



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Richland 01

District Report

6/16/2017





OUTLINE

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

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.
- 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 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.

PROJECT OVERVIEW (CONTINUED)

➤ 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.

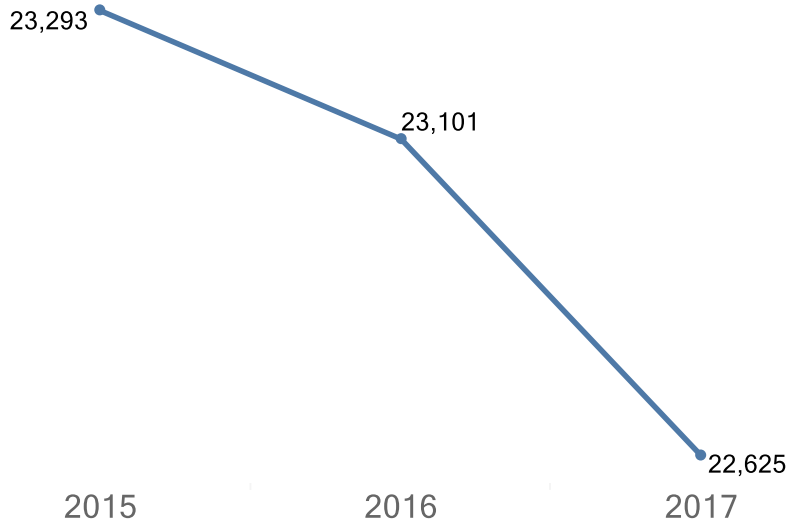
➤ Sources of Data and Savings Estimates

- 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, 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.

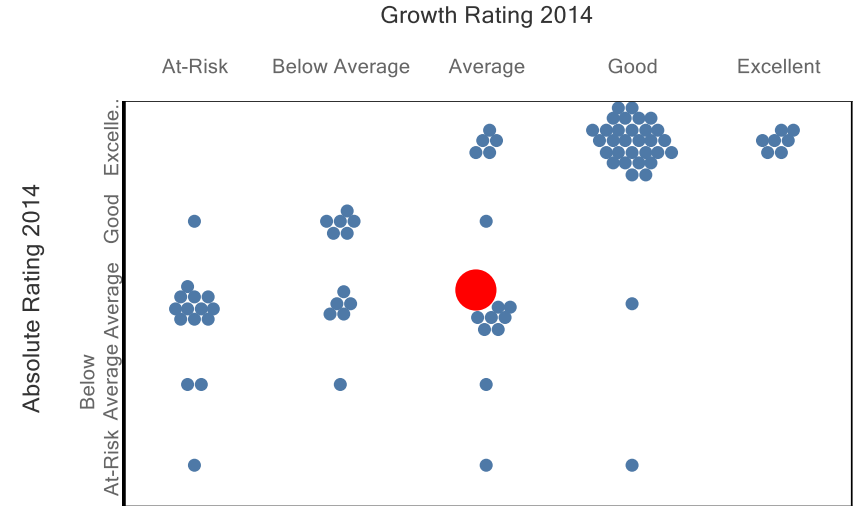
EXECUTIVE SUMMARY

RICHLAND 01

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	47
% Poverty ^[1]	73.7%
% Disability ^[1]	14.7%
\$ Per Student ^{[2],[3]}	\$18,910
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$15,217

Administration

Students Per Instructional Services FTE ^{[2],[4]}	7.3
Students Per Overhead FTE ^{[2],[4]}	118.5
Students Per School Support FTE ^{[2],[4]}	27.6
Students to Total FTE ^{[2],[4]}	5.5

EXECUTIVE SUMMARY

RICHLAND 01

Sources of Funds^[5]
\$398.8M



2015-2016

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

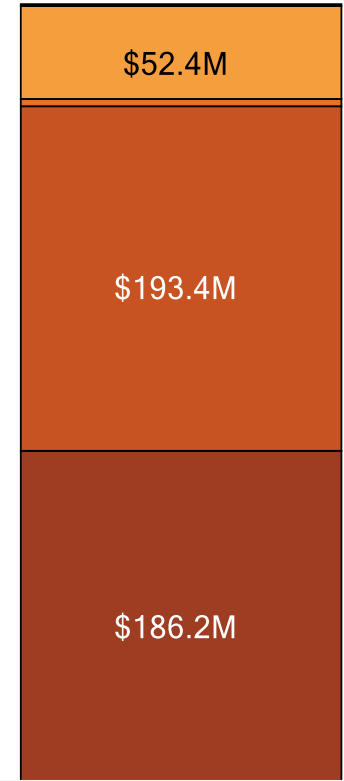
Use of Funds - Type^[3]
\$436.8M



2015-2016

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

Use of Funds - Function^[3]
\$436.8M



2015-2016

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

* totals may not tie due to rounding

EXECUTIVE SUMMARY

RICHLAND 01

\$436.8M
Total

\$63.5M
In-Scope

\$373.4M
Not In-Scope

14.5% of total spend is within scope of the efficiency review:

	In Scope Spend^[3]	Procurement Component
Finance	\$4,637,631	\$760,174
Human Resources	\$2,161,452	\$667,072
Overhead	\$6,265,873	\$3,130,172
Transportation	\$12,334,617	\$1,331,397
Procurement (Community Services, Instruction, Support Services)	\$38,076,799	\$38,076,799
TOTAL	\$63,476,372	\$43,965,614

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 01

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

Mission: The District will be a leader in transforming lives through education, empowering all students to achieve their potential and dreams.

- **Learning Experiences:** Ensure a variety of innovative, transformative, personalized learning experiences for each student from early childhood through graduation.
- **Learning Environment:** Foster an environment that embraces change and leads to a responsive culture of accountability, communication, and stakeholder engagement.
- **Capacity Building:** Build/grow capacity for individual and system-wide productivity to accomplish our mission.
- **Student Performance:** The District will see increased student performance in terms of graduation rates, test scores, attendance and discipline.
- **College and Career Readiness:** The District will expand upon student opportunities for internships, scholarships, college placement, and job placement to ensure college and/or career readiness in all graduates.

Achievements

- **Graduation Rate:** The District has seen an increase in on time graduation rate from 64% to 74% in 5 years.
- **Science and Technology:** The District has two Nationally Accredited STEM schools.
- **Advanced Education:** AP participation and pass rates have increased from 38.5 to 42.4% passing.
- **Technology Adoption:** One to one technology has been implemented in grades 3-12.
- **Alternative Programs:** The District recently increased Montessori offerings and implemented a language immersion program.

Challenges

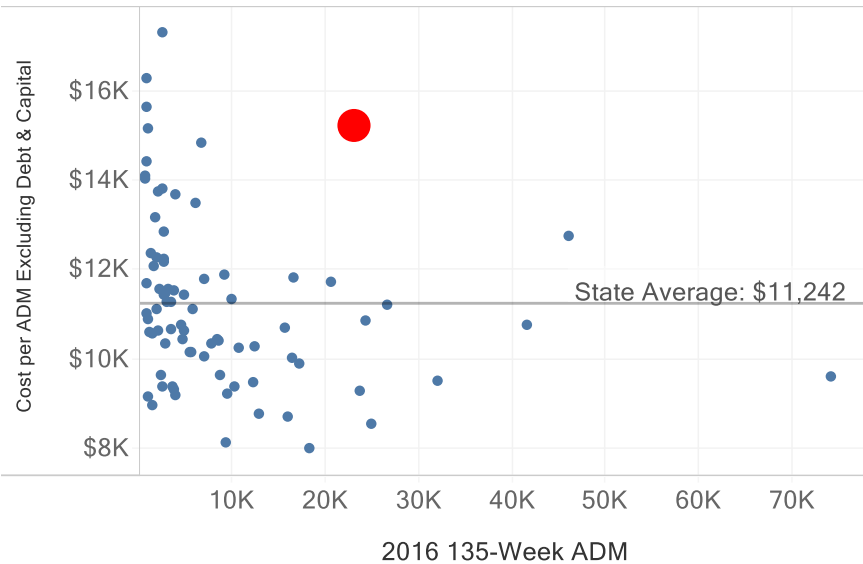
- **Demographics:** The District has a wide range of communities to provide services to: urban, suburban, and rural.
- **Equity Services:** The District is focused on providing equity in opportunities for students across the diverse populations and geographies that lie within the District.
- **Student Performance:** The district is focused on collecting additional assessment data, including locally created testing, to help drive student performance.
- **Recruiting:** There are teacher shortages with middle level certification and the lack of enough graduates in education creates challenges for long term staffing.

EXECUTIVE SUMMARY

RICHLAND 01

KEY OBSERVATIONS

Per Pupil vs. Enrollment



District Size and Minimum Costs

Minimum Cost Base:

The larger size of the District enables increased efficiencies and effectiveness for the organization as the fixed cost structure of the District is spread across a large number of students.

Resource Utilization:

In general, the District utilizes its resources in a way that allows for increased efficiencies and effectiveness. Transactional processes are generally centralized creating efficiencies. Resources are able to specialize in functional areas.

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.

