



# ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION  
SCHOOL DISTRICT EFFICIENCY REVIEW

**Spartanburg 03**

**District Report**

6/16/2017



ALVAREZ & MARSAL



## OUTLINE

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

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### 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

## SPARTANBURG 03

### 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.

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### PROJECT OVERVIEW (CONTINUED)

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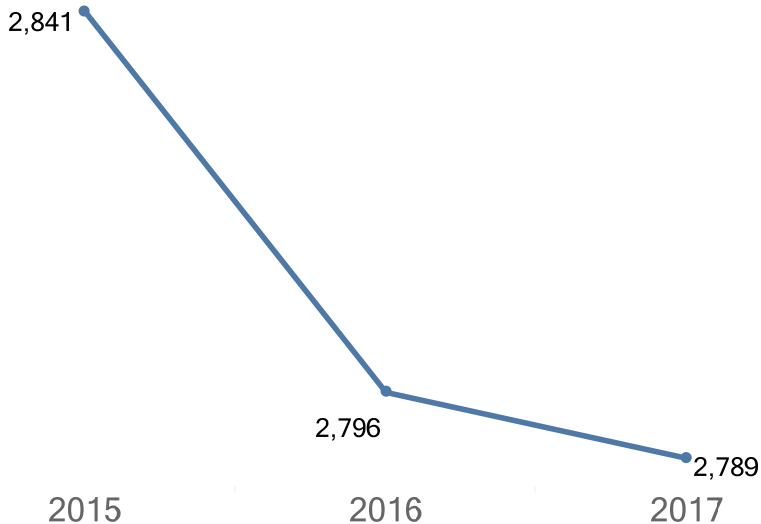
➤ **Sources of Data and Savings Estimates:**

- 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.

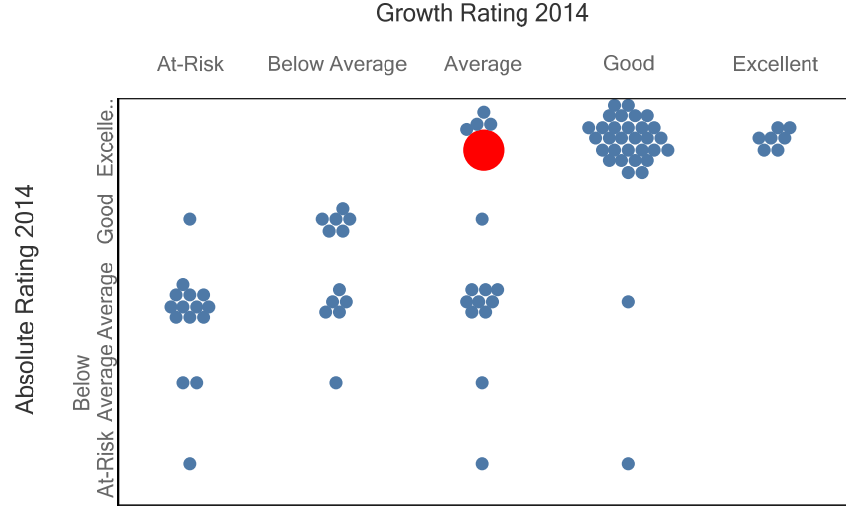
# EXECUTIVE SUMMARY

## SPARTANBURG 03

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



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



### General Info

Number of Schools <sup>[2]</sup>	7
% Poverty <sup>[1]</sup>	66.3%
% Disability <sup>[1]</sup>	17.4%
\$ Per Student <sup>[2],[3]</sup>	\$13,886
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$12,225

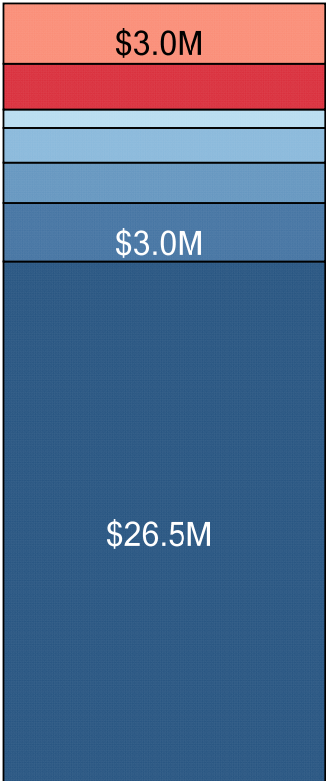
### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	7.5
Students Per Overhead FTE <sup>[2],[4]</sup>	188.8
Students Per School Support FTE <sup>[2],[4]</sup>	61.6
Students to Total FTE <sup>[2],[4]</sup>	6.5

# EXECUTIVE SUMMARY

## SPARTANBURG 03

**Sources of Funds<sup>[5]</sup>**  
**\$39.6M**



2015-2016

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

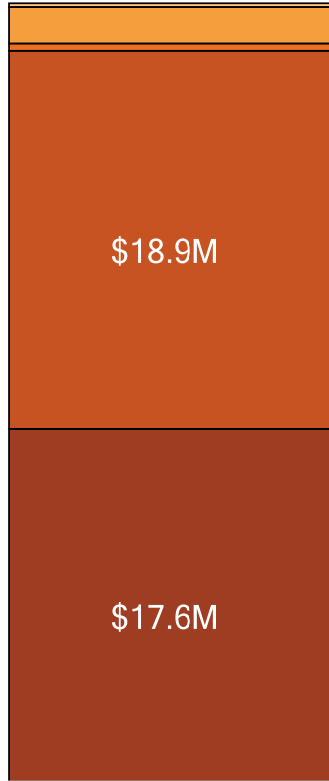
**Use of Funds - Type<sup>[3]</sup>**  
**\$38.8M**



2015-2016

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

**Use of Funds - Function<sup>[3]</sup>**  
**\$38.8M**



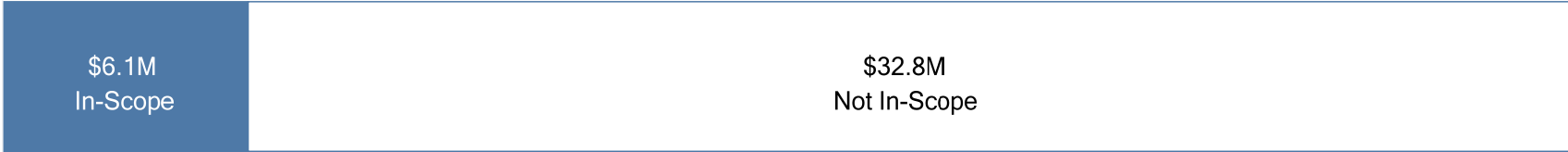
2015-2016

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

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## SPARTANBURG 03



*15.6% of total spend is within scope of the efficiency review:*

	In Scope Spend <sup>[3]</sup>	Procurement Component
Finance	\$603,907	\$124,206
Human Resources	\$78,303	\$5,169
Overhead	\$459,546	\$151,253
Transportation	\$1,103,856	\$54,125
Procurement (Community Services, Instruction, Support Services)	\$3,828,187	\$3,828,187
<b>TOTAL</b>	<b>\$6,073,799</b>	<b>\$4,162,940</b>

\* totals may not tie due to rounding

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### GOALS, CHALLENGES & ACHIEVEMENTS

District Goals
<ul style="list-style-type: none"><li>• <b>Mission Statement:</b> Our mission in Spartanburg School District Three is to provide experiences and teach world class skills and values which empower all children to achieve their fullest potential.</li><li>• <b>Student Readiness:</b> The District is committed to ensuring that all students meet world-class standards to be college and career ready by graduation.</li><li>• <b>Staff Excellence:</b> All District instructional staff will demonstrate excellence in job performance and rate satisfactory or better on performance.</li><li>• <b>School Climate:</b> 100% of parents and students will indicate the school and environment is safe on annual surveys.</li></ul>

Achievements
<ul style="list-style-type: none"><li>• <b>Technology:</b> The District has implemented a 1:1 technology initiative in grades 3-12, and a 1:2 device-to-student initiative in grades K-2.</li><li>• <b>Accreditation:</b> The District earned one of the highest scores in the State of South Carolina from AdvanceEd.</li><li>• <b>Financial Performance:</b> The District has had clean financial audits and has been found to be a low-risk auditee.</li><li>• <b>Career and Technology Education (CATE):</b> The District is proud of its strong focus on the State's CATE courses and offerings.</li></ul>

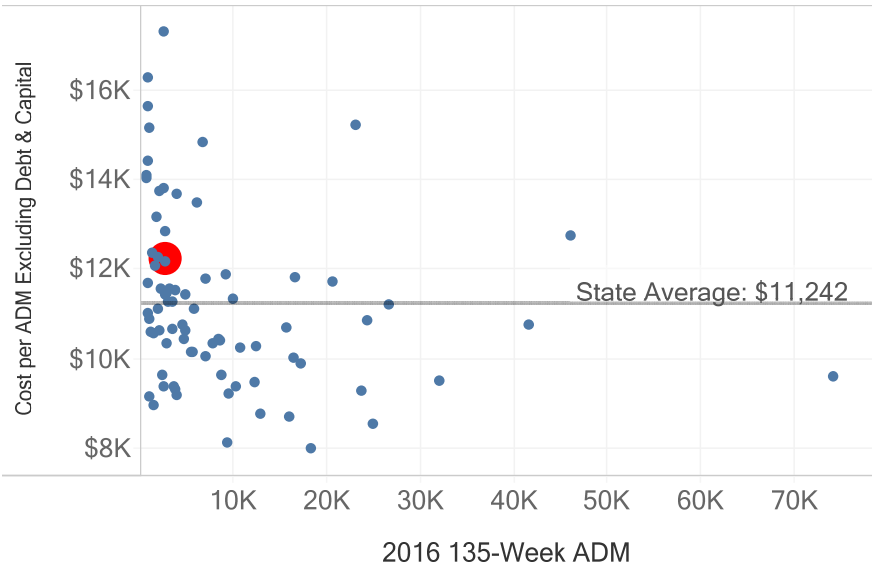
Challenges
<ul style="list-style-type: none"><li>• <b>Funding:</b> Funding for education continues to erode due to a stagnant tax base in the community, adverse economic conditions, and legislation (Act 388) that eliminated residential property taxes for education.</li><li>• <b>Enrollment Decline:</b> The district's enrollment has gradually declined by 15% over the past 30 years.</li><li>• <b>Special Education:</b> The District's special education student population stands at 17%.</li></ul>

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### 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

