Mary Taylor, CPA
Auditor of State

AUSTINTOWN LOCAL SCHOOL DISTRICT
PERFORMANCE AUDIT

APRIL 5, 2007

Mary Taylor, CPA
Auditor of State

To the Residents and Board of Education of the Austintown Local School District:

Consistent with the recommendations of Governor Taft's Blue Ribbon Task Force on Financing Student Success, the Ohio General Assembly provided funding for comprehensive performance audits of selected Ohio school districts. Based on a request from the Superintendent, the Austintown Local School District (Austintown LSD or "the District") was selected as one of the districts to receive an audit.

The five functional areas assessed in the performance audit were financial systems, human resources, facilities, transportation, and technology. These areas were selected because they are important components of school district operations that support the mission of educating children, and because improvements in these areas can assist Austintown LSD in maintaining financial stability and improving operational efficiency and effectiveness.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. While the recommendations contained in the audit are resources intended to assist with continuing improvement efforts, the District is also encouraged to assess overall operations and develop alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a district overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, and financial implications. This report has been provided to Austintown LSD and its contents discussed with the appropriate officials and District administrators. The District has been encouraged to use the results of the performance audit as a resource in improving its overall operations, service delivery, and financial stability.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this performance audit can be accessed online through the Auditor of State of Ohio website at http://www.auitor.state.oh.us/ by choosing the "Online Audit Search" option.

Sincerely,

Mary Taylor

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Auditor of State

April 5, 2007

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Executive Summary

Project History

In accordance with House Bill 66 (HB 66), §206.09.12, the State Legislature has provided funding to be used in conducting performance audits consistent with the recommendations of the Governor's Blue Ribbon Task Force on Financing Student Success. H.B. 66 provides funding for comprehensive performance audits of selected Ohio school districts to identify practices and procedures that may result in greater efficiency or effectiveness within the district. Based on the comprehensive performance audit model, the project included reviews of the following operational areas:

- Financial Systems;
- Human Resources;
- Facilities;
- Transportation; and
- Technology.

District Overview

Austintown Local School District (Austintown LSD) operates under a locally elected Board of Education consisting of five members and is responsible for providing public education to the residents of the District. Austintown LSD is located in Austintown Township, OH (Mahoning County) and receives approximately 53 percent of its revenues from the State of Ohio, 46 percent from local property taxes, and one percent from federal grants and other sources. According to the United States Census Bureau's 2000 Census, the District's population of 31,627 residents includes 8,765 family households with an average family size of 2.9 persons. The percentage of the District's population that was school aged was 17.6 percent (19 years old and under), while an additional 5.8 percent was less than five years old. In addition, 85.2 percent of the population had a high school diploma or higher, and 15.6 percent had bachelor's degrees or higher. By comparison, the national averages are 80 percent with a high school diploma and 24 percent with a bachelor's degree or higher.

During FY 2005-06, Austintown LSD operated eight school buildings, including one high school, two middle schools, and five elementary schools. The District had a total of approximately 530 full-time equivalent (FTE) employees, consisting of approximately 21 administrative FTEs, 318 certificated teaching FTEs, and 191 classified and other support staff FTEs. These employees were responsible for providing educational services to an average daily membership (ADM) of 4,793 students. Students with physical and learning disabilities comprise

14.4 percent of the student population. The regular education student-to-teacher ratio is 20.6:1. In FY 2004-05, the District met 18 of 23 academic performance indicators established by ODE and was categorized as a continuous improvement district. For FY 2005-06, the District met 23 of 25 academic performance indicators and was categorized as effective.

In FY 2004-05, the District's total general fund revenue per pupil of $7,709 was less than one percent higher than the peer average of $7,677. In addition, the District's total general fund per pupil expenditure of $7,687 was also less than one percent higher than the peer average of $7,644. The District has achieved positive ending General Fund balances in the each of the last four years, ranging from a surplus of nearly $776,000 in FY 2003-04 to approximately $2.7 million in FY 2005-06. In addition, although the District is projecting surplus balances in the general fund for FY 2006-07 and FY 2007-08, it anticipates the financial condition will gradually decline each year with an ending fund balance equaling $1.7 million by FY 2007-08. As a result of this decline and a projected increase in operating costs, the District projects cash deficits beginning in FY 2008-09 (deficit of $1.8 million) and continuing through the remainder of the forecast period. The District has not passed a new tax levy since 1996.

Objectives

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function, or activity to develop findings, recommendations and conclusions. The overall objective of the performance audit is to review any programs or areas of operation in which AOS believes that greater operational efficiency, effectiveness and accountability of services can be achieved. The following major assessments were conducted in this performance audit:

- Key financial management practices such as forecasting, management and stakeholder reporting, budgeting, purchasing, and payroll were reviewed in the financial systems section.

- District-wide staffing levels, collective bargaining agreements, and benefit costs were core areas assessed in the human resources section.

- Building capacity and utilization, and custodial and maintenance operations were examined in the facilities section.

- Key transportation information such as staffing, average cost per bus, and average cost per student were reviewed to identify potential efficiency improvements and cost savings.

- Staffing levels, planning and budgeting, policies and procedures, security, and hardware were reviewed in the technology section.

In addition to the areas noted above, the District's food service operations were reviewed at the start of the performance audit. However, the District has been able to maintain positive ending fund balances in the food service fund for the last three years, and has implemented several management practices that promote efficient operations such as taking steps to purchase a point-of-sale system, using consortiums and competitive bidding for procuring supplies, and submitting State and Federal reimbursement claims on a timely basis. As a result of these practices, it was determined that a more detailed review of the District's food service operations was not necessary.

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or efficiency improvements. The ensuing recommendations comprise options that Austintown LSD can consider in its efforts to improve operational efficiency while maintaining financial stability.

Scope and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Audit work was conducted between August 2006 and December 2006, based on data drawn from FY 2004-05 and FY 2005-06. To complete this report, the auditors gathered a significant amount of data pertaining to Austintown LSD, conducted interviews with numerous individuals associated internally and externally with the various departments, and reviewed and assessed available information. Furthermore, status meetings were held throughout the engagement to inform the District's administrators of key issues impacting audited areas, and to share proposed recommendations to improve or enhance operations. Finally, the District was provided an opportunity to submit written comments in response to the various recommendations for inclusion in the final report.

For this and similar performance audits, AOS developed a database of ten districts that was used for peer comparisons. These districts include Boardman Local School District and Lowellville Local School District (Mahoning County); Dover City School District (Tuscarawas County); Elida Local School District (Allen County); Fairland Local School District (Lawrence County); Heath City School District (Licking County); Indian Creek Local School District (Jefferson County); McDonald Local School District (Trumbull County); Tiffin City School District (Seneca County); and Wheelersburg Local School District (Scioto County). These districts were selected based upon demographic and operational data. Specifically, these ten school districts are classified as "Type 4" (urban and low median income) by the Ohio Department of Education, the same type as Austintown LSD. Additionally, these ten school districts met a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. External organizations and sources were also used to provide comparative information and benchmarks, including the Government Finance Officers Association (GFOA) and the State Employment Relations Board (SERB).

The Auditor of State and staff express their appreciation to the staff at Austintown LSD for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following are key noteworthy accomplishments that were identified during the course of the performance audit.

Financial Systems

- The District limited its discretionary spending during the last two years. This is evident in the District's total discretionary spending, which amounted to $718 per student in FY 2004-05 while the peer average was $890. Additionally, discretionary spending increased less than four percent in FY 2005-06 ($746 per student) and was still significantly lower than the FY 2004-05 peer average ($890 per student). This indicates that the District has effectively taken action to limit the expenditures that are within its direct control.

