



# ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION  
SCHOOL DISTRICT EFFICIENCY REVIEW

**Laurens 56**

**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

## LAURENS 56

### PROJECT OVERVIEW

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

# EXECUTIVE SUMMARY

## LAURENS 56

### PROJECT OVERVIEW (CONTINUED)

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

## PROJECT OVERVIEW (CONTINUED)

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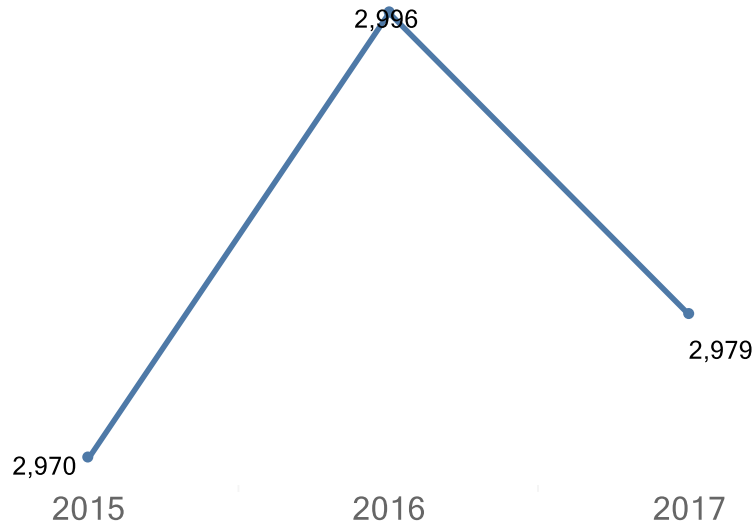
### ➤ Sources of Data and Savings Estimates:

- 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.

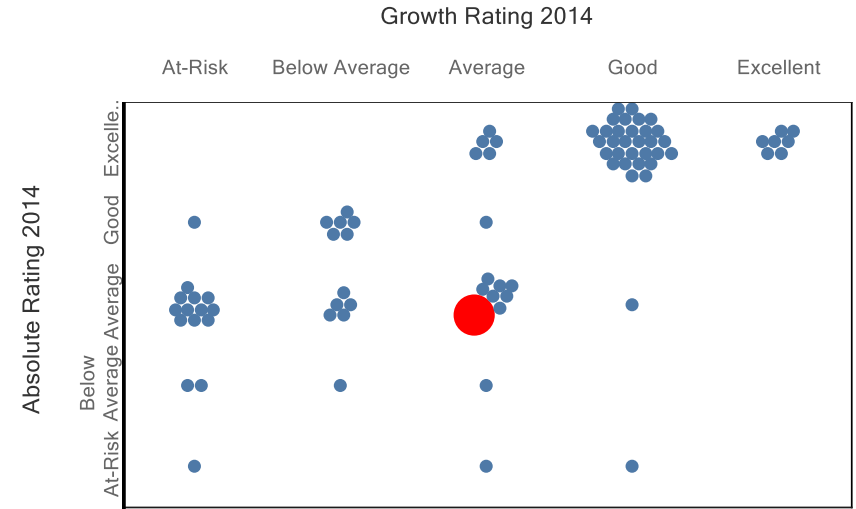
# EXECUTIVE SUMMARY

## LAURENS 56

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



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



### General Info

Number of Schools <sup>[2]</sup>	5
% Poverty <sup>[1]</sup>	75.3%
% Disability <sup>[1]</sup>	18%
\$ Per Student <sup>[2],[3]</sup>	\$20,903
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$11,432

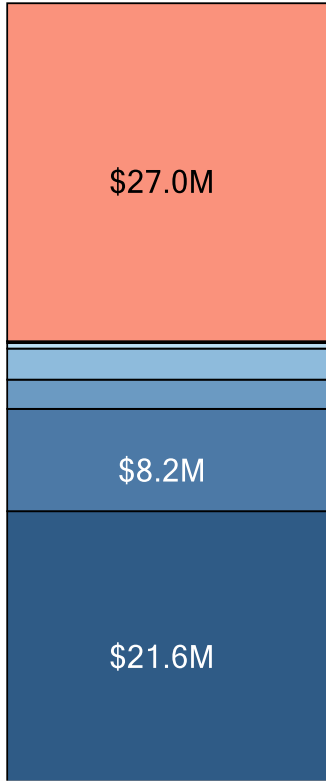
### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	9.7
Students Per Overhead FTE <sup>[2],[4]</sup>	141.8
Students Per School Support FTE <sup>[2],[4]</sup>	119.1
Students to Total FTE <sup>[2],[4]</sup>	8.4

# EXECUTIVE SUMMARY

## LAURENS 56

Sources of Funds<sup>[5]</sup>  
\$62.3M



2015-2016

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

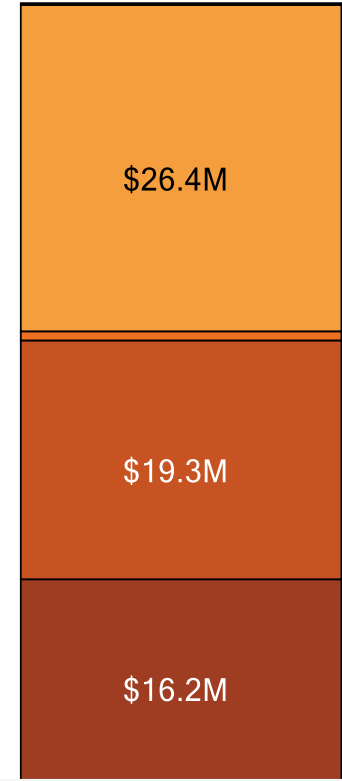
Use of Funds - Type<sup>[3]</sup>  
\$62.6M



2015-2016

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

Use of Funds - Function<sup>[3]</sup>  
\$62.6M



2015-2016

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

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## LAURENS 56

\$62.6M  
Total

\$7.1M  
In-Scope

\$55.6M  
Not In-Scope

*11.3% of total spend is within scope of the efficiency review:*

	In Scope Spend <sup>[3]</sup>	Procurement Component
Finance	\$285,582	\$47,811
Human Resources	\$161,941	\$13,599
Overhead	\$597,614	\$144,190
Transportation	\$752,780	\$15,503
Procurement (Community Services, Instruction, Support Services)	\$5,272,872	\$5,272,872
<b>TOTAL</b>	<b>\$7,070,789</b>	<b>\$5,493,975</b>

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## LAURENS 56

### GOALS, CHALLENGES & ACHIEVEMENTS

#### District Goals

**Mission:** The mission of Laurens 56 is to provide the highest quality education and be an advocate for all students by preparing them for future learning. The District will garner support through a culture of continuous improvement driven by integrity, teamwork, and perseverance.

1. **Student Achievement:** By the end of 2017-2018, all schools will incorporate Advancement Via Individual Determination (AVID).
2. **Technology:** By the end of 2019-2020, 1:1 devices will be in grades 3-12.
3. **Curriculum:** By the end of 2020-2021, an International Baccalaureate program will be fully incorporated at the middle school level.

#### Achievements

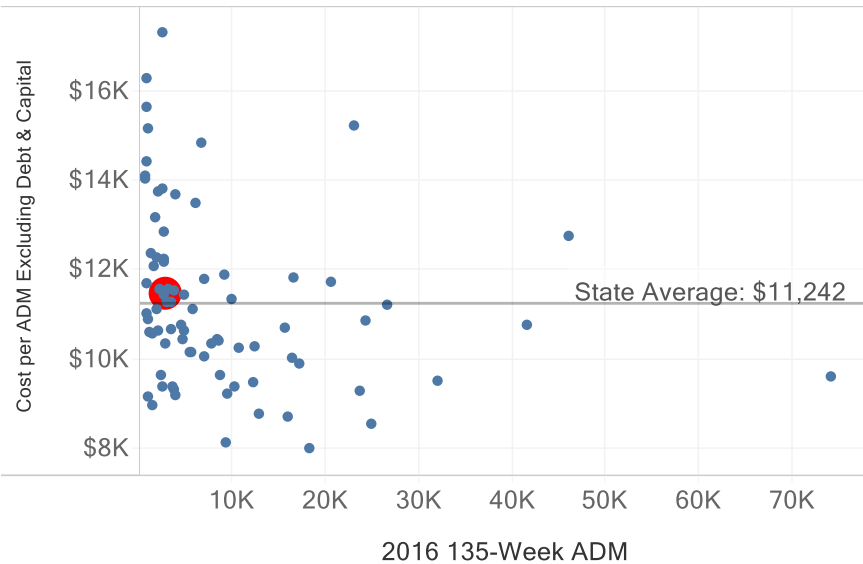
- **Technology:** During 2016-2017, the District rolled out iPads to grades 7-10.
- **Student Achievement:** Three out of five schools have incorporated AVID.
- **Risk Management:** The District received a rating of “Low Risk” from the 2016- 2017 Risk Assessment.