## SPARTANBURG 03

### OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
<b>Finance</b>	<ul style="list-style-type: none"> <li>• <b>Adequate Staffing / Manual Processes:</b> The Finance organization is adequately staffed to support its scope of roles and responsibilities that include, accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting. However, the District’s ERP software is very outdated and process automation will require its replacement.</li> <li>• <b>Processes / Technology:</b> The District leverages the capabilities of its existing ERP software but would benefit greatly from implementing a modern ERP system.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• <b>Limited Staffing / Automated Processes:</b> Human Resources is overseen by an Assistant Superintendent for Personnel &amp; Pupil Services. There is one benefits administrator but no other dedicated staff resources. The District has leveraged technology to streamline application, recruiting and onboarding processes.</li> <li>• <b>Recruiting and Retention:</b> A rich network of regional university partnerships, comparatively higher teacher salaries as well as a high Teacher Return Rate of 91% indicate that teacher retention is not currently as challenging for the District as compared with other districts.</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>• <b>Transportation Management:</b> The State directly pays for costs of bus purchasing, maintenance, fuel costs and a portion of driver salaries. The District has been able to retain bus drivers since many earn overtime but driving double routes.</li> <li>• <b>Routing:</b> The District does not utilize routing software to map out the most efficient routes.</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• <b>Staffing and Organization:</b> One partial FTE is dedicated to purchasing.</li> <li>• <b>Strategic sourcing:</b> There is some voluntary contract collaboration across districts, notably for comprehensive food services in Spartanburg 1, 2, 3, 5, and 7.</li> </ul>
<b>Overhead</b>	<ul style="list-style-type: none"> <li>• <b>Collaboration:</b> The seven Spartanburg County school districts exhibit a high level of collaboration including revenue sharing, a shared teacher salary schedule, multiple county-wide instructional programs, collaborative purchasing, and both formal and informal information-sharing..</li> </ul>

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### RECOMMENDATIONS

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

#### **Modernize School District Operations**

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

#### **Collaborate Across Districts**

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

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### MODERNIZATION RECOMMENDATIONS

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

MODERNIZATION RECOMMENDATIONS			
FINANCE	HUMAN RESOURCES	PROCUREMENT	TRANSPORTATION
<p><b>System Enhancements:</b> Update software to facilitate automated and purchase to payments 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 teams.</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</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 potential financial benefits of using routing software.</p>

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### 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

## SPARTANBURG 03

### 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	PROCUREMENT	TRANSPORTATION
<ul style="list-style-type: none"> <li>• A&amp;M conducted interviews and analyzed personnel rosters and expenses to understand the intersection of people, process and technology within each district.</li> <li>• A&amp;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&amp;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.</li> </ul>	<ul style="list-style-type: none"> <li>• A&amp;M reviewed the District disbursement register and reviewed a limited sampling of vendor invoices to gain an understanding of the District's procurement spend.</li> <li>• On a limited basis, A&amp;M reviewed rates paid to individual vendors by multiple districts.</li> <li>• In order to estimate savings, A&amp;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&amp;M on strategic sourcing.</li> </ul>	<ul style="list-style-type: none"> <li>• A&amp;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.</li> <li>• Benchmarks were established based on districts currently using routing software and staggered bell times.</li> <li>• 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.</li> <li>• Estimates include savings for bus drivers, fuel, maintenance and buses.</li> </ul>

# EXECUTIVE SUMMARY

## SPARTANBURG 03

### 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	\$99,000	\$114,000	\$61,400	\$184,100
Human Resources	0	0	0	7,500
Procurement	0	0	102,000	215,100
Transportation – District	N/A	N/A	18,000	27,000
<b>District Total</b>	<b>99,000</b>	<b>114,000</b>	<b>181,400</b>	<b>433,700</b>
Transportation – State	8,000	33,000	6,100	22,000
<b>Total</b>	<b>\$107,000</b>	<b>\$147,000</b>	<b>\$187,500</b>	<b>\$455,700</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.*



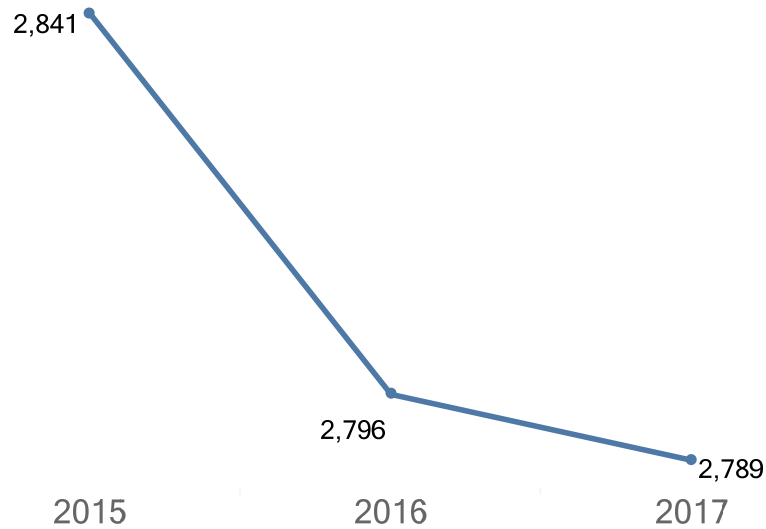
## OUTLINE

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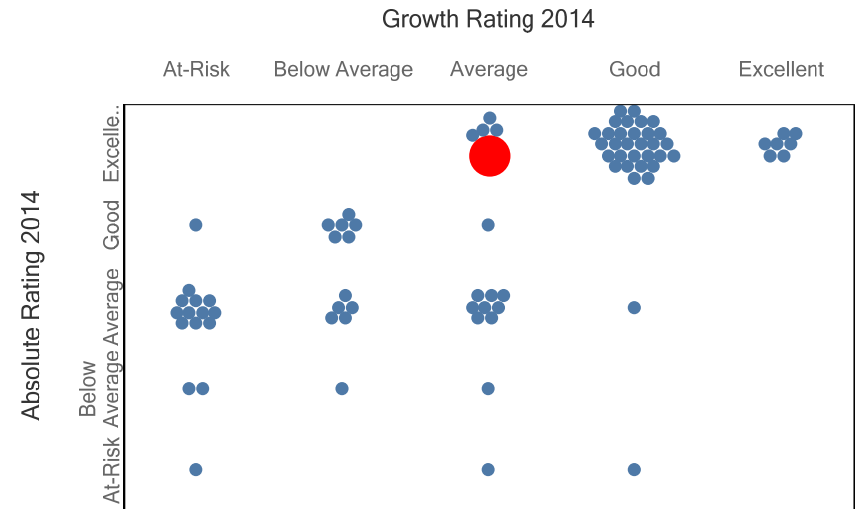
# DISTRICT ADMINISTRATION AND PERFORMANCE

## SPARTANBURG 03

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



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



### General Info

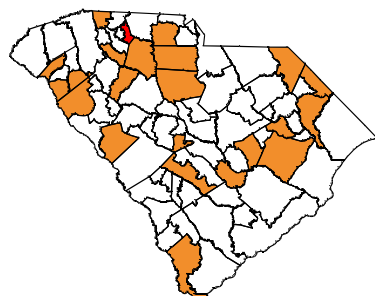
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% Disability <sup>[1]</sup>	17.4%
\$ Per Student <sup>[2],[3]</sup>	\$13,886
\$ Per Student Excluding Debt & Capital <sup>[2],[3]</sup>	\$12,225

### Administration

Students Per Instructional Services FTE <sup>[2],[4]</sup>	7.5
Students Per Overhead FTE <sup>[2],[4]</sup>	188.8
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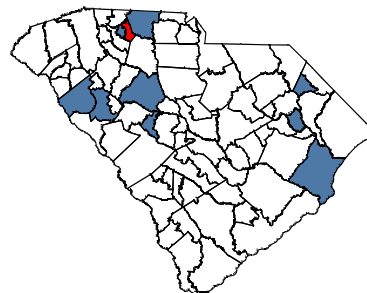
# DISTRICT BENCHMARKING SPARTANBURG 03

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



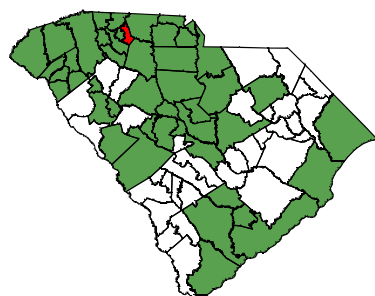
Abbeville 60	Lexington 04
Anderson 02	Marion 10
Anderson 03	Marlboro
Anderson 04	Orangeburg 03
Chester	Orangeburg 04
Clarendon 02	Spartanburg 01
Dillon 04	Spartanburg 03
Edgefield	Spartanburg 04
Fairfield	Union
Florence 03	Williamsburg
Jasper	York 01
Laurens 56	

## Poverty (65% - 70%)



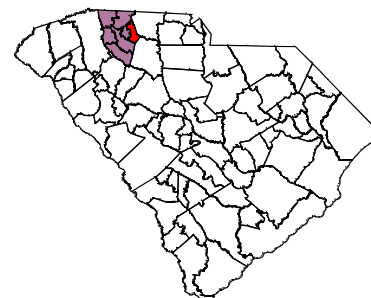
Abbeville 60	Spartanburg 07
Cherokee	
Dillon 03	
Florence 02	
Georgetown	
Greenwood 50	
Lexington 03	
Newberry	
Spartanburg 03	

## Phase 1 (No)



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

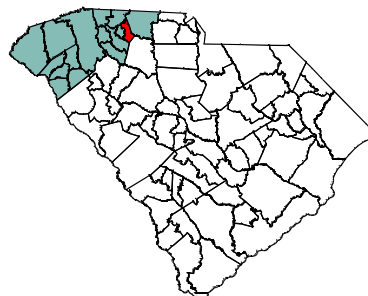
Sumter  
Union  
York 01  
York 02  
York 03  
York 04



## County (Spartanburg)

Spartanburg 01  
Spartanburg 02  
Spartanburg 03  
Spartanburg 04  
Spartanburg 05  
Spartanburg 06  
Spartanburg 07

## Region (Appalachian)



Anderson 01	Spartanburg 02
Anderson 02	Spartanburg 03
Anderson 03	Spartanburg 04
Anderson 04	Spartanburg 05
Anderson 05	Spartanburg 06
Cherokee	Spartanburg 07
Greenville	
Oconee	
Pickens	
Spartanburg 01	