- The District works with a variety of organizations to encourage stakeholder participation and obtain alternative funding for student activities that enhance its curriculum. For example, the District has a Parent Teacher Organization, athletic boosters, and band boosters that provide additional funding for a wide range of District initiatives. In addition, the District conducts periodic advisory meetings with area business leaders to receive their input on school issues and the future direction of the District.

Transportation

- The District's transportation department completed three runs per bus in FY 2005-06. This allowed the District to transport 128 students per regular needs bus while the peer average is only 96. In addition, the District has improved the efficiency of the transportation function by using routing software to review the daily bus routes. By re-routing the parochial buses in FY 2005-06, the District was able to eliminate 10 buses and reduce annual mileage by 19 percent. As a result, the District's regular needs transportation cost per rider declined by eight percent in FY 2005-06 ($464) and was comparable to the FY 2004-05 peer average ($462).

Technology

- Austintown LSD has developed and implemented a program that uses students to assist District technicians in providing technical support. This program is beneficial because it prepares students for careers in technology while allowing the District to minimize the cost of the technical support function.

- Austintown LSD has centralized the procurement of all computer hardware and software within the Technology Department. This ensures that all technology purchases are compatible with the District's existing equipment and can be supported by the technology staff.

- The District has an effective trouble ticketing system to track, inventory, and process computer related issues identified by staff.

Key Recommendations

The performance audit contains several recommendations pertaining to Austintown LSD operations. The most significant recommendations are presented below.

Financial Systems

- The Board should update its policy to specify the process to be used in developing the financial forecast, and the involvement of other District administrators. The policy should also identify the controls necessary to ensure the accuracy of the forecast, and specify when and how the Treasurer should formally present the forecast to the Board. In determining the content of the forecast, the Board should consider requiring that the document present more detailed historical and projected information, supporting schedules, and explanatory comments to help support the significant assumptions used in deriving the projections.

- The District should consider using a more decentralized budgeting process which takes advantage of the knowledge of principals and teachers. For example, the District could allow building principals to develop and submit the first proposal for the school building budget. The Treasurer and Superintendent could then evaluate the proposal to ensure that the expenditures are in line with District goals for the upcoming year and that they are within the anticipated revenues. The District should also consider preparing a budget document containing detailed information and supporting materials that highlight the District's key policies, goals, objectives and issues for the upcoming fiscal year. This will help link the budget to the District's strategic plan. As the District develops a new strategic plan, it should include detailed goals and objectives that include benchmarks,

timeframes and performance measures that would allow the District to easily and objectively measure the attainment of its stated goals, similar to the 1994 plan. The strategic plan should also identify any related costs for accomplishing the goals.

- The District should take steps to cross-train employees in the Treasurer's Office. This would help the District avoid potential difficulties should one or more of the employees be absent for an extended period of time.

- The District should consider implementing on-line purchasing at the schools and departments. In addition, the District should consider installing an automated time and attendance system for processing payroll. The on-line purchasing and automated time and attendance systems would eliminate the duplication of effort that occurs under the current purchasing and payroll procedures. Once fully implemented, these systems also could potentially allow for a reduction in staffing levels within the Treasurer's Office.

- The District should develop a comprehensive purchasing policy that identifies when competitive bidding and requests for proposals (RFP) should be used in making purchases and/or contracting for services. In addition, the District's purchasing policy should also establish a minimum threshold for obtaining price quotes. The Treasurer's office should help devise the new threshold with the intent of subjecting more items to competitive pricing but not be overly cumbersome for operational units. Lastly, Austintown LSD should consider membership in purchasing consortiums as a method to increase its pool of products for competitive pricing, which would further help ensure the District pays the "best" price for supplies and materials. All of these policies will provide the District with greater assurance that its goods and services are being purchased at a fair price and that objective decisions are being made regarding vendor selection.

Human Resources

- In negotiating future collective bargaining agreements, the District should ensure the appropriate members are included on the negotiating team. These members should include, but not be limited to, the Superintendent, Treasurer, Board President (when necessary), an attorney and other administrators as needed to fully assess the current and future impact of the bargaining proposals. In addition, the District should ensure that these individuals receive regular training regarding negotiating techniques.

- The District should negotiate to eliminate the extra planning/duty period that secondary teachers are currently receiving. This would make the District's instructional minutes per teacher and planning minutes per week more comparable to the OAC standards and would allow the District to reduce up to 32 middle and high school teachers, depending on subject certifications. However, to accomplish this, the District would have to hire additional monitors to assume the duty period responsibilities currently being completed

by the teachers. In addition, the District would have to renegotiate the collective bargaining agreement provisions regarding the number of periods taught, the number of students per secondary teacher, and the reduction in force language. In future contract negotiations, the District should also consider negotiating a 10 percent employee contribution towards the monthly health care premiums; increasing the minimum work hour requirement for employees to receive full medical coverage; decreasing the number of vacation days and holidays that are provided to classified employees; and reducing the certificated and classified severance provisions to be more comparable to the ORC minimums.

- Austintown LSD should address its high administrative salaries by eliminating the additional pension benefit. In addition, the District should attempt to negotiate new salary schedules for classified positions. If this is not possible, the District could also bring the administrative and classified salaries in line with the peer average by granting lower COLAs in the future. However, the Board will have to negotiate lower COLAs for an extended period of time in order to achieve salaries that are consistent with the peer average. Lastly, the District should annually review employee salaries to determine the appropriateness of the salary schedules and other compensation benefits in an effort to prevent the salaries from becoming overly generous in the future.

- Austintown LSD should review clerical staffing assignments in an effort to reduce between 3.0 and 6.5 FTEs. The District could reduce approximately 0.5 FTE by purchasing an automated substitute calling system. The District should also consider hiring another central administrator and reallocating current job functions to create a more equitable workload among the administrative staff. Implementing this recommendation would also free-up existing staff members to address the recommendations identified in this performance audit.

Facilities

- The District should consider reducing the custodial and grounds keeping staffing levels by 2.0 and 5.0 FTE's, respectively. The District should also consider increasing maintenance staffing levels, initially by 2.0 FTE's. The District will be better able to determine its long term maintenance needs once the new middle school is open and it has developed a formal preventive maintenance program, capital improvement and facility master plans, and is tracking key performance measures. Once these actions have been taken, the District should be able to determine the precise number of maintenance staff to hire in the future.

- The District should develop and formally adopt a five to ten-year forecast methodology for projecting student enrollment. This methodology should consider factors in addition to historical enrollment such as live birth data, real estate transactions, historical and

projected building permit information, and other housing data. The District should then use the adopted methodology to prepare formal enrollment projections and compare them with building capacities. This would help the District address potential capacity issues and if necessary, determine possible building additions, closures, and reconfigurations. In particular, the District should review the proposed building configurations for FY 2007-08 and make adjustments to alleviate the potential overcrowding at the new Austintown Middle School, Frank Ohl Middle School and Austintown Fitch High School.

- The District should continue with its plans to purchase an automated work order system. In selecting a vendor, the District should ensure that the software has the ability to track a wide variety of information and that employees receive appropriate training. Once implemented, the District should use the new work order system to help establish a formal preventive maintenance (PM) program that addresses all routine, cyclical, and planned building maintenance functions. With the development of a formal PM program, the District should also develop a comprehensive five-year capital improvement plan that is updated on an annual basis to ensure that critical repair work or equipment replacement is completed.

