



ALVAREZ & MARSAL

SOUTH CAROLINA DEPARTMENT OF EDUCATION
SCHOOL DISTRICT EFFICIENCY REVIEW

Williamsburg

District Report

6/16/2017





OUTLINE

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

EXECUTIVE SUMMARY

WILLIAMSBURG

PROJECT OVERVIEW

- This document contains observations and recommendations completed in conjunction with the School Efficiency Review conducted for the South Carolina Department of Education and pursuant to Part 1B Section 1 Proviso 1.92 of the FY2016-17 General Appropriations Act.

- The scope of the District Efficiency Review focused on the following central operations: **(1) Finance; (2) Human Resources; (3) Procurement; (4) Transportation; and (5) Overhead.**
 - Instruction, Food, Facilities and Technology functions were outside the scope of this efficiency review.
 - Facilities and Technology Assessments were completed in accordance with Part 1B of Proviso 1.92 and are separate from this report.

- A&M's review focused on identifying opportunities across the operational areas noted above that would yield:
 - 1. Increased Effectiveness and Efficiency**
 - Improved processes that would enable increased levels of service to the District's students and teachers and enhance financial controls and financial stewardship of the District's funds and assets.
 - A&M considered potential opportunities that could be realized both in the current state and in a situation where the District chooses to collaborate with other nearby or like-minded districts.

 - 2. Cost Avoidance and / or Cost Savings**
 - Enhanced processes and structures that would enable the District to realize savings and/or avoid potential costs in the future, including consideration of potential investments required to mitigate ongoing cost exposure.

EXECUTIVE SUMMARY

WILLIAMSBURG

PROJECT OVERVIEW (CONTINUED)

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

EXECUTIVE SUMMARY

WILLIAMSBURG

PROJECT OVERVIEW (CONTINUED)

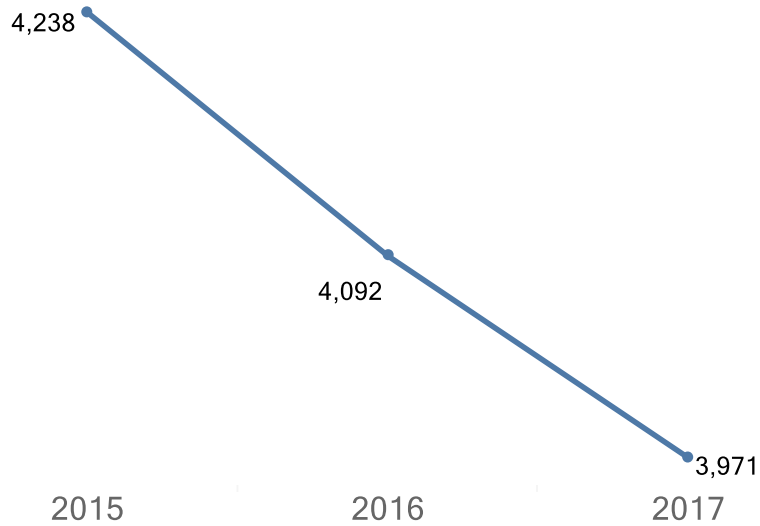
➤ Sources of Data and Savings Estimates:

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

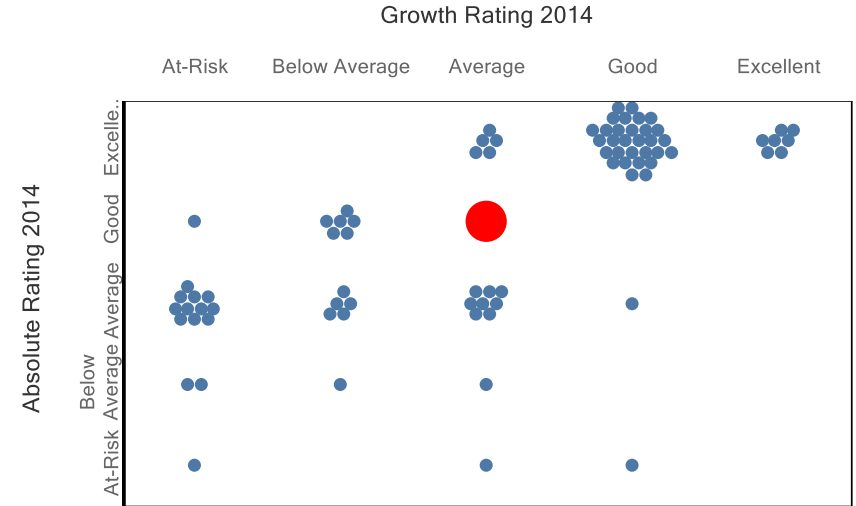
EXECUTIVE SUMMARY

WILLIAMSBURG

Average Daily Membership^[2]



Student Achievement^[1]



General Info

Number of Schools ^[2]	11
% Poverty ^[1]	89%
% Disability ^[1]	6.9%
\$ Per Student ^{[2],[3]}	\$19,709
\$ Per Student Excluding Debt & Capital ^{[2],[3]}	\$13,657

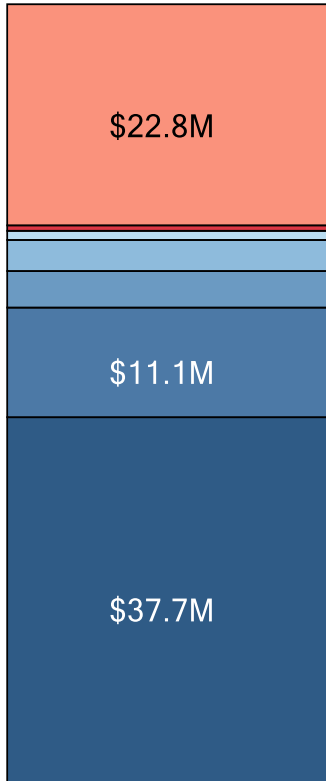
Administration

Students Per Instructional Services FTE ^{[2],[4]}	8.4
Students Per Overhead FTE ^{[2],[4]}	184.7
Students Per School Support FTE ^{[2],[4]}	22.3
Students to Total FTE ^{[2],[4]}	5.9

EXECUTIVE SUMMARY

WILLIAMSBURG

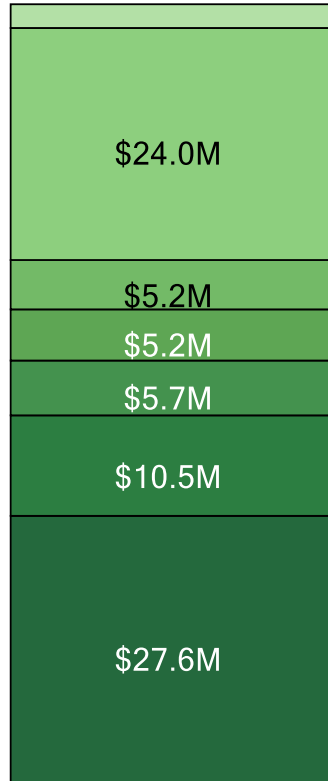
Sources of Funds^[5]
\$80.0M



2015-2016

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

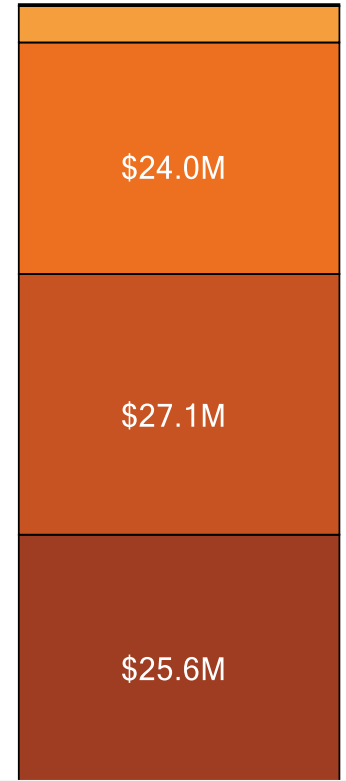
Use of Funds - Type^[3]
\$80.6M



2015-2016

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

Use of Funds - Function^[3]
\$80.6M



2015-2016

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

* totals may not tie due to rounding

EXECUTIVE SUMMARY

WILLIAMSBURG

\$80.6M
Total

\$11.2M
In-Scope

\$69.5M
Not In-Scope

13.8% of total spend is within scope of the efficiency review:

	In Scope Spend ^[3]	Procurement Component
Finance	\$872,211	\$321,039
Human Resources	\$394,781	\$12,314
Overhead	\$1,007,802	\$644,045
Transportation	\$1,674,534	\$206,577
Procurement (Community Services, Instruction, Support Services)	\$7,203,116	\$7,203,116
TOTAL	\$11,152,444	\$8,387,091

* totals may not tie due to rounding

EXECUTIVE SUMMARY

WILLIAMSBURG

GOALS, CHALLENGES & ACHIEVEMENTS

District Goals

Mission: Williamsburg County School District will prepare students for colleges, careers and citizenship in a global society.

1. **Student Achievement:** Use the Read to Succeed program, grant monies and teacher development to demonstrate improvement in the areas of math, ELA, science and social studies.
2. **Student Behavior:** Promote positive behavior in all schools and district offices through: staff development, incentives, curriculum etc.
3. **Increase Community Outreach:** Increase community outreach by planning activities and events to encourage parent involvement.
4. **Improve Teacher Recruitment:** Recruit and retain properly certified teachers.
5. **Train Teachers:** Provide quality professional development activities to ensure that induction as well as provisional teachers continue to raise student achievement by improving instruction.
6. **Safety and Security:** Develop and implement safety measures in all schools and district offices.

Achievements

- **College and Career Development:** The District operates the Hemingway Career and Technology center to prepare students for future careers.
- **Teacher Recruiting:** A strategic plan has been put together which includes programs and suggestions for hiring and retaining teachers. The District attends several college and career fairs.
- **Professional Development:** Through grant monies, the District has established vital professional development opportunities available to all teachers and administrators.