EXECUTIVE SUMMARY

RICHLAND 01

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Financial Management: The District's has a 0% unrestricted fund balance, but keeps a "rainy day fund" of 7%. The combination of these funds fall below the statewide average of 18.6%. The District regularly receives clean audits, but system challenges hinder steps to automate and integrate position control or conduct procurement research. • Staffing / Processes: The finance team is large relative to the District's size, and contains specialized positions within each of the functions it serves. The District is currently upgrading their ERP system to further automate processes and move closer to a paperless system.
Human Resources	<ul style="list-style-type: none"> • Staffing / Processes: The District is heavily staffed compared to peer districts due to an older less automated ERP system. With implementation of the upgraded ERP system many of the HR processes will be improved. • Recruiting and Retention: The District struggles to recruit and retain teachers. As a result, The District employs 140 teachers through international staffing agencies and District sponsorship of visas. High teacher turnover (14%) is impacted by the local military base and high poverty and rural areas.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The State directly pays for costs of bus purchasing, maintenance, fuel costs and a portion of driver salaries. The District provides in-house training to drivers and several incentives that mitigate the bus driver shortage. • Route Management: The District has routing software and utilizes staggered bell times to help drive routing efficiencies, making it one of the most efficient counties in the state with average utilization at over 5.8 routes per bus.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: The District has a robust procurement function with 7 FTEs dedicated to purchasing. • Strategic sourcing: The District is focused on achieving best value with vendors through proactive strategic sourcing strategies. The District would benefit from increased buying power from greater collaboration across districts.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Superintendent has overseen the District for 2 years, and also includes a Chief of Staff. • Collaboration: The District informally collaborates with the Midlands group for sharing of ideas/resources.

EXECUTIVE SUMMARY

RICHLAND 01

EFFICIENCY RECOMMENDATIONS

District investment in people, process and technology will help improve the effectiveness of the district's overall processes and operations.

EFFICIENCY RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<p>System Enhancements: Implement the financial system upgrade for integration of all finance functions within the system, and follow a strict change management plan to ensure long term system sustainability.</p> <p>Process Improvements: Continue to modernize processes to limit manual activities and strengthen internal controls.</p> <p>Staffing/Organization: Train/cross-train personnel on key financial functions and streamline the department for maximum efficiency.</p>	<p>System Enhancements: Utilize all new HR functionality within the upgraded ERP system to increase efficiency in all processes.</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>Process Improvements: Continue to analyze routes in accordance with bell times to ensure that bell times are staggered properly for maximum efficiency.</p>

EXECUTIVE SUMMARY

RICHLAND 01

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. Actual savings may vary based on implementation decisions.

FINANCE AND HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<ul style="list-style-type: none"> • A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within the District. • A&M estimated potential savings that could be realized after implementation of recommended process, policy and technology changes based upon past experience implementing similar initiatives, comparison of staffing and spend against peer benchmarks and discussion with the District. A&M also estimated investments required to achieve savings based upon prior experience. • In addition, while A&M evaluated potential synergies from a regional shared services model for transactional activities, after considering the District’s size, current staffing levels and uniqueness of processes, policies and technology, A&M is not recommending implementation of this approach at this time. 	<ul style="list-style-type: none"> • A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the Districts 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. 	<ul style="list-style-type: none"> • A&M used data provided by the state to analyze the district route mileage, frequency, timing, and volume to compare with benchmarks across the state. • A&M evaluated opportunities for savings based upon comparison of benchmarks across the state that took into consideration the location, population and geographic profile of the each district. • Savings estimates were not provided in instances where the District was in line with benchmark targets and was using both routing software and leveraging staggered bell times.

EXECUTIVE SUMMARY

RICHLAND 01

CONCLUSION: ESTIMATED ONE-TIME INVESTMENT AND ANNUAL SAVINGS

Investment and savings ranges shown below reflect estimates of the impacts of A&M recommendations for process, technology and policy changes. 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.

	Est. One-Time Investment		Est. Net Annual Savings	
	Low	High	Low*	High
Finance	\$0 -	\$5,000	\$0 -	\$469,600
Human Resources	0 -	0	0 -	210,700
Procurement	0 -	0	959,900 -	2,080,900
Transportation – District	N/A -	N/A	0 -	0
District Total	0	5,000	959,900	2,761,200
Transportation – State	0 -	0	0 -	0
Total	\$0	\$5,000	\$959,900	\$2,761,200

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



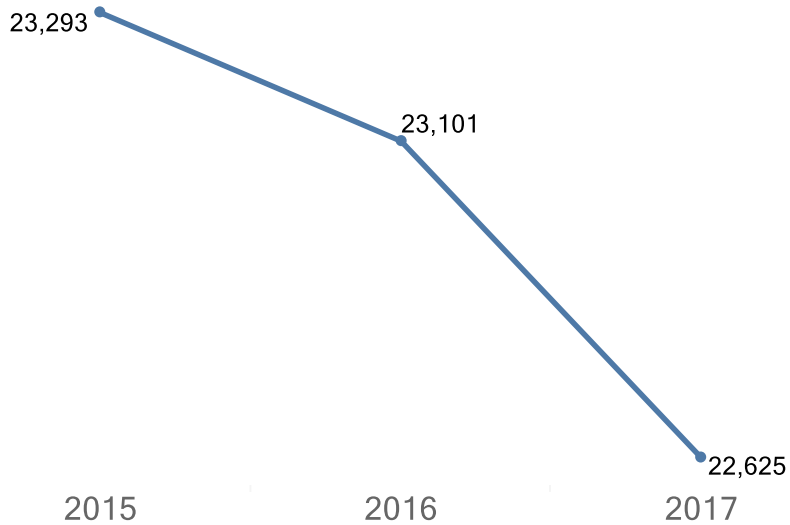
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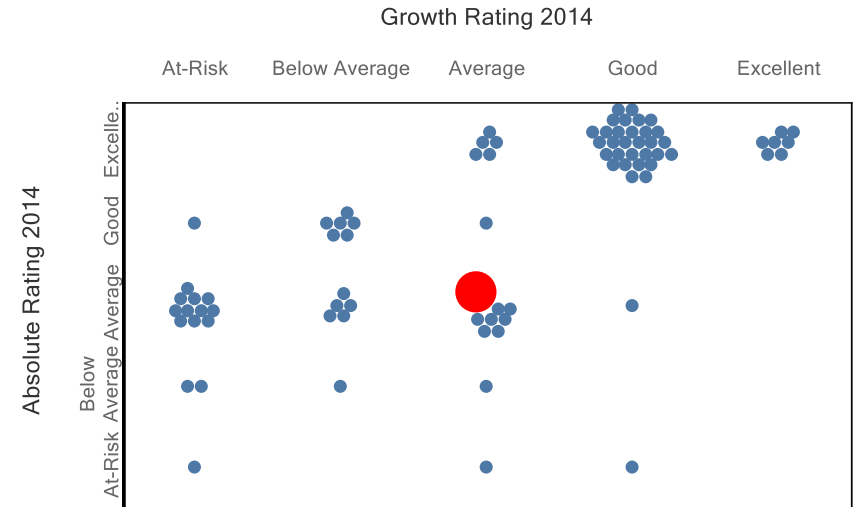
DISTRICT ADMINISTRATION AND PERFORMANCE

RICHLAND 01

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	47
% Poverty ^[1]	73.7%
% Disability ^[1]	14.7%
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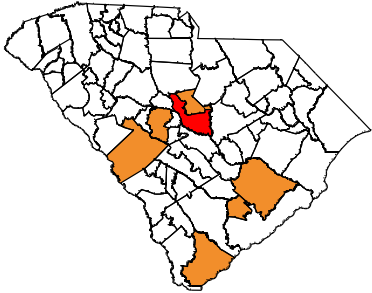
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DISTRICT BENCHMARKING

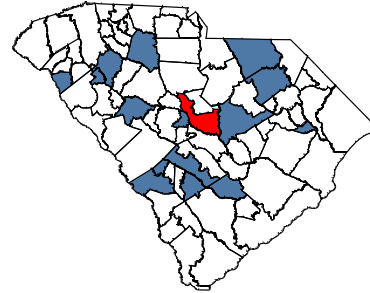
RICHLAND 01

Enrollment (20,000 - 40,000)



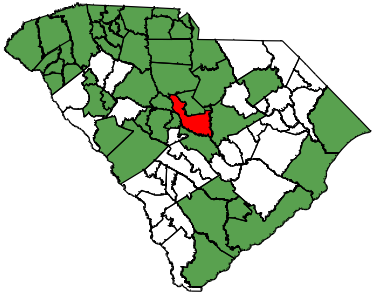
- Aiken
- Beaufort
- Berkeley
- Dorchester 02
- Lexington 01
- Richland 01
- Richland 02

Poverty (70% - 75%)



- Anderson 03
- Bamberg 01
- Barnwell 29
- Barnwell 45
- Chesterfield
- Darlington
- Dorchester 04
- Florence 05
- Greenwood 51
- Laurens 55
- Lexington 02
- Orangeburg 04
- Richland 01
- Saluda
- Sumter
- Union

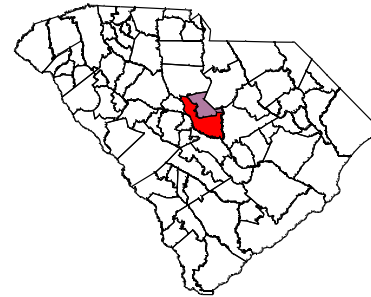
Phase 1 (No)



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

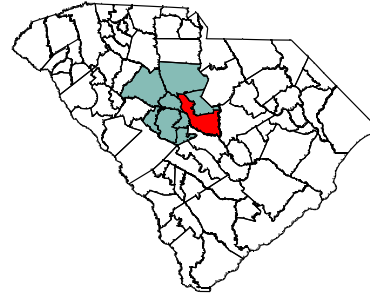
- Sumter
- Union
- York 01
- York 02
- York 03
- York 04

County (Richland)



- Richland 01
- Richland 02

Region (Central Midlands)