Transportation

- The District should develop and approve a bus replacement plan, and update it annually. All bus and equipment replacement should be based upon economic modeling that allows for replacement at the most advantageous point in the equipment's life cycle. The plan should include the number of buses to be replaced each fiscal year, along with the age, mileage, maintenance costs, and estimated cost at the time of replacement. Based on the age of the current fleet, the District should plan on purchasing three new buses annually in order to maintain the current service level.

- The District should consider purchasing an automated fuel management system. This will improve the security of the District's fuel pumps and eliminate the need for a mechanic to be present during each fueling transaction. This will also provide the District with more accurate information for monitoring fuel usage, developing competitive bids and completing the T-forms. In addition, the District should consider storing its parts and supplies in a locked area at the bus garage in order to minimize the potential for theft during the workday.

- Austintown LSD should establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider requiring the Treasurer's office and the Transportation Supervisor to complete a thorough review of the T-reports.

Technology

- The District should consider designing the next technology plan to include the following: Board approval; a listing of specific building needs; identification of one person responsible for plan oversight; and specific strategies for researching and applying for technology grants. In addition, the District should work to identify specific funding sources and amounts that can be dedicated each year to achieving the goals and objectives identified in the technology plan. One option would be to reduce the annual allocations given to the building principals for non-building upgrades and maintain central control of these funds.

- The District should develop a formal computer replacement policy that identifies the appropriate cycle for replacing computers while balancing funding requirements for other priorities. Enforcement of a computer replacement policy would require the District to annually set funds aside for implementation. However, this investment should result in greater operational performance and the potential for an enhanced learning environment.

- The Director of Technology Information Services should create a uniform hardware and software policy which includes detailed lists of products that the District's technology staff can support. Once developed, the District should post the policy on its website so that the information is available for all employees to reference. The Director of Technology should also develop and maintain documentation to support Total Cost of Ownership calculations. When calculating these expenses, the Director should take into account various factors such as professional development, support, software replacements, upgrades, connectivity and retrofitting.

- The District should develop a comprehensive manual that discusses its practices in the areas of systems operations, systems development and maintenance standards, documentation standards, operations policies, and security access. In addition, the comprehensive manual should also include a disaster recovery plan, which subsequently will help ensure a consistent delivery of services and network security in the event of a disaster or a long term absence by the Director of Technology Information Services or other central administrators. Lastly, the District should obtain room locks for all rooms which currently house technology equipment.

- The District should develop, update and annually review the computer inventory in comparison to student enrollment on a building by building basis. The administration should then use this information to distribute future computer purchases more equitably throughout the District. Furthermore, the District should seek to achieve the industry standard of five students per computer.

Additional Recommendations

Financial Systems

- In preparing future forecasts, the Treasurer should incorporate all known factors impacting the real estate tax and state funding line-items, including the potential impact of property reappraisals and updates as well as the impact of existing legislation. In addition, when projecting employee wages and benefits, the Treasurer should consider developing a supporting spreadsheet that models the employee salary schedules for the next five years. This will allow the Treasurer to easily adjust salaries for retirements and new hires and separately project the impact of COLA and step increases. The Treasurer should also analyze the health insurance program separately from the other expenditures that comprise the fringe benefits line-item. This is important because health insurance expenditures represent nearly 55 percent of the District's total fringe benefit expenditures and are independent of salary increases.

- Austintown LSD should consider preparing and issuing its annual financial statements in the Comprehensive Annual Financial Report (CAFR) format recommended by the GFOA. This expanded report format will provide more information regarding the District's environment, past spending decisions and future commitments, as well as budgetary statements and statistical information. The District should also consider supplementing the CAFR with the Popular Annual Financial Report (PAFR) to enhance citizens' understanding of District finances. The PAFR should be prepared in-house in a fashion that provides objective information to citizens in a clear and concise manner, using narratives, charts and graphs to interpret financial data and help identify trends.

- The District should consider updating its website to include more financial information that could be useful to local citizens and other interested parties, including the CAFR and PAFR. In addition, the District should also consider holding public meetings with citizens on a quarterly basis. Improved communications will help inform the public about pertinent issues and allow the feedback necessary to effectively manage the District.

- The District should expand the use of direct deposit and consider negotiating mandatory direct deposit in future union agreements. The use of direct deposit reduces the cost of processing payroll checks, streamlines bank reconciliations and helps minimize security risks associated with lost or stolen checks.

Human Resources

- The District should establish a formal staffing plan to address current and future staffing needs. By developing a staffing plan, the District would have an objective analysis to

help ensure it is meeting State requirements, and that it has adequate staffing to serve students and efficiently operate its various departments. In conjunction with the staffing plan, the District should also develop an employee recruiting plan. This would help ensure that the District is using a uniform recruiting process, and is hiring effective and qualified applicants. Lastly, the District should begin reviewing and tracking employee turnover for all categories of employees and conducting exit interviews to help gauge satisfaction levels. Taking such measures would enable the District to effectively address concerns and problems with job satisfaction, which would help minimize employee turnover.

- Austintown LSD should consider purchasing and implementing an automated substitute calling system. This would provide the District with an efficient method for contacting substitutes, which subsequently would help reduce the clerical staffing levels to be more comparable to the peer average. The District should also consider purchasing an automated HR management system. This would enable the District to function more efficiently by providing one central location for the storage of HR information and access to designated staff from many different locations.

- The District should develop formal policies and procedures to ensure that accurate reports are prepared and reconciled prior to being submitted to ODE and EMIS. For example, the District could adopt a policy that requires someone to conduct periodic audits of EMIS and other information (T-reports for transportation) before data is reported to ODE. This person should be independent of the data gathering and reporting process and should use sampling techniques to gain some assurance that the information is materially accurate and that the adopted policies and procedures for gathering information were followed.

Facilities

- The District should develop and implement a policies and procedures manual for the custodial and maintenance staff. In developing this manual, the District should ensure that it addresses the policies and procedures recommended by the Association of School Business Officials International (ASBO), as well as any others the District feels are necessary.

- The District should develop a formal facilities master plan. In developing this plan, the District should work with a cross-section of school personnel, parents, students, and community members to ensure that all stakeholders have input concerning facility needs and future plans.

- The District should evaluate the efficiency and effectiveness of the custodial and maintenance programs by regularly tracking and reporting key performance measures, such as cost per square foot and cost per student for major object codes (staffing,

benefits, purchased services, utilities, supplies, etc.), the number of square feet cleaned and maintained per FTE, and acres maintained per FTE. Doing so would help the District establish benchmarks to measure future staff and organizational performance. Similarly, the District should conduct a survey of teachers, students, parents, administrators and board members at least annually to determine the strengths and weaknesses of the custodial and maintenance programs.

Transportation

- The District should include more detail in its transportation policies to better explain service levels. More specifically, the transportation policy should identify the mileage thresholds at which transportation services will be provided and the specific safety hazards that exist within the District. Doing so would assist in effectively planning the routes and bus stops each year, which subsequently impact the number of buses and staff that are needed. In addition, if the District encounters financial difficulties in the future, it should review the transportation policy to determine if cost savings can be achieved by adopting standards that are closer to the State minimum requirements.

