. 	<ul style="list-style-type: none"> • Continue to seek greater partnerships with foundations and local business for donations of money, food, goods, and time.

DISTRICT OVERVIEW AND OVERHEAD

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Board of Directors	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are not paid. • Board Composition: The board is comprised of 5 non-partisan, At-Large members serving 3-year terms. • Training: Board members are not required to attend training in excess of the State’s minimum requirements. 	<ul style="list-style-type: none"> • Consider having the Board of Directors attend an annual training to enable members to become more impactful members of the board.
Collaboration	<ul style="list-style-type: none"> • WPEC: The District coordinates with other regional superintendents to some degree through the WPEC consortium, as well as various summer school programs with Ware Shoals School District. • Career and Technology Center: The District utilizes a shared career and technology center with Greenwood 50 and 51. • 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. 	<ul style="list-style-type: none"> • Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require involve specialized skills or 2) are highly transactional. • Consider utilizing a shared career center across neighboring districts.



OUTLINE

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FINANCIAL MANAGEMENT OVERVIEW

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

621 : 1

District Students (ADM)^[2]

Financial FTE^[4]

\$128 per Student

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

Key statistics for metrics

Financial FTEs ^[4]	2.5
Personnel Expense ^[3]	\$181,008
Non-Personnel Expense ^[3]	\$30,852
Total Financial Expense ^[3]	\$211,860

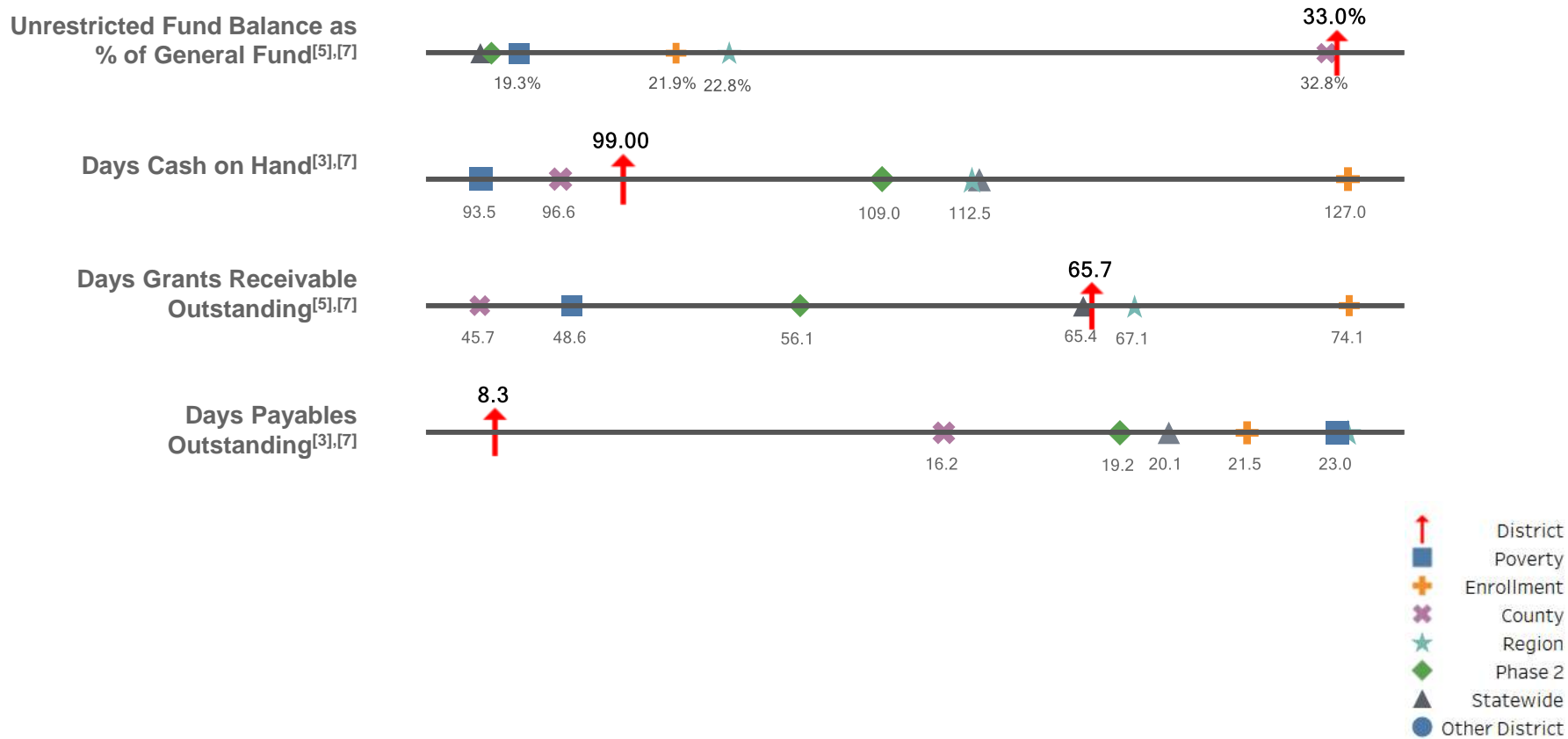
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