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

DISTRICT OVERVIEW

RICHLAND 01

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

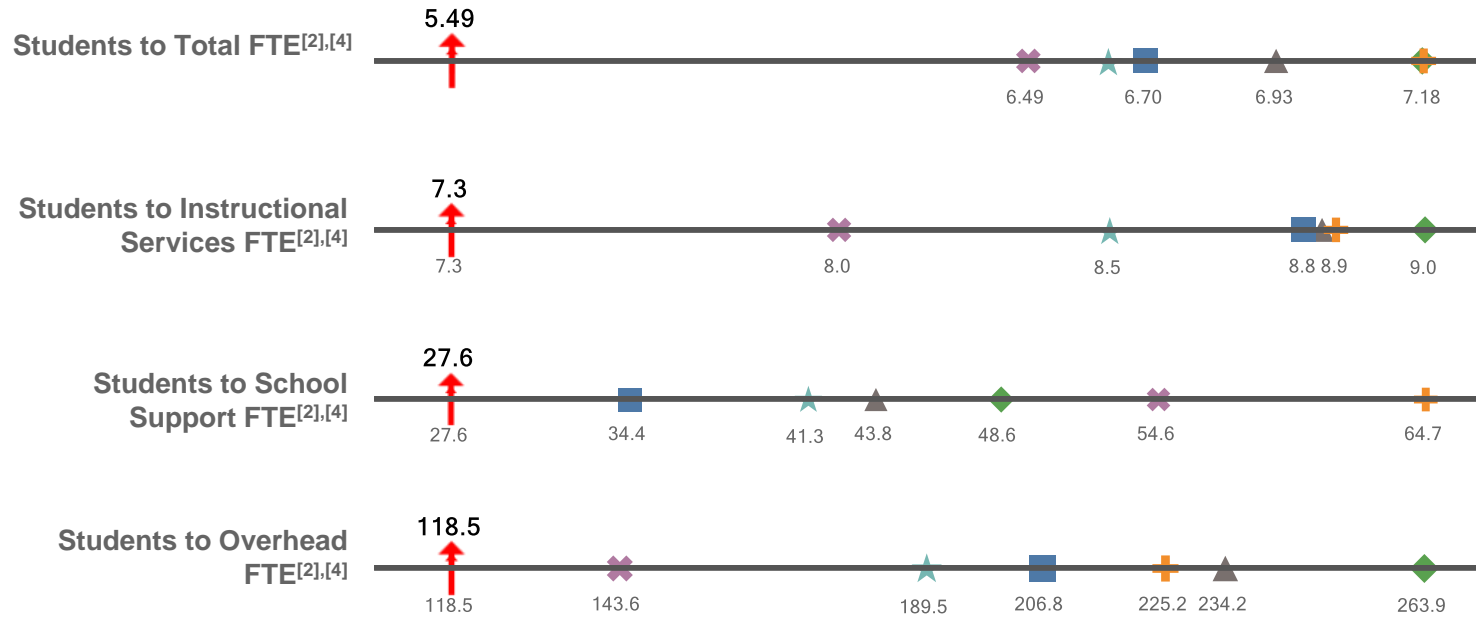
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 2 and (g) other districts.



DISTRICT OVERVIEW

RICHLAND 01

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



- District
- Poverty
- Enrollment
- County
- Region
- Phase 2
- Statewide
- Other District

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 01

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 668 students, or 2.9%, over the past 3 years as a result of the flooding in 2015 and the loss of residential housing. These trends are expected to reverse as building in the District has started to replace the lost capacity. • Student Demographics: The District has a high disability rate of 14.7% relative to the regional, state, and enrollment band averages. The District's poverty rate of 73.7% is also higher than the regional, state and enrollment band averages. • Competition: There are only 2 charter schools currently active in the District with about 250 total students. One of the charters recently closed and most students will feed back into the District. • Long-term Planning: The District works with a demographer to prepare long term enrollment projections to help inform long-term planning. • Strategic Planning: The District has implemented a platform that provides a dynamic accountability dashboard called "Achieve It" to assist with tracking the strategic planning process. 	<ul style="list-style-type: none"> • The District maintains a robust strategic planning process that takes into account many of the community stakeholders and tie in closely with the budgeting process. The strategic planning process should be enhanced through integration of student data to establish goals and strategies.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Per Pupil Expenses: When excluding debt and capital, the District has a high Per Pupil Expense of \$15,217 relative to both the statewide average of \$11,242 and the enrollment band average of \$10,889. 	<ul style="list-style-type: none"> • The District should develop a five year financial plan that considers enrollment projections, facilities needs and other resource allocation projections to facilitate long term operating and capital planning and help ensure long term financial stability.

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> • Unrestricted Fund Balance: The District's Unrestricted Fund Balance at the end of FY15-16 was 0%. However, the District has an unassigned rainy day fund that is outside of the Unrestricted Fund Balance of 7%, and committed for reporting purposes. In 2015, the District allocated certain funds for the 1:1 initiative, which reduced the fund balance. Recent board changes are moving the rainy day fund up to 9% by 2023. • Student to FTE: The District's Student to Total FTE ratio of 5.5 is lower than both statewide average of 6.93 and enrollment band average of 7.18 due to the varying demographic challenges within the District. • Student to Instructional Services FTE: The Student to Instruction ratio of 7.3 is lower than statewide and enrollment band averages of 8.9 due to a strategic decision to invest in increased instructional staff at each school. • Student to School Support FTE: The Student to Support Services ratio of 27.6 is lower than the statewide average of 43.8 and the enrollment band average of 64.7 due to needs for an increased number of social workers, nurses, behavioral interventionists, mental health, and parent educators in the District. • Student to Overhead FTE: The Student to Overhead Ratio of 118.5 is significantly lower than both the statewide average of 234.2 and the enrollment band average of 225.2. 	<ul style="list-style-type: none"> • In addition, create a Board policy to require the District to maintain a fund balance of 15%-18% of the next year's expenditures. Implement multi-year targets to rebuild fund balance to required levels. • After the implementation of the ERP system and the steps to automate processes are complete, the District should begin to bring staffing levels in line with peer district benchmarks through reallocation of staff toward instruction and through attrition.

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Superintendent has 13 direct reports in the District Office, including a Chief of Staff, who oversee the District’s additional support staff and oversees all functional areas. • Communications Function: The District has a robust Communications function that fosters both internal and external community relations. The department is led by a Director of Communications and is supported by 5 staff members. • Legal: There is a District Counsel that provides in house legal services for the District. If specialized or additional legal services are required, District utilizes external firm to provide support. • Turnover: Superintendent has overseen the District for the past 2 years. Prior to working in the District, he led improvements in academic achievement and operational efficiency as the Superintendent for 3 urban / suburban school districts. • Data Analysis: The head of the Accountability group leads the SCSBA TAR Round Table and maintains a data warehouse with test, grade, attendance, behavior, and program evaluation criteria that integrate with the ENRICH data, which are accessed through SAS self programming capabilities. The team is implementing an Early Warning System to identify children that are “At Risk” of not graduating as early as Kindergarten. 	<ul style="list-style-type: none"> • Consider reorganization of the Superintendent’s direct reporting structure to move toward a span of control of between 7-10 direct reports underneath three primary functions: academics, schools and operations, with additional functions such as the Communications and Legal reporting into the Superintendent. The streamlined structure is intended to rebalance the leadership team and improve governance and not intended to add or remove personnel from the organization. • Create a performance based dashboard that integrates academic data into the existing operational reporting structure to better track how the execution ties to the strategic planning process. The dashboard should be coordinated with the rollout of the State DOE’s longitudinal data tools in the next 1-2 years to effectively expand on the District’s analytic capabilities.

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Philanthropy and Business Engagement	<ul style="list-style-type: none"> • Philanthropy: The District has received a number of grants with local businesses or organizations that it has a strategic partnership with (e.g., Colonial Life provides teacher grants) or with organizations that provide services (e.g., health partnership with the 3 hospital systems). The District has a partnership with United Way, for which the Superintendent is the Education Co-Chair. The District works with these partners to provide support for homeless families and support for the transient population that need to shift from school to school for various reasons. • Business and Community Development: The District had a department with responsibility for business partnerships and overseeing after school work, summer enrichment programs, etc. 	<ul style="list-style-type: none"> • Work with the School Board to seek greater partnerships with foundations and local business for donations of money, food, goods, time etc. • The District should evaluate Cell Tower Leasing program and Energy Efficiency programs and / or find ways to leverage District assets in conjunction with local businesses to further improve the District's financial position.
Board of Directors	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are paid a stipend per board meeting and are reimbursed for mileage. • Board Composition: The District's board is comprised of three at-large members and four members who oversee each of the geographic areas. All members are elected to four year terms. • Training: Board members receive school board training at the state and national level. The District's Board is part of the Council of Urban Boards of Education (CUBE) under the National School Boards Association. 	

DISTRICT OVERVIEW AND OVERHEAD

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Collaboration	<ul style="list-style-type: none">• The District's Superintendent attends informal round tables with the superintendents of other districts in the Midlands group.• Career Center: The District has its own career center and therefore does not have a shared career center with other districts.• Special Education: The District provides services to Richland 2 for the care of severe special needs students.• Safety: The District pays the County and City for School Resource Officers (SRO) that are present in every school.• Headcount: The District does not share staff with other districts.	



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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.