- The District should adopt a Board policy that addresses reimbursement for non-routine transportation services. The policy should state that all billable trips will be fully-reimbursed through user charges based on the District's actual cost of providing the services. These costs should include the bus driver's salary and benefits and estimates of the maintenance, service, supervision, and insurance costs during the time a bus is being used to provide a non-routine service. To facilitate this, the District should fully implement the Trip Tracker software as soon as possible and provide training to the individuals who are going use it on a regular basis.

Technology

- The Director of Technology should devote more time to seeking grants, especially at the local level. Doing so could help the District obtain additional funding that can be used to purchase items that are not possible within the constraints of the current operating budget.

- The District should consider developing specific guidelines regarding acceptable technology donations and proper disposal procedures. This would help ensure the compatibility and usefulness of donated equipment while minimizing additional support costs. In addition, written guidelines would help ensure appropriate and consistent application of donation and disposal practices in the event of a long-term absence by the Director of Technology Information Services or turnover in the District's administrative positions.

- The District should consider requiring that parents and students sign the Internet acceptable use form before a student is given an e-mail account and internet access. In addition, Austintown LSD should strengthen its computer use policy to specify appropriate uses for other technology equipment such as fax machines and copiers. These guidelines should also discuss disciplinary action that could occur if an employee is caught using this type of technology for inappropriate and/or unethical purposes.

- Austintown LSD should consider purchasing an I/P telephony system. However, prior to selecting a service provider, the District should ensure there are no limitations with placing 911 calls and the consistency of service during power outages. Assuming that the District is able to locate a vendor that does not have these limitations, the long-term savings from implementing this system should more than offset the initial costs.

- The District should consider coordinating technology purchases with neighboring school districts and using competitive bidding and bulk purchasing as additional methods to achieve price discounts. Prior to making future technology purchases, the District should require that the Director of Technology Information Services maintain documentation showing that the prices negotiated with individual vendors are lower than those that can be obtained through the statewide contracts.

- The District should develop a technology training program that identifies a core technology curriculum and a minimum number of training hours an employee should receive each year. The core curriculum should be designed to cover critical aspects of an employee's responsibilities and be completed either in-house or externally. To facilitate this process, Austintown LSD should devote an appropriate percentage of the technology budget to professional development activities.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that auditors do not have the time or resources to pursue. AOS has identified the following issues:

- Based on the staffing requirements stipulated in OAC §3301-51-09, the District should have a minimum of 47.2 special education teachers to educate its special needs students. In FY 2005-06, the District employed approximately 37.9 special education teachers and 20.4 tutor/small group special education instructors, which is 11.1 more than the State minimum requirement. The District also employs 5.1 more special education employees on a per 1,000 ADM basis in comparison to the peer average. When only accounting for the special education students, the District maintains a special education student to special education teacher ratio of 11.9:1, which is lower than the peer average of 14.7:1. However, despite the higher staffing levels, the District's special education costs per special needs student ($6,679) are significantly lower than the peer average ($7,872). This is an indication that the peers may be contracting for additional services that are not being reported through EMIS. Based on the staffing comparison to the OAC minimum requirements, the District should conduct a detailed review of its special education program to determine if any reductions can be achieved without negatively impacting the quality of education.

- The District offers gifted education programs in grades 4 through 8, but not at the high school level. Additionally, in order to be identified as gifted in Austintown LSD, the student must demonstrate superior skills in both language arts and cognitive abilities, a stricter standard than required by OAC §3301.51.15, which only requires the student to meet one of several standards. As a result, only nine percent of the District's total ADM is enrolled in the gifted program while the state average is 16 percent. The District received $78,900 in state funding for the gifted education program in FY 2005-06. However, despite offering limited programming, the District spent $132,518 for the gifted program in FY 2005-06. OAC §3301.51.15 requires school districts to identify gifted students through testing and other measures. However, the legislation does not require a school district to provide gifted education programming. The District's procedures for testing students and notifying parents of the results are compliant with the OAC requirements. Once the District has taken action to stabilize its financial situation, it should review the gifted education program to determine if it is beneficial to adopt less stringent testing standards and/or expand the course offerings to include the high school.

- Austintown LSD's bus attendant staffing levels are significantly higher than the peer average. In addition, although the bus attendants are primarily used on special needs buses, the staffing levels are not linked to requirements specified in the District's Individualized Education Plans (IEP). The District should review these positions to determine if reductions can be made without impacting the overall safety of the special needs students. In the future, the District should consider documenting the need for these positions in the IEP.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of options that Austintown LSD should consider. Detailed information concerning the financial implications is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

Recommendation	Annual Cost Savings	One-time Costs	Annual Costs
R2.12 Prepare CAFR and PAFR and submit to GFOA for awards Consideration			$4,960
R2.22 Purchase automated purchasing system		$84,000	
R2.23 Expand use of direct deposit	$264		
R3.5 Eliminate administrative pension benefit	$142,000		
R3.9 Hire additional administrator			$90,000
R3.10 Reduce 3 clerical employees	$95,000		
R3.11 Purchase a substitute calling system		$900	$300
R3.12 Purchase HRIS software / system		$22,000	$2,500-$6,000
R4.1 Reduce 7.0 custodial / grounds FTEs and increase maintenance by 2.0 FTEs.	$300,000	$88,000	
R4.1 Reduce use of outsourcing by hiring qualified maintenance FTEs	$20,050		
R 4.7 Purchase electronic work order system	N/A		$1,900
R5.1 Purchase three buses per year for next five years			$195,000
R5.6 Purchase a fuel management system		$13,900	
R7.2 Yearly replacement of 306 computers.			$213,500
R7.16 Purchase an I/P Telephony System to reduce telecommunication charges	**$26,600**		
Total Recommendations Not Subject to Negotiation	**$583,914**	**$208,800**	**$508,160-$511,660**
R3.2 Increase teaching hours/ hire monitors	$1,100,000		
R3.3 Eliminate retirement bonus/reduce severance payout	$38,000		
R3.5 Reduce COLAs	$131,000		
R3.6 Require health care contributions from all employees	$143,000		
R3.7 Implement a 25 hour minimum work week for health care	$131,000		
Total Recommendations Subject to Negotiation	**$1,543,000**	**$0**	**$0**
Total Financial Implications	**$2,126,914**	**$208,800**	**$508,160-$511,660**

Source: Financial implications identified throughout this performance audit

The financial implications are presented on an individual basis. The magnitude of cost savings associated with some recommendations could be affected or offset by the implementation of others. Therefore, the actual cost savings, when compared to estimates, could vary depending on the implementation of the various recommendations.

FINANCIAL SYSTEMS

Financial Systems

Background

This section of the performance audit focuses on the financial systems within the Austintown Local School District (Austintown LSD or the District). The objective is to analyze the current financial condition of Austintown LSD and develop recommendations for improvements and efficiencies. For benchmarking purposes, Austintown LSD is compared to a peer average consisting of ten school districts classified as "Type 4" (urban and low median income) by the Ohio Department of Education, the same type as Austintown LSD. These ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Specifically, the peer average is comprised of Boardman Local School District, Dover City School District, Elida Local School District, Fairland Local School District, Heath City School District, Indian Creek Local School District, Lowellville Local School District, McDonald Local School District, Tiffin City School District, and Wheelersburg Local School District. Information from other applicable sources was also used for comparison purposes, including the Government Finance Officers Association (GFOA).

Organization Structure & Function

The Treasurer's office consists of two separate departments: accounting and payroll. The accounting department has two full-time employees and one part-time employee whose responsibilities include accounts payable, accounts receivable, data entry for purchase orders and invoices, and other similar duties. The part-time employee works three hours per day for 12 months a year. The payroll department consists of two full-time employees who process certificated, classified and administrative payroll.