# DISTRICT OVERVIEW

## SPARTANBURG 03

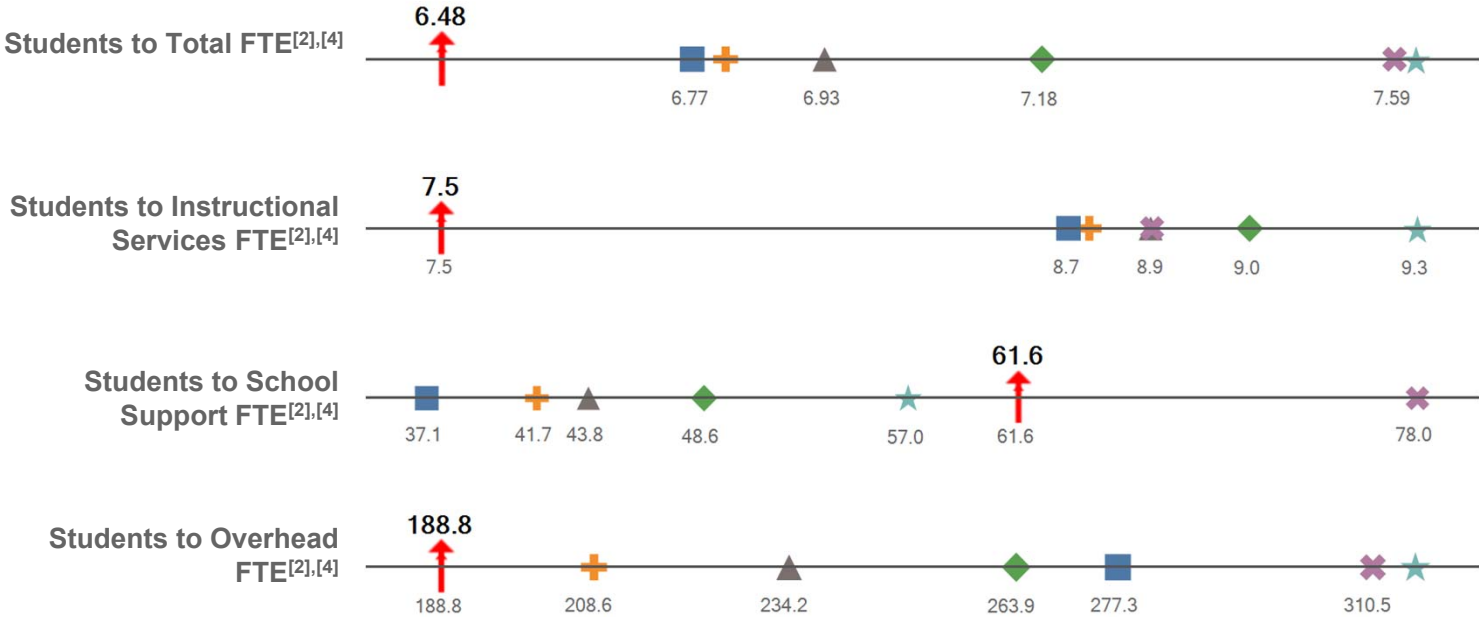
### KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

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 SPARTANBURG 03

## KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



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

# DISTRICT OVERVIEW AND OVERHEAD

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Enrollment Trends</b>	<ul style="list-style-type: none"> <li>• <b>3-year Enrollment Trend:</b> The District's enrollment trend has dropped by 52 students, or 1.57%, over the past 3 years.</li> <li>• <b>Student Demographics:</b> The District's enrollment levels have declined over the past 10 years. In response, they opened enrollment to students from other Spartanburg County districts as well as students from Cherokee and Union counties. Additionally, 17.4% of the student population qualifies for special needs services.</li> <li>• <b>Competition:</b> The District competes favorably for students on school choice. They lose a small number of students to home schools and the county-wide virtual school program.</li> <li>• <b>Long-term Planning:</b> The District prepares enrollment projections, a capital plan, and a survival study (a 5-year enrollment projection based on 12 years of data).</li> </ul>	
<b>District Funding and Resource Allocation</b>	<ul style="list-style-type: none"> <li>• <b>Per Pupil Expenses:</b> When excluding debt and capital, the District has a higher per pupil expense (\$12,225) than its peers. Part of this is attributable to the District's relatively large special needs population, which is higher than all benchmark groups.</li> </ul>	

# DISTRICT OVERVIEW AND OVERHEAD SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

District Funding and Resource Allocation (cont'd)	Observations	Recommendations
District Funding and Resource Allocation (cont'd)	<ul style="list-style-type: none"> <li>• <b>Unrestricted Fund Balance:</b> The District has an unrestricted fund balance that is 12.8% of General Fund revenues. The fund balance is below the State average of 18.6%.</li> <li>• <b>Student to FTE:</b> At 6.48, the Student to Total FTE ratio for the District is lower than all its benchmark groups.</li> <li>• <b>Student to Instructional Services FTE:</b> At 7.5, the Student to Instruction ratio is more favorable than all its benchmark groups.</li> <li>• <b>Student to School Support FTE:</b> At 61.6, the Student to Support Services ratio is higher than all benchmark groups except the county benchmark.</li> <li>• <b>Student to Overhead FTE:</b> At 188.8, the Student to Overhead Ratio is less favorable than all benchmark groups.</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

## SPARTANBURG 03

### 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 manages relations with the Board and guides the strategic direction of the District.               <ul style="list-style-type: none"> <li>• <b>Deputy/Assistant Superintendents:</b> 3 FTEs, Assistant Superintendent for Instructional Services; Assistant Superintendent for Finance &amp; Operations; and an Assistant Superintendent for Personnel and Pupil Services.</li> <li>• <b>Communications:</b> 1 FTE, Public Relations Coordinator.</li> <li>• <b>Administrative:</b> 3.5 FTEs, most supporting more than one member of the leadership team.</li> <li>• <b>Other District Staff:</b> 2 FTEs, both with oversight for instructional staff.</li> </ul> </li> <li>• <b>Communications Function:</b> The District employs a public relations coordinator within the District office who manages all communications functions.</li> <li>• <b>Legal:</b> The District retains external counsel as needed.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider a shared legal resource with other Spartanburg districts.</li> </ul>
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• <b>Spartanburg County Education Oversight Committee:</b> This committee consists of seven School Board chairmen from each Spartanburg County school district and the seven district superintendents. The Board chairmen are the only voting members. Per state law, the committee approves the revenue-sharing formula as well as adjustments to the county's unified teacher salary schedule.</li> <li>• <b>Board Pay:</b> As in all Spartanburg County school districts, the District's Board Members are unpaid.</li> <li>• <b>Training:</b> Board members participate in annual SCSBA training events.</li> </ul>	<ul style="list-style-type: none"> <li>• Although the Education Oversight Committee is an artifact of the South Carolina General Assembly's abolition of the county-wide school board in 1998, it serves a valuable function by providing a governance structure for consideration and approval of county-wide collaborative efforts like revenue-sharing and salary schedule approval. The State could consider creating similar oversight committees for school districts that wish to pursue similar arrangements.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Philanthropy and Business Engagement</b>	<ul style="list-style-type: none"> <li>• Multiple districts within Spartanburg County have cultivated substantial partnerships with local governments, community-based nonprofits, area colleges and universities, and regional foundations and civic organizations to support their educational missions. Examples of this District’s partnerships include:               <ul style="list-style-type: none"> <li>• The East Spartanburg Leadership Council through the Spartanburg Area Chamber of Commerce provides a venue for the District to communicate with business leaders within its footprint.</li> <li>• The District has a robust partnership with BASF as well as Indorama, who provide enrichment activities in high school classrooms.</li> </ul> </li>   <li>• Spartanburg County school districts have built extensive partnerships with local businesses for job placement and enrichment, particularly through the career centers and the special education program.</li>   <li>• <b>College &amp; Career Readiness:</b> All seven districts fund the Spartanburg Academic Movement (SAM) college and career readiness program, which employs four FTEs to coordinate the districts’ numerous partnerships with regional institutions of higher education.</li> </ul>	

# DISTRICT OVERVIEW AND OVERHEAD

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Philanthropy and Business Engagement</b>	<ul style="list-style-type: none"><li>• <b>Mary Black Foundation:</b> Spartanburg 3 partners with the Mary Black Foundation along with all other Spartanburg school districts to build and provide a comprehensive health curriculum.</li><li>• <b>Early Learning Partnerships:</b> All Spartanburg districts are in the process of establishing an early learning partnership with the Children’s Museum of the Upstate, a Smithsonian affiliate, which is opening its first satellite museum in downtown Spartanburg.</li><li>• <b>Community Centers:</b> Most Spartanburg County school districts operate community centers providing child development and family services to community members.</li><li>• <b>United Way:</b> Most Spartanburg districts, including Spartanburg 3, partner with the United Way through its Gift-In-Kind center in Spartanburg. For \$500 per year, the District can take as much unwanted merchandise collected from Wal-mart stores across the US.</li></ul>	

# DISTRICT OVERVIEW AND OVERHEAD

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Collaboration	Observations	Recommendations
Collaboration	<ul style="list-style-type: none"> <li>• <b>Revenue Sharing:</b> At the direction of the Education Oversight Committee, all Spartanburg County school districts participate in a revenue-sharing arrangement where they each contribute 13 mills for distribution via an equalization formula.</li> <li>• <b>Teacher Salary Schedule:</b> All Spartanburg County districts set a unified salary schedule for teachers that is approved by the Education Oversight Committee. This practice reduces competition between districts for highly qualified staff on a purely financial basis; the districts still compete on other tangibles such as community setting, class size, class offerings, etc.</li> <li>• <b>School Calendar:</b> All Spartanburg County school districts share a unified school calendar. The calendar is proposed by a working group of the seven district superintendents and then taken to each of the seven school boards for approval. This practice is not mandated by law and is not business overseen by the Education Oversight Committee but has been a matter of culture and practice for many years.</li> <li>• <b>Career Center:</b> The District has a shared career center with Spartanburg 7.</li> <li>• <b>Special Education:</b> The District participates in the county-wide special education program through McCarthy Teszler, operating 2 satellite classrooms within their footprint.</li> <li>• <b>Adult Education:</b> The District participates in this county-wide program, which is open to adults throughout Spartanburg County.</li> </ul>	<ul style="list-style-type: none"> <li>• Create a document that sets forth Spartanburg County districts' approach to county-wide resource creation and resource sharing for major endeavors – particularly the special needs program – as a set of best practices for voluntary collaboration between school districts.</li> <li>• A shared Chief Development Officer across all Spartanburg County districts could be a valuable addition and would relieve administrators of some due diligence around pursuit and capture of external philanthropic funding.</li> </ul>