FINANCIAL MANAGEMENT

GREENWOOD 52

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

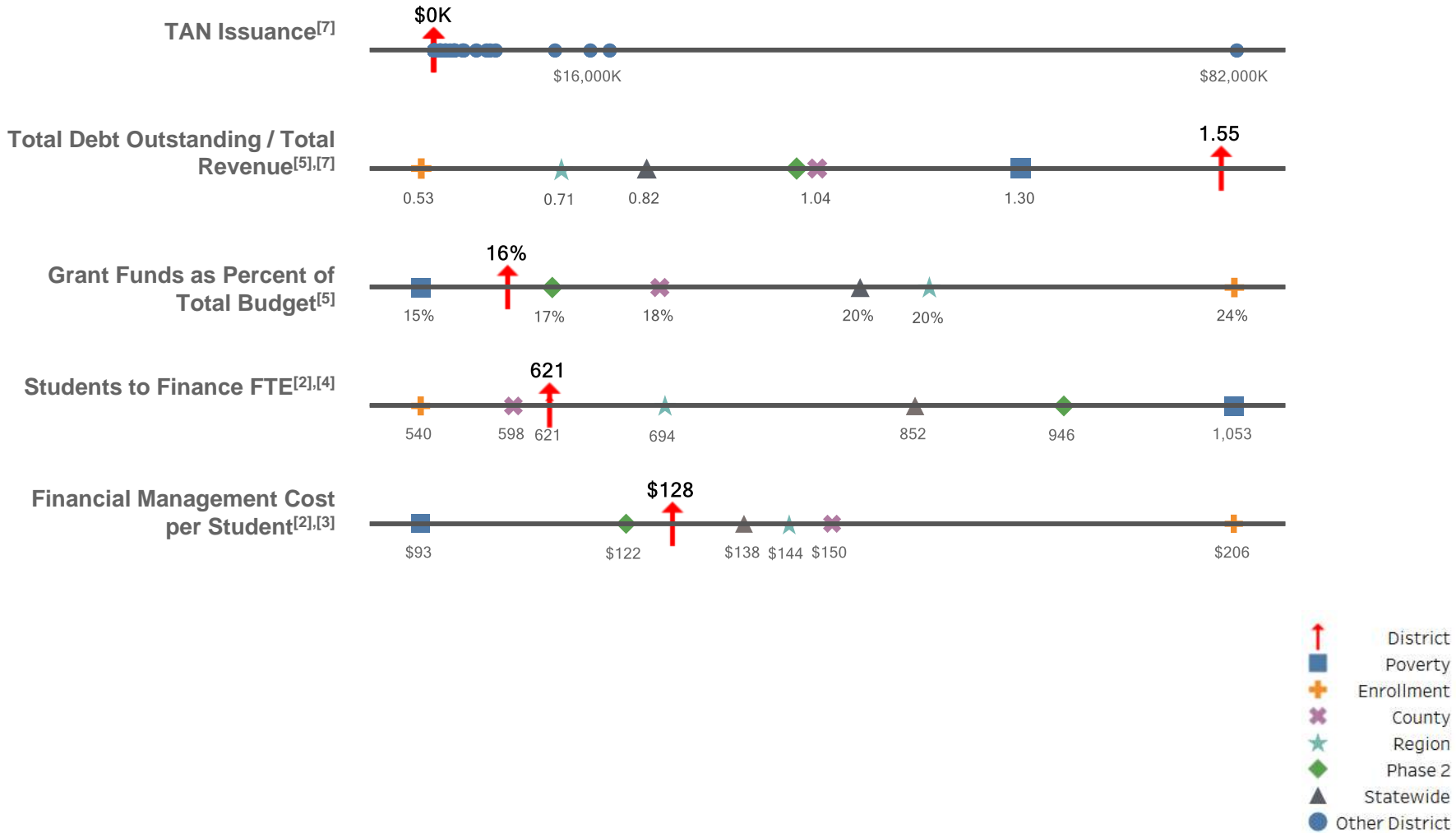
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



FINANCIAL MANAGEMENT

GREENWOOD 52

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Finance organization operates on a lean budget and is thinly staffed to support its scope of roles and responsibilities that include, accounting, payroll, benefits administration, accounts payable, budget, treasury, procurement and financial reporting. • Turnover: A vacancy this year in the finance department led the Interim Superintendent and Assistant Superintendent to hire a part-time consultant to provide some fiscal support on a monthly basis. The District is bringing on a full-time financial director next year. Filling this position will result in the net increase of .5 FTE since there is already .5 FTE budgeted for contracted services. • Finance Cost Per Pupil: The Finance Cost per Pupil for the District is significantly lower than the District’s enrollment peer group (\$128 to \$206). • Student Per Finance FTE: The Student per Finance FTE ratio is also more favorable relative to the District’s enrollment peers (621.2 to 540.0). 	<ul style="list-style-type: none"> • The District should move forward with its plan to hire a full-time finance director in order to ensure continued financial forecasting and stability for the next five years (particularly given the apparent decline in enrollment). • Given the already favorable metrics for per pupil spend and headcount ratios in both overhead and finance, the District will maintain a lean organization despite the additional resource coming onboard.

FINANCIAL MANAGEMENT

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	<ul style="list-style-type: none"> • Payroll: The District currently runs payroll on a monthly basis. • Employees all receive payroll via direct deposit. • The District does not use a self service payroll platform; therefore, employee initiated payroll changes are all processed manually. • Time-tracking: Time tracking is currently managed via manual by the finance department. • Purchasing: The District utilizes a manual, centralized purchase order system. Schools are able to secure items by completing requisition orders, which is typically handled by book keepers, who then submit these first to School Principals and then to the finance department for central approval. • P-cards: The District does not utilize a P-card program. • Inventory: The District bar codes technology for asset tracking, but it does not currently conduct centralized inventory processes. Inventory is managed directly by schools. • Risk Management: The District does not have formal risk management policies in place. 	<ul style="list-style-type: none"> • Implement automated time-tracking functionality that integrates with the payroll system in order to eliminate the need for manual time sheet adjustments. • Leverage currently available automated purchase order work flow systems or modules that can be integrated with the financial systems. • Implement standard policies and procedures around managing physical inventory and ensure that the District Finance organization is part of the overall process. Leverage asset management modules available through the financial system. • Implement risk management policies and procedures to include: (a) risk assessment and management; (b) safety and loss prevention review; (c) insurance claims handling and processes; and (d) insurance policy review and negotiation.