Challenges

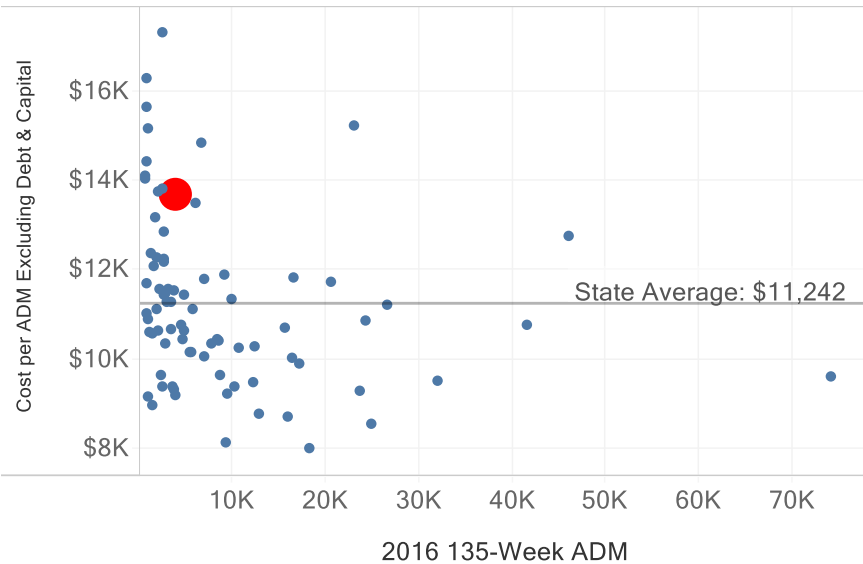
- **Poverty:** There are high poverty rates in the District.
- **Student Achievement:** Student achievement continues to be a challenge across grade levels.
- **School Climate:** A large percentage of students are requiring disciplinary action, resulting in a high percentage of out-of-school suspensions.
- **Community Climate:** Several parents surveyed were not satisfied with the climate, environment, and home relations provided by schools in the District.
- **Teacher Quality:** Many classes are not taught by properly certified teachers.
- **Teacher Retention:** The low rate of teacher retention has affected the ability to build stability in the schools.

EXECUTIVE SUMMARY

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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

WILLIAMSBURG

OBSERVATIONS: INDIVIDUAL SCOPE AREAS

	Current State
Finance	<ul style="list-style-type: none"> • Financial Management: The District's declining enrollment trend combined with the low days cash on hand of 70 days the and unrestricted fund balance of 8% leaves the District in a sub-optimal overall financial position. Additionally, the lack of a finance director and existing processes contribute to repeated material weaknesses in the District's financial reporting. • Limited Staffing / Manual Processes: The lack of a lead finance director and under-investment and under-utilization of technology contribute to the high numbers of internal control weaknesses and gaps in financial processes.
Human Resources	<ul style="list-style-type: none"> • Limited Staffing / Manual Processes: The District has a small team dedicated to Human Resources and the recruitment of a significant number of teachers annually caused by the high teacher turnover rate. In addition, the District has a mix of manual processes and technology for teacher recruitment, absence management, and benefits administration. • Challenges with Recruiting and Retention: The District's teacher retention rate of 79.8% is significantly below the statewide average. The District is reliant on agencies for placement of hard to staff positions and the use of international teachers and long term substitutes to fill numerous vacancies.
Transportation	<ul style="list-style-type: none"> • Transportation Management: The State directly pays for costs of bus purchasing, maintenance, fuel and a portion of driver salaries. The District is fully using its pool of substitute drivers and still experiences 5-10% driver shortages. The District often has to adjust and double up routes to make up for the bus driver shortage. • Manual Routing: The District does not use staggered bell times nor does it utilize routing software.
Procurement	<ul style="list-style-type: none"> • Staffing and Organization: There is no department dedicated to Procurement, but one FTE takes on purchasing duties within financial management. • Strategic sourcing: The District has low leverage with vendors due to low purchasing volumes. The District does not partner with other districts for the procurement of goods and services.
Overhead	<ul style="list-style-type: none"> • Staffing and Organization: The Superintendent's job is spread across many functions and is supported by two support staff. • Collaboration: The District participates in the Pee Dee consortium for teacher evaluation training and mentor training, but collaboration efforts are limited.

RECOMMENDATIONS

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

Modernize School District Operations

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

Collaborate Across Districts

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

EXECUTIVE SUMMARY

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MODERNIZATION RECOMMENDATIONS

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

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

EXECUTIVE SUMMARY

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COLLABORATION RECOMMENDATIONS

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

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

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

EXECUTIVE SUMMARY

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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, using financial and operational data received from both the state and each district.
- Data provided was benchmarked and analyzed to understand costs, productivity and utilization.
- For more detail on methodology, see Appendix A. Actual savings may vary based on implementation decisions.

FINANCE AND HUMAN RESOURCES

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

PROCUREMENT

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

TRANSPORTATION

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

EXECUTIVE SUMMARY

WILLIAMSBURG

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	\$10,000	\$25,000	\$60,100	\$180,300
Human Resources	0	5,000	0	38,000
Procurement	0	0	230,900	469,800
Transportation – District	N/A	N/A	53,000	79,000
District Total	10,000	30,000	344,000	767,100
Transportation – State	20,000	82,600	56,400	119,900
Total	\$30,000	\$112,600	\$400,400	\$887,000

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

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



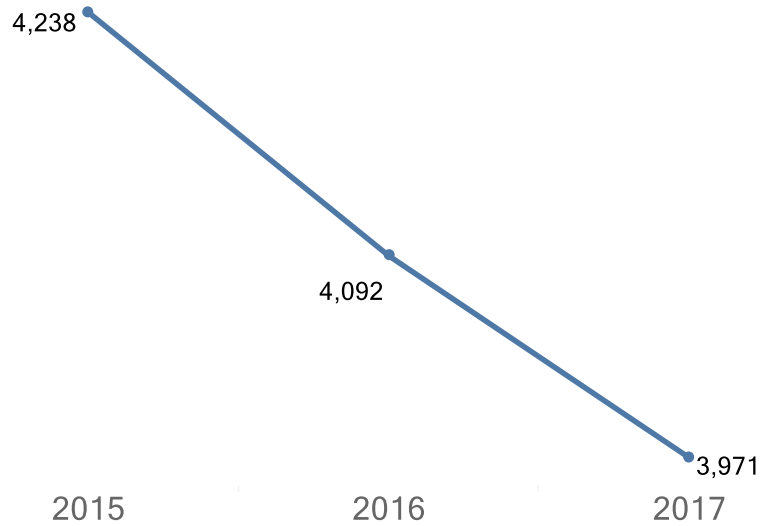
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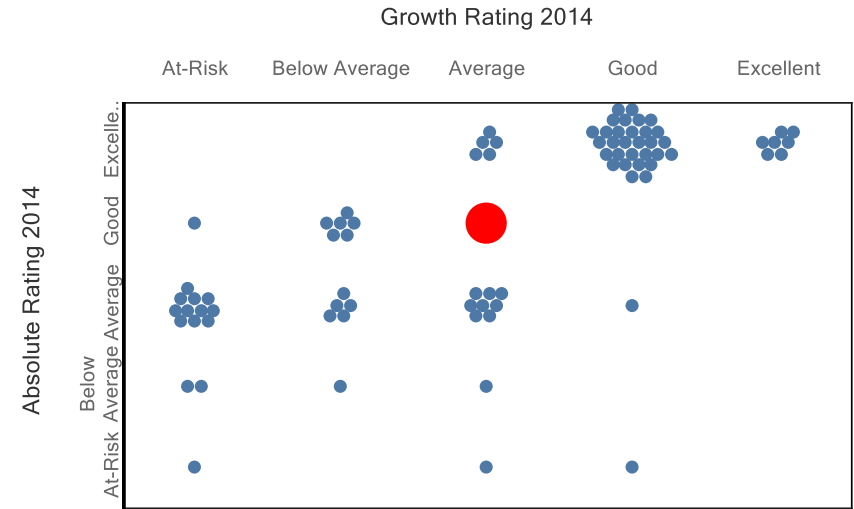
DISTRICT ADMINISTRATION AND PERFORMANCE

WILLIAMSBURG

Average Daily Membership^[2]



Student Achievement^[1]



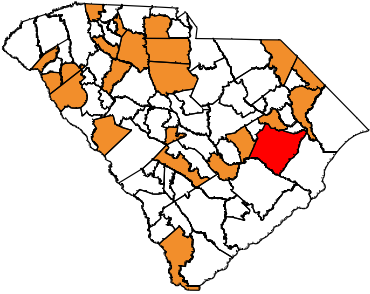
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Administration

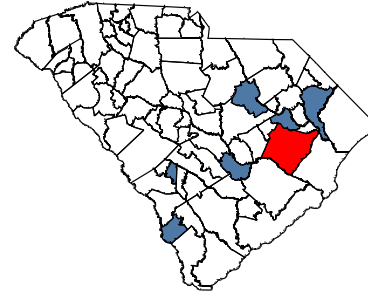
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Students Per Overhead FTE ^{[2],[4]}	184.7
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Students to Total FTE ^{[2],[4]}	5.9

DISTRICT BENCHMARKING WILLIAMSBURG



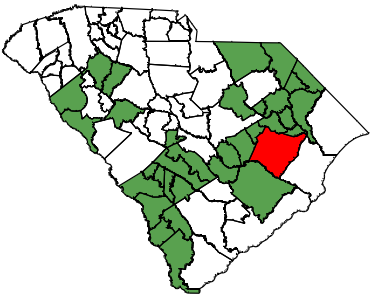
Enrollment (2,500 - 5,000)

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	



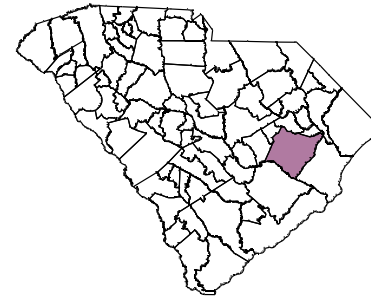
Poverty (85% - 90%)

Barnwell 19
 Florence 03
 Hampton 02
 Lee
 Marion 10
 Orangeburg 03
 Williamsburg