# DISTRICT OVERVIEW AND OVERHEAD

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Collaboration	Observations	Recommendations
	<ul style="list-style-type: none"> <li>• <b>Alternative School:</b> Spartanburg 7 is the fiscal agent for Whitlock Flexible Learning Center, an alternative school program open to any Spartanburg County child with severe behavioral and/or academic performance issues. This school is one of several county-wide schools operated by various Spartanburg districts to serve special student populations.</li> <li>• <b>Virtual School:</b> Spartanburg 6 is the fiscal agent for the Spartanburg County Public Virtual School, a comprehensive, standards-based program that can be easily accessed anywhere an internet connection is available. Spartanburg 6 is fiscal agent for this offering; effectively, all seven districts "share" FTEs at this institution.</li> <li>• <b>Early College Programs:</b> The Spartanburg County school districts have active partnerships with area colleges and universities, including USC Upstate and Spartanburg Community College, to provide early college opportunities for high-achieving and historically underserved students.</li> <li>• <b>Multi-district Working Groups:</b> Assistant superintendents from all Spartanburg school districts meet regularly. All human resources directors, maintenance directors, special education directors, transportation directors, and secondary school principals maintain standing meetings. District staff from both Union and Cherokee counties attend several of these meetings, including the superintendents' meeting. The groups maintain an active listserv.</li> </ul>	

# DISTRICT OVERVIEW AND OVERHEAD

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Collaboration</b>	<ul style="list-style-type: none"><li>• <b>Extracurricular Activities:</b> Multiple programs are available to Spartanburg County K-12 students regardless of their home district, such as the Spartanburg Music Foundation, a 4th grade performance program through Carnegie Hall; Spartanburg Sings, a multi-district honors choir; and others.</li><li>• <b>Professional Development:</b> All Spartanburg County districts collaborate and offer joint professional development opportunities in the form of graduate level courses co-sponsored and co-funded in collaboration with Converse College &amp; USC Upstate.</li><li>• <b>Truancy Court:</b> The District participates in the county-wide truancy court convened by Spartanburg 1. Cases are heard before a chief hearing officer, who is employed at the alternative school. Cases are held at the county courthouse. Records are centrally maintained and provide a data trail on children even as they move districts within Spartanburg County. District and county-wide reports are compiled by the clerk monthly and shared with superintendents. Spartanburg is the second county in South Carolina to adopt this practice, which is based on an idea pioneered in Anderson County.</li></ul>	



## OUTLINE

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

# FINANCIAL MANAGEMENT SPARTANBURG 03

## 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.*

359 : 1

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

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

\$216 per Student

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

### Key statistics for metrics

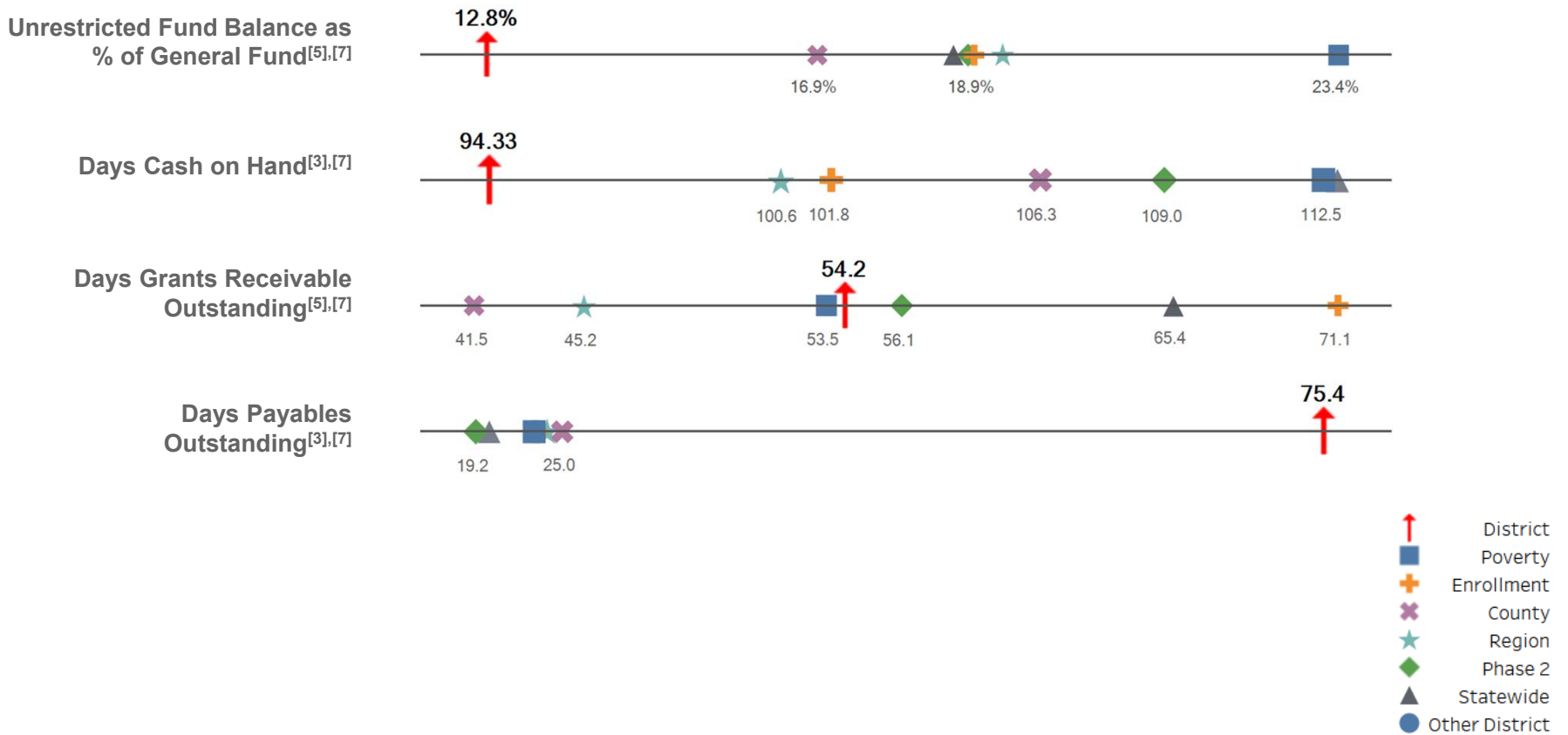
Financial FTEs <sup>[4]</sup>	7.8
Personnel Expense <sup>[3]</sup>	\$479,701
Non-Personnel Expense <sup>[3]</sup>	\$124,206
Total Financial Expense <sup>[3]</sup>	\$603,907

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 SPARTANBURG 03

## KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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



# FINANCIAL MANAGEMENT SPARTANBURG 03

## KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



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

# FINANCIAL MANAGEMENT SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> <li>• <b>Staffing:</b> The Finance organization is adequately staffed to support the scope of its roles and responsibilities over accounting, payroll, accounts payable, budget, treasury, procurement and financial reporting. The Assistant Superintendent for Finance &amp; Operations oversees the department.               <ul style="list-style-type: none"> <li>• <b>Budgeting &amp; Accounting:</b> 1 FTE, Accounting Manager.</li> <li>• <b>Payroll:</b> 1.5 FTE, a Payroll Coordinator and Payroll Assistant.</li> <li>• <b>Accounts Payable:</b> 1 FTE.</li> <li>• <b>Purchasing:</b> 0.5 FTE, Procurement Officer.</li> <li>• <b>Insurance Policy Review, Claims Handling &amp; Processing:</b> No dedicated FTEs. The Finance Director and Payroll coordinator handle workers comp; The Finance Director handles property/casualty.</li> <li>• <b>Administrative:</b> 0.5 FTE.</li> </ul> </li> <li>• <b>Finance Cost Per Pupil:</b> The Finance cost per pupil for the district (\$216) is significantly higher than all benchmark groups. Staff salary allocation accounts for part of this metric; for example, the Assistant Superintendent who oversees Finance also oversees multiple operations functions for the District, but his compensation is reported entirely within the Finance function.</li> <li>• <b>Student per Finance FTE:</b> The student to financial management FTE ratio, 359, is less favorable than its benchmark peers, This is attributable to 2 FTEs coded to the Finance function who are actually employed at the shared career center for which the District is fiscal agent.</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.</li> </ul>

# FINANCIAL MANAGEMENT SPARTANBURG 03

## 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 two payroll cycles, one monthly and one bi-weekly. Professional staff are paid monthly; hourly, part-time custodial, bus driver, and afterschool program employees are paid biweekly.</li> <li>• <b>Employee Self-Service:</b> The District uses a self service payroll platform that is integrated with its ERP; employee-initiated payroll changes are all processed automatically.</li> <li>• <b>Direct Deposit:</b> Only 5 legacy employees receive payments via check rather than direct deposit. All other employees receive direct deposit, which is mandated for all new hires.</li> <li>• <b>Timekeeping:</b> Time tracking is currently accomplished with Aesop. Aesop is configured to flow directly into the Harris SmartFusion payroll system.</li> <li>• <b>Purchasing:</b> The District uses a centralized purchase order system. Schools are able to secure items and services in accordance with district and state regulations. Finance administers an approval process workflow. Moreover, school-based personnel (principals and school bookkeepers) are able to view their budgets, expenditures and grants at any time via the Finance ERP (Harris SmartFusion).</li> <li>• <b>Pcard:</b> The District has a Pcard program. Its total Pcard spending (\$397,299 in FY16) was below the threshold needed to earn rebates. One Pcard is shared by 12 school principals; 9 maintenance staff are cardholders; and the Superintendent, Asst. Superintendent, and Technology Director each hold a card.</li> </ul>	<ul style="list-style-type: none"> <li>• Standardize payroll to monthly or twice-monthly processes and eliminate the need for extra payrolls. This would reduce annual payroll runs and also enable the finance function streamline processes and free up time to focus on other key responsibilities.</li> <li>• To maximize rebates, the District should explore the possibility of paying monthly invoices to larger vendors such as utilities and supply vendors with PCards in lieu of checks and ACH. Use of PCards as alternative payment method will be subject to vendor's acceptance of the payment type.</li> </ul>