FINANCIAL MANAGEMENT

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	<ul style="list-style-type: none"> • Grants Revenue %: Grant funds provide 16% of revenue for the district making this district slightly less reliant on grant funds than its enrollment peers for whom this benchmark is 24%. • Federal Funds: Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made on a timely manner in order to maximize cash flow. • Indirect Costs: The District does not charge indirect costs against federal grants. • Grants Monitoring: Review of expenditures against grant requirements is conducted by the grants coordinator, with limited review by the Finance department. 	<ul style="list-style-type: none"> • Require finance to provide for a secondary review process before paying for grant funded activities or submitting claims for reimbursement on grants. • Consider utilizing a grant writer that could be hired and shared by other nearby districts to help drive applications for competitive grant opportunities. • Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Internal Controls	<ul style="list-style-type: none"> • Financial Statements Audit: The District was found to have no material weaknesses in its latest audited financial statements. It was noted in the report that the District has increased its financial stability with an improved fund balance and decreasing debt levels in recent years. • Position Control: The District has strong position control and has, in fact, implemented a reduction in days available to work for non-teacher positions in recent years. 	<ul style="list-style-type: none"> • Implement annual review of processes to ensure segregation of duties over key areas of internal control.
Cash Management	<ul style="list-style-type: none"> • Days Cash on Hand: The District has a strong cash balance, with 99 Days Cash on Hand. • Reporting: The District does not have a formalized cash flow forecasting process. It increases its monitoring on a seasonal basis (typically in November) when cash flow tightens before annual grant funding is received. • Grants Receivable Outstanding: The District averages 65.7 Days Grants Receivable Outstanding, on par with the statewide average of 65.4 days. • Days Payable Outstanding: The Districts Days Payables Outstanding is very low at 8.3 days. • Investments: The District maintains cash investments with the Country Treasurer. • TAN: The District did not issue TANs this past year and does not typically engage in this practice. 	<ul style="list-style-type: none"> • Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines.

FINANCIAL MANAGEMENT

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Budget	<ul style="list-style-type: none"> • Budget Planning: The annual budget process begins with a roll-forward of the prior year expenses. The Superintendent’s team works extensively with department heads and school principals to assess any new needs that are anticipated for the new fiscal year, or, in some cases as has been practiced in recent years, to determine opportunities for expense reductions. • Fiscal Monitoring: The District does not perform monthly or quarterly closes. However, financial reports comparing budget to actual are shared monthly with the Office of the Superintendent and the School Board. 	<ul style="list-style-type: none"> • Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for. • Incorporate variance reporting into the monthly budget to actual reporting that is shared with the School Board, Superintendent as well as each department director.
Technology	<ul style="list-style-type: none"> • ERP: The District uses Tyler Technologies Infinite Visions accounting software system; however, processes remain manual for time-keeping, procurement and invoice approval [check processing]. 	<ul style="list-style-type: none"> • Explore opportunities to better utilize the existing accounting software to leverage enhanced functionality that provides automated workflow and approval of purchase orders, automated time tracking that links directly with the payroll system.
Regional Collaboration	<ul style="list-style-type: none"> • The District does not coordinate with others in the region on any transaction processing or finance related activities. The District is, however, a member of the WPEC Consortium which practices information sharing among job-alike groups such as fiscal directors. 	<ul style="list-style-type: none"> • Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other Districts within the Region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).



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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)^[2] Human Resources FTE^[4]