The Treasurer's duties include preparing the five-year forecast and the annual budget, grants oversight, orientation of new employees, participating in contract negotiations, benefits administration, and overseeing the daily financial operations of the District. **Table 2-1** provides a staffing breakdown in the Treasurer's office.

Table 2-1: Financial Services Staffing

Department	Number of Employees	Full-time	Part-time
Accounting	3	2	1
Payroll	2	2	N/A
Treasurer	1	1	N/A
Totals	**6**	**5**	**1**

Source: Austintown LSD

Financial Status

The District has experienced fluctuations in its ending fund balance over the last three years. For example, the District's ending unencumbered General Fund balance was nearly $1.5 million in FY 2002-03, $776,000 in FY 2003-04 and $1.1 million in FY 2004-05. Furthermore, the District is projecting a deficit in the last two years of the forecast (FY 2008-09 and FY 2009-10). **Table 2-2** presents the five-year financial forecast that was submitted to the Ohio Department of Education (ODE) by the Treasurer on May 16, 2006.

Table 2-2: Austintown LSD Financial History and Forecast (in 000's)

	Actual 2002-03	Actual 2003-04	Actual 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09	Forecast 2009-10
Real Estate Property Tax	$14,419	$14,783	$14,790	$14,925	$16,025	$16,185	$16,347	$16,511
Tangible Personal Property Tax	1,574	2,897	2,745	2,630	2,074	1,409	652	100
Unrestricted Grants-in-Aid	15,362	16,650	17,917	18,760	18,534	18,723	19,300	21,281
Restricted Grants-in-Aid	347	289	164	162	124	124	124	124
Property Tax Allocation	1,992	2,019	2,049	2,050	2,244	2,246	2,248	2,251
Other Revenues	612	314	368	304	306	312	318	325
Total Operating Revenues	**$34,306**	**$36,952**	**$38,033**	**$38,831**	**$39,307**	**$39,000**	**$38,990**	**$40,592**
Salaries & Wages	$21,708	$22,254	$22,471	$23,373	$23,274	$24,423	$25,655	$26,925
Fringe Benefits	8,892	8,908	9,202	9,021	8,345	8,523	8,714	8,911
Purchased Services	3,100	4,120	4,512	4,510	4,750	5,048	5,359	5,110
Supplies, Materials & Textbooks	1,306	941	1,023	1,187	1,294	1,411	1,538	1,676
Capital Outlay	984	379	120	311	326	343	360	378
Debt Service	79	248	25	25	25	25	25	25
Other Expenditures	401	439	428	430	417	434	451	469
Total Operating Expenditures	**$36,470**	**$37,289**	**$37,781**	**$38,857**	**$38,431**	**$40,207**	**$42,102**	**$43,494**
Net Transfers/ Advances	(313)	(29)	(120)	0	0	0	0	0
Result of Operations (Net)	**($2,477)**	**($366)**	**$132**	**($26)**	**$876**	**($1,207)**	**($3,112)**	**($2,902)**
Beginning Cash Balance	$4,444	$1,967	$1,602	$1,734	$1,709	$2,583	$1,377	($1,735)
Ending Cash Balance	**$1,967**	**$1,602**	**$1,734**	**$1,709**	**$2,583**	**$1,377**	**($1,735)**	**($4,638)**
Encumbrances	156	607	307	300	300	300	300	300
Budget Reserve	293	219	302	188	188	125	50	25
Ending Fund Balance	**$1,518**	**$776**	**$1,125**	**$1,221**	**$2,095**	**$952**	**($2,085)**	**($4,963)**

Source: Austintown LSD

The projections in **Table 2-2** present the expected revenues, expenditures and fund balances in the General Fund from June 30, 2006 through June 30, 2010, with historical information presented for the fiscal years ended June 30, 2003, 2004 and 2005. One of the objectives of this audit was to assess the District's process for developing the financial forecast and to test the Treasurer's assumptions and methodologies for certain key line-items to determine the overall reliability of the forecast for decision-making purposes. The line-items that were assessed in this performance audit include real estate property taxes (see **R2.2**), unrestricted and restricted grants-in-aid (see **R2.3**), salaries and wages (see **R2.4**), and employee benefits (see **R2.5**). These line-items were selected because they accounted for nearly 85 percent of the District's revenues in FY 2004-05 and approximately 84 percent of the total expenditures.

Table 2-3 shows the District's discretionary expenditures by student in comparison to the peer average.

Table 2-3: Discretionary Expenditures

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005
Prof. and Technical Service	$268	$261	$99
Property Services	$92	$101	$140
Mileage/Meeting Expense	$2	$3	$9
Communications	$15	$13	$30
Contract, Craft or Trade Service	$1	$1	$2
Pupil Transportations	$5	$5	$14
Other Purchased Service	$18	$16	$5
General Supplies	$53	$66	$119
Textbooks/Reference Materials	$63	$31	$43
Supplies & Materials for Resale	$0	$0	$4
Food & Related Supplies/Mat	$2	$2	$1
Plant Maintenance and Repair	$26	$29	$49
Fleet Maintenance and Repair	$59	$75	$46
Other Supplies & Materials	$3	$1	$8
Land, Building & Improvements	$16	$2	$41
Equipment	$8	$32	$70
Buses/Vehicles	$0	$22	$31
Other Capital Outlay	$0	$0	$3
Dues and Fees	$76	$77	$157
Insurance	$8	$7	$16
Awards and Prizes	$0	$0	$0
Miscellaneous	$2	$3	$7
Total	**$718**	**$746**	**$890**

Note: Actuals may vary from total due to rounding
Source: District 4502 Exhibit 2 and Statement P

Table 2-3 shows that the District's total discretionary expenditures in FY 2004-05 were lower than the peer average by approximately $172, or 24 percent. **Table 2-3** also shows that the District's total discretionary expenditures increased less than four percent in FY 2005-06 and were still lower than the peer average for FY 2004-05. Explanations for the line-items where Austintown LSD's expenditures were higher than peer average include the following:

- *Professional and Technical Services-* Austintown LSD spent $169 more per student than the peer average on professional and technical services. The higher costs in this category can be attributed to contracted service costs associated with the special education program. See the **human resources** section for an additional discussion regarding the District's special education program.

- *Other Purchased Services-* The District spent $13 more per student than the peer average in this category. The higher costs are due to the District contracting with a vendor to ensure compliance with Occupational Safety and Health Administration (OSHA) requirements by training employees on workplace rules and procedures (see **facilities** section for additional discussion). In addition, the District also uses this line-item to account for its copy machine leasing costs.

- *Textbooks/Reference Materials-* The District spent $20 more per student than the peer average on textbooks and reference materials. The Treasurer attributed the higher costs in FY 2004-05 to the purchase of a new textbook series.

- *Food and Related Supplies and Materials-* The District spent $1 more than the peer average in this category. This is attributed to the District spending $6,640 on food supplies for the home economics program at Austintown Fitch High School.

- *Fleet Maintenance and Repair-* The District spent $13 more per student than the peer average on fleet maintenance and repair in FY 2004-05. The District's higher costs are due to spending on gas, oil, tires, and other supplies and materials for the bus fleet. In addition, the District's spending in this area increased by $16 per student in FY 2005-06 due to increased spending on the aforementioned items. The higher supply and maintenance costs can be attributed to the age of the District's bus fleet. For example, an assessment in the transportation section shows that 17 of the District's 42 active buses have been in service 15 years or longer. In addition, the District is maintaining more active buses (42) than the peer average (18), which can also contribute to the higher supply and maintenance costs per student. See the **transportation** section for additional discussion.