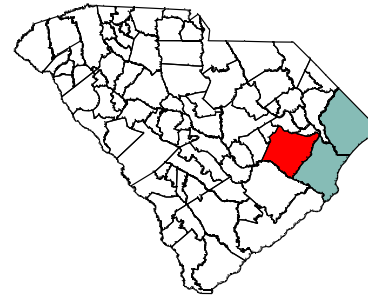
Phase 1 (Yes)

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



County (Williamsburg)

Williamsburg



Region (Waccamaw)

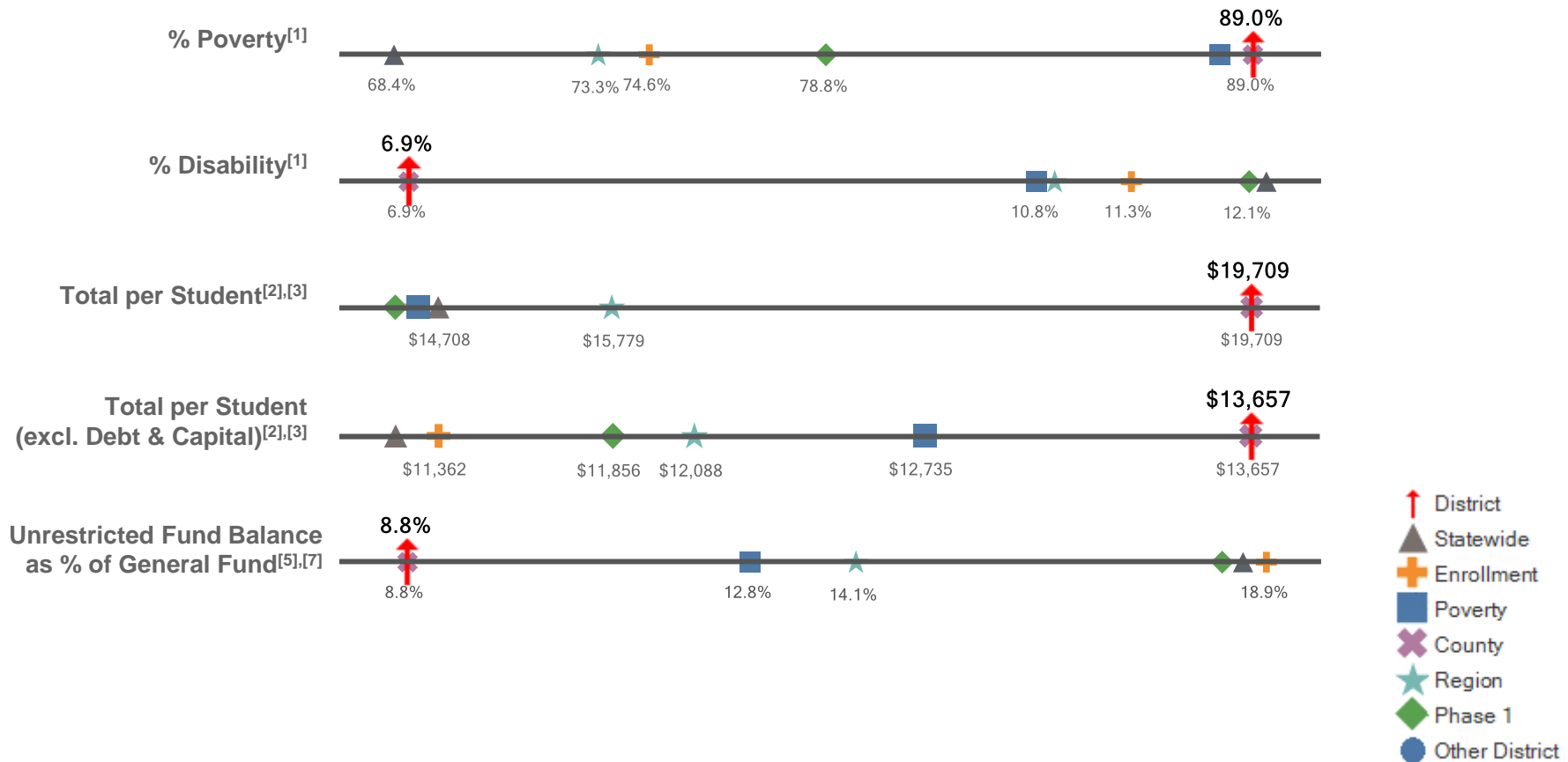
Georgetown
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 Williamsburg

DISTRICT OVERVIEW

WILLIAMSBURG

KEY PERFORMANCE INDICATORS: KEY DISTRICT RATIOS

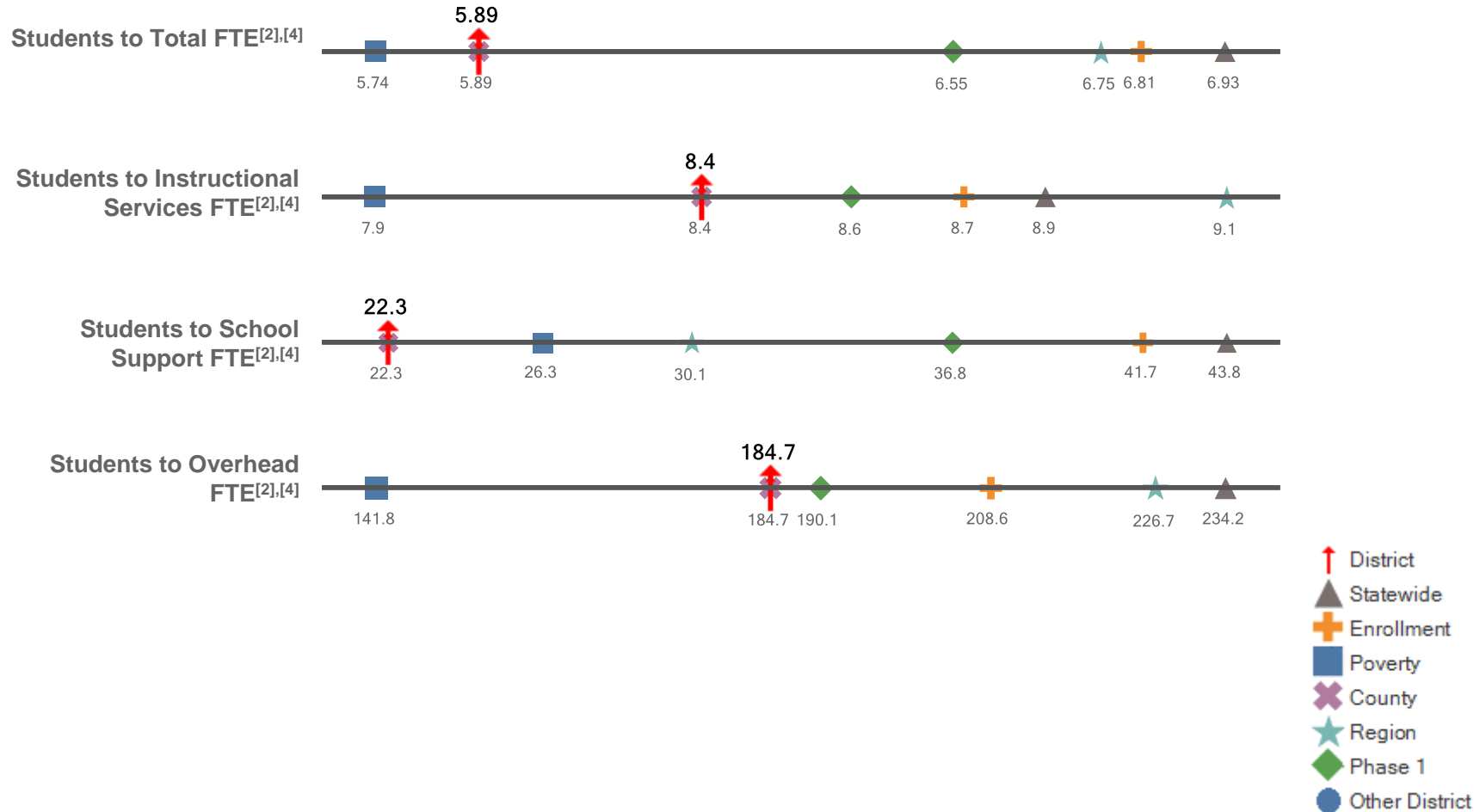
The metrics below show how the District compares to other district peer groups based on: (a) statewide averages, (b) similar enrollment levels, (c) similar poverty levels, (d) county peers, (e) regional peers, (f) Phase 1 and (g) other districts.



DISTRICT OVERVIEW

WILLIAMSBURG

KEY PERFORMANCE INDICATORS: KEY STAFFING RATIOS



DISTRICT OVERVIEW AND OVERHEAD WILLIAMSBURG

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 267 students, or 6.3%, over the past 3 years. • Student Demographics: The District is well above the statewide average in percentage poverty at 89%. Additionally, disability rates of 17% in FY16 were in line with the statewide average and are now showing as significantly below the statewide average in FY17 at 7%. Rather than a significant change in demographics, it appears that the data reported in the state report card is missing the tens digit as a result of manual coding error. • Competition: Charter schools in the District have grown by 32% since FY15, while core district schools declined by 12%, moving the charter school from 9% to 13% of total enrollment. • Other Demographic: The District is 99.5% Free & Reduced Lunch. • Long-term Planning: The District does not prepare long term enrollment projections to help inform long-term planning 	<ul style="list-style-type: none"> • The District should prepare a three to five year financial plan to allow for an improved fund balance while ensuring that quality of services are maintained or improved.
District Funding and Resource Allocation	<ul style="list-style-type: none"> • Financial Viability: The District's declining enrollment trend combined with the low Days Cash on Hand of 71 days and the low Unrestricted Fund Balance of 9% leaves the District with limited reserves and sub-optimal overall financial position. • Per Pupil Expenses: When excluding debt and capital, the District's Per Pupil Expense of \$13,657 is higher than the statewide average. 	<ul style="list-style-type: none"> • To ensure the financial stability of the District, the District should utilize the three to five year financial plan to allows for investment in critical areas of academics and operations while still maintaining a strong fund balance.