\$ per Student

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

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

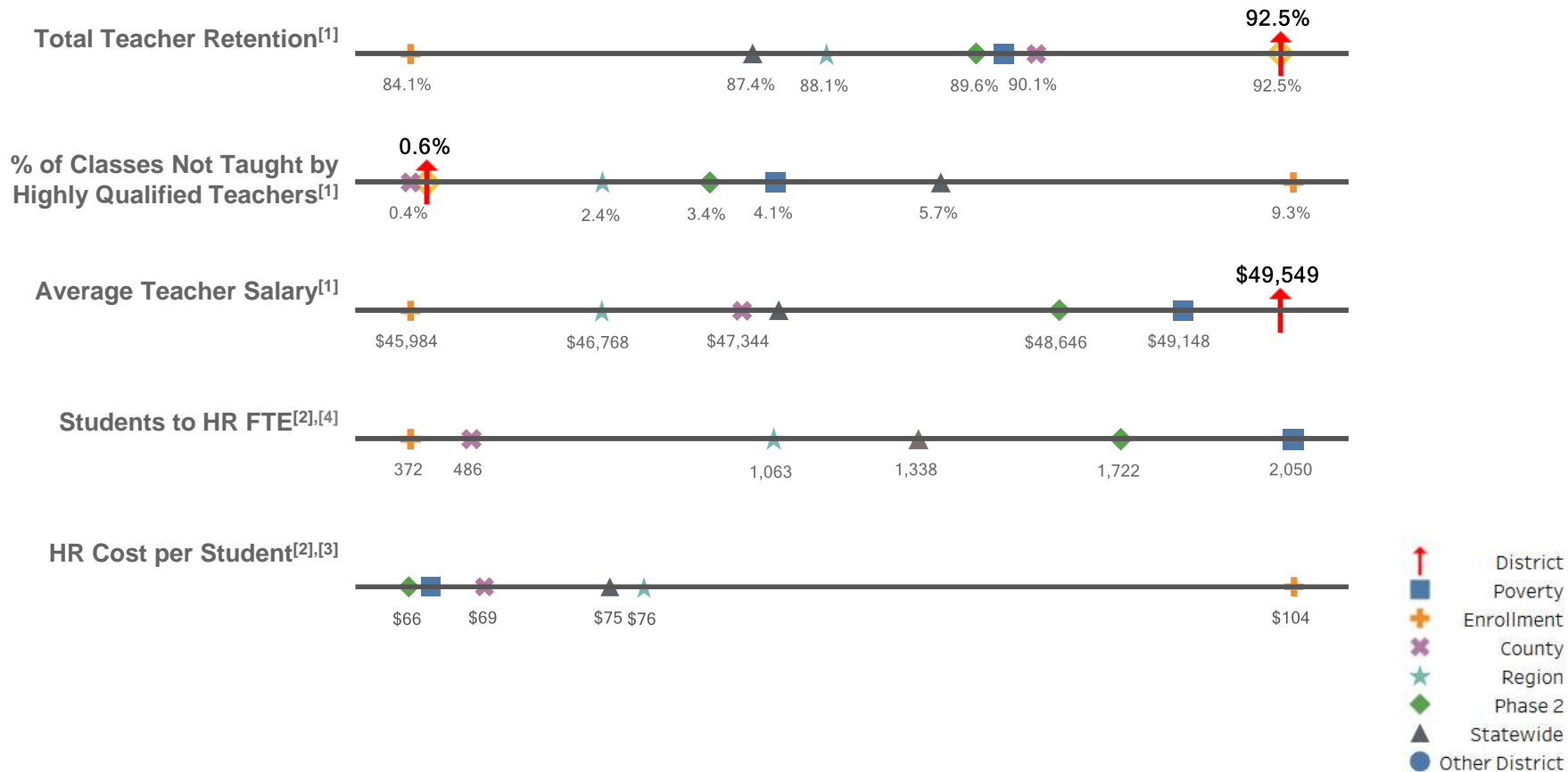
NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

HUMAN RESOURCES

GREENWOOD 52

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

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The district does not have any staff focused on Human Resources. Recruiting, retention, personnel relations, and professional development activities are managed by the Assistant Superintendent. Benefits administration is managed the finance department’s payroll specialist. • HR Cost per Student: HR spend per student is \$0. • Student to HR FTE: Student to HR FTE ratio is not applicable given there are no HR staff in the District. 	<ul style="list-style-type: none"> • Consider addition of one resource to free-up the Assistant Superintendent’s time and better support recruiting, retention, personnel relations, and professional development activities.
Recruiting and Retention	<ul style="list-style-type: none"> • Recruiting and Retention: Comparatively higher teacher salaries as well as a high Teacher Return Rate of 93% indicate that teacher retention is not currently as challenging for the District as compared with others in the State. Additionally, the District has indicated that the primary reason for teachers leaving the District is due to retirement or attrition more so than available positions at competing districts opening-up. • The average teacher salary is well above the state average at \$49,549 vs. \$47,567. • The District recruits at Lander University and does not rely on international teachers or staffing firms for teaching resources. 	
Technology	<ul style="list-style-type: none"> • The District does not leverage technology support systems for recruiting or application processing. • The District uses Aesop for substitute management and recently began contracting with Kelly Services. 	<ul style="list-style-type: none"> • Implement technology to help enhance and automate recruiting, on-boarding, and time tracking processes that are currently manual. • Implement an automated time tracking system that can interface directly with the payroll system.

HUMAN RESOURCES

GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Benefits	<ul style="list-style-type: none"> Benefits administration is managed by the finance department's payroll specialist. 	<ul style="list-style-type: none"> Benefits administration process could be automated via the establishment of employee portal. Employees could be responsible for updates and information would be linked directly to payroll. Explore the availability within the current financial system to leverage an employee portal. Establish a process with PEBA to conduct a local review of benefit plans for ineligible dependents.
Collaboration	<ul style="list-style-type: none"> The District does not collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with 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 (e.g. Frontline) - Substitute Management (e.g. Kelly Services)