- *Equipment & Buses* – Although the District's expenditures for equipment and buses are lower than the peer average, they increased significantly in FY 2005-06. The higher costs are due to the purchase of approximately $56,000 in new equipment for the vocational program as well as equipment and improvements in District buildings. In addition, the District spent approximately $108,000 on the purchase of new buses in FY 2005-06. See the **transportation** section for further analysis.

Assessments Not Yielding Recommendations

In addition to the analyses in this report, assessments were conducted on areas within the financial systems section which did not warrant changes and did not yield recommendations. These areas include the following:

- **Management Reports:** The District monitors and analyzes the performance of its educational programs and financial performance through tools such as financial forecasts and State report cards issued by ODE that measure educational performance. The District uses this information to assess its progress in meeting prescribed goals and objectives. In addition, the Treasurer prepares budget to actual reports as well as a narrative within the audited financial statements, explaining the District's financial status in comparison to prior years.

- **Board Communication:** The Treasurer provides the Board with a variety of financial reports prior to each monthly Board meeting, including reports summarizing the District's budgetary performance and proposed purchases exceeding $5,000. The financial reports are given to the Board five days prior to the meeting to allow for timely decision making. Any significant issues are presented in writing and explained verbally. In addition to the regular financial reports, the Treasurer also provides financial projections for labor negotiations and curriculum changes, in an effort to facilitate Board decision making. Additional expenses that occur as a result of the Board's decisions in these areas are directly incorporated into the forecast. Lastly, the Treasurer's office also provides department heads with daily budget information to use in making purchasing decisions through the District's computer system. In addition to the management reports noted above, the Board has designated two members as liaisons to provide financial guidance to the Treasurer, similar to a finance committee. In addition, the District maintains a business advisory council consisting of local business owners who assist with community relations and improving the educational experiences of the students.

- **Purchasing Card System:** The District uses purchasing cards to make small purchases and has established effective controls to reduce the risk of misuse by staff members. The purchasing cards reduce the costs associated with printing paper checks and processing time as all of the transactions involving the purchasing cards only require one ACH payment instead of payments to multiple vendors. In addition, through negotiations with its banking institution, the District is able to receive percentage bonuses on purchases, which can help offset operating costs.

Noteworthy Accomplishments

The following are noteworthy accomplishments identified during the course of the performance audit of the District's financial systems:

- **Discretionary Spending:** The District limited its discretionary spending during the last two years. **Table 2-3** shows that the District's total discretionary spending amounted to $718 per student in FY 2004-05 while the peer average was $890. Additionally, the District's discretionary spending increased less than four percent in FY 2005-06 ($746 per student) and was still significantly lower than the FY 2004-05 peer average ($890 per student). This indicates that the District has taken effective action to limit expenditures that are within its direct control.

- **Stakeholder Participation/Alternative Funding:** The District works with a variety of organizations to encourage stakeholder participation and to obtain alternative funding for student activities that enhance its curriculum. For example, the District has a Parent Teacher Organization, athletic boosters and band boosters that provide additional funding for a wide range of District initiatives. In addition, the District also conducts periodic advisory meetings with area business leaders to receive their input on school issues and the future direction of the District.

Recommendations

Financial Forecast

R2.1 The Board should update its policy to specify the process to be used in developing the financial forecast, and define the involvement of other District administrators. The policy should also identify the controls necessary to ensure the accuracy of the forecast, and specify when and how the Treasurer should formally present the forecast to the Board. In determining the content of the forecast, the Board should consider requiring that the document present more detailed historical and projected information, along with supporting schedules and explanatory comments to help support the significant assumptions used in deriving the projections. In particular, the Board should consider requiring disclosures regarding the extent that State spending requirements for capital maintenance and instructional supplies have been included and whether any spending requirements are expected to be met through other funds, such as a grant or capital improvement fund. In addition, the Board should also require that the Treasurer prepare a spreadsheet that reconciles the ending unencumbered fund balances shown in the historical figures on the forecast to the 4502 financial statement of the District. By including more detailed assumptions, supporting schedules and explanatory comments along with the financial data, the District will help the Board and public better understand the underlying elements which comprise its financial condition. In addition, the improved documentation would allow a third-party reader to better understand the Treasurer's methodology and assumptions in the event of a long-term absence.

Austintown LSD has a policy regarding the five-year financial forecast that states "budget planning (five-year financial forecast) is a year-round process involving broad participation by administrators, teachers, and other District personnel." Despite this policy, in actual practice, the Treasurer is solely responsible for preparing the forecast. The Treasurer noted that the District's administrators hold weekly cabinet meetings which can have an impact on the forecast. However, the forecast projections and significant assumptions are not typically discussed at these meetings, nor is the impact on the forecast of significant management decisions. Furthermore, the forecast is usually only updated twice per year to fulfill the ODE filing requirements. The Treasurer provides the forecast and assumptions to Board members one week prior to the Board meeting. A formal presentation is given by the Treasurer at this meeting, however, there are no other Board meetings designated specifically to discuss the forecast.

The Treasurer prepares the forecast based on historical information, trend analysis and knowledge of current legislative developments, as well as the impact of the most recent property valuation. Although the Treasurer includes assumptions in the forecast

document, the notes to the forecast generally do not provide adequate disclosure concerning issues that have a significant impact on the District. For example, the notes lack any kind of disclosure concerning the following:

- Historical and projected inflation rates;
- Historical and projected enrollment;
- Historical and projected number of open enrollment students and funding levels;
- Information regarding building needs;
- Historical and projected staffing levels;
- Historical and projected cost of living adjustments and salary schedule step increases;
- Projected needs for meeting the annual instructional material and capital improvement spending requirements; and
- Explanations when projected amounts deviate from historical trends (i.e., property taxes and health insurance).

Furthermore, although the Treasurer maintains supporting schedules for the historical figures used in the forecast, the schedules are sometimes difficult to understand and do not necessarily support the key figures. Some of the inconsistencies identified during this performance audit include the following:

- **Handwritten figures:** The Treasurer's supporting schedules contain handwritten figures which are difficult to read and in some instances, there are multiple figures on the same line-item with no explanation as to how the numbers were derived. In addition, the Treasurer's worksheets do not always tie to the forecast. For example, the worksheet for FY 2003-04 lists total revenues as $36,919,466 while the current forecast lists $36,951,496 as the total revenues for that year.

- **Lack of written explanations**: The forecast assumptions and supporting schedules lack written explanations of historical trends. For example, the assumptions for real estate taxes, wages, and benefits do not include written explanations of the historical trends, despite the large fluctuations in these line-items during the last five years. This limits the reader's ability to understand and determine the reasonableness of the projections.

- **Inability to reconcile with key financial documents**: The forecast does not tie to key financial documents. For example, the actual total revenues equaled $37,839,969 according to the FY 2004-05 4502 financial report. However, the financial forecast lists the FY 2004-05 actual total revenues as $38,032,752. Similarly, the final SF-3 for FY 2005-06 indicates that state funding equaled $18,958,866 whereas the financial forecast includes $19,267,049 for state

funding. Rather than relying on documents such as the 4502 and SF-3, the Treasurer indicated that she uses her own worksheets to compile historical information as she feels that these worksheets more accurately capture the District's historical trends. However, there is no reconciliation performed between the key financial reports and the Treasurer's worksheets, which makes it difficult to determine the accuracy of historical numbers used in the forecast.