DISTRICT OVERVIEW AND OVERHEAD WILLIAMSBURG

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 has an Unrestricted Fund Balance that is 8.8% of revenues. This is low relative to the statewide average. • Student to FTE: The Student to Total FTEs of 5.9 for the District is lower than similar sized districts and the statewide average, indicating higher staffing levels per student. • Student to Instructional Services FTE: The Student to Instruction ratio of 8.4 is lower than the statewide average, indicating a below average investment in teacher support. • Student to Support Services FTE: The Student to Support Services ratio of 22.3 is low relative to the statewide average due to a large number of central support and facilities maintenance workers required to operate the aged school buildings. • Student to Overhead FTE: The Student to Overhead Ratio of 184.7 is lower than the statewide average because of the fixed cost structure required to operating this District. 	<ul style="list-style-type: none"> • Consider review and reorganization of the support areas of the Superintendent, which are outside of the scope of this report, in order to direct spending toward the classroom and bring spending in line with benchmarks.
Staffing / Organization	<ul style="list-style-type: none"> • Role of Superintendent: The Superintendent has 3 secretaries and receptionists to provide administrative support to the overhead area. • Communications Function: There is Communications support for the Superintendent's office, providing community relations and media interaction. • Legal: The District has no legal department. If legal advice is required, the District utilizes external firms to provide support. 	<ul style="list-style-type: none"> • Consider review and reorganization of administrative support areas of the Superintendent toward the finance and human resources area in order to optimize resources and bring spending in line with benchmarks

DISTRICT OVERVIEW AND OVERHEAD WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization (cont'd)	<ul style="list-style-type: none"> • Turnover: Superintendent was appointed interim Superintendent in November 2014, before being named Superintendent in February 2016. 	
Board of Directors	<ul style="list-style-type: none"> • Board Pay: The Board Members of the District are paid about \$6,600 annually. • Board Composition: There are 7 board members elected from single member districts for four year terms. • Training: Board members are not required to attend training. 	<ul style="list-style-type: none"> • Have Board of Directors attend an annual training to enable members to become impactful members of the board.
Collaboration	<ul style="list-style-type: none"> • Consortium: The District coordinates with other regional superintendents through participation in the Pee Dee Consortium. • Career Center: The District participates in the Pee Dee Consortium for training, professional development, and Powerschool training. The superintendents sit as board members on the consortium. • Special Education: The District does not coordinate with other area districts on Special Education programs. • Headcount: The District provides transportation planning services to Clarendon 3. 	<ul style="list-style-type: none"> • Consider implementing a regional shared service model that allows for sharing of resources and systems that 1) require specialized skills or 2) are highly transactional. • Consider sharing the cost of police officers with the county/town to save on security FTE costs.



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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.

496 : 1

District Students (ADM)^[2]

Financial FTE^[4]

\$213 per Student

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

Key statistics for metrics

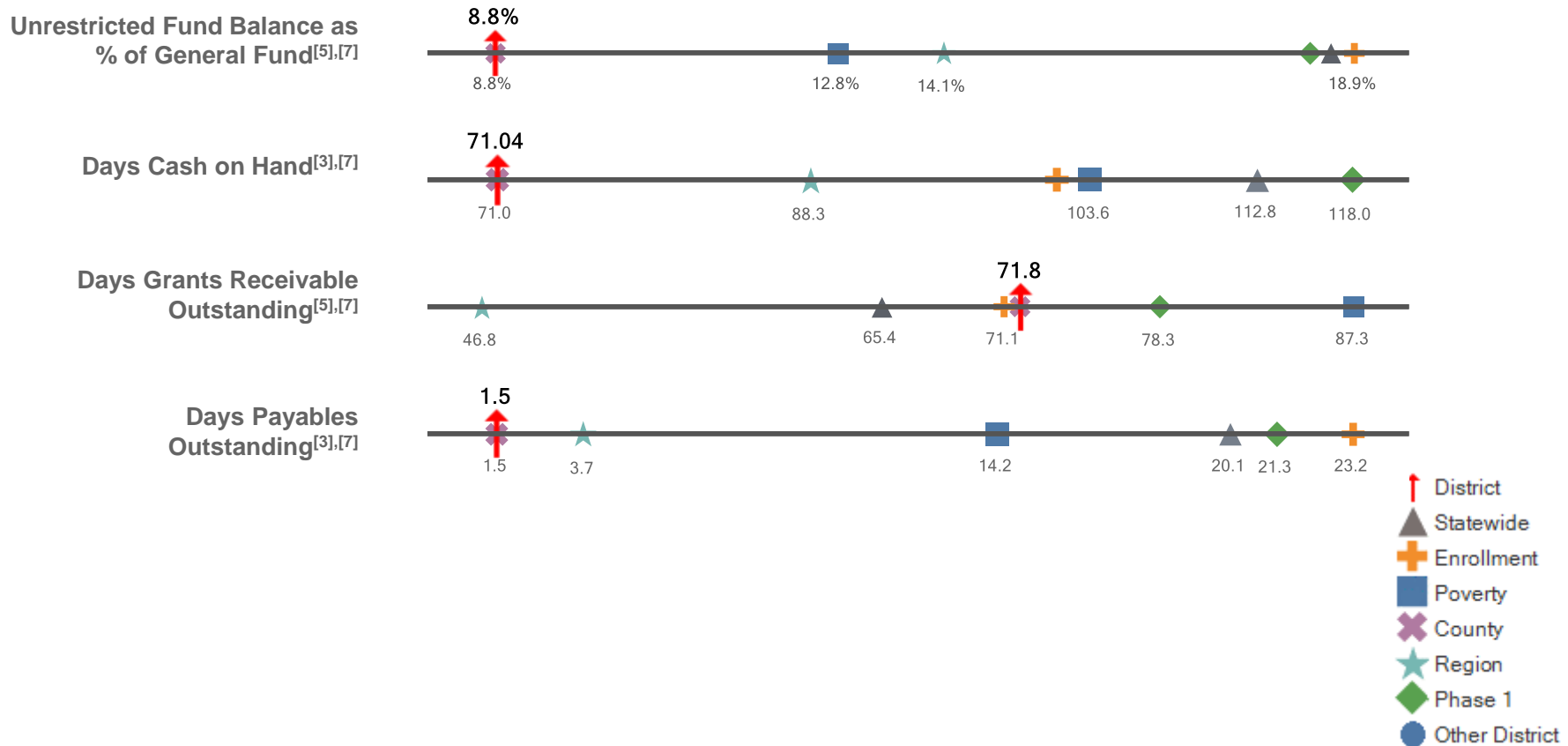
Financial FTEs ^[4]	8.0
Personnel Expense ^[3]	\$532,049
Non-Personnel Expense ^[3]	\$340,162
Total Financial Expense ^[3]	\$872,211

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 WILLIAMSBURG

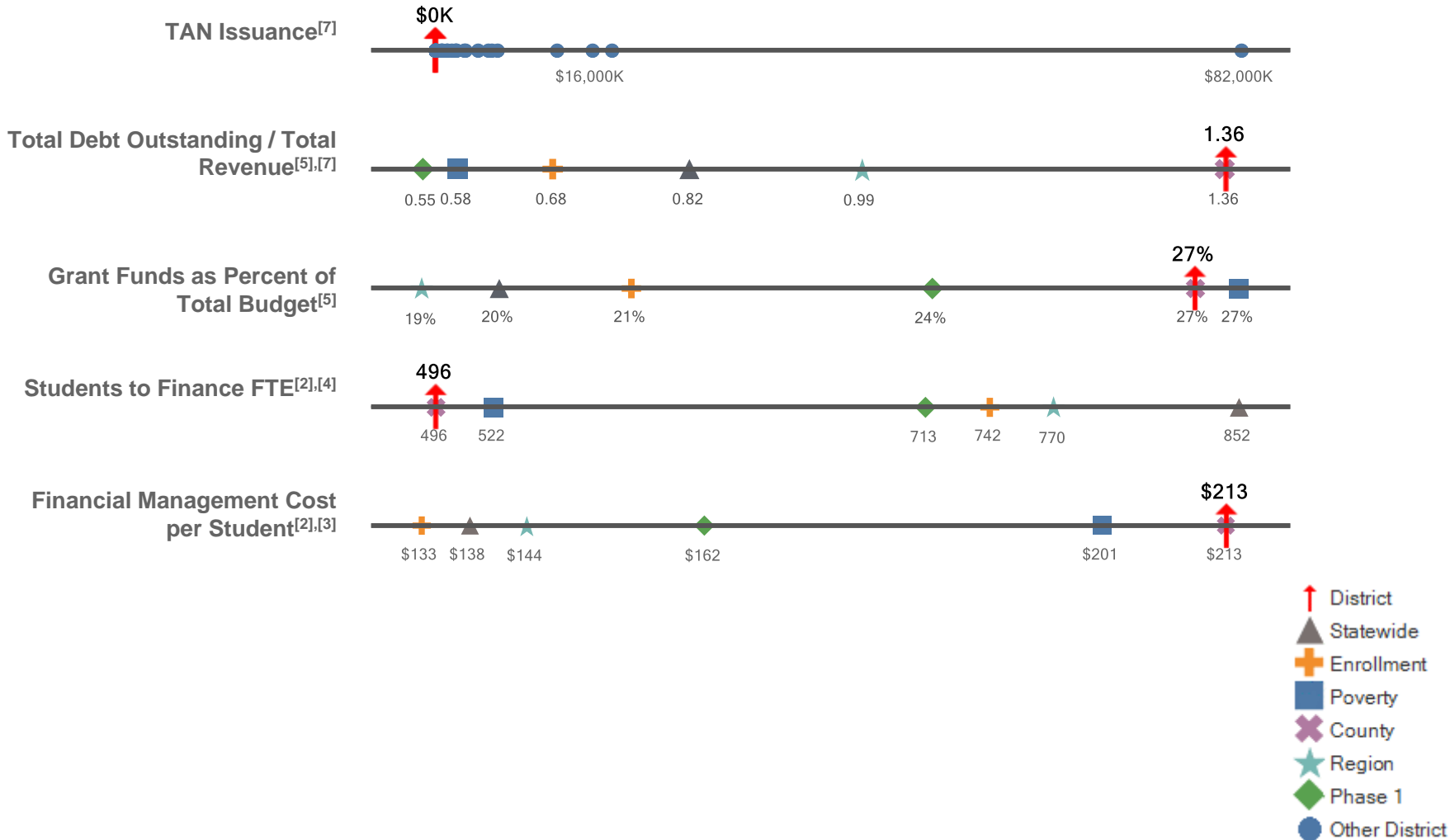
KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT

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



FINANCIAL MANAGEMENT WILLIAMSBURG

KEY PERFORMANCE INDICATORS: FINANCIAL MANAGEMENT



FINANCIAL MANAGEMENT WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Finance organization is reasonably staffed for the size of the District to support its scope of roles and responsibilities that include, budget and accounting, payroll, accounts payable and purchasing • Turnover: The Department does not have a lead finance director at this time. • Finance Cost Per Pupil: The Finance Cost per Pupil for the district of \$213 is high relative to the statewide average, and much higher than schools with similar enrollment of \$133, indicating room to improve department spending. • Students Per Finance FTE: The Student to Financial Management FTE ratio of 496 is low relative to the statewide average of 851. 	<ul style="list-style-type: none"> • The District should prioritize the hiring of a finance director the to begin implementing standard practices in purchasing, accounts payable, inventory, budgeting, accounting, and internal controls. • 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. • Consider hiring retired school district CFO support on a part time basis to support the finance department.
Payroll and Accounts Payable	<ul style="list-style-type: none"> • Payroll: The District currently runs payroll on a semi-monthly basis. • The District does not use a self service payroll platform; therefore, employee initiated payroll changes are all processed manually. In addition, check pay stubs are printed manually and delivered to schools / employees directly. • Timekeeping: Time tracking is currently managed via manual processes and entered into the payroll system by the Finance department. 	<ul style="list-style-type: none"> • Require all employees to receive payroll via direct deposit. In addition, eliminate the physical mailing of check stubs to employees and leverage employee self-service functionality available within the Harris SmartFusion system. • Implement an automated time-tracking functionality, such as a biometric timeclock, that integrates with the payroll system in order to eliminate the need for manual time sheets.

FINANCIAL MANAGEMENT WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Payroll and Accounts Payable (cont'd)	<ul style="list-style-type: none"> • Purchasing: The District does not currently use a centralized purchase order system. Schools are able to secure items and services in accordance with District and State regulations; however, there is no centralized approval process in place. • Inventory: The District does not have a warehouse or conduct centralized inventory processes. The supply services use a self reporting system, with the schools submitting fixed assets to finance for entry into the system. The lack of formalized tracking will lead to poor inventory controls and carries a significant risk for possible loss of assets. • Tracking: The District does not track inventory of technology, furniture or textbooks. • Insurance and Risk Management: The District currently purchases all property and casualty and workers compensation insurance through the South Carolina School Board Insurance Trust (SCSBIT). <ul style="list-style-type: none"> - The District does not conduct independent reviews of the SCSBIT's claims management processes or audit the claims. - The District does not have formal risk management policies in place. 	<ul style="list-style-type: none"> • Implement policies that require use of a centralized purchase order system by schools and administrative personnel. Leverage automated purchase order work flow systems that can be integrated with the financial systems. • Implement standard policies and procedures around managing physical inventory and ensure that the District Finance organization is part of the overall process. • The District should implement Risk Management policies and procedures and establish an audit process to assess and evaluate claims (e.g., discovery, investigation, costs/payments) to ensure that favorable resolution alternatives were sought out.

FINANCIAL MANAGEMENT WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Grants Management	<ul style="list-style-type: none"> • Grants Revenue %: Grant revenues provide 27% of revenue for the District, making this District's reliance on grant funds higher than the statewide average. • Federal Funds: Federal program coordinators (outside of Finance) are primarily responsible for ensuring that special funds are used in compliance with regulations prior to payments being processed. The finance department collaborates closely with grants administrators to ensure that claims are made in a timely manner in order to maximize cash flow. • Indirect Costs: The District does not charge indirect costs against federal grants. • Grant Pursuit: The Office of instruction is responsible for identification and pursuit of grant opportunities. Once the grant is identified, the District uses a grant writer to develop the proposal. • Grants Monitoring: Review of expenditures against grant requirements is conducted by the assistant finance director on a monthly basis. • Other: The District's process for collecting special education and Medicaid reimbursements involves quarterly submission of claims by the special services department using the State's Grant Accounting Process System (GAPS). 	<ul style="list-style-type: none"> • Require finance to provide for a secondary review process before paying for grant funded activities or submitting claims for reimbursement on grants. • Consider hiring a grant writer that can be shared with other nearby districts to help drive applications for competitive grant opportunities. • Create improved grants tracking reports that compare award amount, budget, YTD and cumulative expenditures, and outstanding receivable balances for each grant.

FINANCIAL MANAGEMENT

WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Internal Controls	<ul style="list-style-type: none"> • F/S Audit: The District was found to have the following relating to its financial statements in its latest audit: oversight of compliance regulations regarding CATE program, lack of controls in procurement and payroll, irregular reconciliation of balance sheet accounts, and improper documentation for the disposal and capitalization of assets. • Position Control: The District experienced challenges in the transition to the Harris SmartFusion system that impairs data quality and leads to a lack of position control. Lack of position control can lead to over-hiring / spending and ultimately to an unanticipated deficit. 	<ul style="list-style-type: none"> • Implement annual review of processes to ensure segregation of duties over key areas of internal control. • Implement processes to ensure that identified internal control weaknesses are mitigated. • Implement budget position control to ensure controls around hiring of individuals.
Cash Management	<ul style="list-style-type: none"> • Days Cash on Hand: The District has a sufficient cash balance, with 71.4 Days Cash on Hand. • Cash Flow Forecasting: The District does not have a formalized weekly cash flow forecasting process. Finance will review cash adequacy before making payments. • Grants Receivable Outstanding: The District's Days Grants Receivable Outstanding is 71.8 days, which is on par with other districts of similar enrollment. The District submits grant reimbursements quarterly. • Days Payable Outstanding: The District's Days Payables Outstanding of 1.5 is so short that it may indicate challenges in financial reporting. • Cash: The District invests cash balances in local investment pool. 	<ul style="list-style-type: none"> • Implement cash flow forecast to monitor weekly receipts and disbursements and to help maximize investments earnings. • Implement processes to file for grant (state and federal) reimbursements on a monthly basis in order to maximize cash flow and ensure grant funds are optimized and spent in accordance with appropriate guidelines. • Leverage SCAGBO to assist with issuance of TAN and other bond offerings.

FINANCIAL MANAGEMENT

WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Budget	<ul style="list-style-type: none"> • Budget Planning: The annual budget process begins with revenue projections including tax collections and monies from the State and federal entities. Expenses are built around the estimates using a resource allocation model to determine annual budgets for schools and departments. • Fiscal Monitoring: The District does not perform monthly or quarterly closes. However, financial reports comparing budget to actual are shared monthly / quarterly with key leaders. 	<ul style="list-style-type: none"> • Prepare zero-based and / or performance based budget annually to ensure resources are aligned with strategic priorities and expenses are anticipated and planned for. • Prepare monthly financial reports and variance analysis. Reports should be shared with District leadership and each department head on monthly basis. • Revise the District allocation model to shift resources toward instruction and away from overhead.
Technology	<ul style="list-style-type: none"> • ERP: The District uses the Harris SmartFusion accounting software system and AESOP for time keeping and absence management. 	<ul style="list-style-type: none"> • Conduct a data quality review of the underlying financial and personnel systems to ensure high data integrity. • Explore opportunities to better utilize the existing SmartFusion accounting software and / or upgrade to enhanced functionality that provides automated workflow and approval of purchase orders and automated time tracking that links directly with the payroll system. • Complete process to select an automated and integrated time keeping system and implement prior to start of the next school year.
Regional Collaboration	<ul style="list-style-type: none"> • Consortiums: The District is part of the Pee Dee Consortium in which the finance directors of individual districts meet quarterly to discuss various topics. • Coordination: The District does not coordinate with others in the region on any transaction processing or finance related activities. 	<ul style="list-style-type: none"> • Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other Districts within the Region. This could include the following: (a) accounts payable (including purchasing workflow and approval); (b) payroll processing and (c) financial system licenses (potential for volume discounts).



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HUMAN RESOURCES OVERVIEW

The Human Resources function is responsible for managing the District workforce and is directly responsible for teacher recruitment and retention, ensuring proper certification of personnel, supporting benefits management and coordinating personnel transactions.