501 : 1

District Students (ADM)^[2]

Financial
FTE^[4]

\$201 per Student

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

Key statistics for metrics

Financial FTEs ^[4]	45.2
Personnel Expense ^[3]	\$3,861,620
Non-Personnel Expense ^[3]	\$776,011
Total Financial Expense ^[3]	\$4,637,631

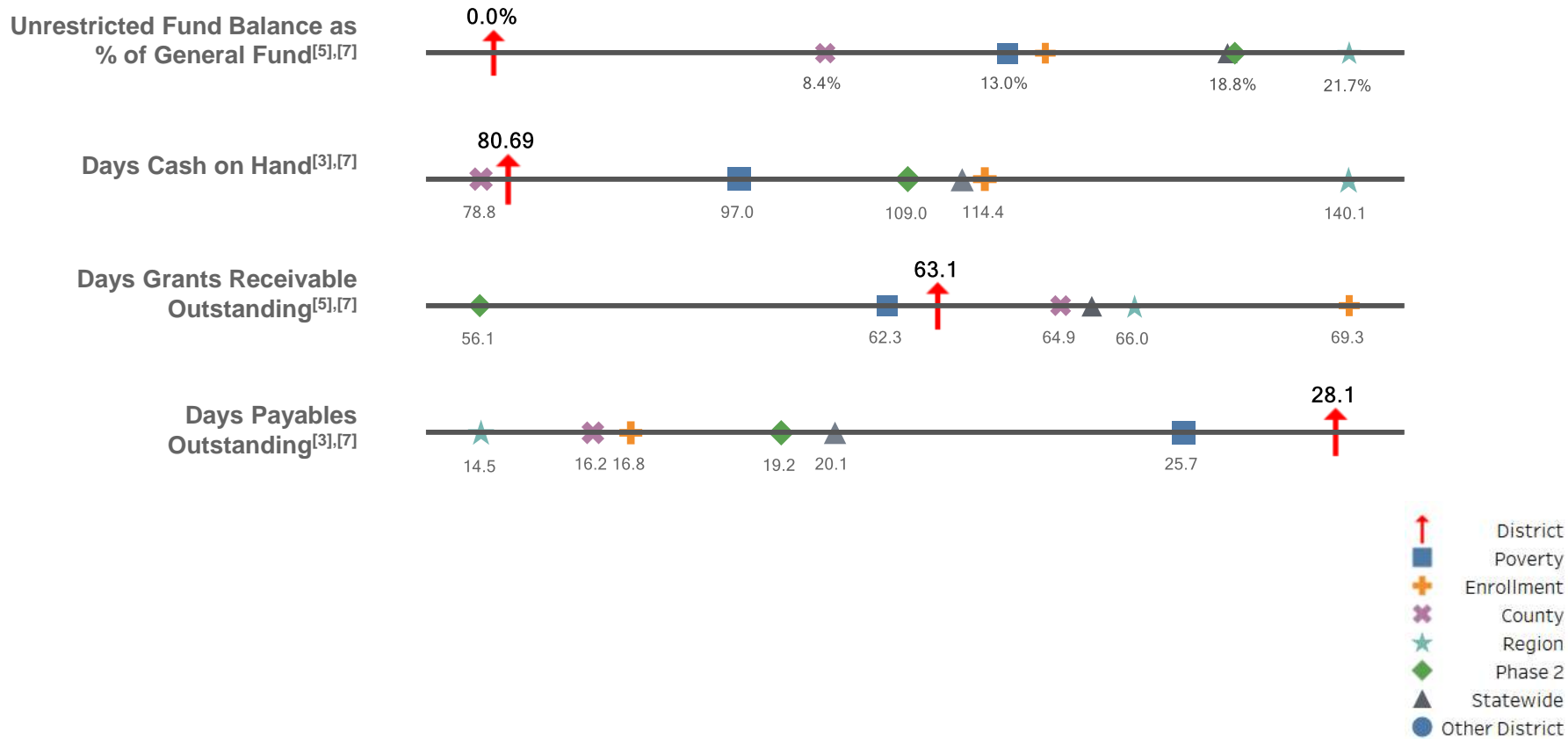
NOTE: FTEs shown in the table above reflect dedicated finance staff only; Financial expenses shown above reflect amounts coded to the finance department. In some instances districts may include salary and benefit related charges that are not related to dedicated Finance costs in their totals.

FINANCIAL MANAGEMENT

RICHLAND 01

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

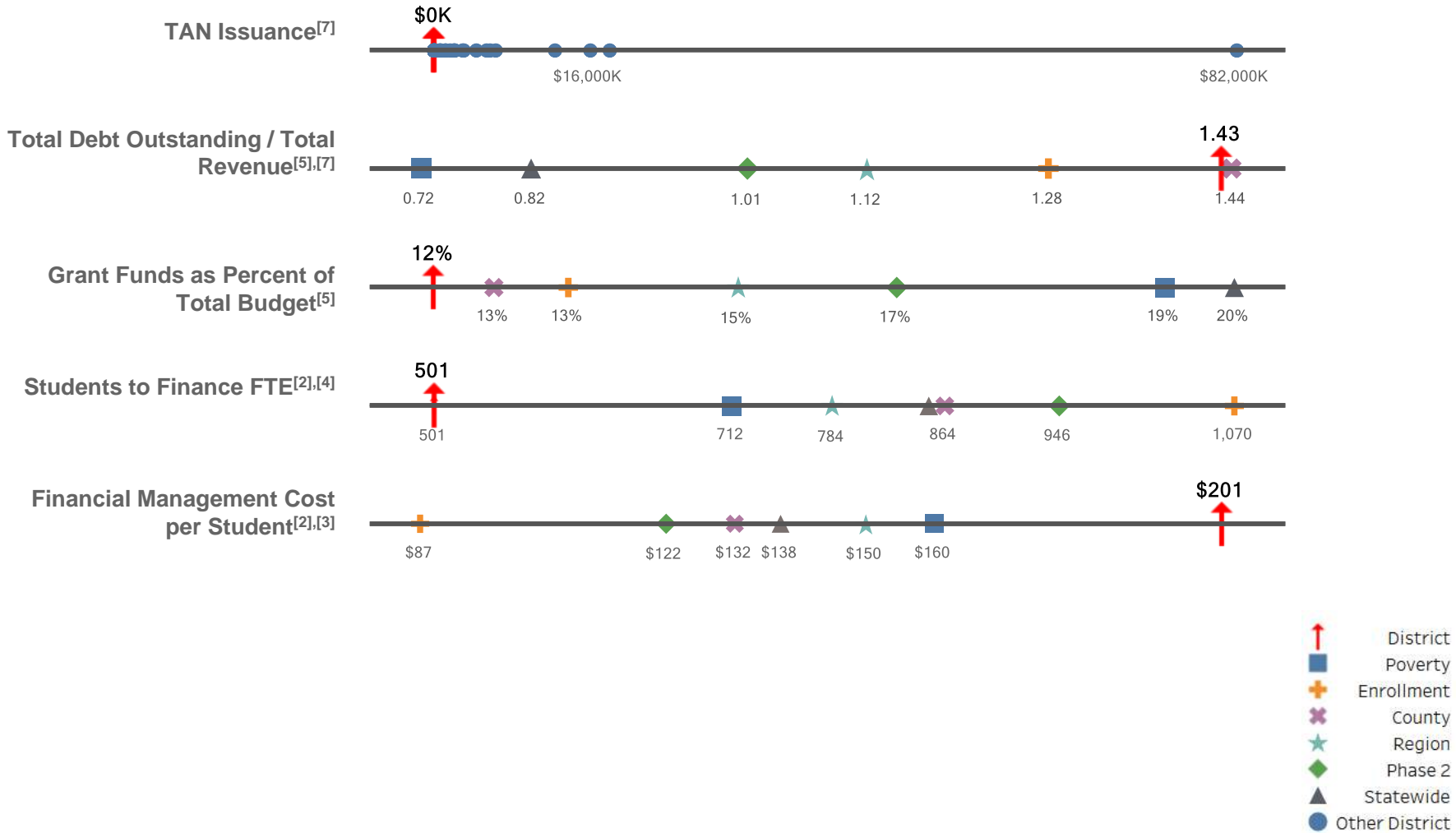
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FINANCIAL MANAGEMENT

RICHLAND 01

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



FINANCIAL MANAGEMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The finance team is large, relative to the District's size, and contains specialized positions within each of the functions it serves. • Turnover: The department is overseen by the Chief Financial Officer who has been in the role for the past 7 years and has been with the district for 25+ years in total. The Chief Operations Officer has been in that role for the past 7 years and has supported budgeting for 15 years. • Finance Cost Per Pupil: The District's Finance Cost Per Pupil of \$201 is much higher than both the statewide average of \$138 and the enrollment band average of \$87. • Student per Finance FTE: The Student to Financial Management FTE ratio of 501 is significantly lower than both the statewide average of 852 and the enrollment band average of 1,070, indicating room for significant improvement in operational headcount. 	<ul style="list-style-type: none"> • After implementation of the ERP system and process automation is complete, the District should begin to bring staffing levels in line with peer district benchmarks through attrition and reallocation of staff toward instruction. • 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.
Payroll and Accounts Payable	<ul style="list-style-type: none"> • Payroll: The District currently runs payroll on a bi-weekly basis. • Direct Deposit: About 97% of the District's employees receive paychecks via direct deposit. However, some hourly and all temporary employees still receive paper checks. • The District uses a self-service payroll platform. 	

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	<ul style="list-style-type: none"> • Timekeeping: Time tracking is currently managed through the Kronos system. Homebound teachers and some bus drivers remain on manual time sheets. • Purchasing: The District follows the older state procurement code, with \$1,500 spending limits before requiring a PO and approval by the Purchasing Department. The District maintains this policy due to a preference for SWMBE local vendors that would be hindered from participation due to the requirements of the certification process. • Schools and departments submit approved requisitions for purchase with online requisitions via workflow approval to the procurement department through Tyler Munis software. Requisitions are then reviewed by procurement staff to determine the proper source selection (quotes, bids, RFPs) to obtain the most advantageous, fair and equitable pricing. After which, in accordance with Richland County School District One Procurement Code, purchase orders are issued to the vendor electronically. Currently, the warehouse and facilities departments are able to use the online system for a three-way match, but the schools manually sign to indicate that they have received the materials. In the upgraded version, the system will allow the District to receive the item and conduct the three-way match. • Pcard: The District utilizes a Pcard program which placed over \$2.6 million in spend on Pcards last year, with \$12,000+ in rebates. 	<ul style="list-style-type: none"> • Phase bus drivers into the Kronos timekeeping system using options such as Wi-Fi on buses that would allow drivers to clock in and out of the online platform in order to move further towards a paperless system. • The District should seek out opportunities to expand on the use of the Pcard program through increased use of Pcards for centralized spend categories and adoption of the updated Procurement Code limits (see Procurement section). • After ERP implementation, establish 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. • Develop and provide training on the new systems and processes.