Despite not disclosing pertinent historical and projected financial information in the notes, the District's projections appear to comply with requirements established by the Ohio Revised Code (ORC). For example, ORC §3315.17 establishes additional accountability standards for school districts to maintain a minimum level of spending in relation to its state funding formula amount for textbooks, instructional materials and capital outlays. This statute establishes the minimum spending threshold at three percent of the preceding years' state funding formula amount. In FY 2004-05, the District spent approximately $1.1 million on qualifying instructional material expenditures and approximately $1.9 million on qualifying capital outlay expenditures, while the minimum requirement was only $707,632 for each (approximately $1.4 million combined). Therefore, since the District met the spending requirements in FY 2004-05 and the forecast is projecting the supplies and materials to increase nine percent annually throughout the forecast period, the projections appear to comply with the instructional materials minimum spending requirements outlined in ORC §3315.17. In addition, the Superintendent noted that the District has reached an agreement to sell the old middle school building and property for $2.6 million and that the middle school construction costs will be lower than the $26 million the District borrowed. Therefore, between the sale proceeds associated with the old middle school and the excess borrowing on the new middle school, the Superintendent feels that the District will have $5.1 million available to fund facility improvements throughout the District. This indicates that the District will have enough funds to meet the minimum spending requirement for capital outlay for the next six years. However, the District's compliance with the instructional and capital spending requirements is not disclosed in the forecast assumptions.

According to the GFOA, financial planning expands a government's awareness of options, potential problems, and opportunities. The long-term revenue, expenditure, and service implications of continuing or ending existing programs or adding new programs, services, and debt can be identified. The financial planning process also helps shape decisions and permits necessary and corrective action to be taken before problems become more severe.

R2.2 The Treasurer should review the methodology used for projecting real estate property tax collections. Because it is a significant source of revenue to the District, comprising 39 percent of total revenues, the Treasurer should incorporate all known

factors impacting this revenue source, including the potential impact of reappraisals and updates as well as the yearly increases in property values.

The real estate property tax revenue estimates include residential real estate tax, public utility property tax and manufactured home tax revenues. The District's assumptions for projecting real estate property taxes are based on the following:

- In May 2006, the citizens approved the renewal of two five-year levies (4.9 mills and 7.3 mills). These levies will generate $5.2 million over five years. For operating purposes, the District currently collects on 30.90 effective mills (57.50 voted mills).

- The Treasurer's projections show tax growth of approximately seven percent in FY 2006-07. The seven percent increase is based on the reappraisal that occurred in 2005 (which impacts FY 2005-06 and FY 2006-07).

- The real estate taxes are projected to increase one percent annually from FY 2007-08 through FY 2009-10.

The District's projections for real estate tax collections are as follows:

Table 2-4: Projected Real Estate Property Taxes (in 000s)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Real Estate Property Taxes	$14,925	$16,025	$16,185	$16,347	$16,511
Annual Change	$135	$1,100	$160	$162	$164
% Change	0.9%	7.4%	1.0%	1.0%	1.0%

Source: Austintown LSD

The following table provides an analysis of the District's historical real estate property tax collections:

Table 2-5: Historical Analysis of Real Estate Property Taxes (in 000s)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Real Estate Property Taxes	$14,707	$14,102	$14,419	$14,783	$14,790
Annual Change	N/A	($605)	$317	$364	$7
% Change	N/A	(4.1%)	2.3%	2.5%	0.1%

Source: Austintown LSD

Table 2-5 shows that the District's real estate tax collections have remained relatively flat, increasing at an average annual rate of 0.3 percent during the last six years. **Table 2-5** also shows that the District's real estate tax collections have increased every year except FY 2001-02. The Treasurer indicated that the decline was due to the FY 2000-01 real estate figure including $856,687 in bond retirement proceeds. The Treasurer stopped including proceeds from bond retirements in the real estate tax collections beginning in FY 2001-02. The increases shown in **Table 2-5** can be attributed to the triennial update that occurred in 2002 (impacts FY 2002-03 and FY 2003-04). The next update will occur in 2008. The District's last reappraisal occurred in 2005 (impacts FY 2005-06 and FY 2006-07). The next reappraisal will not occur until 2011, which will impact the FY 2011-12 and FY 2012-13 collections.

The Treasurer originally projected real estate taxes to increase one percent in FY 2005-06 and seven percent in FY 2006-07. However, during the course of the audit, the FY 2005-06 actual figures became available and real estate tax collections equaled $15,551,084 ($625,961 higher than the original projection) due to the reappraisal. Although the actual collections for FY 2005-06 were significantly higher than the projected amount, the Treasurer's original projection for FY 2006-07 still appears reasonable. For example, the Treasurer's FY 2006-07 projection for real estate taxes, tangible personal property taxes and property tax allocations equal a combined $20.3 million (combined in order to be consistent with the County's certificate of estimated resources), which is 1.3 percent less than the certificate of estimated resources provided by the County Auditor ($20.5 million). In addition, as of September 30, 2006, the District had received roughly 48 percent of the estimated real estate property tax collections for FY 2006-07 (school districts usually receive two large tax settlements during the year). The increase in real estate tax collections in FY 2006-07 can be attributed to collecting the full tax amount associated with the 2005 reappraisal.

The real estate tax collections are projected to increase one percent annually from FY 2007-08 through FY 2009-10. The FY 2007-08 projection appears reasonable given that the District experienced minimal growth during FY 2004-05, which was the last non-update/reappraisal year. By projecting one percent increases in FY 2008-09 and FY 2009-10, it does not appear that the Treasurer took the triennial update that will occur in 2008 into consideration. The last update occurred in 2002 and resulted in a 2.3 percent increase in FY 2002-03 and a 2.5 percent increase in FY 2003-04. However, although the Treasurer's projections for FY 2008-09 and FY 2009-10 are conservative based on past history, the projections appear to be materially accurate. For example, the difference between the historical trend of a 2.5 percent increase and the one percent projected by the Treasurer results in a difference of approximately $240,000 in FY 2008-09 and $325,000 in FY 2009-10, which amounts to less than one percent of the District's total projected revenues in these years, respectively.

R2.3 When developing future forecasts, the Treasurer should carefully apply her methodology and supporting assumptions in developing the projections and ensure that the stated assumption matches the forecast methodology. In addition, the Treasurer should ensure that future projections are consistent with existing legislation and that they account for all factors such as historical per pupil rate increases, and the rates of reimbursement for the tangible personal property taxes.

The District's assumptions for projecting unrestricted and restricted grants-in-aid (state funding) are as follows:

- Unrestricted grants-in-aid include the state foundation funding, parity aid, public utility reimbursement, and county board fees. The District has received approximately $200,000 each year in state public utility reimbursements. FY 2005-06 was the last year for this payment. The state funding for FY 2006-07 is projected to be flat, with a $200,000 reduction for the loss of the public utility reimbursement. The Treasurer is projecting unrestricted grants-in-aid to increase by one percent in FY 2007-08, three percent in FY 2008-09 and ten percent in FY 2009-10. The Treasurer noted that the small increases in FY 2007-08 and FY 2008-09 are due to the uncertainty surrounding the State's next biennial budget. The Treasurer also indicated that the large increase projected in FY 2009-10 is due to the tangible personal property tax reimbursements associated with House Bill 66.