662 : 1

District Students (ADM)^[2]

Human Resources FTE^[4]

\$96 per Student

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

Key statistics for metrics

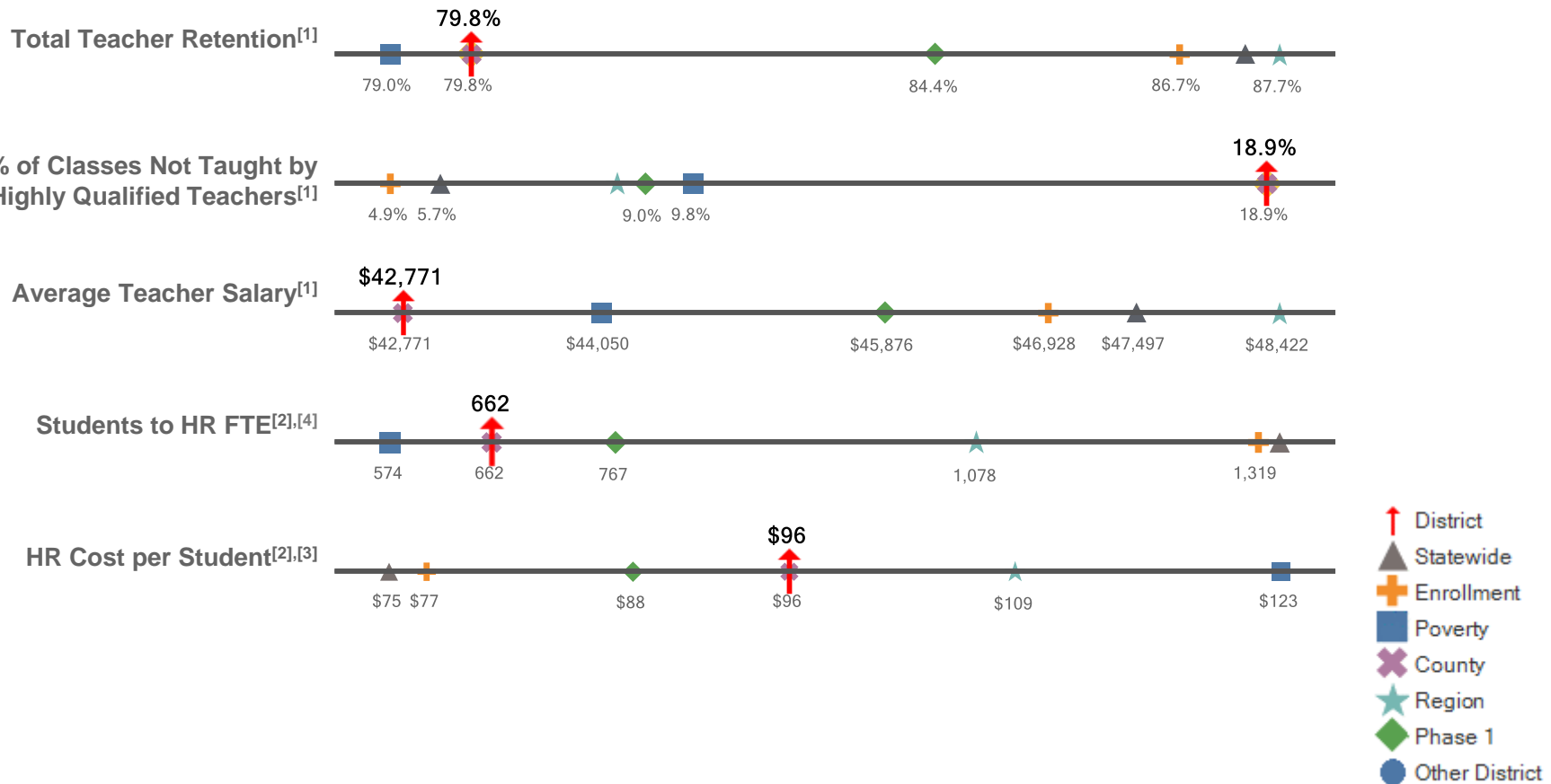
Human Resources FTEs ^[4]	6.0
Personnel Expense ^[3]	\$382,467
Non-Personnel Expense ^[3]	\$12,314
Total Human Resources Expense ^[3]	\$394,781

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 WILLIAMSBURG

KEY PERFORMANCE INDICATORS: HUMAN RESOURCES

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



HUMAN RESOURCES WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Organization: The Human Resources function is adequately staffed, with the positions required to support recruiting, retention, personnel relations and benefits. • Data Challenges: In the transition to SmartFusion, the District lost significant data with regard to the name, title, position identifier, which prevents proper management and reporting. • Human Resources Cost Per Pupil: The HR cost per pupil of \$96.5 is higher than the statewide average, necessitated by the high teach turnover rates. • Student Per Human Resources FTE: The Student to HR FTE ratio of 662.0 is lower than the statewide average, while the Total FTE to HR FTE ratio of 112 is lower than peers and the statewide average. 	<ul style="list-style-type: none"> • Consider reallocation of overhead administrative support to partially support the Human Resources function to enable the director to better support recruiting, retention, personnel relations, benefits and professional development activities. • 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.
Recruiting and Retention	<ul style="list-style-type: none"> • Recruiting: Similar to other school districts in the state, recruiting teachers into the District is challenging. The District currently employs teachers agencies to provide these positions. The Principals conduct recruiting trips and interview teachers. • Recruiting Process: The District advertises on websites through the State DOE and schedules regular attendance at career fairs throughout the state. The District has started to go out of state to Ohio, Maryland, and Massachusetts for recruiting. • Vacancies: The teacher shortage continues during the school year with 10 teacher vacancies currently being filled with long-term subs. 	<ul style="list-style-type: none"> • Evaluate opportunities to reduce reliance on international agencies and related administrative fees, either via direct sponsorship, cross-district shared resources or alternative recruitment strategies. • Conduct exit interviews to gather information on the causes of employee attrition and use the results of the process to formulate an effective teacher retention plan.

HUMAN RESOURCES

WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Recruiting & Retention (cont'd)	<ul style="list-style-type: none"> • Teacher Pay: The average teacher salary of \$42,771 is below the statewide average of \$47,497, making it more difficult for the district to recruit and retain teachers. • Teacher Retention: The District's teacher retention rate of 79.8% is significantly lower than the state average of 87.6%, leading to higher HR costs. • Incentive Programs: The District does not utilize significant incentive programs to try and attract and retain teachers. 	<ul style="list-style-type: none"> • Consider compensation study and / or implementation of incentive programs to recruit and retain teachers that could include: (a) signing bonuses that vest over a period of time to encourage retention; (b) housing incentive signing; (c) tuition reimbursement; (d) differentiated salaries for hard to staff positions; (e) innovative professional development programs.
Technology	<ul style="list-style-type: none"> • Recruiting: The Principals do the interviewing for teachers and conduct recruiting trips. The District leverages the Center for Education Recruitment Retention and Advancement (CERRA) and TalentEd Recruit system for recruiting, application screening, processing and onboarding. • Absence Management: The District follows manual processes for time tracking and absence management. The District Office does not use AESOP, but the schools use it for substitute planning, absence management, and tracking of existing vacancies. Bus Driver timesheets are manually submitted in an Excel spreadsheet for entry by finance. 	<ul style="list-style-type: none"> • Implement technology to help enhance and automate recruiting, on-boarding, substitute management and time tracking processes that are currently manual. • Implement software systems to help manage the substitute management process. • Implement an automated time tracking system that can interface directly with the payroll system.

HUMAN RESOURCES WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Benefits	<ul style="list-style-type: none"> • Administration: Benefits administration is done by a full time and part time administrative staff member. • Interactions: The District does not receive reports from PEBA that detail information on staff that refuse coverage or ineligible dependents. 	<ul style="list-style-type: none"> • Benefits administration process could be automated via establishment of an employee portal. Employees could be responsible for updates and information would be linked directly to payroll. • Establish a process with PEBA to conduct a local review of benefit plans for ineligible dependents.
Collaboration	<ul style="list-style-type: none"> • Consortiums: The District participates in the Pee Dee consortium that administers a program for recruitment of certified minority teachers. 	<ul style="list-style-type: none"> • Consider implementing a collaboration model that allows for sharing of resources and systems that require transactional activities with other districts within the region. This could include: <ul style="list-style-type: none"> - Benefits Coordination - Human Resources System Licenses (Frontline) - H1B Process for International Teachers • Consider creating a regional recruitment and training center focused on teacher recruitment across regional group of districts.



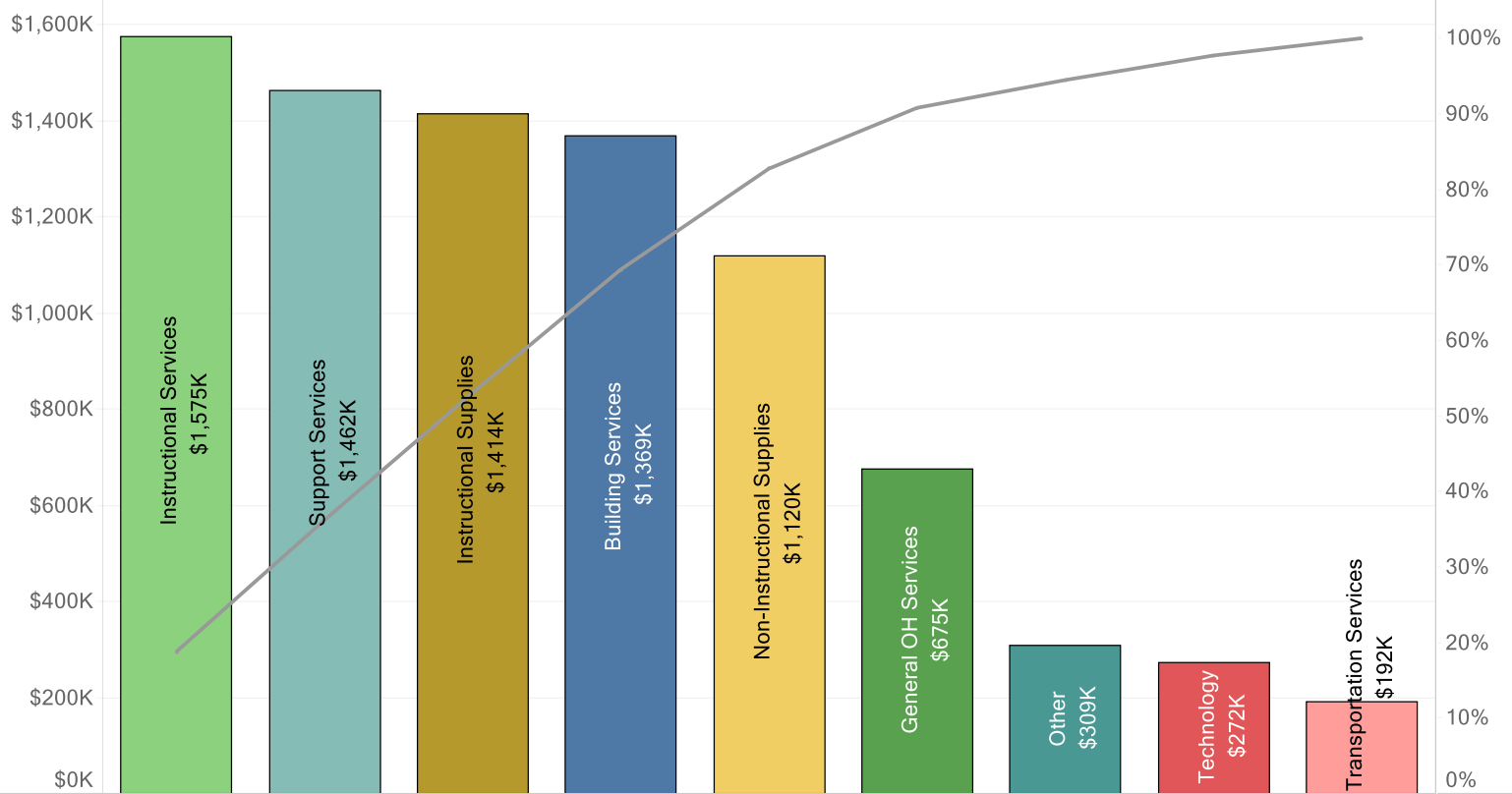
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PROCUREMENT OVERVIEW