FINANCIAL MANAGEMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	<ul style="list-style-type: none"> • Warehouse: There are seven staff in supply services. The District is moving towards just in time delivery of supplies to schools in the new school year. The value of assets in the warehouse is estimated to be about \$470,000. Maintenance and support inventory and equipment make up about \$80,000 of it. Manual inventory audits are performed bi-annually, and spot audits are done on an on-going basis. • IT Equipment has its own section that is overseen and controlled by the accounting staff that handle fixed assets. • Risk Management: The District has formal risk management policies in place and has a department with a Coordinator and Risk Containment Specialist that are dedicated to the risk management function. • The District uses SCSBIT to provide property and casualty and workers compensation coverage, respectively. The District uses high deductibles of \$25,000 and \$100,000 respectively to manage the cost of coverage. 	<ul style="list-style-type: none"> • Implement standard policies and procedures around managing physical inventory to reduce the overall size of the inventory and move toward Just In Time (JIT) delivery of goods and supplies where feasible, driving efficiency into the supply organization. • Given the District is moving towards just in time delivery, the District should actively reduce the existing surplus inventory by using online auction houses for disposition of surplus assets. • Expand on the existing risk management policies and procedures to include: (a) risk assessment and management; (b) safety and loss prevention review; (c) insurance claims handling and processes; (d) insurance policy review and negotiation.
Grants Management	<ul style="list-style-type: none"> • Grants Revenue %: Grant funds provide 12% of revenue for the District, making them less reliant on grant funds than the rest of the State and those within their poverty band. 	<ul style="list-style-type: none"> • The District should develop a strategic process to search out and review potential grant opportunities at the federal and state level or through private foundations and raise awareness with the site based staff of the potential opportunities.

FINANCIAL MANAGEMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management (Cont'd)	<ul style="list-style-type: none"> • Federal Funds: Program Directors are responsible for making purchasing and hiring decisions. • Program Directors are also responsible for monitoring grant spending. They are able to access MUNIS budget reports any time on the dashboard provided to them by the budget department. Finance staff do analyses periodically to ensure District funds are being spent and claimed in a timely and compliant manner. • Finance manages 125 district-wide grants totaling \$42 million in revenues. • Grant Pursuit: The District has a staff grant writer. They are in the process of applying for a federal grant of \$18 million for magnet schools. • Indirect Costs: The District uses the state negotiated rate to charge indirect costs against federal grants. • Grants Monitoring: Accounting clerks (with review by a Special Revenue Supervisor) are responsible for monitoring grant spending. Year-to-date budget reports, salary reports and claims reports are prepared to monitor spending and reimbursement. 	<ul style="list-style-type: none"> • Require Finance to provide a secondary review process before paying for grant funded activities or submitting claims for reimbursement on grants. • Revise the grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant. • The District should take steps to simplify the use of funds to streamline grant administration and submit reimbursements monthly and on time.

FINANCIAL MANAGEMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management (cont'd)	<ul style="list-style-type: none"> • Title I Program: The District has made a number of organizational, administrative, and process changes to the Title I program in the past year. New leadership was installed, and the District hired a new budget monitor, fixed asset inventory officer, and a team of permanent consultants to work with schools to tag items, define purpose, work with finance to record it at the accounting level, and monitor implementation. • Other: The District recently added the Office of Planning and Grants in the past two years which is helping to streamline grants management processes and identify a broader range of grant opportunities and innovative programs. The department: <ul style="list-style-type: none"> – Edits, reviews and develops grant proposals and reports – Prepares and reviews budgets for applications – Deploys grant strategies for the District based on strategic initiatives 	<ul style="list-style-type: none"> • As the District transitions to the new system and improves the reporting and compliance processes, the surge in consulting support should transition ownership and compliance monitoring the District.
Internal Controls	<ul style="list-style-type: none"> • F/S Audit: The District was not found to have material weaknesses in its latest audited financial statements. • Position Control: The District currently has position control in a database that is not central to the financial management system. The system is currently undergoing initial implementation will integrate the position control function. 	<ul style="list-style-type: none"> • Implement an annual review of processes to ensure segregation of duties over key areas of internal control. • During the ERP implementation, the District should prioritize transitioning position control functionality to transition existing manual process into the new system.
Cash Management	<ul style="list-style-type: none"> • Days Cash on Hand: The District has a stable cash balance with 80.7 days cash on hand. • The District reviews cash flow forecasts every two weeks to determine transfers to and from investments and allocations for operation. In addition, cash projections are done to determine possible need for TAN in the low cash point during the fall. 	<ul style="list-style-type: none"> • Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to stay ahead of the filing, maximize cash flow, and ensure grant funds are optimized and spent in accordance with appropriate guidelines.

FINANCIAL MANAGEMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	<ul style="list-style-type: none"> • Grants Receivable Outstanding: The District has a Days Grants Receivable Outstanding of 63.1 days which is on par with the state average of 65.4 days. • Days Payable Outstanding: The District's Days Payable Outstanding of 28.1 is longer than the statewide average but is still a reasonable payment timeline. • Cash: The District invests excess cash balances in the State investment pool. • Debt: The District's Debt to Revenue ratio of 1.43 is much higher than the statewide average of 0.82 but is only slightly higher than the enrollment band average of 1.3. • TAN: The District did not issue a TAN this past year to assist with liquidity needs during cash low point. 	
Budget	<ul style="list-style-type: none"> • Budget Planning: The annual budget process is linked with the implementation of new programs that align with strategic planning goals and stakeholder feedback gathered through input sessions and surveys. The District has a robust resource allocation model that is used to determine annual budgets for schools and departments. • Fiscal Monitoring: The District performs closes monthly and are required by board policy to provide a financial report on a monthly basis. Financial reports comparing budget to actual can be pulled on an as needed basis by project manager, administrators, and bookkeepers. 	<ul style="list-style-type: none"> • Expand the zero-based and / or performance based budgeting approach to expand on the KPIs and workload drivers, estimate central office staff and expenses, and align with the strategic plan. • The District should consider conducting a school equity analysis annually to ensure that each individual school is receiving its fair share of resources based on the student needs of the school. The analysis would compare school-based FTEs, salaries and non-personnel spending across student type, school size, school level and overall across the district. • Utilize long-term enrollment forecasting to expand the budgeting model to include projections for future years and increase insight to potential opportunities for investment.

FINANCIAL MANAGEMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> • ERP: The District uses the Tyler Munis ERP system and is currently going through a system upgrade with additional modules. Once finished the system will include modules for: General Ledger, Accounts Receivable, Fixed Assets, Payroll, Budget, Human Resources, Purchasing, Warehousing, Cash Management, • The new system is expected to have significantly improved functionality, including upgrades in reporting, workflow, key features. In addition, there are new modules that will replace old systems and drive functionality such as the application module, vendor management, position control, content management, and database management. • The District also uses Kronos for automated time keeping, which will integrate with the new system. • The District does not maintain an on-line payment system to facilitate cash collection. 	<ul style="list-style-type: none"> • Consider implementing an on-line payment system for parents to minimize the cash collections at schools. • Explore incremental opportunities to further drive down remaining manual processes (e.g., check issuance, purchase orders for Pcard usage, etc) through additional customization efforts.
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. 	



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HUMAN RESOURCES

RICHLAND 01

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.

1,414 : 1

District Students (ADM)^[2]

Human
Resources
FTE^[4]

\$94 per Student

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

Key statistics for metrics

Human Resources FTEs ^[4]	16.0
Personnel Expense ^[3]	\$1,476,667
Non-Personnel Expense ^[3]	\$684,785
Total Human Resources Expense ^[3]	\$2,161,452

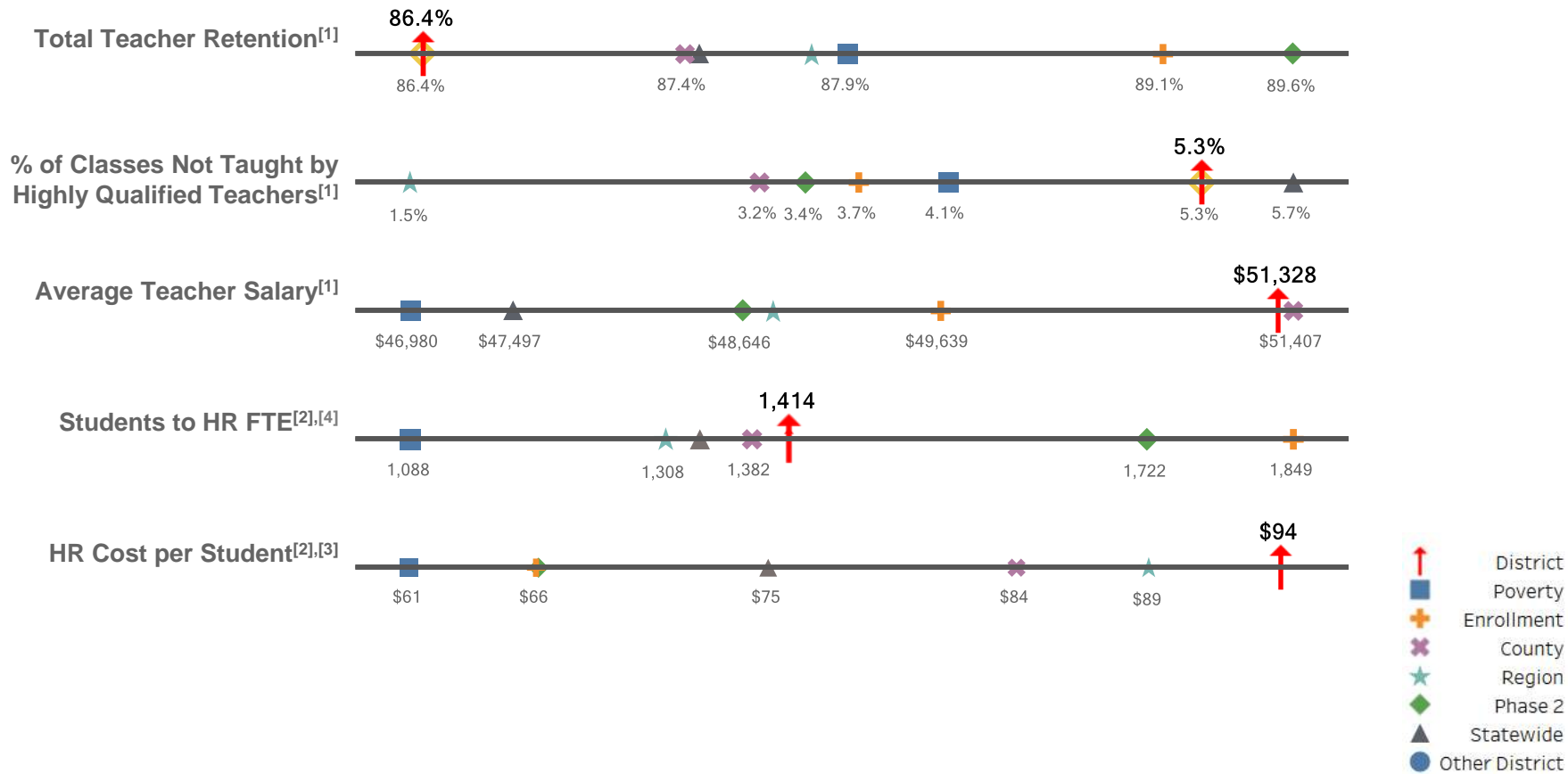
NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