#### Challenges

- **Technology:** The District has long term concerns with regard to the technology infrastructure and lack of funds for a consistent replenishment cycle for devices.
- **Instructional Resources:** Many of the schools lack instructional coaches.
- **Recruitment and Retention:** A shrinking and aging teacher workforce creates difficulties associated with recruitment and retention of teachers. Many young teachers come here only to bide time and leave for richer, urban / suburban districts (i.e., Greenville, Spartanburg, Greenwood).

## 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

## LAURENS 56

### OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
<b>Finance</b>	<ul style="list-style-type: none"> <li>• <b>Financial Viability:</b> The stable enrollment of the District coupled with average per pupil and above average unrestricted fund balance (as a percentage of revenues) indicate that the District is financially stable.</li> <li>• <b>Limited Staffing / Manual Processes:</b> The under-investment and under-utilization of technology contribute to the need to modernize financial processes.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• <b>Challenges with Recruiting and Retention:</b> General challenges associated with teaching shortages are exacerbated by varied pay scales, as the average teacher salaries of smaller districts generally lag larger districts.</li> <li>• <b>Limited Staffing / Manual Processes:</b> The District has limited staffing levels with few that are fully dedicated to Human Resources function.</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 and a portion of driver salaries. The District is grappling with a shortage of drivers.</li> <li>• <b>Manual Routing:</b> The District does not have routing software that can be used to help drive routing efficiencies.</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> The District has limited, if any, resources dedicated to Procurement.</li> <li>• <b>Strategic sourcing:</b> The District has little leverage with vendors due to low purchasing volumes. Contracts are negotiated without volume discounts / rebates. There is significant off-contract purchasing but some collaboration across districts through the WPEC.</li> </ul>
<b>Overhead</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> The District has 4 FTEs included within the office of the Superintendent, including the Superintendent.</li> <li>• <b>Collaboration:</b> The District engages in some collaboration with other Superintendents through the WPEC.</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

## LAURENS 56

### 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 the financial systems to facilitate automated and purchase to payment processes, integrated timekeeping, and payroll and position control functionality.</p> <p><b>Process Improvements:</b> Modernize processes to limit manual activities and strengthen internal controls.</p> <p><b>Staffing/Organization:</b> Train/cross-train personnel on key financial functions to increase the capabilities and effectiveness of the team.</p>	<p><b>System Enhancements:</b> Implement new technologies to automate HR processes, such as integrated applicant sourcing, tracking and on-boarding.</p> <p><b>Process Improvements:</b> Formalize plans to implement and enhance incentive programs to help navigate teaching shortages and increase recruitment and retention rates.</p> <p><b>Staffing and Organization:</b> Train/cross-train personnel on recruiting, talent management and professional development strategies.</p>	<p><b>Process Improvements:</b> Leverage state contracts and group purchasing organizations to optimize spend.</p> <p>Enable other districts to purchase off individually negotiated contracts.</p> <p>Negotiate discounts / rebates for tiered levels of spending using minimum buying commitments as appropriate.</p> <p>Monitor compliance with major contracts and analyze spending distribution on an ongoing basis to identify opportunities for potential savings.</p>	<p><b>System Enhancements:</b> Implement new routing software, GPS, and security cameras on all buses.</p> <p><b>Process Improvements:</b> Staggered Bell Times: - Complete analysis (in conjunction with use of routing software) to evaluate the potential financial benefits of using routing software.</p> <p><b>Staffing / Organization:</b> Implement staggered bell times and routing software to make routes more efficient and reduce the number of bus drivers necessary for operation.</p>

# EXECUTIVE SUMMARY

## LAURENS 56

### 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

## LAURENS 56

### 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

## LAURENS 56

### 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	\$28,100	\$84,200
Human Resources	15,000	25,000	0	16,200
Procurement	0	0	135,400	287,100
Transportation – District	N/A	N/A	30,000	45,000
<b>District Total</b>	<b>32,500</b>	<b>57,500</b>	<b>193,500</b>	<b>432,500</b>
Transportation – State	8,000	36,600	26,100	55,000
<b>Total</b>	<b>\$40,500</b>	<b>\$94,100</b>	<b>\$219,600</b>	<b>\$487,500</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.*



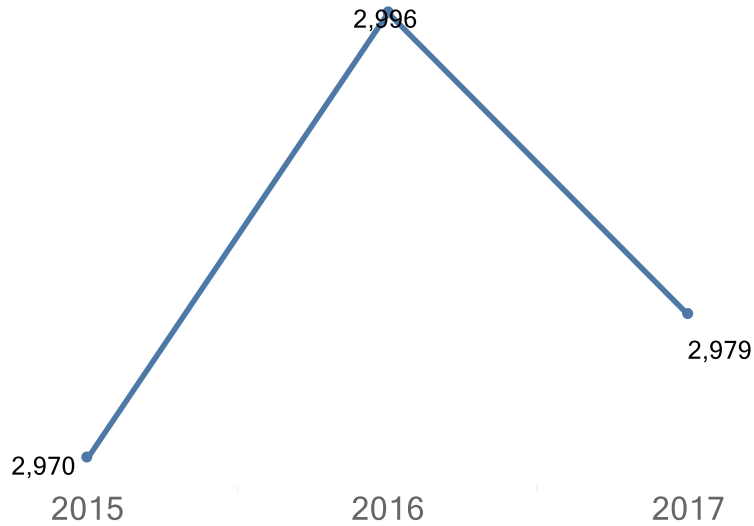
## OUTLINE

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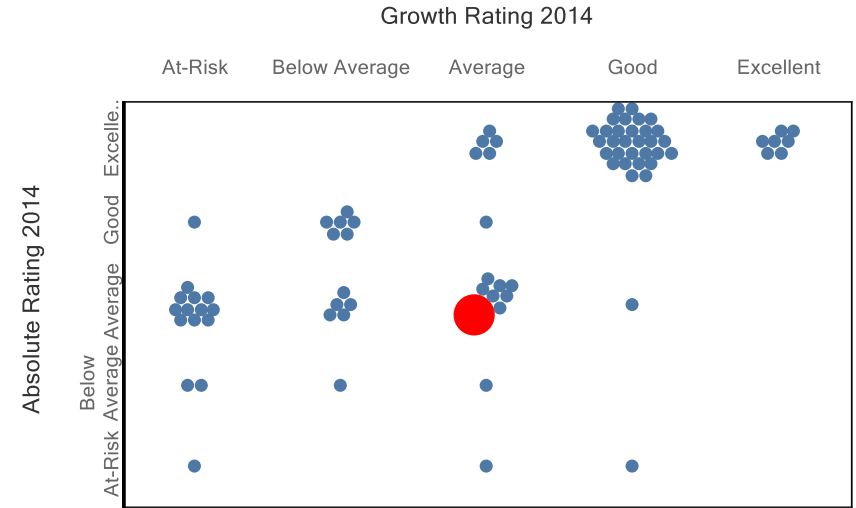
# DISTRICT ADMINISTRATION AND PERFORMANCE

## LAURENS 56

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



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



### General Info

Number of Schools <sup>[2]</sup>	5
% Poverty <sup>[1]</sup>	75.3%
% Disability <sup>[1]</sup>	18%
\$ Per Student <sup>[2],[3]</sup>	\$20,903
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$11,432

### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	9.7
Students Per Overhead FTE <sup>[2],[4]</sup>	141.8
Students Per School Support FTE <sup>[2],[4]</sup>	119.1
Students to Total FTE <sup>[2],[4]</sup>	8.4

# DISTRICT BENCHMARKING

## LAURENS 56

### Enrollment (2,500 - 5,000)

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

### 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	

### Poverty (75% - 80%)

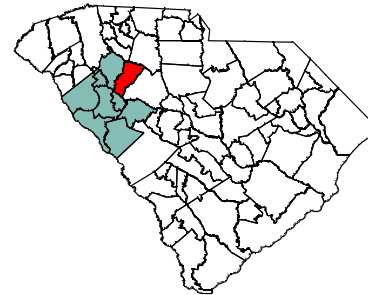
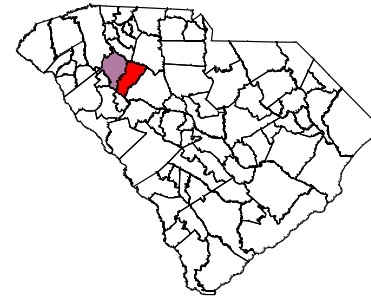
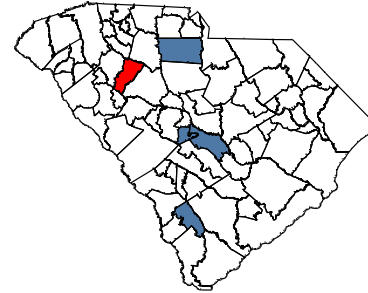
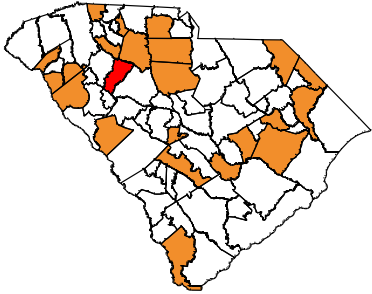
Calhoun
Chester
Hampton 01
Laurens 56
Lexington 04