# FINANCIAL MANAGEMENT

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable	<ul style="list-style-type: none"> <li>• <b>Inventory:</b> The District does not maintain a warehouse.</li> <li>• The District tracks inventory for IT equipment (including student-issued devices), textbooks, library books, and assets worth \$5,000 or more. All these items are bar coded and inventory tracking is automated.</li> <li>• <b>Risk Management:</b> The District has formal risk management policies and procedures for student accidents; workers compensation incidents; slips, trips, &amp; falls; and playground inspections. The District also prides itself on its secure entry systems and overall physical security. Workers compensation insurance is provided through SCSBIT, property and casualty through HUB International, and student accident through Bates Brokers.</li> </ul>	<ul style="list-style-type: none"> <li>• Work with insurance companies to obtain premium discounts through new or improved safety policies, procedures, and trainings.</li> </ul>

# FINANCIAL MANAGEMENT SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• <b>Grants Revenue %:</b> Grant revenues provide 15% of revenue for the District, making this district less reliant on grants than its peers.</li> <li>• <b>Federal Funds:</b> The Finance Directors files grant claims, runs expenditure report, and works with program officers on grant budgets. He also monitors grant expenditures and alerts program officers if they are considerably over or under budget.</li> <li>• <b>Grant Writing:</b> The Finance Director works with instructional staff to write grants, advising primarily on accounting matters and other considerations, such as Maintenance of Effort.</li> <li>• <b>Indirect Costs:</b> The District charges some indirect costs against Title I and USDA food service grants. They elect not to charge indirect costs against their IDEA funding since doing so would necessitate removal of a FTE.</li> <li>• <b>Grants Monitoring:</b> Program officers and the Finance director monitor grant utilization throughout the school year.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider hiring a grant writer to help drive applications for competitive grant opportunities.</li> <li>• Create a consolidated grants tracking report that compares award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.</li> </ul>

# FINANCIAL MANAGEMENT

## SPARTANBURG 03

### SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Internal Controls	Observations	Recommendations
Internal Controls	<ul style="list-style-type: none"> <li>• <b>F/S Audit:</b> The District had no findings or material weaknesses in its FY16 audited financial statements and qualifies as a low-risk auditee.</li> <li>• <b>Position Control:</b> The District does not utilize position control.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement annual review of processes to ensure segregation of duties over key areas of internal control.</li> <li>• Upon implementation of a new ERP system, implement position control functionality.</li> </ul>
Cash Management	<ul style="list-style-type: none"> <li>• <b>Days Cash on Hand:</b> The District reported a cash balance of 94 days cash on hand, which is less favorable than all benchmark groups.</li> <li>• <b>Grants Receivable Outstanding:</b> At 54.2, the District has a less favorable Days Grants Receivable Outstanding than the county and regional benchmark groups, but more favorable than the State, plaintiff, and enrollment benchmark groups.</li> <li>• <b>Days Payable Outstanding:</b> At 75.4, the District's Days Payables Outstanding is less favorable than all benchmark groups. The District accrues numerous expenses in June for payment in July, which significantly impacts this metric.</li> <li>• <b>Cash:</b> The District reviews cash flow forecasts on a monthly basis and invests excess cash in the state's Local Government Investment Pool (LGIP).</li> </ul>	<ul style="list-style-type: none"> <li>• Implement cash flow forecast to monitor weekly receipts and disbursements to help maximize investment earnings and minimize draw on TANs.</li> </ul>

# FINANCIAL MANAGEMENT SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Cash Management (cont'd)	<ul style="list-style-type: none"> <li>• <b>Debt:</b> The District's total debt as a share of total revenue, 0.62, is low compared to most benchmark groups, but is higher than the county and poverty benchmarks.</li> <li>• <b>TAN:</b> The District issues TANs regularly to assist with liquidity needs during cash low points in the first and second quarters of the fiscal year.</li> </ul>	
Budget	<ul style="list-style-type: none"> <li>• <b>Budget Planning:</b> The annual budget process is linked with the annual strategic planning process. The District has a robust resource allocation model that is used to determine annual budgets for schools and departments.</li> <li>• <b>Fiscal Monitoring:</b> The District monitors its finances informally on a monthly basis and revises estimates formally on a quarterly basis. These estimates are discussed with the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Prepare zero-based and / or performance based budget for departmental budgets annually incorporating KPIs that would allow for better estimation of central office staff needs and expenses, and align with the strategic plan.</li> </ul>

# FINANCIAL MANAGEMENT SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Technology</b>	<ul style="list-style-type: none"> <li>• <b>ERP:</b> The District uses CSI Plus for general accounting, payroll and accounts payable, and some procurement functions and workflows. The system is very outdated and in need of replacement with a modern ERP.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement new ERP system to replace CSI Plus and enable modules to automate core finance functions around payroll, accounts payable, and procurement. Integrate with existing HR software and processes.</li> </ul>
<b>Regional Collaboration</b>	<ul style="list-style-type: none"> <li>• Finance staff for Spartanburg County school districts meet periodically to discuss issues of interest and make use of an active listserv in between meetings.</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

## SPARTANBURG 03

### HUMAN RESOURCES OVERVIEW

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*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.*

1,859 : 1

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

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

\$28 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>	1.5
Personnel Expense <sup>[3]</sup>	\$73,134
Non-Personnel Expense <sup>[3]</sup>	\$5,169
Total Human Resources Expense <sup>[3]</sup>	\$78,303

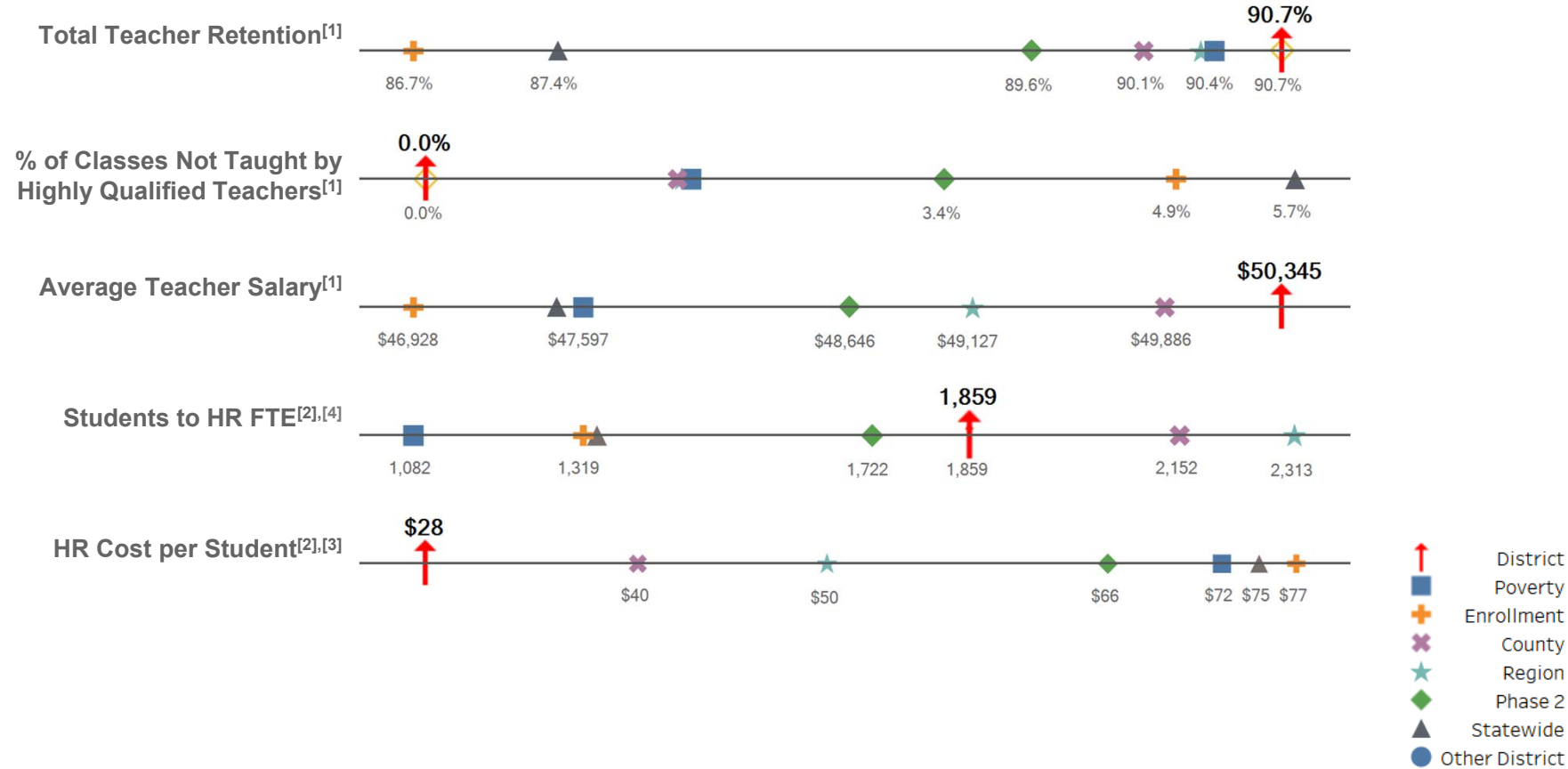
NOTE: FTEs shown in the table above reflect dedicated HR staff only; Financial expenses shown above reflect amounts coded to the HR department. In some instances districts may include salary and benefit related charges that are not related to dedicated HR costs in their totals.