OUTLINE

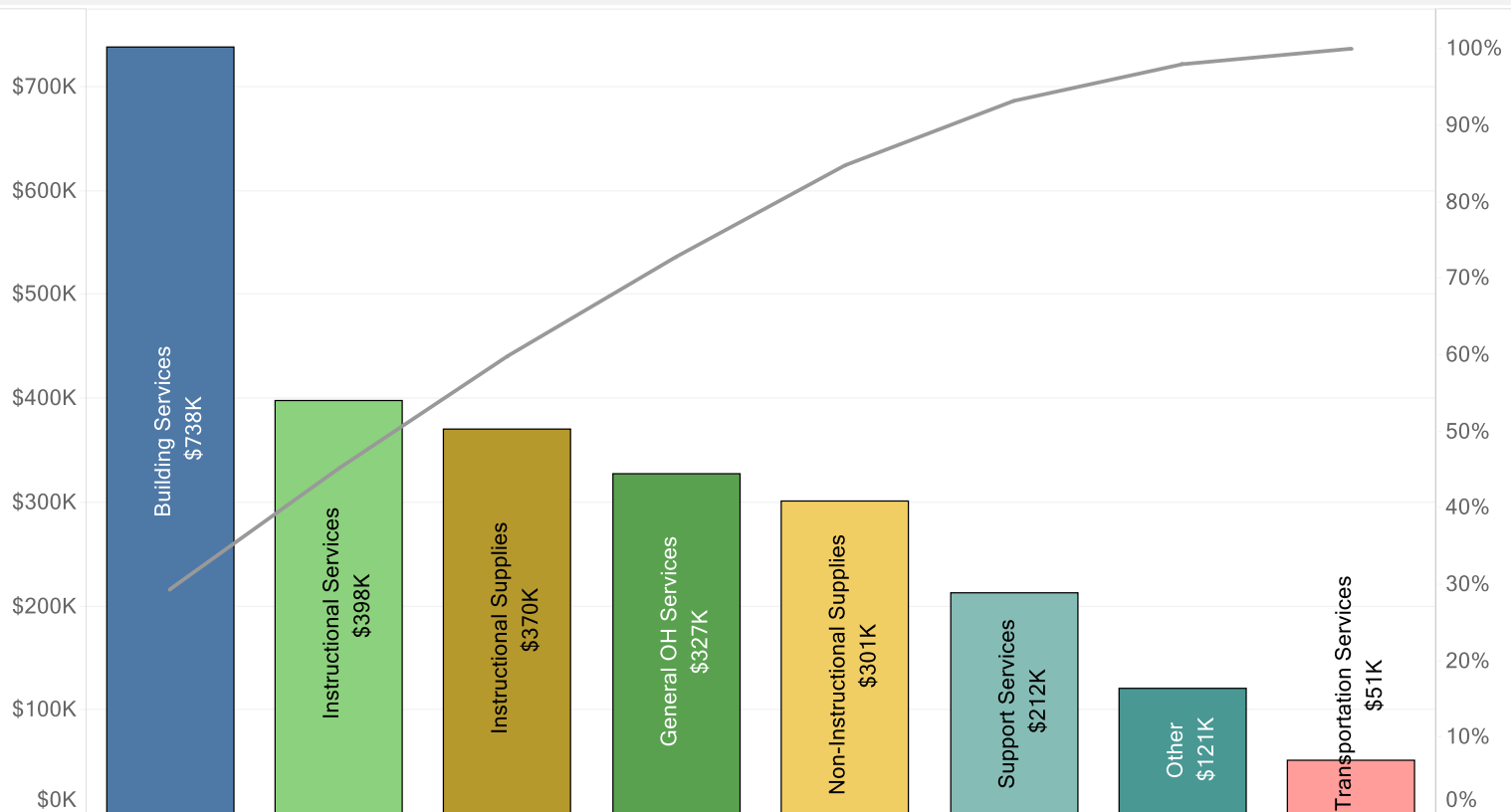
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PROCUREMENT GREENWOOD 52

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.

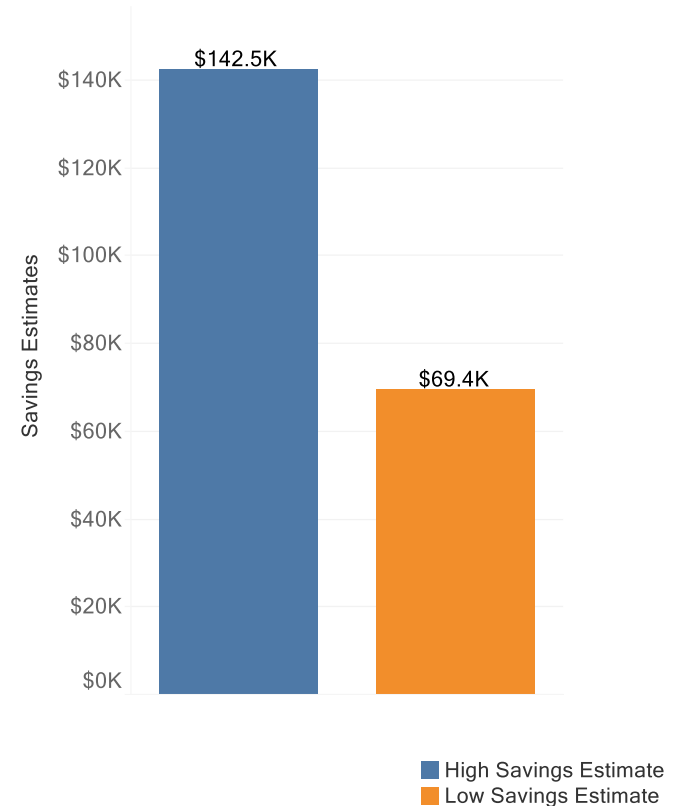
District In Scope Total Procurement Spend^[3] = \$2,518,144



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 GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> The District does not have any staff focused on purchasing and procurement. This area is managed by the Assistant Superintendent. 	<ul style="list-style-type: none"> Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.
Spending by Vendor	<ul style="list-style-type: none"> Spending efforts are made based upon the individual buyer, with local optimization the main priority. Aggregated purchasing decisions across districts are not made. The Assistant Superintendent evaluates available pricing vehicles such as the state pricing schedule. 	<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. 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 Group Purchasing: Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include Supplies and Technology.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<p>Spending by Category</p>	<ul style="list-style-type: none"> • Building and Maintenance: The District contracts through local vendors. • Food Services: The District leverages the State contract pricing with US Foods for food supplies. • Energy: The District does not fix rates for natural gas contracts. • Non-instructional Supplies - Contracting Vehicles: The District purchases the majority of non-instructional supplies on state contract pricing. • An exception to this would be the recent renegotiation of the copy and printer lease off of the state contracting to achieve savings. • Technology and Software: The District does not currently leverage cross-District pricing for SW licensing such as Tyler Technologies or other technology needs. 	<ul style="list-style-type: none"> • 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. • Coordinate purchasing of instructional services with surrounding Districts to maximize the potential for volume discounts. • Consider establishing fixed rate contract for natural gas. • Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding Districts to maximize the potential for volume discounts.