### County (Laurens)

Laurens 55
Laurens 56

### Region (Upper Savannah)

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

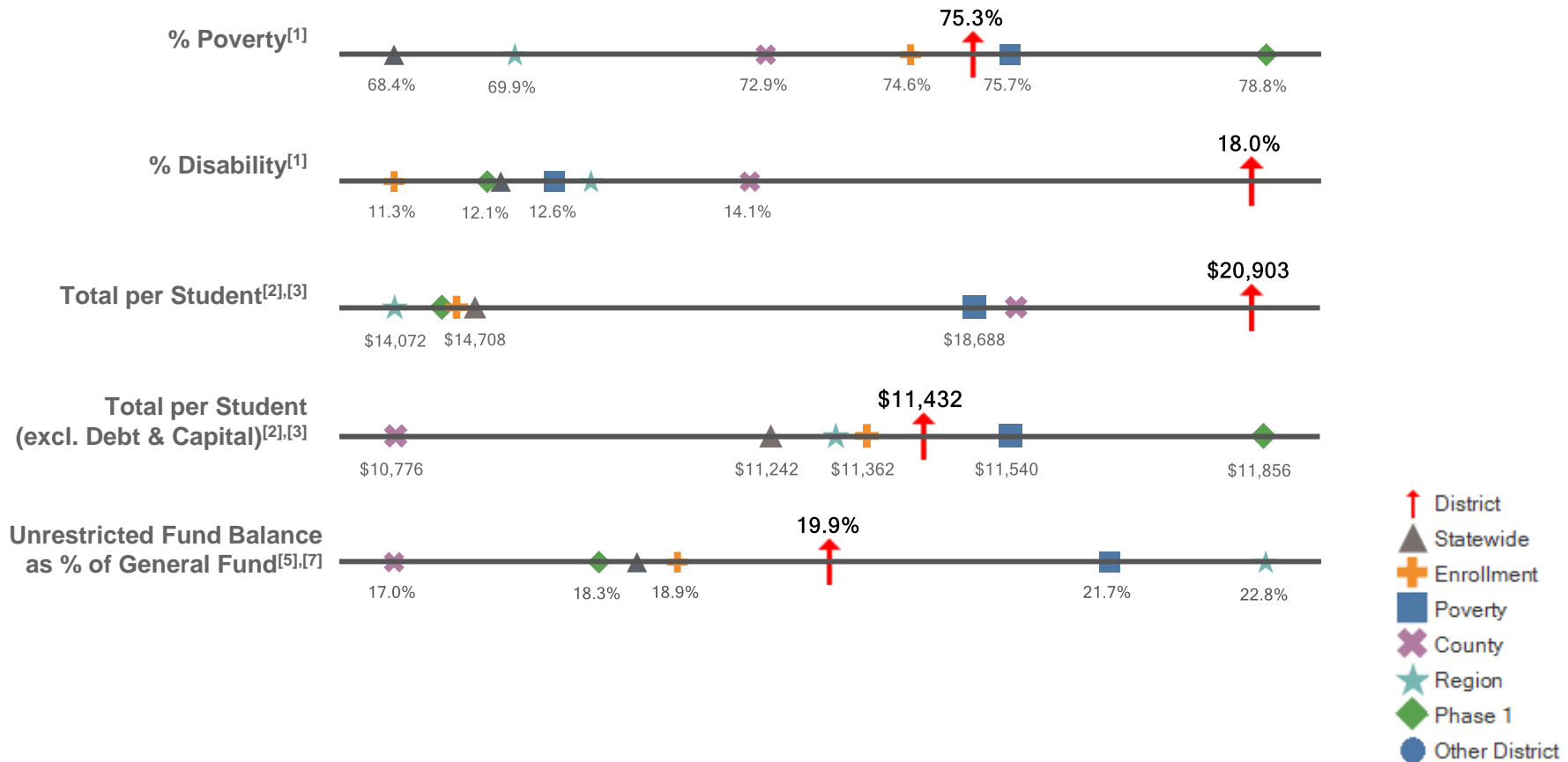


# DISTRICT OVERVIEW

## LAURENS 56

### KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

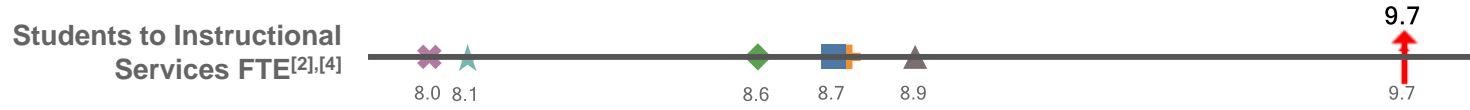
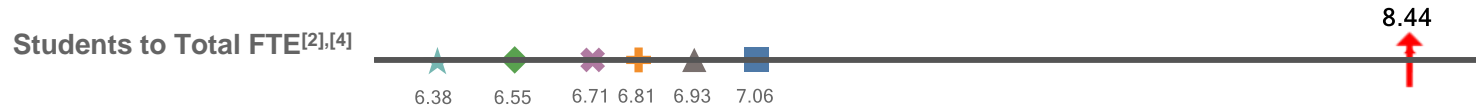
*The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.*



# DISTRICT OVERVIEW

## LAURENS 56

### KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

# DISTRICT OVERVIEW AND OVERHEAD

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Enrollment Trends</b>	<ul style="list-style-type: none"> <li>• <b>3-Year Enrollment Trend:</b> Enrollment has increased very slightly from 2,970 to 2,979 (effectively flat).</li> <li>• <b>Student Demographics:</b> 75.3% of students live in poverty. This is higher percentage than peers by enrollment, with an average of 74.6% and higher than the statewide average of 68.4%. The percentage of students with a disability is nearly double that of peers of enrollment at 18% compared to 11.3%.</li> <li>• <b>Competition:</b> There are no charter schools in the county at present; however, students of means have been known to leave for charter/magnet schools outside of the county. The District has not assessed or estimated the measure of impact.</li> <li>• <b>Long-term Planning:</b> The District prepares long term enrollment projections to help inform long-term planning.</li> </ul>	<ul style="list-style-type: none"> <li>• The District should continue to monitor and focus on its long-term enrollment forecast to anticipate and better plan for enrollment changes, ensuring long term financial stability.</li> </ul>
<b>District Funding and Resource Allocation</b>	<ul style="list-style-type: none"> <li>• <b>Financial Viability:</b> The stable enrollment of the District coupled with average per pupil and above average unrestricted fund balance % indicates the District is financially stable.</li> <li>• <b>Per Pupil Expenses:</b> When excluding debt and capital, the District per pupil spend of \$11,432 is slightly higher than peer group by enrollment of \$11,362 and the statewide average of \$11,242.</li> <li>• <b>Unrestricted Fund Balance:</b> The District has an Unrestricted Fund Balance that is 19.9% of revenues compared to the statewide average of 18.6%.</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure the financial stability of the District is maintained, the District should prepare a three to five year financial plan that allows for investment in critical areas of academics and operations while still maintaining a strong fund balance.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>District Funding and Resource Allocation (cont'd)</b>	<ul style="list-style-type: none"> <li>• <b>Resource Allocation:</b> The District reports has a higher student to FTE ratios across functions driven by higher than average student to instruction FTE ratios.</li> <li>• <b>Student to FTE:</b> The Student to Total FTE ratio for the District is 8.44, which is higher than both peer group by enrollment of 6.81 and the statewide average of 6.93.</li> <li>• <b>Student to Instructional Services FTE:</b> The Student to Instructional Services FTE ratio is 9.7, which is less favorable than both its peer group by enrollment of 8.7 and the statewide average of 8.9.</li> <li>• <b>Student to School Support FTE:</b> The Student to School Support Services ratio of 119.1 is significantly more favorable than peer group by enrollment of 41.7 and the statewide average of 43.8. This ratio is driven by a high student to Food Services FTE ratio.</li> <li>• <b>Student to Overhead Ratio:</b> The Student to Overhead Ratio of 141.8 is lower than its peer group by enrollment of 208.6 and the statewide average of 234.2.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider review and reorganization of other direct support areas of the Superintendent which are outside of the scope of this report in order to optimize resources and bring spending in line with benchmarks.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Role of Superintendent:</b> The Superintendent appears to be well-supported by directors of finance, human resources, communications, food services, and transportation.</li> <li>• <b>Communications Function:</b> Communications is managed by a full time employee who dedicates approximately 10% of her time to this function.</li> <li>• <b>Legal:</b> The District has no legal department. If legal advice is required, the District utilizes external firm to provide support.</li> <li>• <b>Turnover:</b> The Director of Finance is scheduled to retire after this current fiscal year.</li> </ul>	
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• <b>Board Composition:</b> 7 single-member District board members each serve 4-year terms.</li> <li>• <b>Board Compensation:</b> The School Board is not paid.</li> </ul>	<ul style="list-style-type: none"> <li>• Have the Board of Directors attend an annual training to enable members to become impactful members of the board</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The District coordinates with other regional superintendents particularly through the WPEC and the food alliance.</li> <li>• <b>Career Center:</b> The District does not have a shared career center.</li> <li>• <b>Special Education:</b> The District does not coordinate with other area Districts on Special Education programs.</li> <li>• <b>Headcount:</b> The District does not share certain FTEs with area Districts.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional.</li> </ul>