# HUMAN RESOURCES

## SPARTANBURG 03

### 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 SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> <li>• <b>Staffing:</b> The Human Resources function is thinly staffed with the positions required to support recruiting, retention, personnel relations and benefits. The Assistant Superintendent for Personnel &amp; Pupil Services oversees these functions.               <ul style="list-style-type: none"> <li>• <b>Staffing &amp; Employee Services:</b> No dedicated FTEs.</li> <li>• <b>Certification and Training:</b> No dedicated FTEs.</li> <li>• <b>Talent Management:</b> No dedicated FTEs.</li> <li>• <b>Employee Benefits and Retirement Services:</b> 1 FTE, Benefits Coordinator.</li> <li>• <b>Substitute and Temporary Employment:</b> No dedicated FTEs. This function is mostly automated.</li> <li>• <b>Administrative:</b> No dedicated FTEs.</li> </ul> </li> <li>• <b>Human Resources Cost Per Pupil:</b> The HR cost per pupil for the district (\$28) is significantly lower than all benchmark groups.</li> <li>• <b>Students per Human Resources FTE:</b> The student to HR FTE ratio, at 1,859, is more favorable than most benchmark peers with the exception of the county and regional groups.</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.</li> <li>• Cross-train staff to be able to do multiple functions.</li> </ul>
Recruiting and Retention	<ul style="list-style-type: none"> <li>• <b>Teacher Recruitment:</b> Due in part to its partnerships with colleges and universities in the community, the District has not faced severe staffing challenges in recent years.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider a 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; or (e) innovative professional development programs.</li> </ul>

# HUMAN RESOURCES SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Recruiting and Retention</b>	<ul style="list-style-type: none"> <li>• <b>International Teachers:</b> The District does not currently employ any international foreign language teachers. In the past, they have contracted teachers through FACES.</li> <li>• <b>Teacher Pay:</b> At \$50,345, the average teacher salary for the District is above the state average and all other benchmark groups.</li> <li>• <b>Teacher Retention:</b> The teacher retention rate is 90.7%, well above the statewide average and other benchmarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct exit interviews to gather information on the causes of employee attrition and use the results to formulate an effective teacher retention plan.</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• The District leverages Talent Ed for recruiting, application screening and processing.</li> <li>• Aesop is used for substitute management.</li> <li>• Hourly staff use EZ TimeClock.</li> </ul>	<ul style="list-style-type: none"> <li>• Capitalize on functionality provided by Frontline technology to fully automate the employee application and onboarding process.</li> </ul>

# HUMAN RESOURCES SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Benefits administration is typically done by the Benefits Coordinator.</li> </ul>	<ul style="list-style-type: none"> <li>The benefits administration process could be automated via the establishment of an employee portal. Employees could be responsible for updates and information would be linked directly to payroll.</li> <li>In collaboration with other large districts in the state, work with PEBA to automate benefits related transaction processing, to include:               <ul style="list-style-type: none"> <li>Acceptance and processing of electronic signatures</li> <li>Integration of benefit changes into district financial systems</li> </ul> </li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li><b>Multi-District Meetings:</b> The Human Resources Director participates in the ongoing multi-district meetings between other Spartanburg County districts, and Union and Cherokee county districts.</li> <li><b>University Partnerships:</b> The District participates in teacher recruiting initiatives coordinated through multi-district partnerships with area colleges and universities. These partnerships are a primary feeder for new teachers into the District.</li> <li><b>Other Collaboration:</b> The District does not collaborate with other school districts on human resource system licenses or arrangements with international or local staffing agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the Region. This could include:               <ul style="list-style-type: none"> <li>Benefits Coordination</li> <li>Human Resources System Licenses (Frontline)</li> <li>H1B Process for International Teachers</li> </ul> </li> </ul>



## OUTLINE

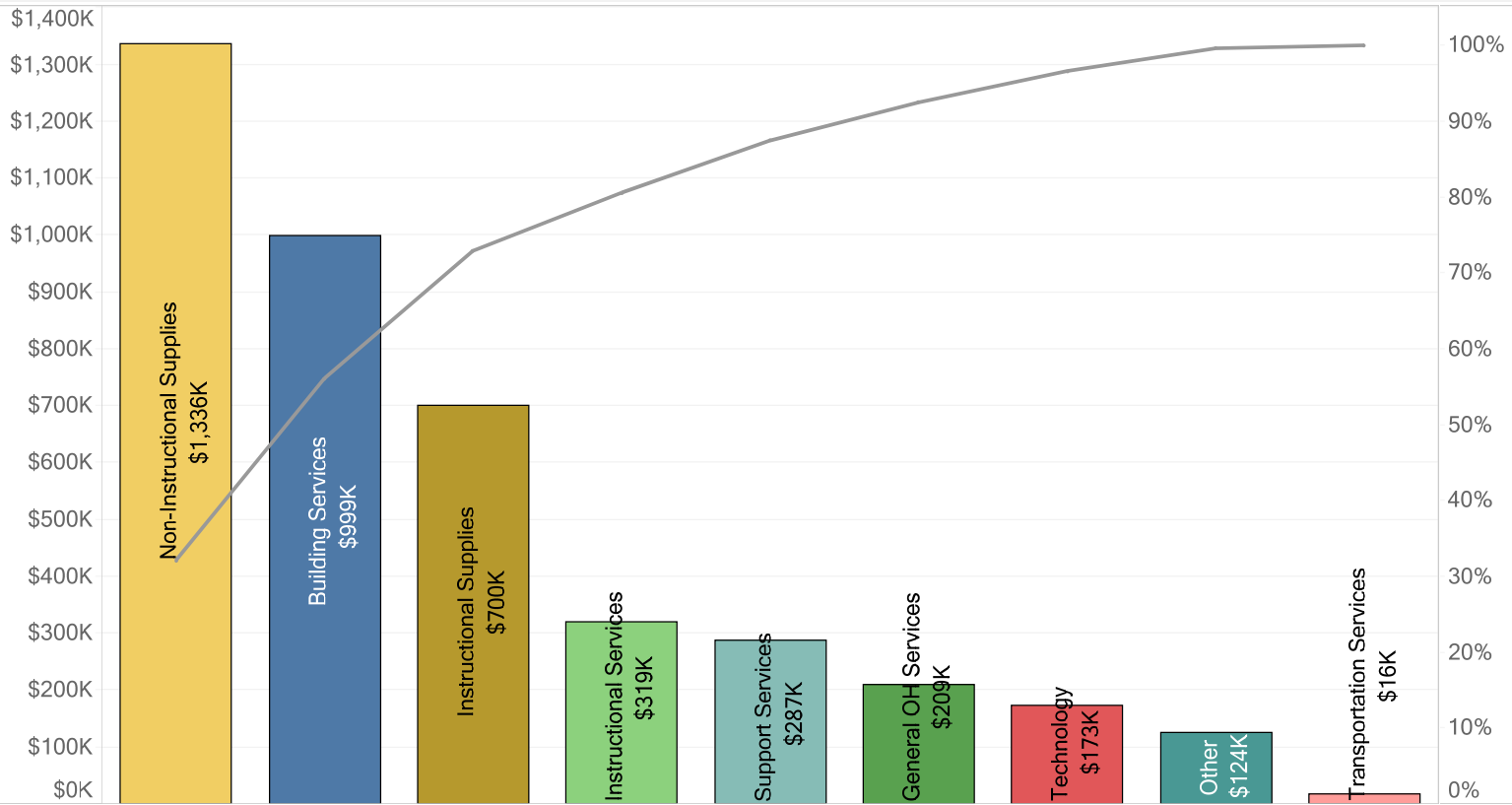
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# PROCUREMENT SPARTANBURG 03

## 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<sup>[3]</sup> = \$4,162,940

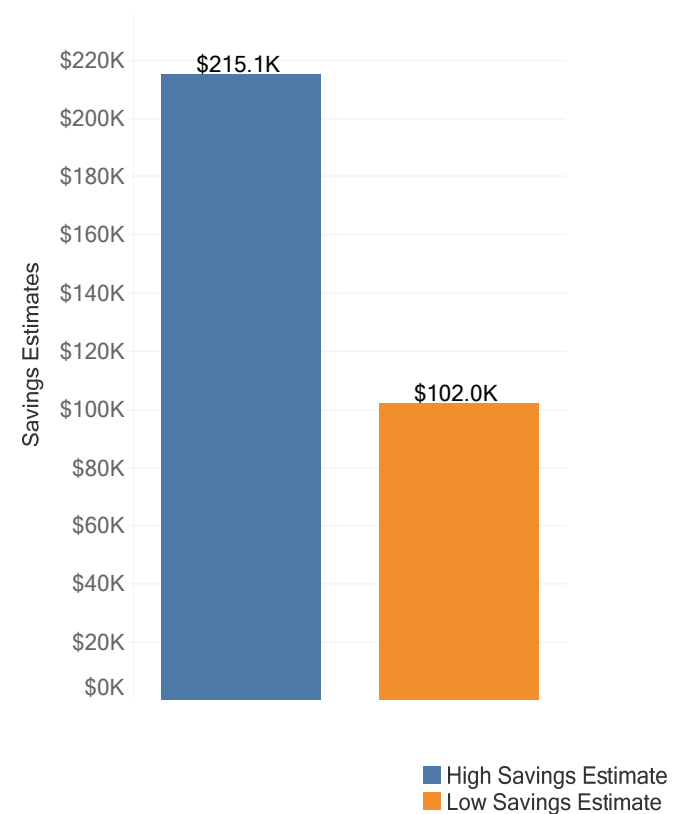


# PROCUREMENT SPARTANBURG 03

## 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 SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
<b>Organization / Staffing</b>	<ul style="list-style-type: none"> <li>The District's Procurement function is part of the Finance department. The Assistant Superintendent for Finance &amp; Operations oversees these functions.</li> </ul>	<ul style="list-style-type: none"> <li>Leverage additional resources to better optimize procurement functions. See Regional Collaboration below.</li> </ul>
<b>Spending by Vendor</b>	<ul style="list-style-type: none"> <li>Spending is fragmented across more than 1,273 vendors; however, the top 59 make up more than 80% of total spending.</li> <li>The District does not maintain a significant data or analytic function within the Procurement organization, relying primarily on experience to drive savings in various procurement categories. Implementation of a modern ERP system would give the District capability to track data and generate analytics on its procurement spending.</li> <li>Spending efforts are made based upon the individual buyer, with local optimization the main priority.</li> </ul>	<ul style="list-style-type: none"> <li>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.</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>Perform annual review of vendor performance (on time, complete, quality) to assess opportunities to reduce or eliminate non-value add services.</li> </ul>

# PROCUREMENT SPARTANBURG 03

## 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> These services are bid out using state procurement guidelines.</li> <li>• <b>Food Services:</b> The District has a collaborative contract agreement with Chartwell for comprehensive food services. This agreement is negotiated and awarded in collaboration with Spartanburg districts 1, 2, 3, and 5.</li> <li>• <b>Energy:</b> The District does not fix rates for natural gas contracts.</li> <li>• <b>Instructional Support Services and Supplies - Procurement Exemptions:</b> The District places procurement of instructional support software and services out to bid. Typically, the District does not procure these services and software in collaboration with any other districts.</li> <li>• <b>Technology – Standardization:</b> The District has participated in collaborative IT procurements with other Spartanburg County districts at times, including Spartanburg 7.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider establishing fixed rate contracts for natural gas.</li> <li>• Coordinate purchasing instructional services with surrounding districts to maximize the potential for volume discounts.</li> <li>• 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.</li> <li>• <b>Standardization of Technology:</b> 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.</li> </ul>