PROCUREMENT GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	<ul style="list-style-type: none">• The District does not typically partner with other districts to procure goods and services.• The District explores opportunities for acquiring Professional Development Services through the WPEC Consortium.	<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, and contract management.• A regional collaboration model would allow for Districts to further capitalize on volume discounts and rebates on areas of spend that would include:<ul style="list-style-type: none">- Technology- Instructional Software and Services- Instructional Staffing- Supplies



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TRANSPORTATION GREENWOOD 52

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.

11 Years

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

\$199 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	7.1
Personnel Expense ^[3]	\$259,527
Non-Personnel Expense ^[3]	\$55,200
Total Transportation Expense ^[3]	\$314,727

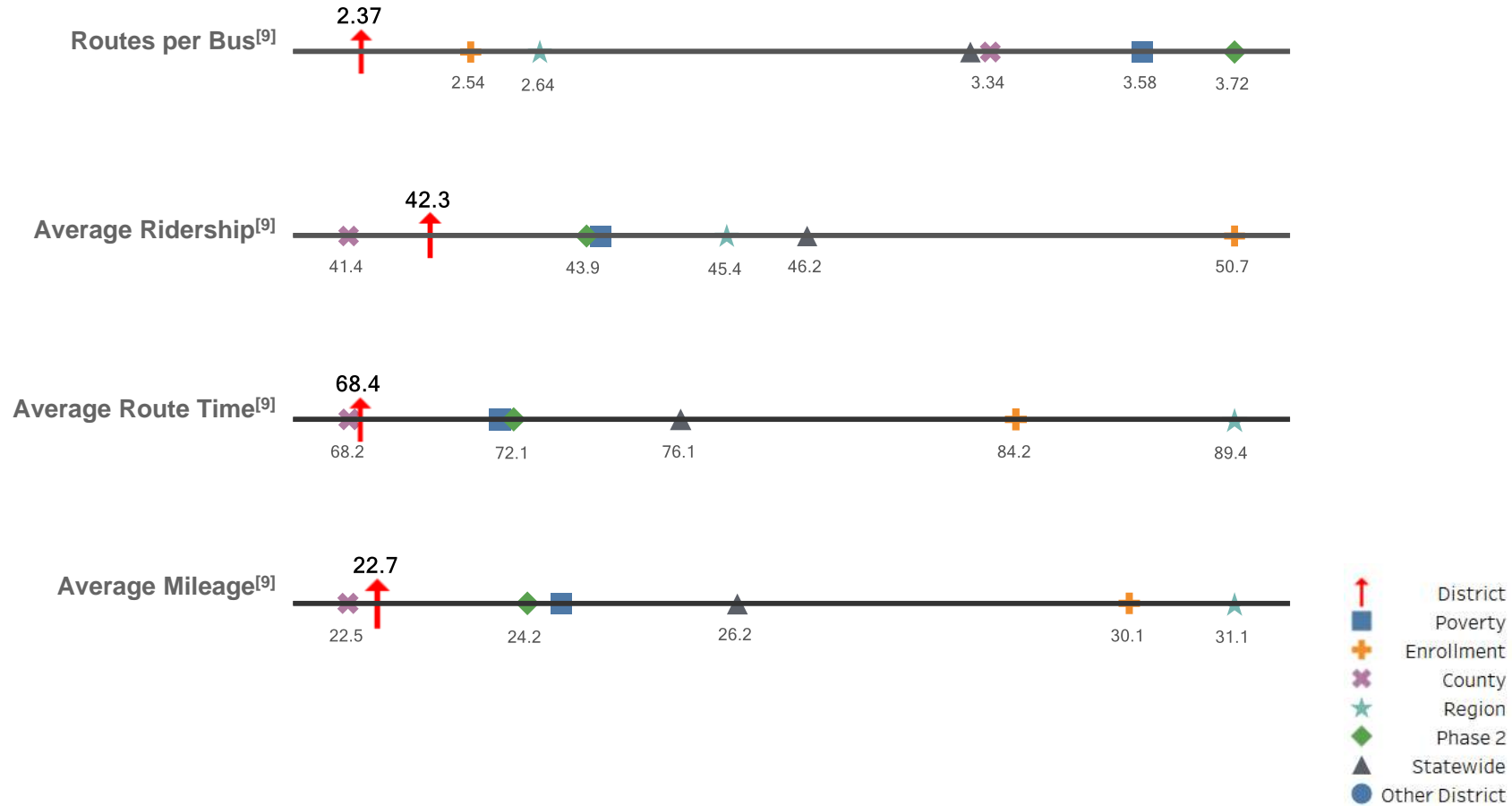
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

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	8.0	19	2.4	803	42	68	23
Special Needs	0.5	2	4.0	15	8	Not-Available	24
Other	1.5	8	5.5	225	28	Not-Available	15
Total	10.0	29	2.9	1,043	N/A	N/A	N/A

TRANSPORTATION GREENWOOD 52

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 GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none">• Recruiting: The District has a difficult time recruiting bus drivers; however, there are currently no vacancies. The District offers dual employment as an option for recruiting bus drivers, although only one currently takes advantage of this option.• Substitute Drivers: The District does not have a pool of substitute drivers; therefore, routes are frequently adjusted daily to deal with the shortage.• Compensation: Bus drivers are currently paid a starting rate approximately \$4 above state reimbursement levels.• Management: Transportation is run by one administrator.	