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

District In Scope Total Procurement Spend = \$8,387,091



ESTIMATED PROCUREMENT SAVINGS

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

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



■ High Savings Estimate
■ Low Savings Estimate

PROCUREMENT WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Organization / Staffing	<ul style="list-style-type: none"> • Organization: The District does not have any staff focused on procurement but has one FTE dedicated to purchasing within the financial management function. 	<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"> • Vendors: Spending is fragmented across more than 1,000 vendors; however, the top 35 make up more than 80% of total spending. • Vendor Selection: Cost is the primary consideration in vendor selection. The District mainly uses State contracts to leverage volume discounts but does not negotiate with vendors beyond the state contract pricing levels. • Spending efforts are made based upon the individual buyer, with local optimization as the main priority. Aggregated purchasing decisions across districts are not made. 	<ul style="list-style-type: none"> • Group Purchasing: Seek opportunities to better leverage buying power by participating in Group Purchasing Organizations (e.g. US Communities). Areas to consider for potential collaboration include Supplies and Technology. • 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 • 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.

PROCUREMENT WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Spending by Category	<ul style="list-style-type: none"> • Building and Maintenance: The District put an RFP out for large construction projects and tries to use local vendors for routine maintenance, roofing, and field maintenance. • Food Services: The District does not collaborate with other districts for the purchase of dairy or bread. • Energy: The District uses a small amount of natural gas for energy. • Instructional Support Services and Supplies - Procurement Exemptions: The District does not require procurement of instructional support software and services to be placed out to bid. • The District currently relies on several vendors including: FACES for international staffing and Literacy for Learning for professional development and coaching. • Technology – Standardization: The District is expanding its 1:1 initiative and is leveraging a State contract with Dell to make its purchases. • The District does not coordinate technology purchases with other nearby districts. • Non-instructional Supplies - Contracting Vehicles: The District purchases the majority of its non-instructional supplies outside of available State contracting vehicles with spend spread across a number of vendors. 	<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. • 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 and services with surrounding districts to maximize potential for volume discounts. • Consider establishing fixed rate contract for natural gas. • 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.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Regional Collaboration	<ul style="list-style-type: none">The District does not partner with other districts to procure goods and services.	<ul style="list-style-type: none">Consider combining resources to create a regional procurement function across districts that is charged with reviewing and optimizing spending through ongoing market intelligence on pricing opportunities, contract RFP management, contract negotiations, contract management.A regional collaboration model would allow for districts to further capitalize on volume discounts and rebates on areas of spend that would include:<ul style="list-style-type: none">- Technology- Instructional Software and Services- Instructional Staffing- Supplies



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TRANSPORTATION WILLIAMSBURG

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.

14 Years

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

\$409 per Student

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

Key statistics for metrics

Transportation FTEs ^[4]	60.4
Personnel Expense ^[3]	\$1,405,137
Non-Personnel Expense ^[3]	\$269,397
Total Transportation Expense ^[3]	\$1,674,534

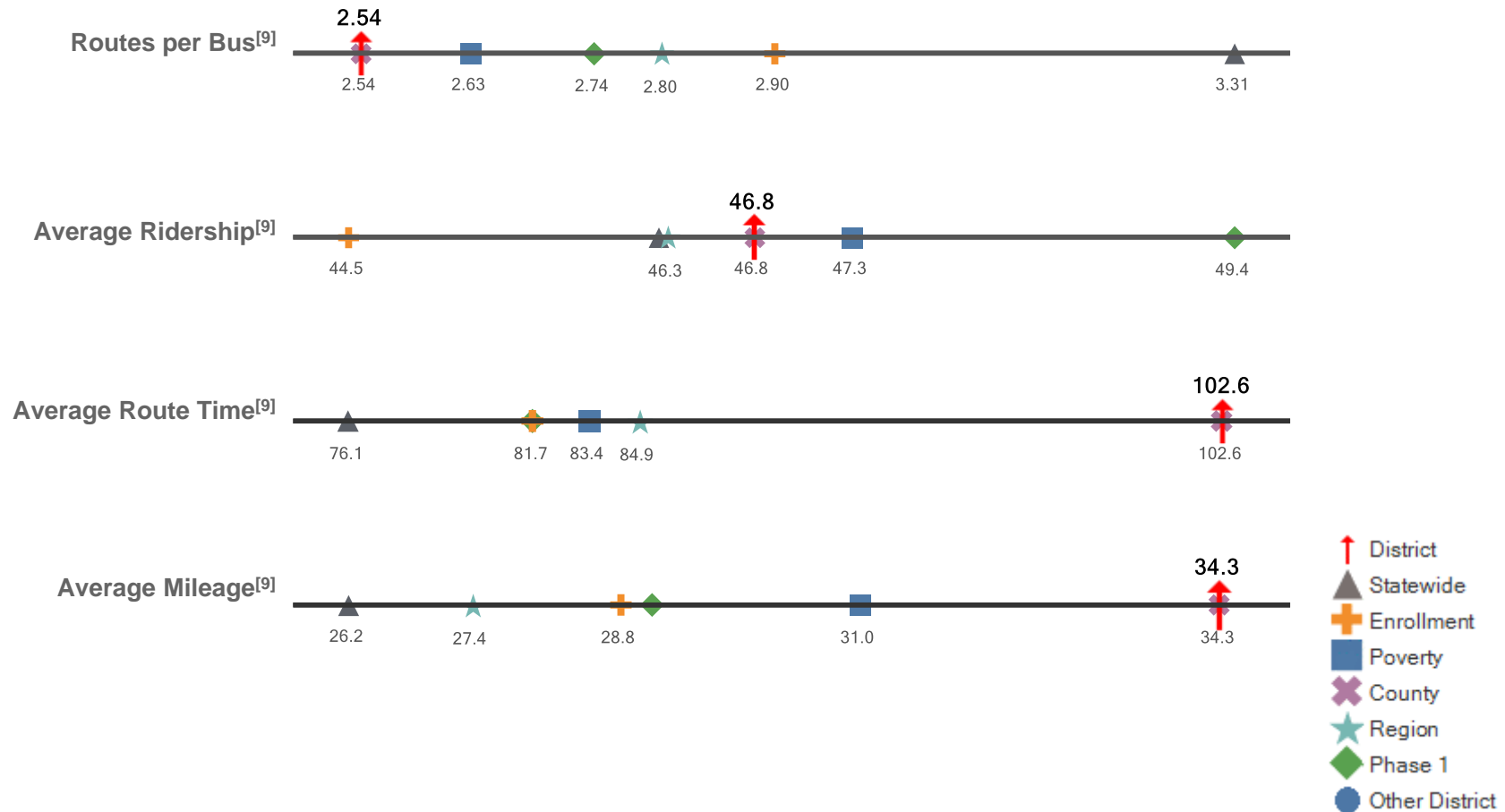
NOTE: FTEs reflected in table above may not reflect dually employed bus drivers.

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	49.3	125	2.5	5,845	47	103	34
Special Needs	6.0	13	2.2	139	11	Not-Available	54
Other	3.2	15	4.7	228	15	Not-Available	29
Total	58.5	153	2.6	6,212	N/A	N/A	N/A

TRANSPORTATION WILLIAMSBURG

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 WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Staffing / Organization	<ul style="list-style-type: none"> • Management: Transportation is run by one part time administrator and supported by two part time administrative employees. • Driver Shortages: The District experiences driver shortages and has a difficult time recruiting bus drivers. The District typically has a 5-10% shortage of bus drivers. The District is fully using its pool of substitute drivers; therefore, routes are frequently adjusted daily to deal with the shortage. • Driver Roles: All of the bus drivers in the District are full time with dual roles and are employed as aides, food workers or custodians. • Bell Times: The District does not have staggered bell times but runs staggered bus routes with the earliest routes starting as early as 5:27am. Given all schools start at the same time, students regularly arrive at school up to an hour before school starts. 	<ul style="list-style-type: none"> • Implement a substitute/back up driver pool in collaboration with nearby districts. • Use an automated calling system to fill needed driver substitute vacancies.

TRANSPORTATION WILLIAMSBURG

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

	Observations	Recommendations
Routing and Bus Management	<ul style="list-style-type: none"> • Routing: The District does not utilize routing software • Tracking: The District does not have GPS on its buses. • Communications: The District does not have radios on buses and provides cell phones to drivers for communications while on routes. • Security: <ul style="list-style-type: none"> - The District has security cameras on all buses. - The District does not have stop-arm cameras on buses. - The District has two mini-buses with Child Checkmate safety system. • Activity Buses: The District uses the state fuel for activity buses. • Hazardous Routes: The District will follow State guidelines unless there is a hazardous route, in which case, the child will be picked up on the route. 	<ul style="list-style-type: none"> • Implementation of staggered bell times will 1) reduce the number of drivers needed, 2) eliminate the need for double bus runs, 3) reduce the number of buses needed, 4) allow students to ride with peers of their own age, and 5) shorten ride times for students. • Implement routing software to ensure most efficient routes. • Install GPS on buses to monitor bus routes and ensure most efficient route. • Install stop-arm cameras on buses to increase child safety and security on bus.
Collaboration	<ul style="list-style-type: none"> • Collaboration: The District provides transportation planning services to Clarendon 3. 	<ul style="list-style-type: none"> • Consider partnering with surrounding districts to evaluate opportunities to better utilize bus fleet, analyze route efficiencies and support bus driver sourcing. • Leverage the state maintenance hubs for activity buses.