HUMAN RESOURCES

RICHLAND 01

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

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Staffing: The District is heavily staffed compared to peer districts due to an older, less automated ERP system. • Human Resources Cost Per Pupil: The HR Department's per pupil of \$94 is high relative to the statewide average of \$75 and enrollment band average of \$66. • Student per Human Resources FTE: The District's Student per HR FTE ratio of 1,414 is high relative to the statewide average of 1,338, but lower than the enrollment band average of 1,849. 	<ul style="list-style-type: none"> • After implementation of the ERP system and process automation is complete, the District should begin to bring staffing levels in line with peer district benchmarks through attrition and reallocation of staff toward instruction.
Recruiting and Retention	<ul style="list-style-type: none"> • Recruiting and Retention: Similar to other school districts in the State, recruiting teachers into the District is challenging. The District particularly struggles with recruiting and retention in both the rural and high poverty areas. To improve recruitment efforts, the District enhanced recruiting efforts and extended early offers. • International Teachers: There are currently 140 international teachers (4.5% of instructional staff) sourced through a combination of international staffing agencies (EPI and TPG) and District sponsorship. Teachers primarily fill foreign language and special education positions. • The District has 204 employees in the TERI program. • The teachers shortage continues during the school year, with 24 teacher vacancies currently being filled with long-term subs. 	<ul style="list-style-type: none"> • Due to the significant percentage of teachers who are in the TERI program or are expected to retire in the next five years, the District should reevaluate current recruiting practices and develop a workforce plan for hard to fill positions. • Evaluate opportunities to reduce reliance on international agencies and related administrative fees, either via direct sponsorship, cross-district shared resources or alternative recruitment strategies.

HUMAN RESOURCES

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting and Retention (cont'd)	<ul style="list-style-type: none"> The District leadership has been in their respective positions for a number of years, but some are nearing retirement age. The District does not have a formal succession plan in place to manage the eventual leadership retirements and departures. The District did a compensation review of teachers and non-teachers this past year, with varying estimates of over / under market positions. The District currently has incentive programs to drive recruitment including: signing bonuses, retention bonuses, tuition reimbursement, and differentiated salaries. The District recruits out of state and participates in virtual career fairs to increase the number of applicants. The District has a mentoring program for new principals and district staff. The District partners with the City of Columbia to provide low interest loans for housing within the city. The District's average teacher salary is much higher than both the state and regional averages, making it easier to recruit talent into the District, but the turnover rate has been around 14% for the past two years. 	<ul style="list-style-type: none"> Given the tenure of the current leadership team (i.e., CFO, COO, HR Director, etc.), the District should establish a succession plan to ensure past progress is embedded long-term in the organization. The District should revise and/or enhance the existing incentive programs to recruit and retain teachers that could include: (a) increasing signing bonuses; (b) expanding housing incentives; (c) reinstating tuition reimbursement; (d) providing innovative professional development programs.

HUMAN RESOURCES

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Technology	<ul style="list-style-type: none"> The District will leverage the Tyler Munis’s ERP module for Human Resources for management of hiring processes and employment processing. In addition, the District uses the Frontline system for substitute and absence management, PATS (Paperless Applicant Tracking System) for applicant tracking, the Onbase system for document management and workflow, and the CERRA system to post positions. The District is moving toward an upgrade of the Tyler Munis ERP system that will provide applicant tracking, onboarding, new position control, a benefits module with sick leave banks, and allow for the replacement of PATS and Onbase. 	<ul style="list-style-type: none"> Capitalize on functionality provided by MUNIS technology to fully automate the application to onboarding process. Invest in the ERP implementation to accelerate implementation and help enhance and automate recruiting, on-boarding, substitute management and time tracking processes that are currently manual.
Benefits	<ul style="list-style-type: none"> The District has a Retirement Specialist, FMLA /ACA Specialist. Benefits administration is performed by the Benefits Specialist, and a Benefits Counselor oversees all benefits activities. 	<ul style="list-style-type: none"> In collaboration with other large districts in the state, work with PEBA to automate benefits related transaction processing to include: (a) acceptance and processing of electronic signatures; (b) integration of benefit changes into District financial systems. 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 joined Midlands Educator Effectiveness Round Table through USC and participates in the SCASA HR Round table to collaborate on training and discuss recruiting, retention, and other HR matters. The District does not directly collaborate with other nearby school districts on recruiting, human resource system licenses, or arrangements with international or local staffing agencies. 	



OUTLINE

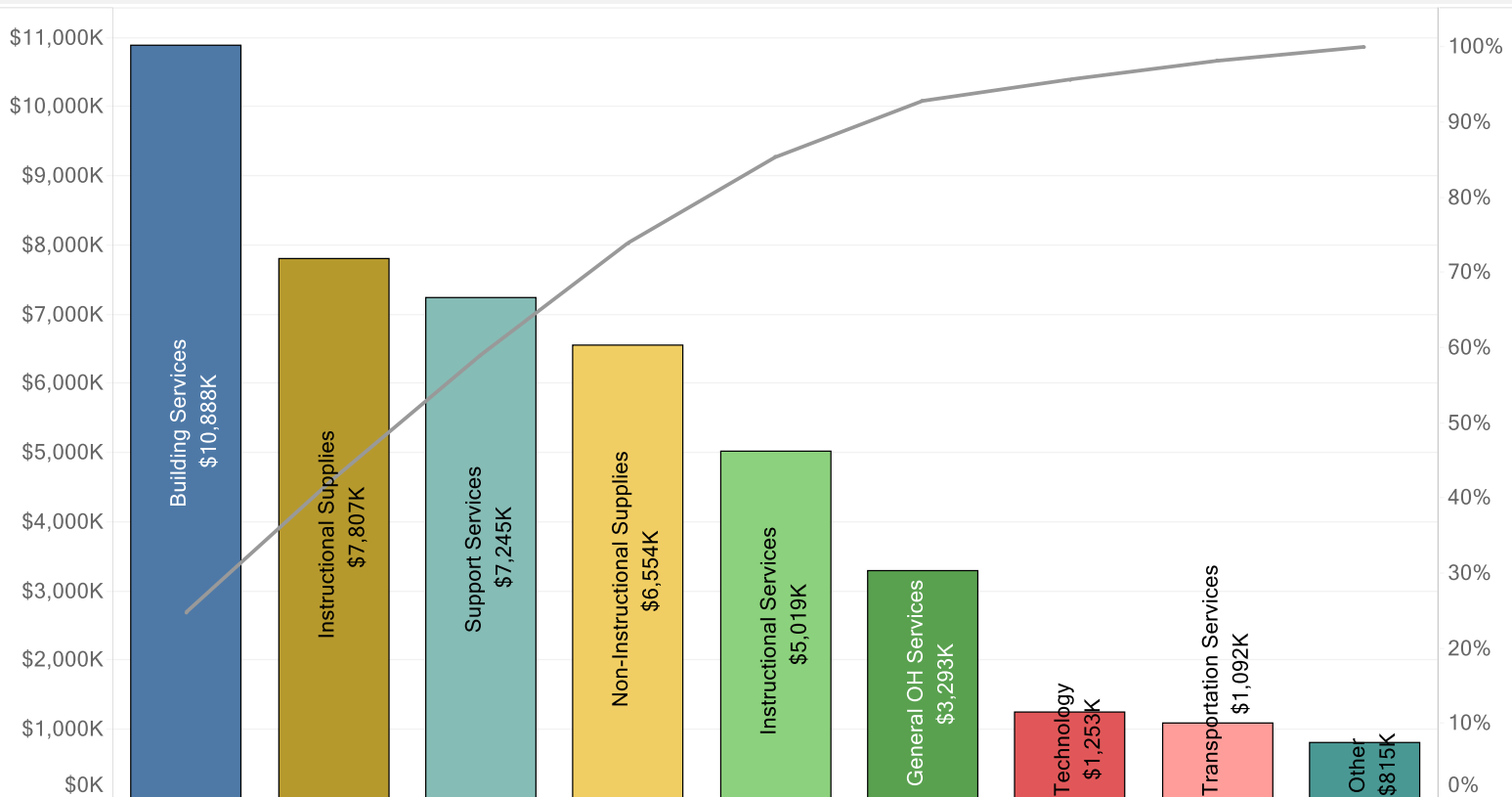
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PROCUREMENT RICHLAND 01

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.