TRANSPORTATION GREENWOOD 52

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	<ul style="list-style-type: none"> • Bus Routing: The District currently staggers bell times and routes between the Primary and Elementary Schools, and the Middle High Schools. • Technology: The District does not utilize routing software. • The District has passive GPS on its buses which is used alongside the security camera system. It is not used for route optimization. • The District provides cell phones to drivers to contact drivers while on routes. • The District has security cameras on all buses. • The District has stop-arm cameras on buses. • Activity Buses: The District does not use the State fuel for activity buses. 	<ul style="list-style-type: none"> • Consider furthering the spread of staggered bell times to increase individual bus capacity. • Implement routing software to ensure most efficient routes • Install GPS on buses to monitor bus routes and ensure most efficient route.
Collaboration	<ul style="list-style-type: none"> • The state fleet shares the maintenance garage with Greenwood 50. 	<ul style="list-style-type: none"> • Consider partnering with districts that are also transporting children to other out of district placements

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

GREENWOOD 52

APPROACH TO SAVINGS

GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

FINANCE AND HUMAN RESOURCES

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

PROCUREMENT

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

TRANSPORTATION

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

APPROACH TO SAVINGS: OTHER CONSIDERATIONS

➤ **State-wide Benchmarking Data:**

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

➤ **Implementation:**

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

SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

PEOPLE

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

TECHNOLOGY

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

Functional Review Operating Model Components



PROCESS

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

ORGANIZATION

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

APPENDIX A: SAVINGS METHODOLOGY

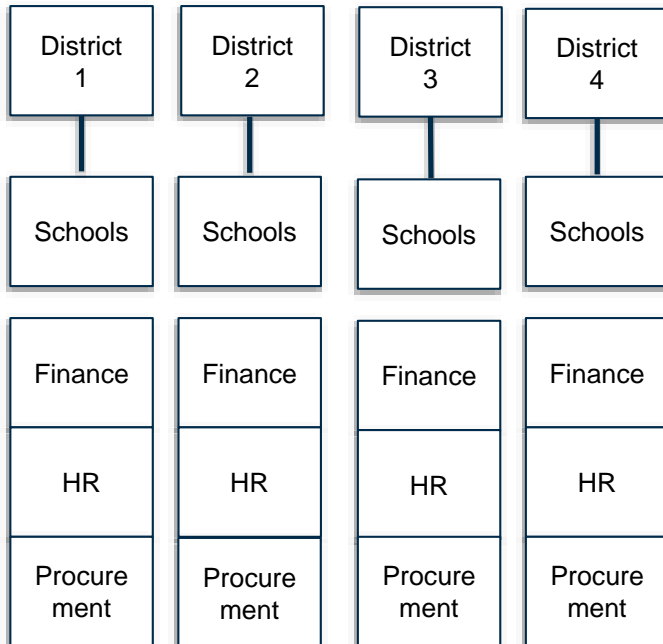
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COLLABORATION: SHARED SERVICE MODELS