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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.*

745 : 1

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

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

\$95 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>	4.0
Personnel Expense <sup>[3]</sup>	\$237,771
Non-Personnel Expense <sup>[3]</sup>	\$47,811
Total Financial Expense <sup>[3]</sup>	\$285,582

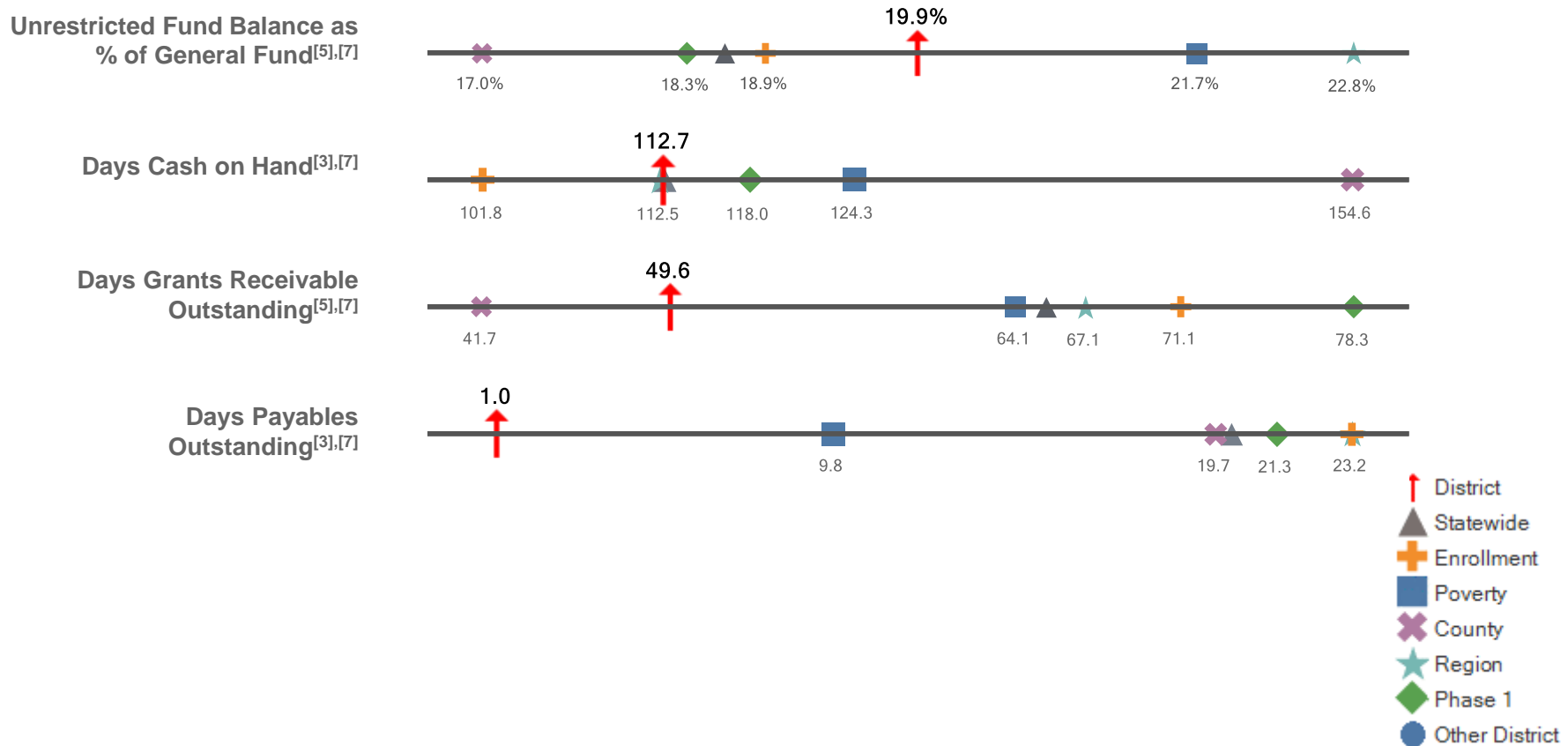
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

# FINANCIAL MANAGEMENT

## LAURENS 56

### KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

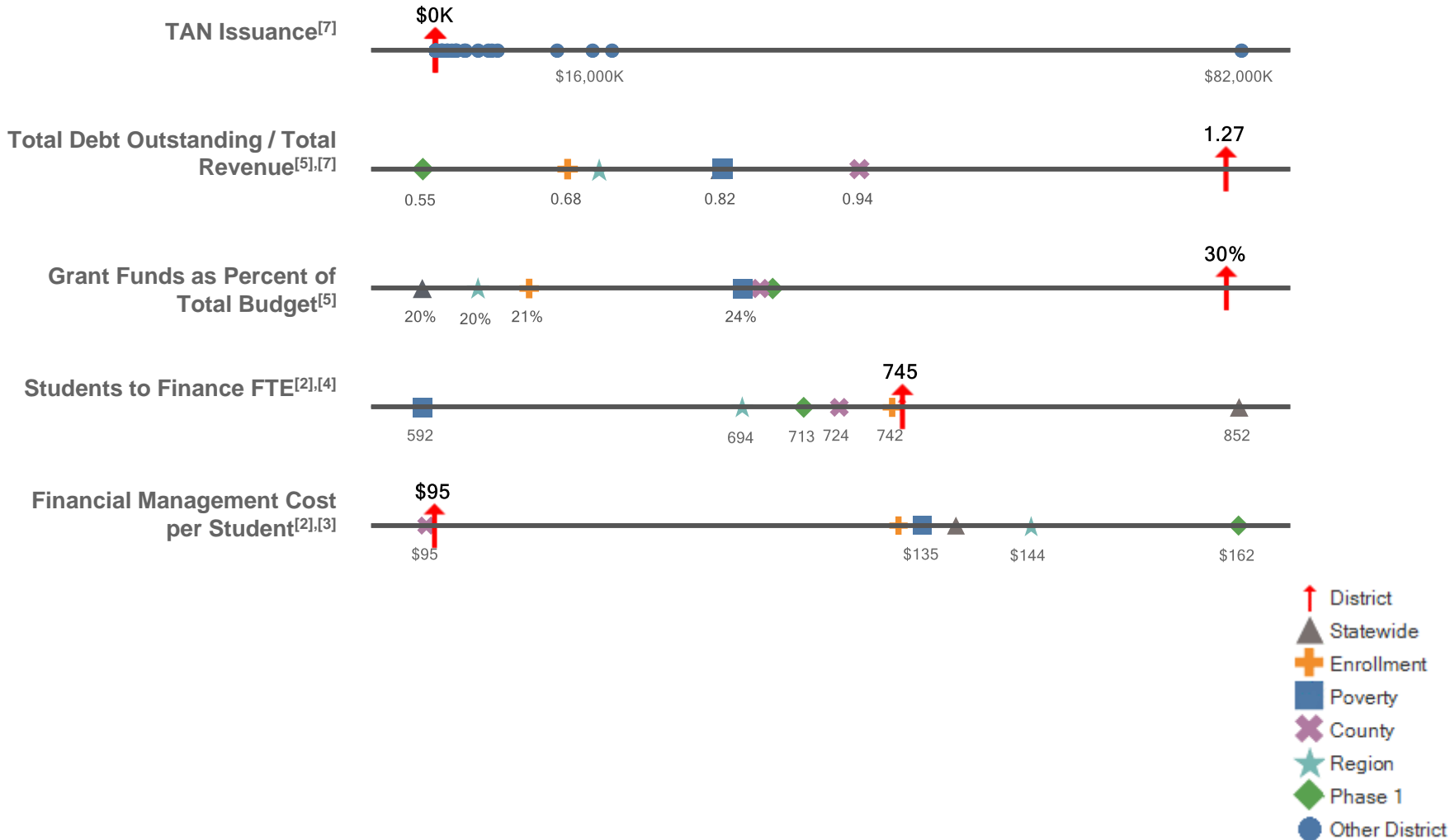
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.