APPENDIX A: SAVINGS METHODOLOGY



APPENDIX A: SAVINGS METHODOLOGY

WILLIAMSBURG

APPROACH TO SAVINGS

GENERAL APPROACH TO ESTIMATING INVESTMENTS AND SAVINGS

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

FINANCE AND HUMAN RESOURCES

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

PROCUREMENT

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

TRANSPORTATION

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

APPROACH TO SAVINGS: OTHER CONSIDERATIONS

➤ **State-wide Benchmarking Data:**

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

➤ **Implementation:**

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

APPENDIX A: SAVINGS METHODOLOGY

WILLIAMSBURG

SAVINGS ANALYSIS BY FUNCTIONAL COMPONENT

PEOPLE

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

TECHNOLOGY

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

Functional Review Operating Model Components



PROCESS

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

ORGANIZATION

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

APPENDIX A: SAVINGS METHODOLOGY

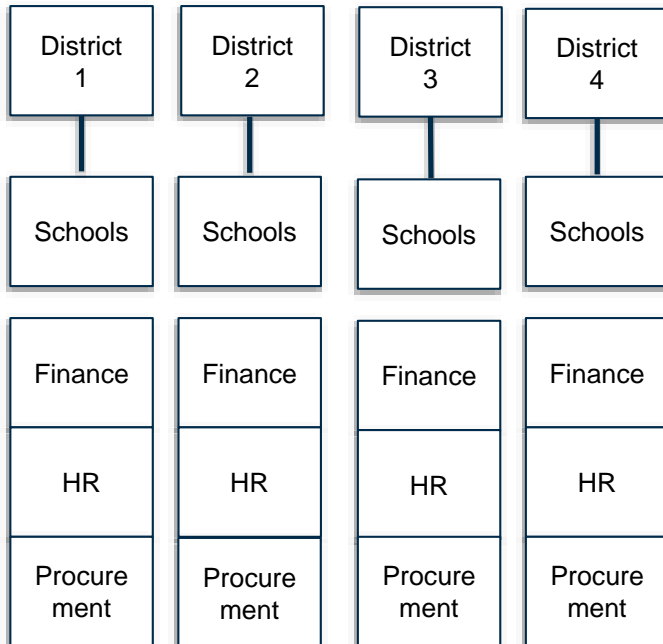
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COLLABORATION: SHARED SERVICE MODELS

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

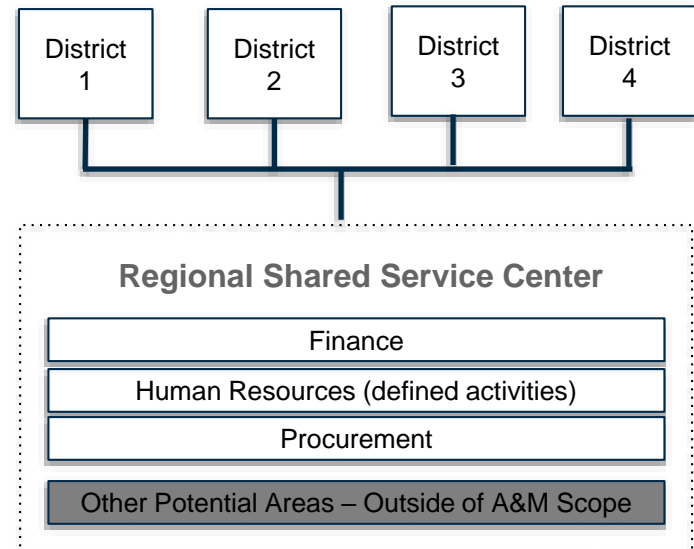
CURRENT STATE: STAND ALONE DISTRICT

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



COLLABORATION ALTERNATIVE

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



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

APPENDIX A: SAVINGS METHODOLOGY

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SHARED SERVICES MODEL: SAVINGS APPROACH

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

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

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

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

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

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

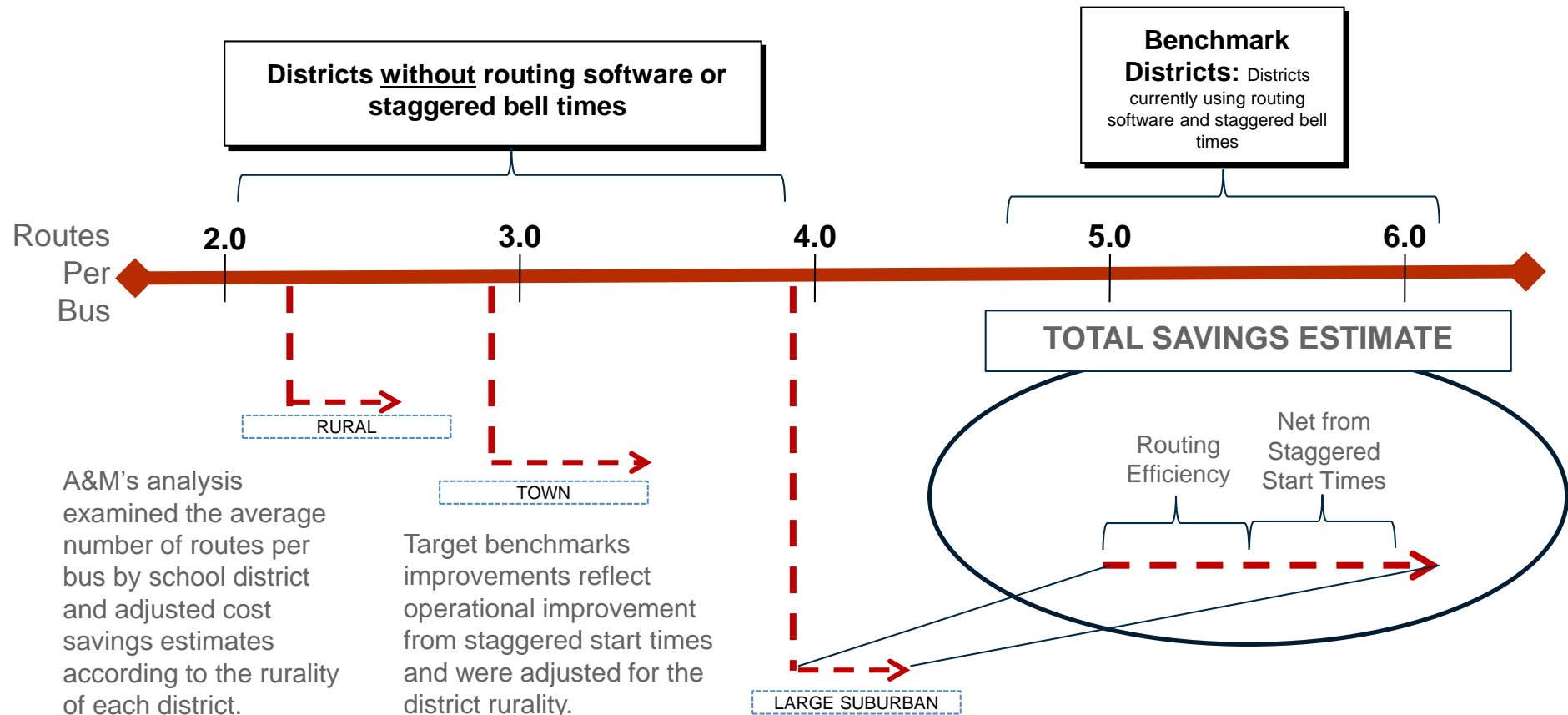
Preliminary estimates, excluding costs of one-time investments related to technology and organizational changes, of potential savings from collaboration of financial management functions across districts range from 8.9% to 30.1%.

APPENDIX A: SAVINGS METHODOLOGY

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TRANSPORTATION ROUTING: SAVINGS APPROACH

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



APPENDIX A: SAVINGS METHODOLOGY

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TRANSPORTATION ROUTING: SAVINGS APPROACH (CONTINUED)

DISTRICT EXAMPLE OF COST SAVINGS OPPORTUNITIES FROM ROUTING SOFTWARE

Savings from Routing Efficiencies

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

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

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

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

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

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

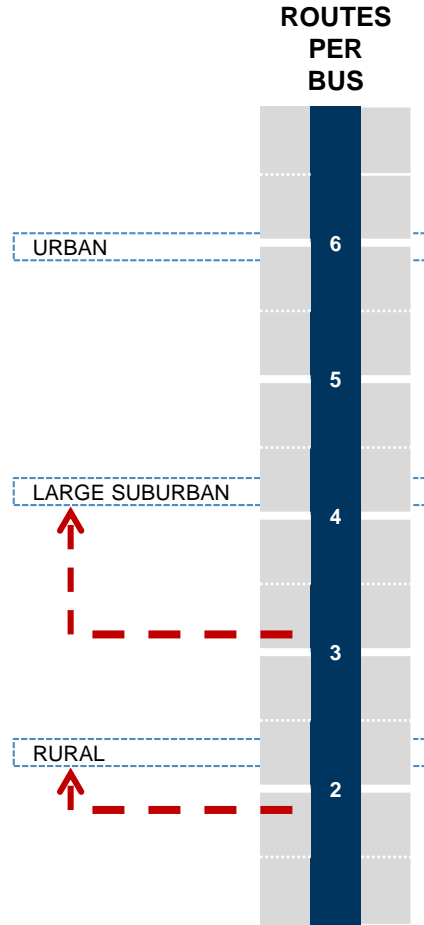
APPENDIX A: SAVINGS METHODOLOGY WILLIAMSBURG

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

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COLLABORATION: PURCHASING COORDINATION AND AGGREGATION

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

EXAMPLES OF STATE-WIDE PROCUREMENT OPPORTUNITIES

Example 1: Differentiated Pricing in Professional Services

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

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

Example 2: Volume Discounts and Rebates with a Technology Vendor

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

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

APPENDIX A: SAVINGS METHODOLOGY

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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

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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

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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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