# PROCUREMENT SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Spending by Category (cont'd)	Observations	Recommendations
Spending by Category (cont'd)	<ul style="list-style-type: none"> <li>• <b>State Contracts:</b> The District has negotiated purchase of fleet vehicles from state contract dealers but under state contract price. They have also leveraged state supply contracts and contracts for copier services.</li> </ul>	
Regional Collaboration	<ul style="list-style-type: none"> <li>• <b>Collaborative Contracts:</b> Spartanburg County school districts with spending in excess of \$75 million annually (state procurement districts) occasionally collaborate on contract vehicles with other South Carolina school districts. Recent examples of these contracts include one for flooring and another for cleaning supplies.</li> <li>• <b>Food Services Contract:</b> Spartanburg County school districts 1, 2, 3, 5, and 7 collectively bid out for comprehensive food services every five years. Bids are collectively reviewed, and all five districts award their business to one contractor, thereby achieving greater economies of scale.</li> <li>• <b>Minority Vendor Fair:</b> All Spartanburg County districts participate in an annual minority vendor fair coordinated by Spartanburg 7. Spartanburg 7 runs an in-house program to certify minority vendors and/or woman-owned businesses. The District invites qualified vendors doing business with the City of Spartanburg and Spartanburg County as well as those doing business with school districts throughout the county.</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 and 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>



## OUTLINE

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

# TRANSPORTATION SPARTANBURG 03

## 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

## SPARTANBURG 03

### 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.*

# 10 Years

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

# \$395 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>	3.0
Personnel Expense <sup>[3]</sup>	\$1,049,731
Non-Personnel Expense <sup>[3]</sup>	\$54,125
Total Transportation Expense <sup>[3]</sup>	\$1,103,856

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

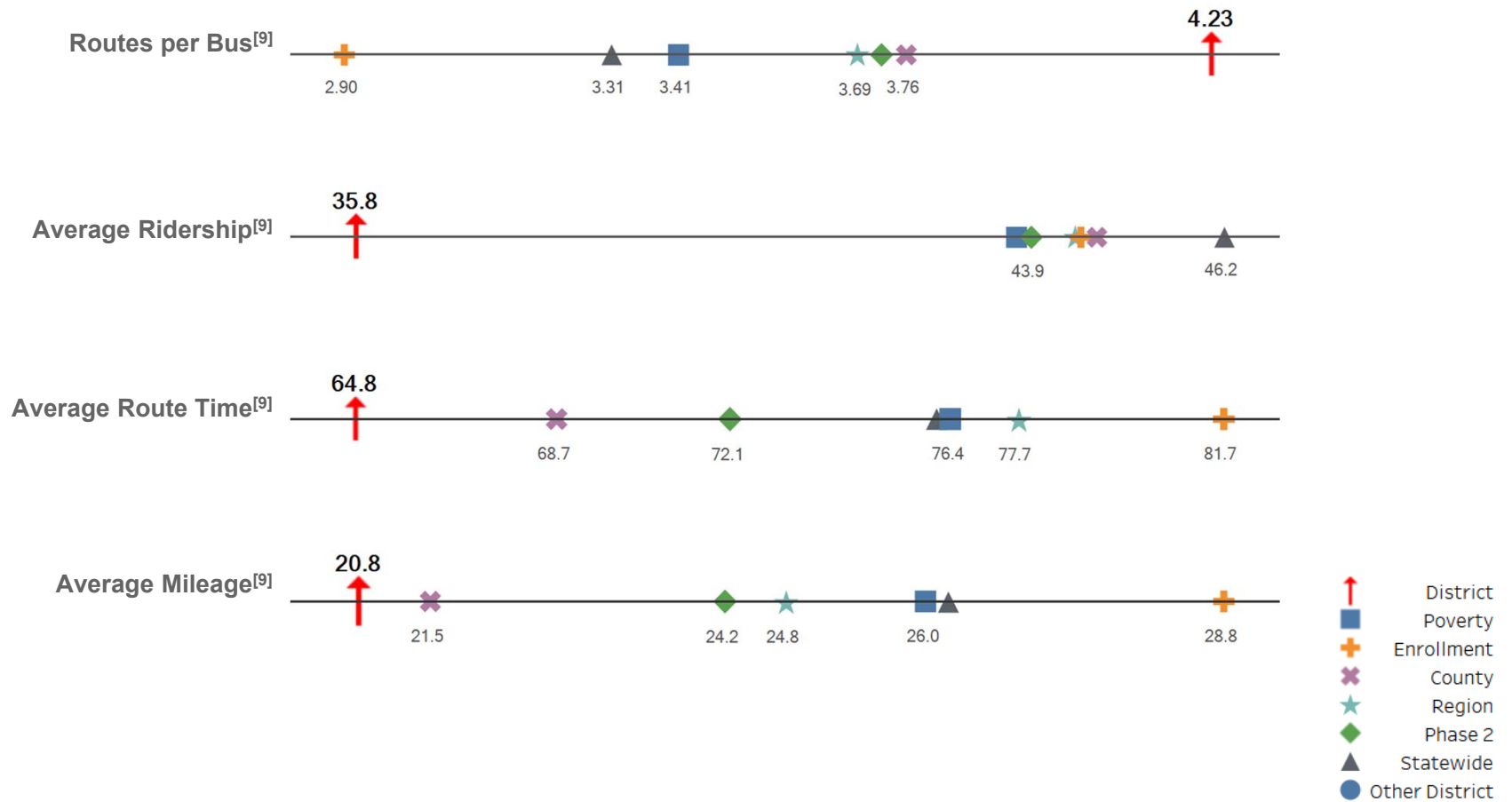
Key statistics for State Routes	# Buses <sup>[9]</sup>	# Routes <sup>[9]</sup>	Routes per Bus <sup>[9]</sup>	Ridership <sup>[9]</sup>	Avg Ridership <sup>[9]</sup>	Avg Route Time (including dead time) <sup>[9]</sup>	Avg Mileage per Bus <sup>[9]</sup>
Regular	13.5	57	4.2	2,040	36	65	21
Special Needs	3.7	15	4.1	103	7	Not-Available	27
Other	5.8	35	6.0	931	27	Not-Available	6
Total	23.0	107	4.7	3,074	N/A	N/A	N/A

# TRANSPORTATION

## SPARTANBURG 03

### 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 SPARTANBURG 03

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

Staffing / Organization	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> <li>• <b>Driver Recruitment and Retention:</b> The District has minor difficulty recruiting bus drivers and has been successful retaining reliable staff, partly because they can earn overtime by driving double routes.</li> <li>• <b>Dual Employment:</b> Eight out of the District's 28 bus drivers are dual-employed, most as teacher's aides.</li> <li>• <b>Substitute Bus Drivers:</b> The District maintains an informal pool of substitute drivers, who are office staff that hold CDLs.</li> <li>• <b>Staggered Bus Routes:</b> The District runs staggered bus routes and has staggered school bell times as well.</li> <li>• <b>Bus Driver Pay:</b> Bus drivers are currently paid a starting rate of \$11 per hour, approximately \$2.30 above state pay levels.</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 SPARTANBURG 03

## 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 utilizes Microsoft MapPoint for routing software. They noted in interviews that this software is not very sophisticated.</li> <li>• <b>GPS:</b> The District has GPS on its buses.</li> <li>• <b>Communications:</b> The District provides radios to drivers.</li> <li>• <b>Security Cameras:</b> The District has security camera systems on all buses.</li> <li>• <b>Stop-Arm Cameras:</b> The District has stop-arm cameras on some of its buses.</li> <li>• <b>Activity Buses:</b> The District has 5 activity buses in its fleet.</li> </ul>	
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• The District pays the fiscal agent district for the cost of transportation for in-district students to out-of-district programs, such as the alternative school or the special needs school.</li> </ul>	<ul style="list-style-type: none"> <li>• The District should consider sharing route planning functions across all districts.</li> </ul>

# APPENDIX A: SAVINGS METHODOLOGY



# APPENDIX A: SAVINGS METHODOLOGY

## SPARTANBURG 03

### APPROACH TO SAVINGS

#### GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

#### FINANCE AND HUMAN RESOURCES

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

#### PROCUREMENT

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

#### TRANSPORTATION

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

# APPENDIX A: SAVINGS METHODOLOGY

## SPARTANBURG 03

### 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.

# APPENDIX A: SAVINGS METHODOLOGY

## SPARTANBURG 03

### SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

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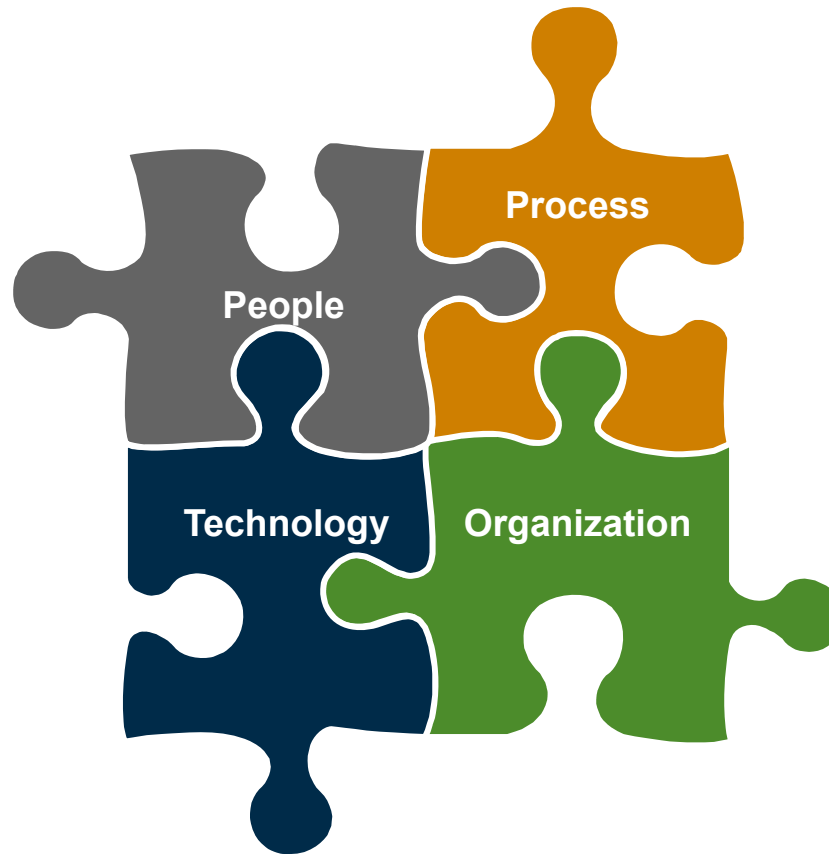
#### PEOPLE