# FINANCIAL MANAGEMENT

## LAURENS 56

### KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



# FINANCIAL MANAGEMENT

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The Finance organization is staffed consistent with other same size districts and is staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting.</li> <li>• <b>Turnover:</b> The Director of Finance is scheduled to retire at the end of the current fiscal year.</li> <li>• <b>Finance Cost per Pupil:</b> The financial management spend per pupil for the District is \$95, which is more favorable than the peer group by enrollment of \$133 and the statewide average of \$138.</li> <li>• <b>Student to Financial Management FTE Ratio:</b> The Student to Financial Management FTE ratio is 745, which is slightly more favorable than the enrollment by peer group of 742 but less favorable than the statewide average of 852.</li> </ul>	<ul style="list-style-type: none"> <li>• Review staff capabilities on an annual basis and ensure individuals are provided with training on systems and processes and cross-train individuals to be able to do multiple functions. This will be particularly critical given the pending retirement of a strong finance director.</li> </ul>

# FINANCIAL MANAGEMENT

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Payroll and Accounts Payable</b>	<ul style="list-style-type: none"> <li>• <b>Payroll:</b> The District currently runs payroll on a monthly basis. The District still has a significant number of employees that receive payments via check (not direct deposit).</li> <li>• <b>Timekeeping:</b> Time tracking is currently managed via manual processes and is entered into the payroll system by the Finance department.</li> <li>• <b>Purchasing:</b> The District has centralized purchasing in place and leverages the SmartFusion purchasing module.</li> <li>• <b>Inventory:</b> The District does not currently conduct centralized inventory processes. Inventory is managed directly by schools and cross referenced against inventory listings maintained by the technology department.</li> <li>• The District does not track inventory of technology, furniture or textbooks.</li> </ul>	<ul style="list-style-type: none"> <li>• Require all employees to receive payroll via direct deposit. In addition, eliminate the physical mailing of check stubs to employees and leverage employee self-service functionality available within the Harris SmartFusion system.</li> <li>• Implement an automated time-tracking functionality, such as a biometric timeclock, that integrates with the payroll system in order to eliminate the need for manual time sheets.</li> <li>• Implement policies that require use of a centralized purchase order system by schools and administrative personnel. Leverage automated purchase order work flow systems that can be integrated with the financial systems.</li> <li>• Implement standard policies and procedures around managing physical inventory and ensure that the District Finance organization is part of the overall process.</li> </ul>

# FINANCIAL MANAGEMENT

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• <b>Grant Revenues:</b> Grant revenues provide 30% of revenue for the District, making it somewhat more reliant on grants than statewide peers averaging 20%.</li> <li>• <b>Federal Funds:</b> Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made in a timely manner in order to maximize cash flow.</li> <li>• <b>Indirect Costs:</b> The District does charge some indirect costs against federal grants.</li> <li>• <b>Grants Monitoring:</b> Review of expenditures against grant requirements is conducted by the grants coordinator, with limited review by the Finance department.</li> </ul>	<ul style="list-style-type: none"> <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>• Consider hiring a grant writer that can be shared with other nearby Districts to help drive applications for competitive grant opportunities.</li> <li>• Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.</li> </ul>

# FINANCIAL MANAGEMENT

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Internal Controls</b>	<ul style="list-style-type: none"> <li>• <b>F/S Audit:</b> The District was found to have no material weaknesses in its FY 15-16 audited financial statement.</li> </ul>	
<b>Cash Management</b>	<ul style="list-style-type: none"> <li>• <b>Cash:</b> The District invests excess cash balances in Local Investment Pool to maximize earnings at times when cash balances are at peak.</li> <li>• <b>Days Cash on Hand:</b> The District shows 112.7 Days Cash on Hand, which is in line with the statewide average of 112.8.</li> <li>• The District reviews cash flow forecasts on a monthly basis.</li> <li>• <b>Grants Receivable Outstanding:</b> The District Days Grants Receivable Outstanding is 49.6.</li> <li>• <b>Days Payable Outstanding:</b> The Districts Days Payables Outstanding is 1.0, which is much lower than peers and likely an indication that expenses may be under-accrued.</li> <li>• <b>Debt:</b> The total debt outstanding as a percentage of total revenue is 127% compared to the statewide average of 82%.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines.</li> </ul>

# FINANCIAL MANAGEMENT

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Budget</b>	<ul style="list-style-type: none"> <li>• <b>Budget Planning:</b> The annual budget process begins with a roll-forward of the prior year expenses. The budget team works extensively with department heads to assess any new needs that are anticipated for the new fiscal year.</li> <li>• <b>Fiscal Monitoring:</b> The District produces budget to actual variance reports monthly, performs regular variance analysis and meets with key department heads to review 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>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>ERP:</b> The District uses the Harris SmartFusion accounting software system; however, the processes remain manual for time-keeping, payroll, invoice approval and check processing.</li> </ul>	<ul style="list-style-type: none"> <li>• Explore opportunities to better utilize the existing SmartFusion accounting software and / or upgrade to enhanced functionality that provides automated workflow and approval of purchase orders and automated time tracking that links directly with the payroll system.</li> <li>• Complete the process to select an automated and integrated time keeping system and implement prior to start of the next school year.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• The District does not coordinate with others in the region on any transaction processing or finance related activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other Districts within the Region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).</li> </ul>



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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.*

993 : 1

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

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

\$54 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>	3.0
Personnel Expense <sup>[3]</sup>	\$148,342
Non-Personnel Expense <sup>[3]</sup>	\$13,599
Total Human Resources Expense <sup>[3]</sup>	\$161,941

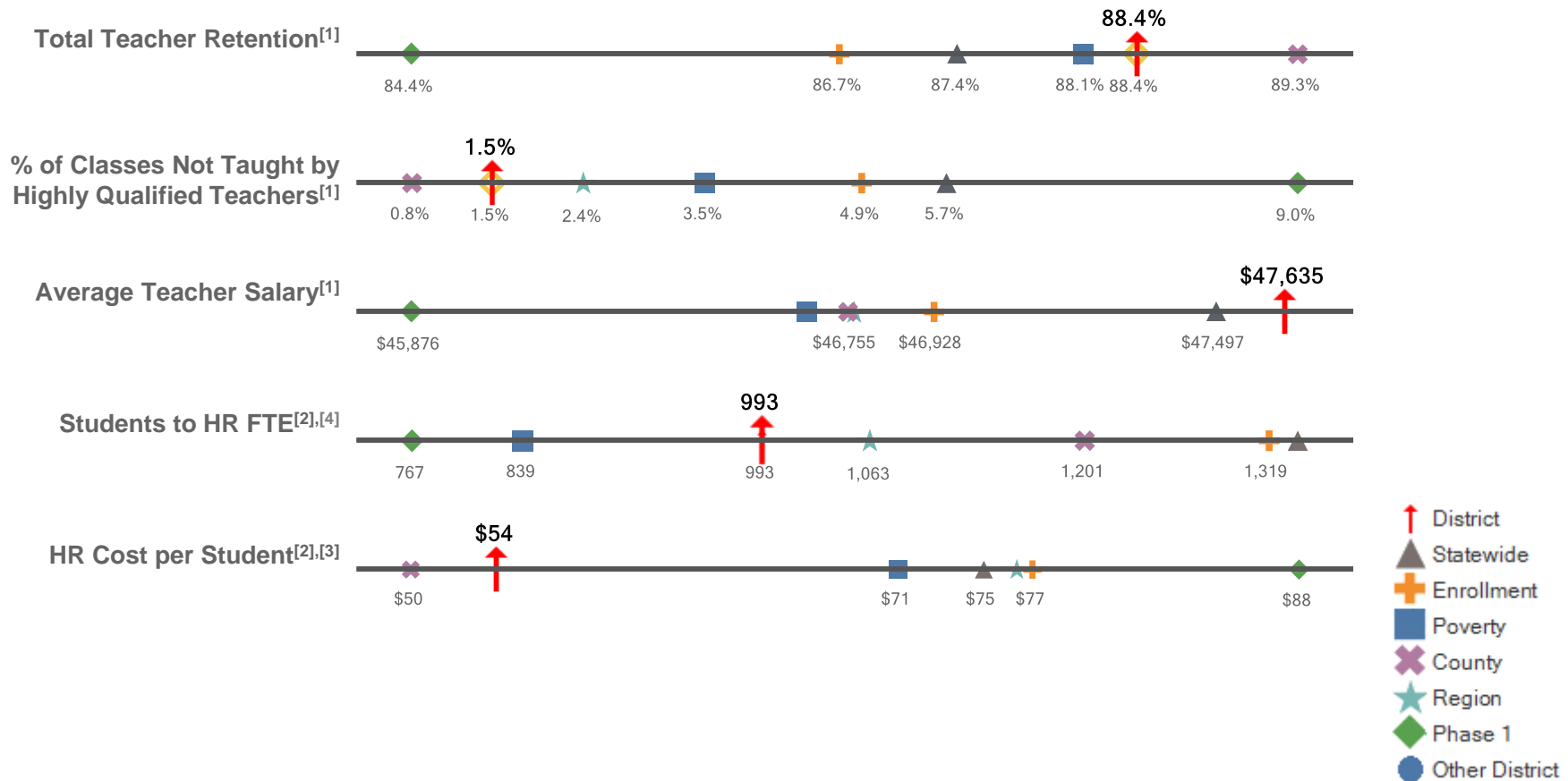
NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