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

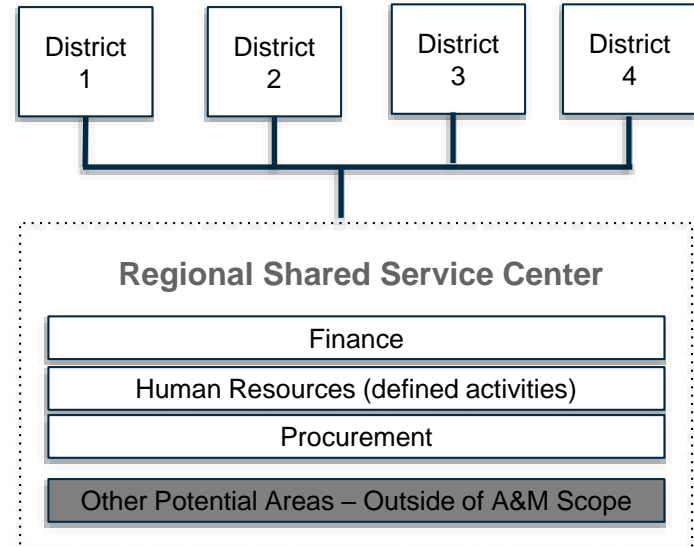
CURRENT STATE: STAND ALONE DISTRICT

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



COLLABORATION ALTERNATIVE

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



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

APPENDIX A: SAVINGS METHODOLOGY

GREENWOOD 52

SHARED SERVICES MODEL: SAVINGS APPROACH

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

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

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

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

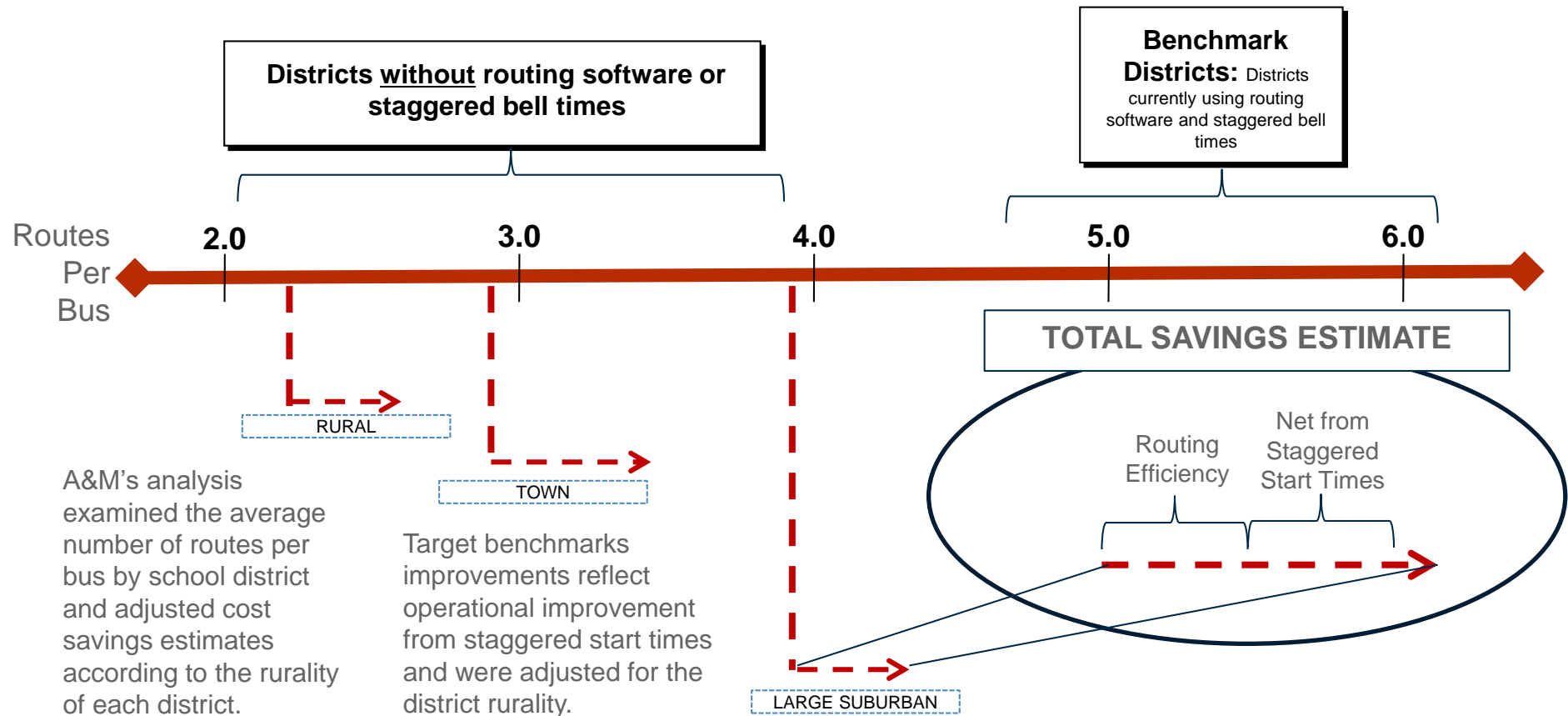
	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	Collaboration Model	Savings
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs ⁽²⁾	18.9	13.0	6.0
Total Spend ⁽²⁾	\$2,409,840	\$1,684,478	\$725,326
Savings %			30.1%

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

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

TRANSPORTATION ROUTING: SAVINGS APPROACH

Implementation of new routing software can help districts optimize existing routes and evaluate alternative routing strategies, such as staggered bell times.



APPENDIX A: SAVINGS METHODOLOGY

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TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

Savings from Routing Efficiencies

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

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

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

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

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

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

APPENDIX A: SAVINGS METHODOLOGY

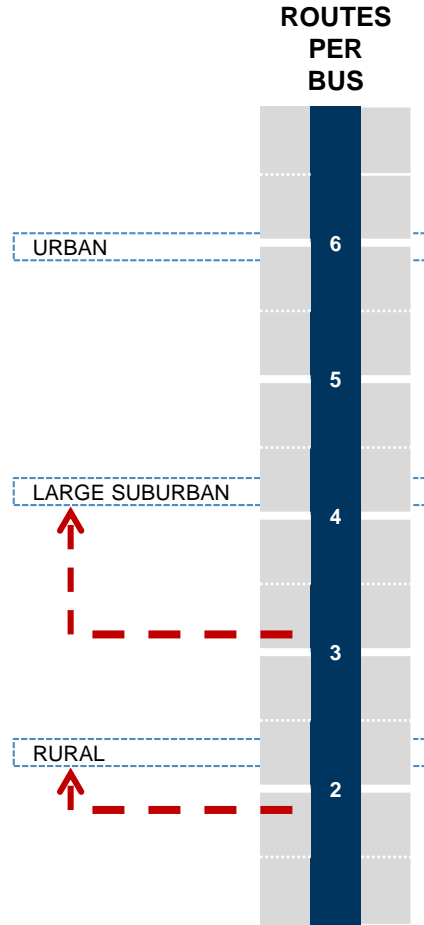
GREENWOOD 52

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

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COLLABORATION: PURCHASING COORDINATION AND AGGREGATION

Given the size of many of the individual districts, there is little leverage to negotiate best pricing or invest in resources needed to develop or implement a defined procurement strategy. These districts would benefit from greater purchasing coordination, aggregation of buying power and minimum commitments in order to improve overall pricing.

EXAMPLES OF STATE-WIDE PROCUREMENT OPPORTUNITIES

Example 1: Differentiated Pricing in Professional Services

District	Labor Rate Mark-up for Temporary Staff
District A	0.43 to 0.49
State Contract	0.40
District B	0.39

- At a minimum, many districts could benefit from leveraging State contracts. Districts could additionally benefit from favorable pricing negotiated by other districts.

Example 2: Volume Discounts and Rebates with a Technology Vendor

Minimum \$ Value	Discount
\$50,000	1%
\$100,000	2%
\$200,000	4%
\$500,000	6%
\$1,000,000	8%

- Nearly all districts could benefit from additional discounts by aggregating spend statewide.

APPENDIX A: SAVINGS METHODOLOGY

GREENWOOD 52

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

GREENWOOD 52

[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

GREENWOOD 52

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

GREENWOOD 52

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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