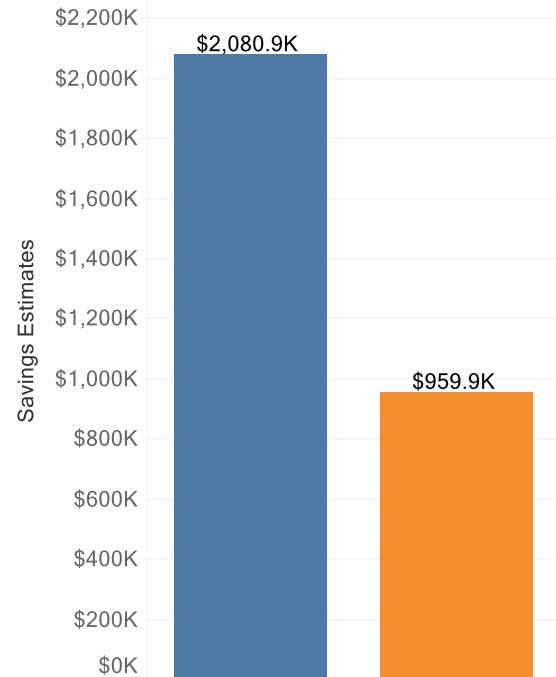
District In Scope Total Procurement Spend^[3] = \$43,965,614



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	1.0%	3.0%
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%



■ High Savings Estimate
■ Low Savings Estimate

PROCUREMENT RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> The District has seven resources focused directly on procurement and is able to rely on these resources to maximize purchasing activities. 	<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 is fragmented across more than 5,300 vendors; however, the top 150 make up about 80% of total spending. The District does not maintain a significant data or analytic function within the procurement organization, relying primarily on experience or anecdotal discussions to drive savings in various procurement categories. Vendor Management: The District held vendor fairs during the two bond referendums that preceded upswings in spending. The fairs were designed to help SWMBE's participate on bids. The District is moving toward contracts that provide JIT delivery (i.e., within 24 hours) for office supplies, instructional supplies, etc. Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across districts could be increased through better contract management on site based procurements and standardization in certain areas such as maintenance and construction. The District collects end user performance reviews for all active contracts. 	<ul style="list-style-type: none"> The procurement function should conduct ongoing analysis of non-personnel spending, including review of spending by transaction and dollar volume to determine potential candidates for formal contracting and price negotiation to enable better pricing and cost savings. Examples of metrics that could inform analysis include: (a) vendor concentration (# of vendors comprising 80% of spend); (b) % of vendor spending negotiated through formal RFP process; (c) average POs per vendor. 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.

PROCUREMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Vendor (cont'd)	<ul style="list-style-type: none"> The District uses the old SC procurement code requiring 15 days for notification of award and a purchase order issuance for anything over \$1,500. The District is constrained by the existing Consolidated Procurement Code, state procurement guidance, and state law in their efforts to seek out favorable pricing through Group Purchasing Organizations (e.g. US Communities). 	<ul style="list-style-type: none"> The District should adopt the new South Carolina procurement code, enabling expanded limits from \$1,500 to \$2,500, thereby, reducing the number of required quotes annually. Where appropriate, include Most Favored Nation (MFN) clauses into contracts that require the vendor to provide the District pricing that is no higher than the price it provides to any other buyer, now or during the term of the agreement. Further, the District should work with state procurement officials to promote the value of cooperative purchasing and advertise opportunities through SCBO. Ultimately, the state legislature will need to consider revisions to the code to enable use of this type of collaboration.
Spending by Category	<ul style="list-style-type: none"> Building and Maintenance: The warehousing function has several Pcards and serves as the purchasing arm for maintenance services. In addition to de-centralized Pcard spending, the District also uses several just in time delivery contracts for janitorial equipment and supplies. Food Services: The District is a part of the Charleston Cooperative Purchasing group, which collaborates for the procurement of all food items (commodities, dairy, bread etc.). Energy: The District does not fix rates for natural gas contracts. 	<ul style="list-style-type: none"> Coordinate purchasing of facilities services such as HVAC, electrical and plumbers with surrounding districts to maximize the potential for volume discounts. Consider establishing fixed rate contract for natural gas.

PROCUREMENT

RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category (cont'd)	<ul style="list-style-type: none"> • Instructional Support Services and Supplies - Procurement Exemptions: The District leverages discounts through the SC School District Procurement Group, which has group contracts with: School Specialty, Office Depot, ACE Educational, Bender-Burkot and Blick Art Materials for Educational Supplies and Materials. • The District currently relies on TPG and Educational Partners International for their international teachers. • Technology – Standardization: The District is expanding its 1:1 initiative and is leveraging a state contract for purchases but does not coordinate technology purchases with other nearby districts. • Non-instructional Supplies - Contracting Vehicles: The District uses the state contract for many non-instructional supply categories (i.e., furniture, office supplies, managed print services, vehicles, and medical supplies and equipment, etc). 	<ul style="list-style-type: none"> • Require instructional software purchases to conform to standard procurement guidelines for bids and proposals in order to enable to best pricing. Coordinate purchasing of instructional software with surrounding districts to maximize potential for volume discounts. • Coordinate purchasing of instructional services with surrounding districts to maximize the potential for volume discounts. • Standardization of Technology: The greatest saving potential can be realized through rollout of low cost/high quality technology options that are standardized across a geographic region. Standardize recommended technology options with nearby districts in order to leverage benefits of coordinated purchasing and volume discounts. Decisions made by individual districts regarding roll-out of 1:1 initiatives vary greatly in cost per device and total cost of ownership.
Regional Collaboration	<ul style="list-style-type: none"> • The District participates in SCAGPO, the SCPA, and the Procurement Directors meeting that are coordinated with other large procurement districts on RFPs. The District also utilizes state contracts for purchasing but does not employ formal partnerships with guaranteed volume or participation levels with other districts to procure goods and services. 	<ul style="list-style-type: none"> • The state procurement districts should work with the State to create an advisory board that oversees cooperative purchasing within the state with representation from the State, Districts, and potentially Higher Education institutions to identify and pursue specific sourcing categories. The group would identify categories to pursue collectively, name specific districts as lead on a particular sourcing effort, and consolidate the spend across districts. The procurements would be made available to all districts, but advisory board members would be rotated on a periodic basis with some regular sitting advisory board members from the state, regional cooperatives, and largest districts.



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TRANSPORTATION

RICHLAND 01

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.

12 Years

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

\$534 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	275.0
Personnel Expense ^[3]	\$10,967,754
Non-Personnel Expense ^[3]	\$1,366,863
Total Transportation Expense ^[3]	\$12,334,617

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

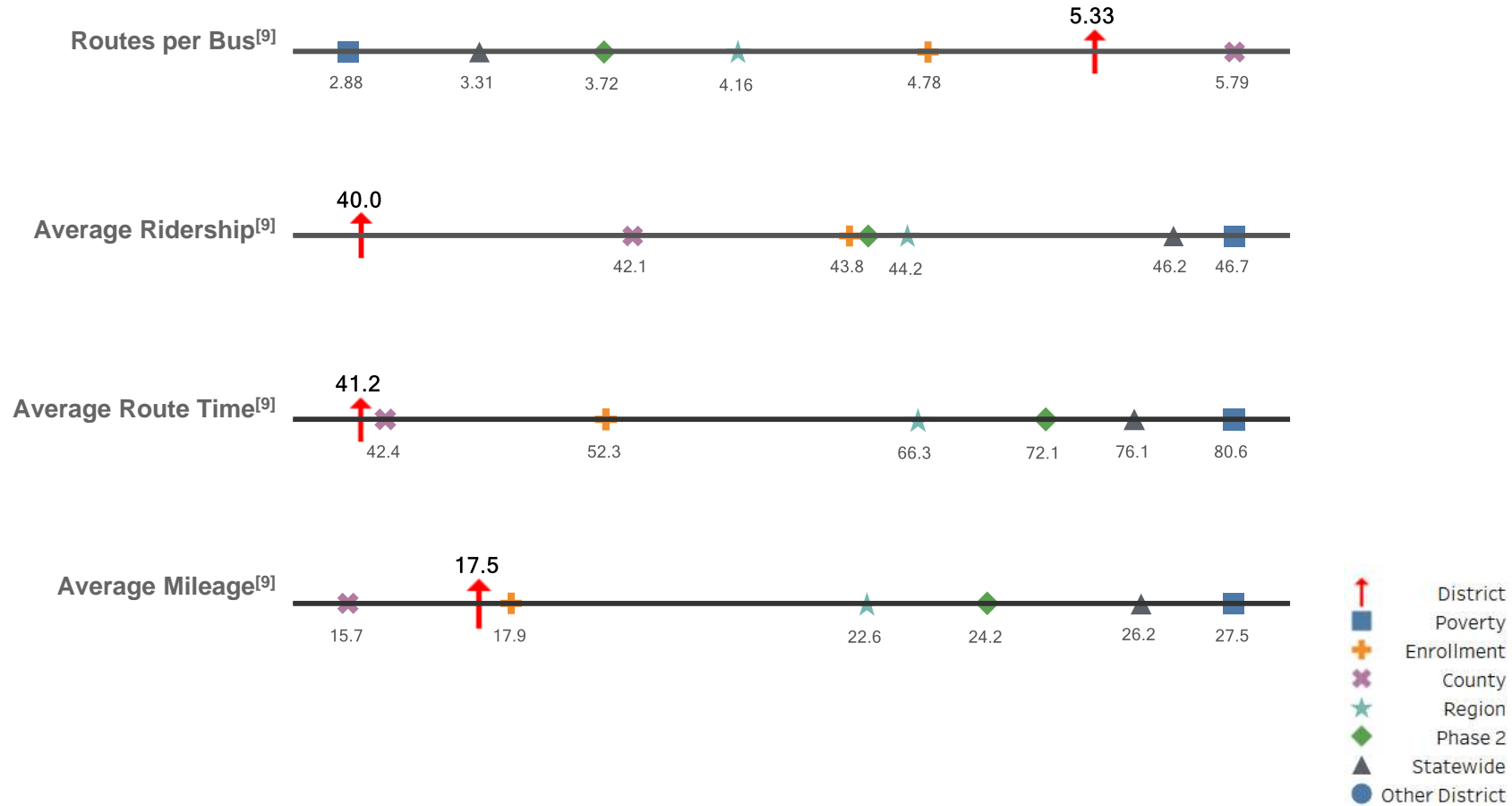
Key statistics for State Routes	# Buses ^[9]	# Routes ^[9]	Routes per Bus ^[9]	Ridership ^[9]	Avg Ridership ^[9]	Avg Route Time (including dead time) ^[9]	Avg Mileage per Bus ^[9]
Regular	87.9	469	5.3	18,771	40	41	17
Special Needs	46.0	218	4.7	1,795	8	Not-Available	25
Other	33.2	185	5.6	5,393	29	Not-Available	17
Total	167.1	872	5.2	25,959	N/A	N/A	N/A