# HUMAN RESOURCES

## LAURENS 56

### 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

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Organization:</b> The District has limited staffing levels with few staff that are fully dedicated to Human Resources function. The HR director does not feel the department is adequately staffed to manage personnel scheduling (substitute teachers), recruiting / professional development and performance management.</li> <li>• <b>HR Cost per Pupil:</b> The HR cost per pupil is \$54 per student compared to peers by enrollment averaging \$77 and the statewide average of \$75.</li> <li>• <b>Student to HR FTE Ratio:</b> The Student to HR FTE ratio of 993 is less favorable than both the peers by enrollment average of 1,319 and the statewide average of 1,338. However, the ratio is a reflection of the small size of the school District</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 multiple functions. This is especially important given that the HR spend per student is slightly lower than peer group by enrollment and statewide average.</li> <li>• Consider which HR functions could be leveraged through a shared services model across Districts in order to let District HR personnel focus on professional development and personnel issues.</li> </ul>
<b>Recruiting and Retention</b>	<ul style="list-style-type: none"> <li>• Similar to other school Districts in the State, recruiting teachers into the District is challenging largely given the rural location of the District.</li> <li>• The average teacher salary performs well against the statewide average and regional competitors; however (as stated by the HR Director), districts such as Laurens 56 compete with districts across the state, not just neighboring Districts, many of which have reportedly been able to offer sign-on bonus incentives in recent years.</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> </ul>

# HUMAN RESOURCES

## LAURENS 56

### 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. The District is planning to move to an automated system in the near future but has not completed the assessment of potential solutions, yet.</li> </ul>	<ul style="list-style-type: none"> <li>Implement technology to help enhance and automate recruiting, on-boarding, substitute management and time tracking processes that are currently manual.</li> <li>Implement software systems to help manage the substitute management process.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Administration is done by the Director of Human Resources.</li> <li>The District has Established a process with PEBA to conduct a local review of benefit plans for ineligible dependents.</li> </ul>	<ul style="list-style-type: none"> <li>Benefits administration process could be automated via establishment of employee portal. Employees could be responsible for updates and information would be linked directly to payroll.</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 on 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> </ul> </li> <li>Consider creating a regional recruitment and training center focused on teacher recruitment across regional group of Districts.</li> </ul>



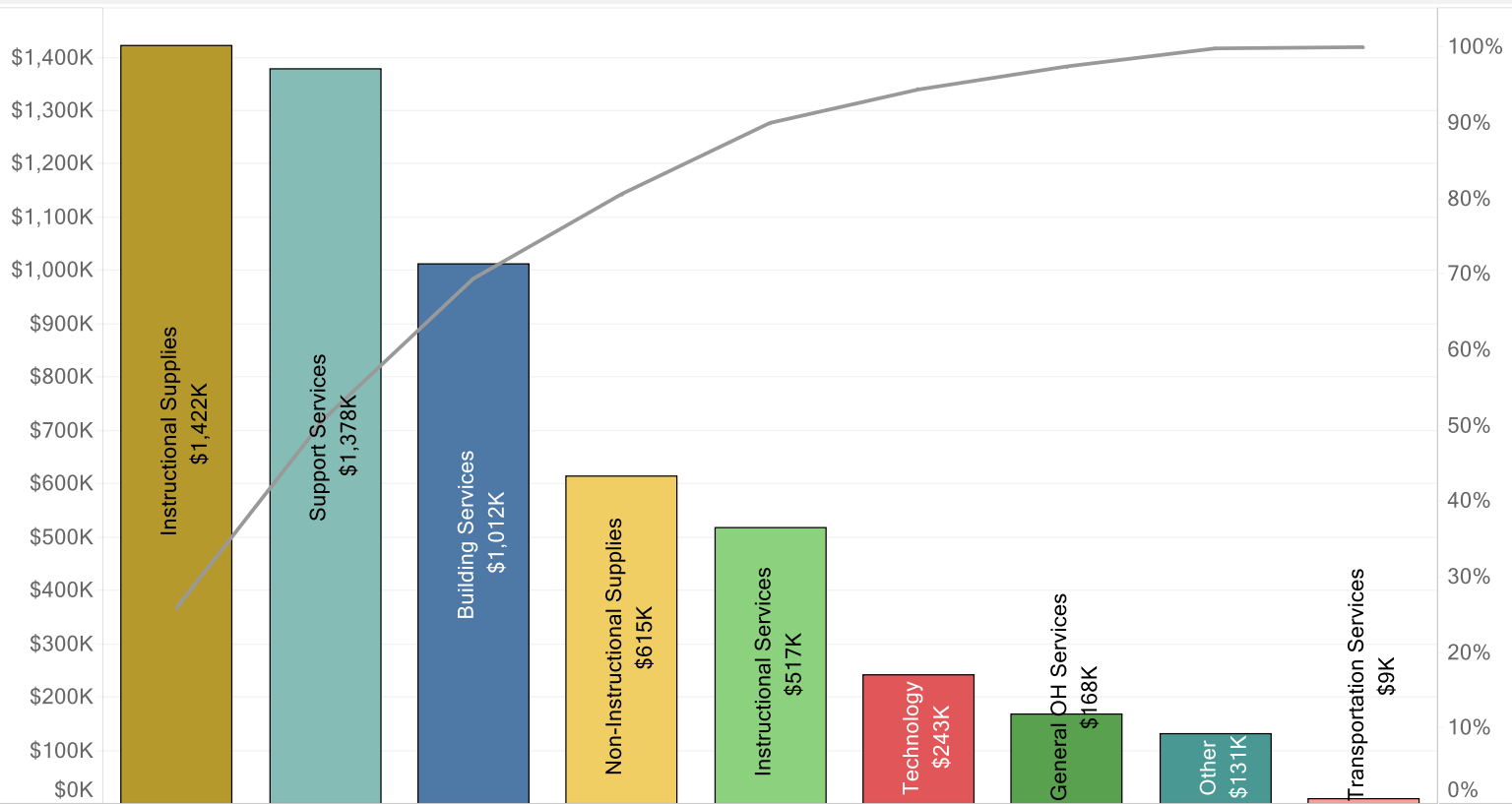
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PROCUREMENT OVERVIEW

*The District is responsible for purchasing all goods and services in accordance with procurement regulations. The chart below shows the District's in scope procurement spend by major category for FY16.*

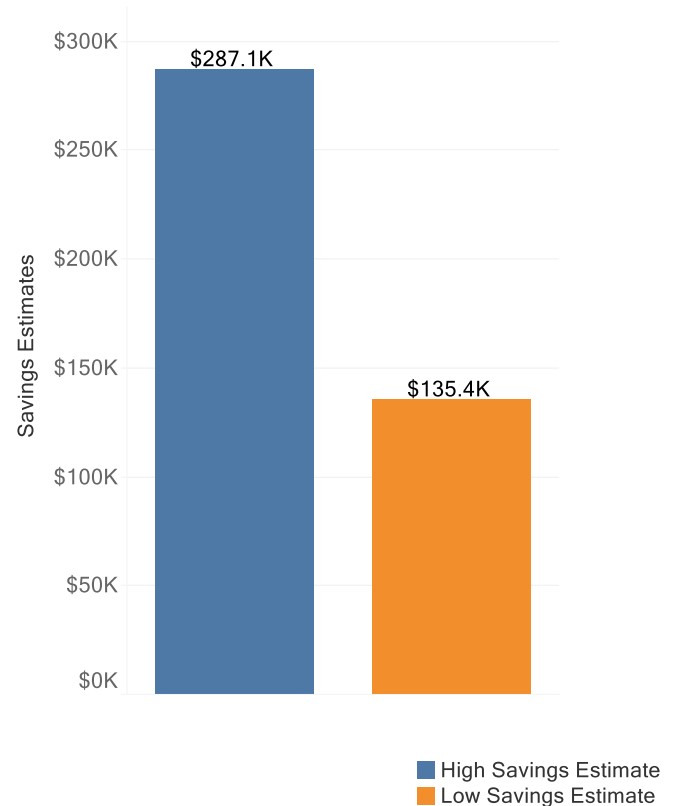
District In Scope Total Procurement Spend = \$5,493,975



**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 LAURENS 56

## 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 outside of the food services director and facilities director.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage additional resources to better optimize procurement functions. See General Collaboration and Regional Collaboration below.</li> </ul>
<b>Spending by Vendor</b>	<ul style="list-style-type: none"> <li>Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across Districts are not made.</li> </ul>	<ul style="list-style-type: none"> <li>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>Standardize time frames for major recurring purchases (instructional software, hardware, etc.) to capitalize on bulk ordering discounts.</li> <li>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>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.</li> </ul>

# PROCUREMENT

## LAURENS 56

### 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> The District utilizes local vendors for maintenance, construction, and facilities supplies.</li> <li>• <b>Food Services:</b> The District collaborates with other districts for food supplies through Sysco. The District also collaborates with other districts for the purchase of dairy and bread.</li> <li>• <b>Energy:</b> The District does not fix rates for natural gas contracts and uses it at several locations.</li> <li>• <b>Technology:</b> The District has successfully collaborated with Greenville County to procure certain technology (such as tablets for students), utilizing group purchasing discounts at more favorable pricing than available on the State vehicle.</li> <li>• The District does not typically procure professional services or office supplies in collaboration with other districts.</li> </ul>	<ul style="list-style-type: none"> <li>• Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding Districts to maximize the potential for volume discounts.</li> <li>• Consider establishing fixed rate contract for natural gas.</li> <li>• Coordinate purchasing of instructional services with surrounding Districts to maximize the potential for volume discounts, potentially leveraging WPEC.</li> </ul>
Regional Collaboration	<ul style="list-style-type: none"> <li>• The District partners with other districts to procure services through the WPEC and food supplies through the regional consortium .</li> </ul>	<ul style="list-style-type: none"> <li>• Consider combining resources to create a regional procurement function across Districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management.</li> <li>• A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include:               <ul style="list-style-type: none"> <li>- Technology</li> <li>- Instructional Software and Services</li> <li>- Instructional Staffing</li> <li>- Supplies</li> </ul> </li> </ul>