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

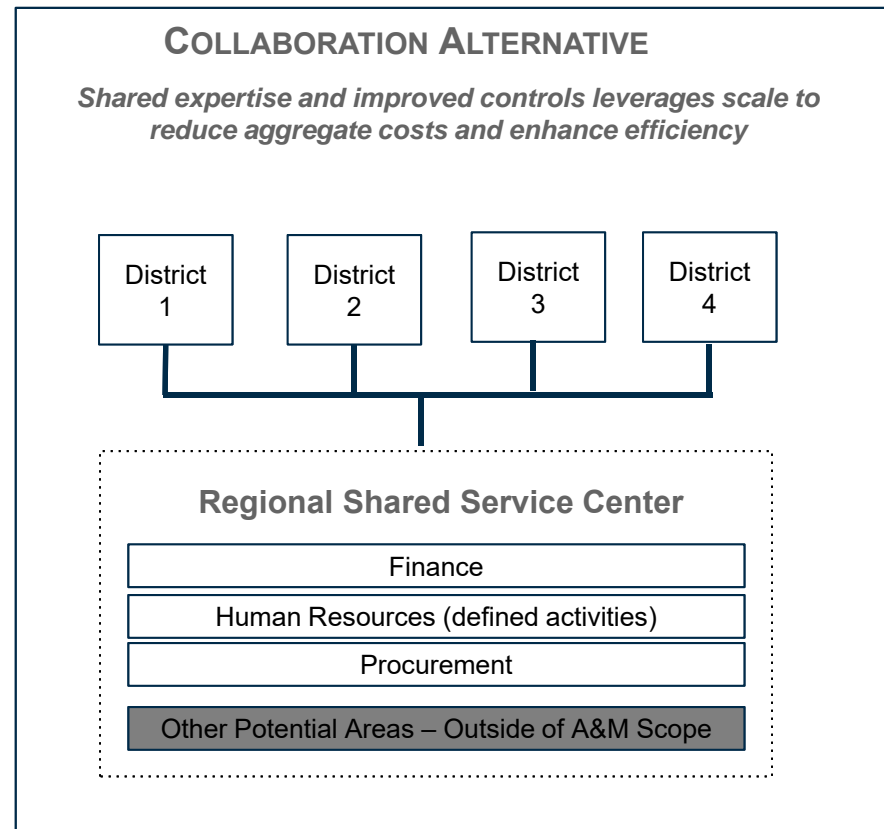
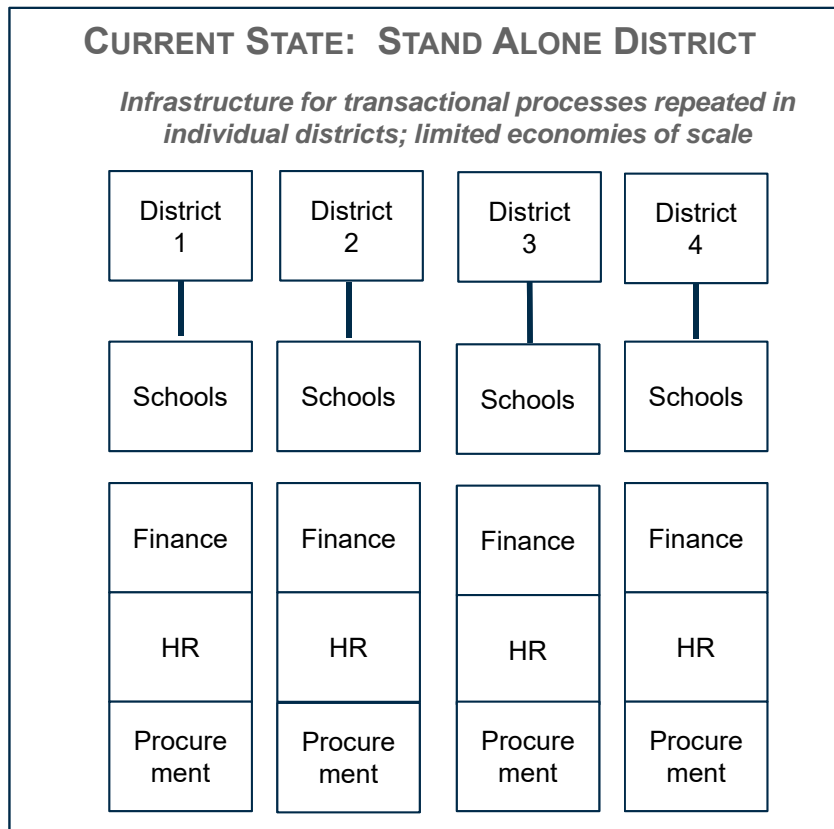
An analysis of each organization's staffing levels on an As-Is Basis, against peer benchmarks, and in a regional collaborative model were conducted to assess overall efficiency and effectiveness.

# APPENDIX A: SAVINGS METHODOLOGY

## SPARTANBURG 03

### 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 SPARTANBURG 03

### 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).*

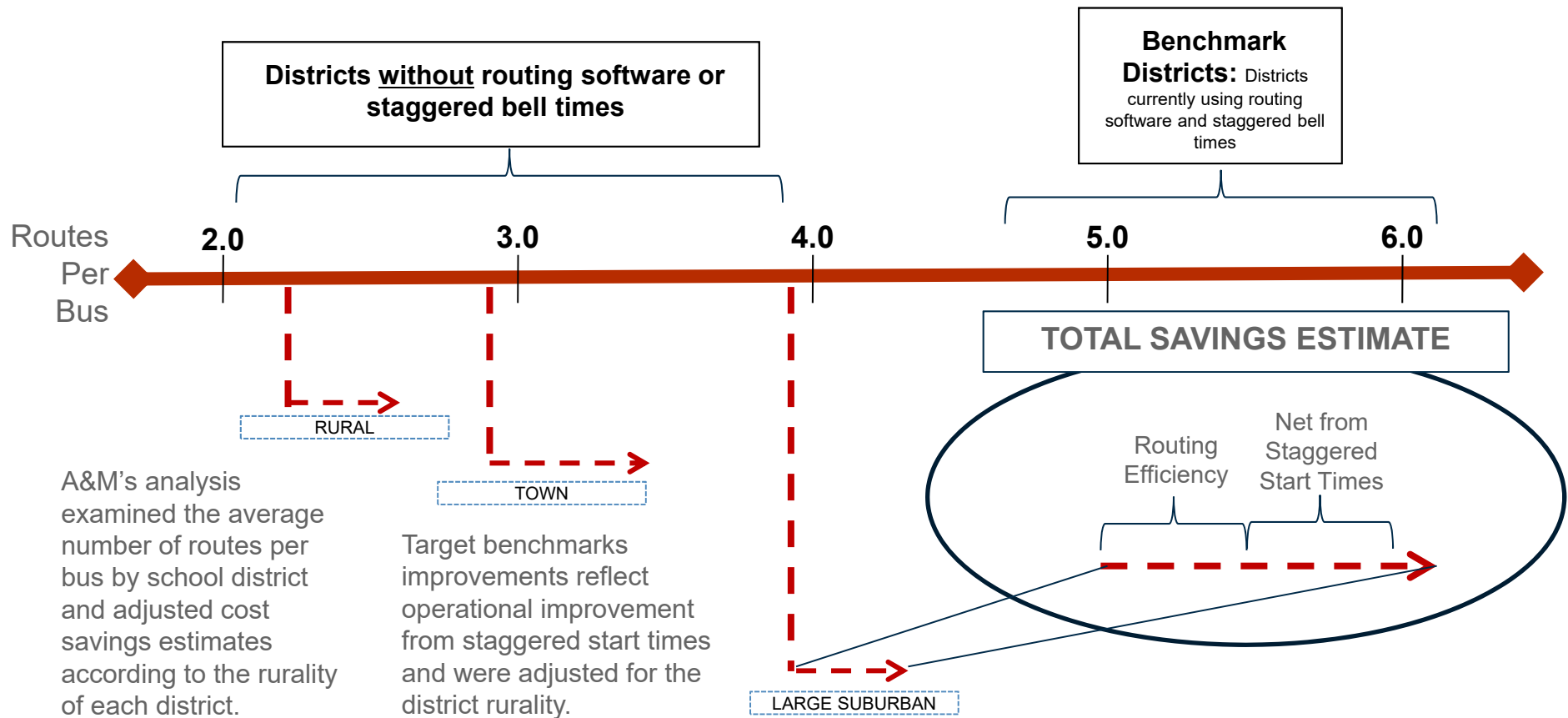
***Preliminary estimates, excluding costs of one-time investments related to technology and organizational changes, of potential savings from collaboration of financial management functions across districts range from 8.9% to 30.1%.***

# APPENDIX A: SAVINGS METHODOLOGY

## SPARTANBURG 03

### 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

## SPARTANBURG 03

### 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

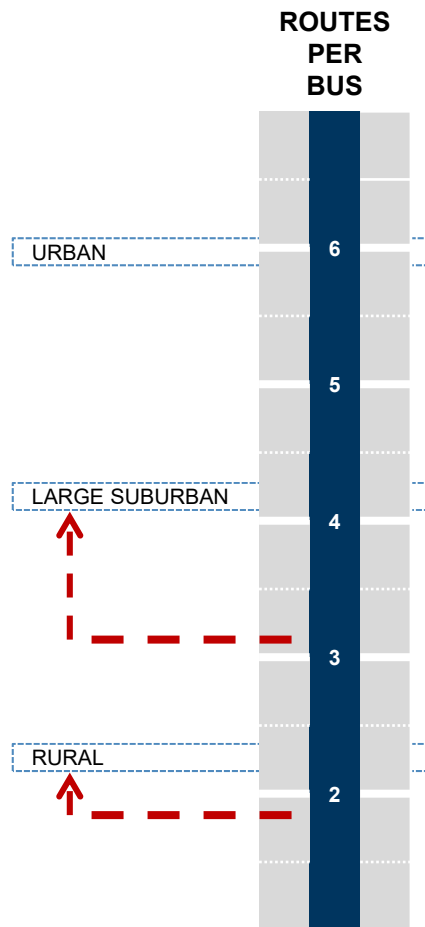
## SPARTANBURG 03

### TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

#### Savings from Increased Utilization:

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

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



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

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

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

# APPENDIX A: SAVINGS METHODOLOGY

## SPARTANBURG 03

### 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

## SPARTANBURG 03

### 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 SPARTANBURG 03

### [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 SPARTANBURG 03

### 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 SPARTANBURG 03

### 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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