TRANSPORTATION

RICHLAND 01

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 RICHLAND 01

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • KPI Routes / Bus: The District has aspects of rural, urban, and suburban settings and has an average of 5.3 routes per regular bus per day. • Transportation is run by a Director and admin with managers for operations and training. The Director's office oversees all duties including, special needs and district routing, student activity trip scheduling, hiring staff and supervising the training program. The District also has six staff dedicated to route management. • The District has two Supervisors and a secretary dedicated for each of their two satellite offices that provide support to schools under designated clusters. They are also responsible for supervision of 125-140 employees and oversee all day to day operations. • Most drivers are full-time, except for the substitutes / hourly drivers. No bus drivers are dually employed. Bus drivers can make supplemental pay for doing field trips or after school program transportation. • The District maintains two facilities for in house maintenance and repair that is performed by 3 mechanics. • Bus drivers must maintain a 93% attendance rate, or they are required to go through an improvement plan. • The District hires fully certified drivers, and advertises locally, attends job fairs, and utilizes social medial for recruitment. 	

TRANSPORTATION

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SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization (cont'd)	<ul style="list-style-type: none"> • The District has a pool of 18 full time and 7-10 hourly substitute bus drivers. • Bus drivers are currently paid a starting rate of \$13.70, approximately \$6 above state reimbursement levels. • The District maintains a fleet of 42 buses, 28 are used for District programs that cross school zone lines or to reduce travel time for students. The remaining 15 buses are used primarily for activity trips and spares, if needed, for the District fleet. 	
Routing and Bus Management	<ul style="list-style-type: none"> • The District utilizes routing software. • The District has GPS on its buses, but it is not real time. • The District provides radios to drivers to contact them while on routes. • The District has security cameras on all buses, but many of these will need to be replaced in the near future. • The District has WIFI on select buses with longer routes. • The District does not have stop-arm cameras on buses. • Activity Buses: The District does use the State fuel for activity buses. 	<ul style="list-style-type: none"> • Install stop-arm cameras to assess tickets to drivers passing buses.
Collaboration	<ul style="list-style-type: none"> • The District coordinates with other districts to provide transportation for special needs students. 	

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

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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. Actual savings may vary based on implementation decisions.

FINANCE AND HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<ul style="list-style-type: none"> • A&M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within the District. • A&M estimated potential savings that could be realized after implementation of recommended process, policy and technology changes based upon past experience implementing similar initiatives, comparison of staffing and spend against peer benchmarks and discussion with the District. A&M also estimated investments required to achieve savings based upon prior experience. • In addition, while A&M evaluated potential synergies from a regional shared services model for transactional activities, after considering the District’s size, current staffing levels and uniqueness of processes, policies and technology, A&M is not recommending implementation of this approach at this time. 	<ul style="list-style-type: none"> • A&M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the Districts 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. 	<ul style="list-style-type: none"> • A&M used data provided by the state to analyze the district route mileage, frequency, timing, and volume to compare with benchmarks across the state. • A&M evaluated opportunities for savings based upon comparison of benchmarks across the state that took into consideration the location, population and geographic profile of the each district. • Savings estimates were not provided in instances where the District was in line with benchmark targets and was using both routing software and leveraging staggered bell times.

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

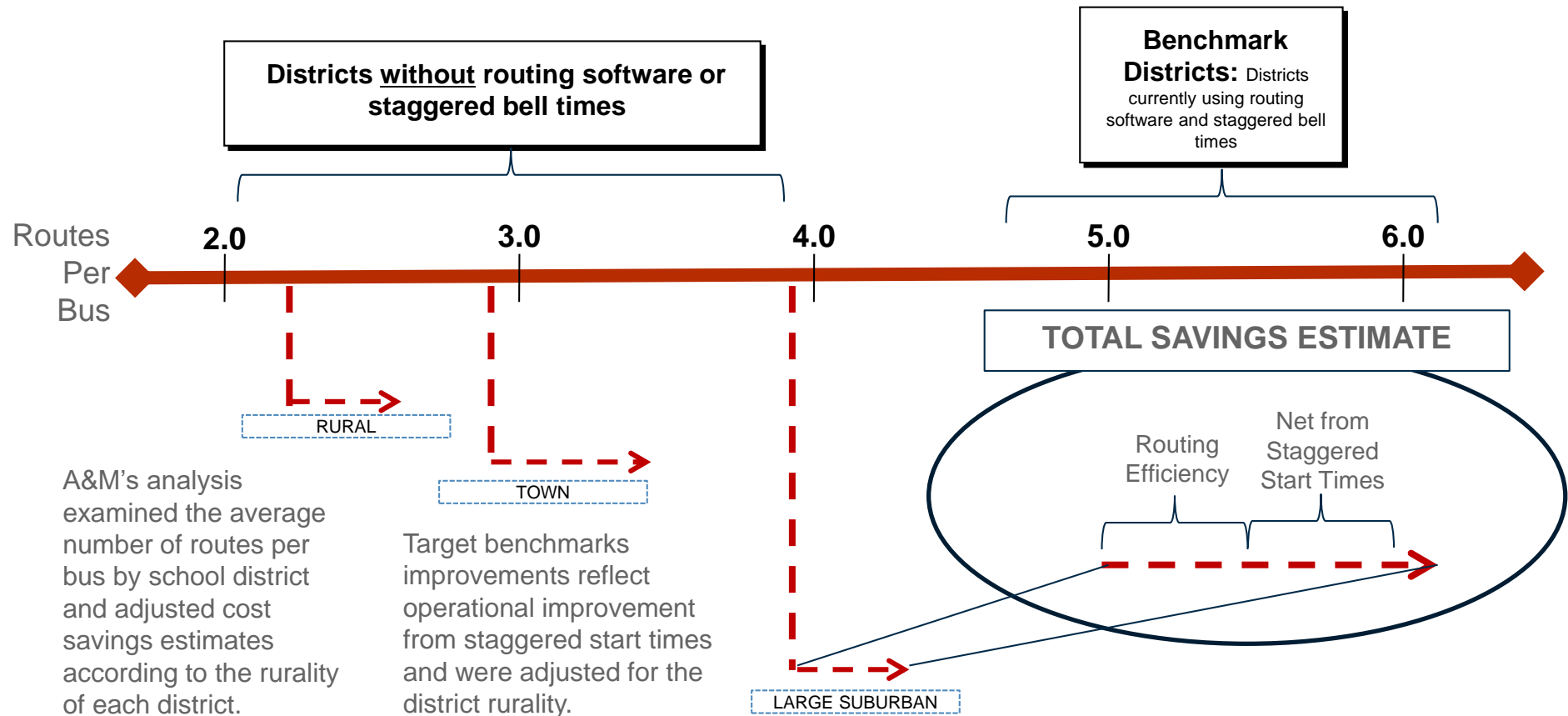
Assessment of the degree of manual processes used by each function, identification of improvements to those functions, and new operating models (such as staggered bell times) were recommended.

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.

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)

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

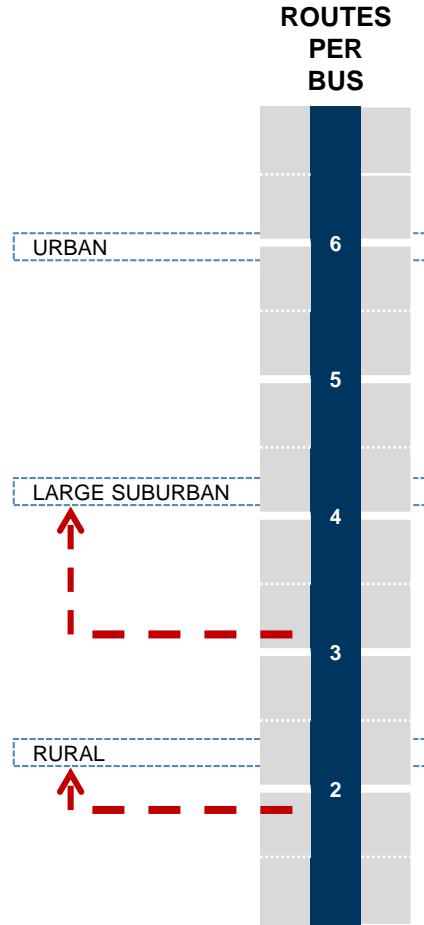
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TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

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

RICHLAND 01

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

RICHLAND 01

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	1%	5%
Non-Instructional Supplies	1%	5%
Instructional Supplies	1%	5%
Instructional Services	1%	5%
Support Services	1%	5%
Technology	1%	5%
Other	1%	5%
Overhead Services	1%	5%
Transportation Services	1%	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

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[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

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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

RICHLAND 01

Source [5]

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

Source [3],[7]

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

Source [5],[7]

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

Source [9]

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

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