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# TRANSPORTATION

## LAURENS 56

### 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.*

11 Years

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

\$251 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>	5.0
Personnel Expense <sup>[3]</sup>	\$723,681
Non-Personnel Expense <sup>[3]</sup>	\$29,099
Total Transportation Expense <sup>[3]</sup>	\$752,780

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

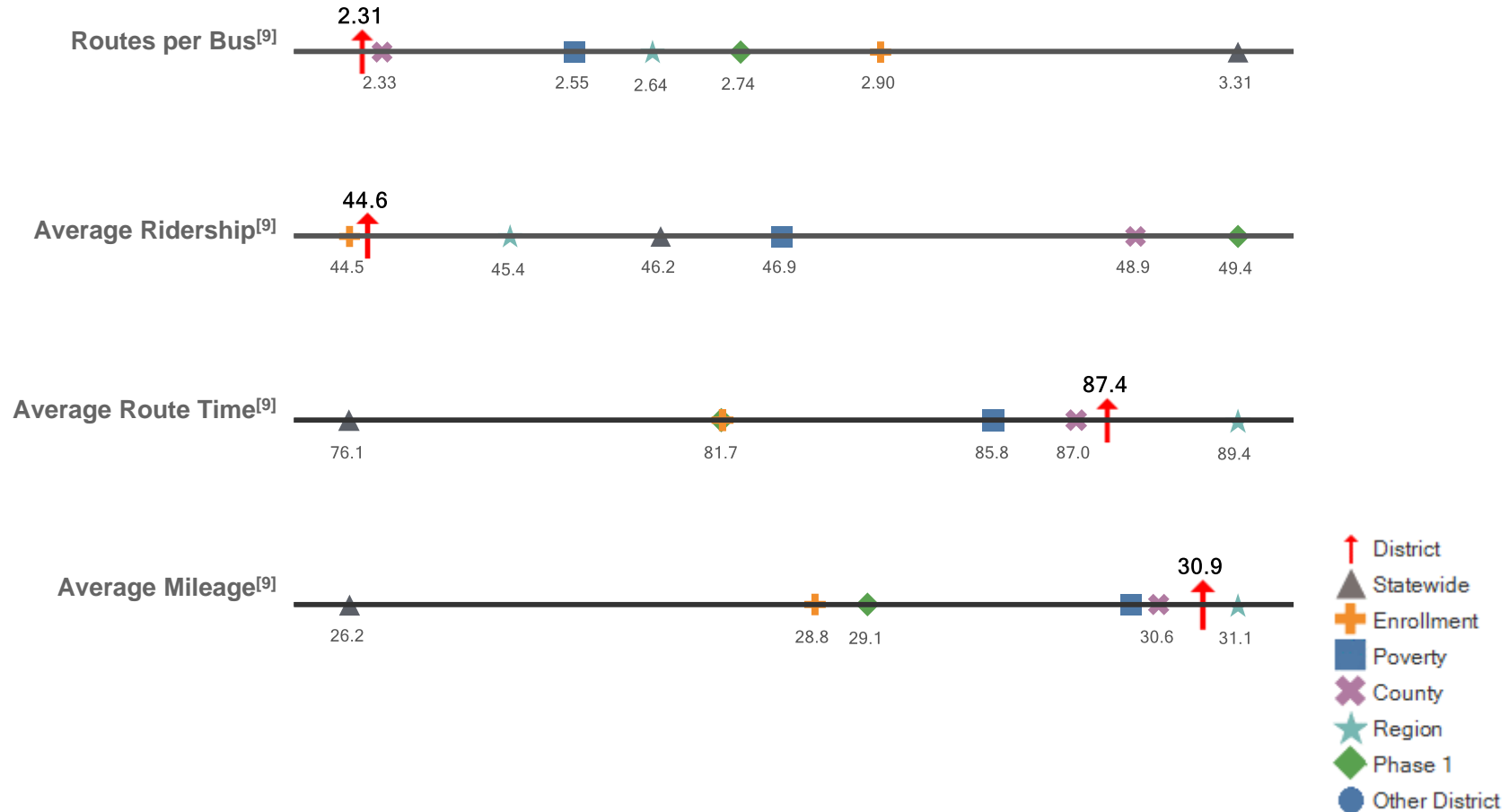
Key statistics for State Routes	# Buses <sup>[9]</sup>	# Routes <sup>[9]</sup>	Routes per Bus <sup>[9]</sup>	Ridership <sup>[9]</sup>	Avg Ridership <sup>[9]</sup>	Avg Route Time (including dead time) <sup>[9]</sup>	Avg Mileage per Bus <sup>[9]</sup>
Regular	22.5	52	2.3	2,319	45	87	31
Special Needs	3.7	16	4.4	172	11	Not-Available	26
Other	0.3	1	3.0	5	5	Not-Available	18
Total	26.5	69	2.6	2,496	N/A	N/A	N/A

# TRANSPORTATION

## LAURENS 56

### 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

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Staffing / Organization</b>	<ul style="list-style-type: none"> <li>• <b>Bus Routing:</b> The District runs staggered bus routes, with the earliest routes starting as early as 5:30am. Given all schools start at the same time, students regularly arrive at school up to an hour before school starts.</li> <li>• <b>Driver Pay:</b> Bus drivers are currently paid a starting rate of \$11.28 per hour, approximately \$3.58 above state reimbursement levels.</li> <li>• <b>Recruitment:</b> As incentive to recruit and retain bus drivers, the District creates opportunities for full-time employment. Dual employment opportunities include serving in aide, food services and / or maintenance roles when not driving buses.</li> <li>• <b>Organization:</b> Transportation is run by one administrator.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement a substitute/back up driver pool in collaboration with nearby Districts.</li> <li>• Use an automated calling system to fill needed driver substitute vacancies.</li> </ul>

# TRANSPORTATION

## LAURENS 56

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Routing and Bus Management</b>	<ul style="list-style-type: none"> <li>• <b>Routing Software:</b> The District does not utilize routing software.</li> <li>• <b>Tracking:</b> The District does not have GPS on its buses.</li> <li>• <b>Communications:</b> The District provides radios to drivers to contact drivers while on routes.</li> <li>• <b>Safety:</b> The District does have security cameras on all buses.</li> <li>• The District does not have stop-arm cameras on buses.</li> <li>• <b>Activity Buses:</b> The District does not use the State fuel for activity buses.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of staggered bell times will 1) reduce the number of drivers needed, 2) eliminate the need for double bus runs, 3) reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students.</li> <li>• Implement routing software to ensure most efficient routes.</li> <li>• Install GPS on buses to monitor bus routes and ensure most efficient route.</li> <li>• Install security cameras on buses to increase child safety and security on bus.</li> <li>• Install stop-arm cameras to assess tickets to drivers passing buses.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The District collaborates to some extent with Laurens 55.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider partnering with surrounding Districts to evaluate opportunities to better utilize bus fleet, analyze route efficiencies and support bus driver sourcing.</li> </ul>

# APPENDIX A: SAVINGS METHODOLOGY



# APPENDIX A: SAVINGS METHODOLOGY

## LAURENS 56

### 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**

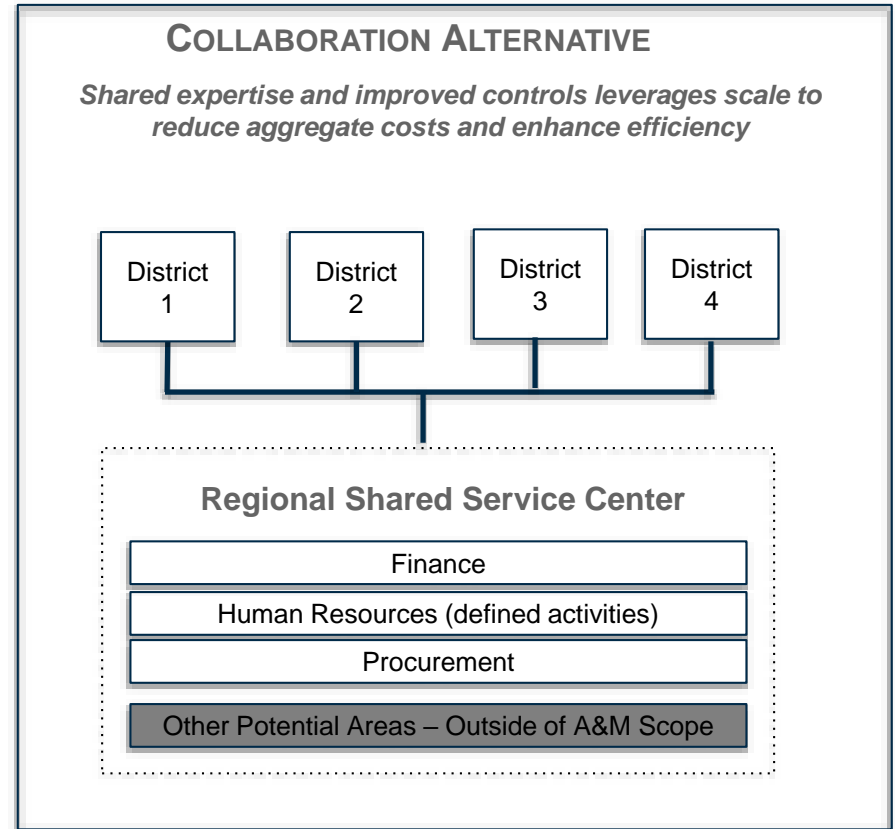
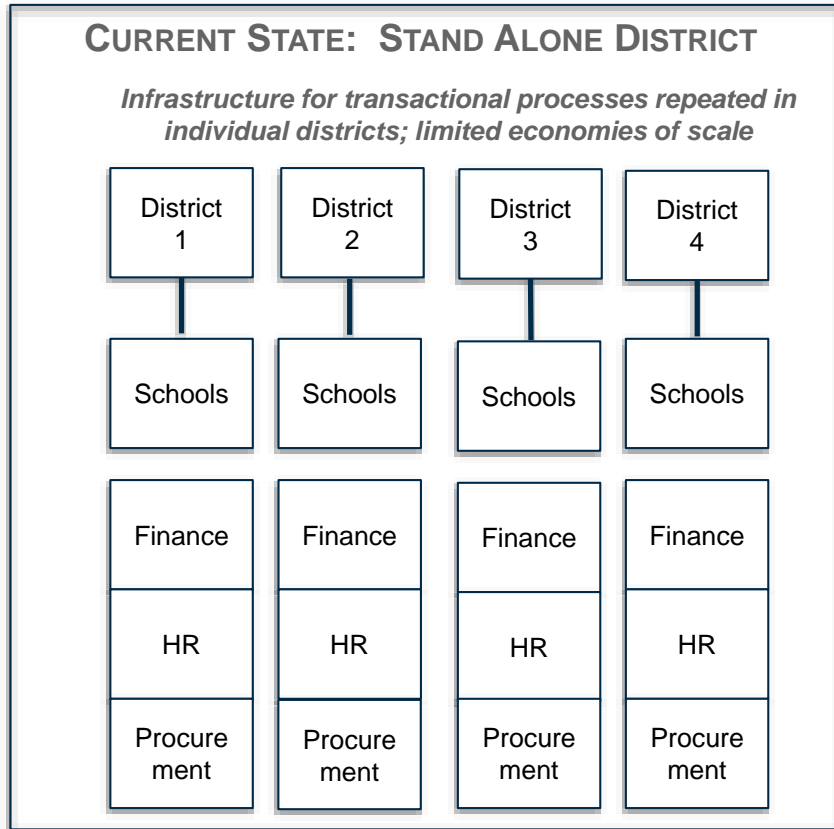
Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

**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

## LAURENS 56

### 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.*

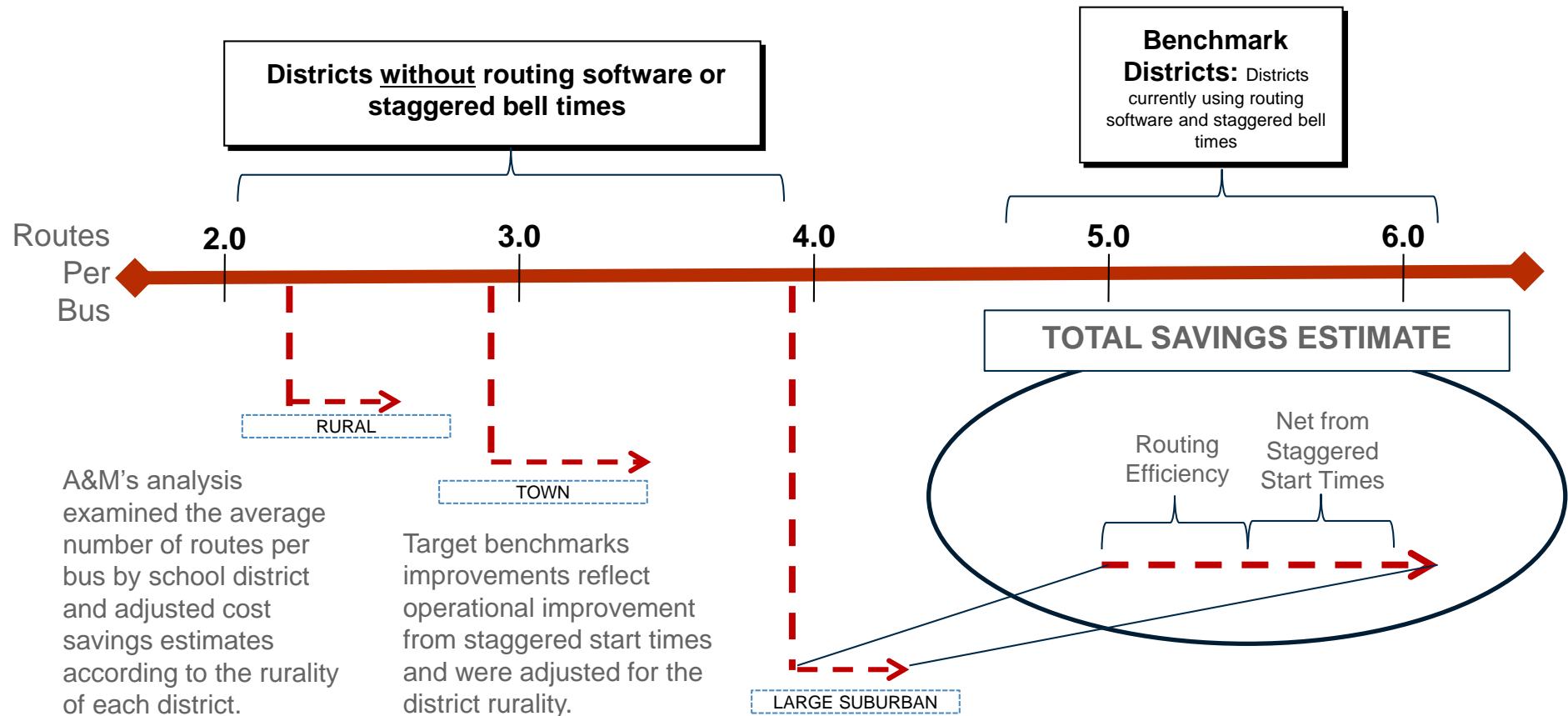
	Financial Management Collaboration: Five Districts [1 Large, 1 Med, 3 Small]		
	Current State	Collaboration Model	Savings
# of Districts	5	5	NA
Total ADM	21,000	21,000	NA
Total FTEs <sup>(2)</sup>	18.9	13.0	6.0
Total Spend <sup>(2)</sup>	\$2,409,840	\$1,684,478	\$725,326
Savings %			30.1%

*(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

## LAURENS 56

### TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

#### Savings from Routing Efficiencies

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

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

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

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

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

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

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

# APPENDIX A: SAVINGS METHODOLOGY

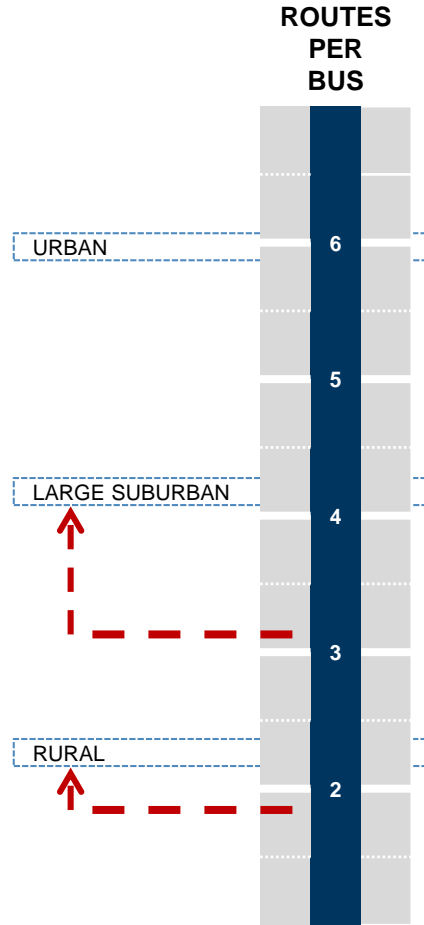
## LAURENS 56

### 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
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

## LAURENS 56

### 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

## LAURENS 56

### 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

## LAURENS 56

### [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

## LAURENS 56

### 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

## LAURENS 56

### 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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