- Restricted grants-in-aid include approximately $50,000 for the vocational program at the high school and $74,337 for Poverty Based Aid (formerly DPIA). This line-item is considered restricted because there are strict guidelines governing the use of these monies. The Treasurer held restricted grants-in-aid constant throughout the forecasting period because the categories that comprise this line-item (poverty based assistance and career tech) have been relatively stable over the last few years.

The District's projections for state funding are as follows:

Table 2-6: Projected State Funding Levels (in 000's)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Unrestricted Grants-in-Aid	$18,761	$18,534	$18,723	$19,300	$21,281
Restricted Grant-in-Aid	$162	$124	$124	$124	$124
Total	$18,923	$18,658	$18,847	$19,424	$21,405
Annual Change	$842	($265)	$189	$577	$1,981
% Change	4.7%	(1.4%)	1.0%	3.1%	10.2%

Source: Austintown LSD

The following table shows the District's historical state funding levels:

Table 2-7: Historical Analysis of State Funding (in 000s)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Unrestricted Grants-in-Aid	$12,843	$14,060	$15,362	$16,650	$17,917
Restricted Grant-in-Aid	$ 301	$451	$ 347	$289	$164
Total	$13,144	$14,511	$15,708	$16,939	$18,081
Annual Change	N/A	$1,367	$1,197	$1,230	$1,143
% Change	N/A	10.4%	8.3%	7.8%	6.8%

Source: Austintown LSD

Table 2-7 shows that the District has experienced large increases in state funding ranging from 10.4 percent in FY 2001-02 to 6.8 percent in FY 2004-05. In addition, state funding increased 6.6 percent in FY 2005-06, based on the actual figures.

The Treasurer's original projection for FY 2005-06 ($18.9 million) was approximately equal to the final SF-3 report ($19.0 million). However, during the course of the audit, the FY 2005-06 actual numbers became available and total state funding was approximately $19,267,049 ($299,000 higher than the SF-3 report). The Treasurer indicated that the difference is mainly due to the public utility property tax reimbursements not being included on the District's SF-3 report. In addition, the District received SF-14 money to cover the costs of educating students who are legal residents of other school districts (open enrollment).

In FY 2006-07, the Treasurer projected state funding to equal $18.7 million, which represents an assumption to hold state funding flat at the FY 2005-06 levels and then show the loss of $200,000 in public utility reimbursements. The FY 2006-07 SF-3 report indicates that the District will receive approximately 19.0 million in total state funding. The Treasurer's original assumption that state funding will be held flat except for a $200,000 loss in public utility reimbursements appears accurate as the FY 2005-06 actual state funding equaled approximately $19.3 million, with the state funding system accounting for $19.0 million and public utility reimbursements and open enrollment adjustments accounting for the remainder. However, it appears that the Treasurer's methodology was incorrect. Specifically, it appears that the Treasurer subtracted the public utility reimbursement monies from the projected SF-3 totals for FY 2006-07 despite this being funded outside of the SF-3 program. Therefore, the FY 2006-07 projection will be adjusted to reflect the amount shown on the SF-3 report ($19.0 million). The Treasurer's assumption that the utility reimbursement will be eliminated in FY 2006-07 appears reasonable because districts are now required to meet certain specific inflationary and SF-3 growth thresholds in order to continue receiving this funding.

Until the signing of H.B. 66 on June 30, 2005, ORC §5711.22 slowly phased out the tangible personal property tax by reducing the assessed property valuation rates by one percent in tax years 2002 through 2004. The phase-out then increased to two percent annually beginning in tax year 2005 and was scheduled to continue at that rate until the tax was eliminated. However, H.B. 66 accelerates the phase-out period. Under the new legislation, the tangible personal property tax on general business and railroad property will be eliminated by TY 2009, and the tax on telephone and telecommunication property will be eliminated by TY 2011. At the same time, the legislation replaces the revenue lost due to the accelerated phase out of the tax (portion attributed to H.B. 66).

Although the notes to the forecast state that the tangible personal property tax reimbursements are included in the property tax allocation line-item, the Treasurer indicated that the increase in state funding for FY 2009-10 is due to the tangible personal property tax reimbursements associated with House Bill 66 (H.B. 66). The following table shows the District's projections for property tax allocations:

Table 2-8: Projected Property Tax Allocation (in 000's)

	FY 2007	FY 2008	FY 2009	FY 2010
Property Tax Allocation	$2,244	$2,246	$2,248	$2,251
Annual Change	$194	$2	$2	$2
% Change	9.46%	0.10%	0.10%	0.10%

Source: Austintown LSD

Table 2-8 shows that the District's property tax allocation line-item is projected to experience minimal growth during the forecast period, which indicates that the tangible personal property tax reimbursements are not included in this line-item.

The Treasurer projected the tangible personal property tax phase-outs and the subsequent reimbursements based on information provided by the Ohio Department of Taxation (ODT). In addition, the declining figures shown in the tangible personal property tax line come directly from formulas provided by ODT. Based on the amount of the reimbursements determined by ODT, it does not appear that the Treasurer has included the tangible personal property tax reimbursements in the state funding or property tax allocation line-items. For example, in FY 2007-08, the District should receive $946,570 to account for the tangible personal property tax reimbursement, yet the state funding and property tax allocation line-items are only projected to increase by $189,000 and $2,244 respectively. Therefore, the FY 2006-07 through FY 2009-10 state funding projections will be adjusted to include the tangible personal property tax reimbursements. In addition, the portion of state funding that occurs through the State Foundation system will be projected to increase 2.2 percent annually based on the increase in the per pupil funding amount adopted by the state legislature during FY 2004-05 and FY 2005-06. Although this rate of increase is low in comparison to the District's historical increases, there is some uncertainty regarding funding levels in the State's next biennium budget that necessitate a more conservative approach.

The following table shows the net impact of these adjustments to the forecast:

Table 2-9: Impact of Forecast Adjustments (in 000's)

	FY 2007	FY 2008	FY 2009	FY 2010
Austintown LSD Projections	$18,658	$18,847	$19,424	$21,405
AOS Revised Projection	19,747	20,668	21,596	22,544
AOS % Change	5.83%	9.66%	11.18%	5.32%
Net Impact on Forecast	**$1,088**	**$1,821**	**$2,172**	**$1,139**

Source: AOS spreadsheet analysis

During the course of this audit, the Treasurer submitted a new forecast in order to comply with ODE's filing requirements. The Treasurer has indicated that the tangible personal property tax reimbursements are captured correctly in the new forecast under the property tax allocation line-item. However, the new forecast was not analyzed by AOS and this information was not verified.

R2.4 Since employee salaries and wages represent nearly 60 percent of the District's total expenditures, the Treasurer should consider developing a supporting spreadsheet that allows her to plot out each employee based on the salary schedule for the next five years. This will allow the Treasurer to easily adjust salaries for retirements and

new hires and separately project the impacts of COLA and step increases. In addition, implementing R2.1 and discussing the forecast with the Superintendent and other administrators will allow the Treasurer to make more informed decisions about staffing levels and COLAs.

The District's assumptions for projecting salaries and wages are based on the following:

- The FY 2006-07 projections are based on the actual salaries for all employees in addition to the total savings achieved by the retire/rehire incentive program. The retire/rehire program allows an employee who is eligible to retire under STRS rules/regulations and desires to be rehired by the Austintown LSD the opportunity to retire and then be rehired for the following school year. The rehired employees are placed at step 5 in the appropriate salary column, but do not advance beyond step 5. In addition, the rehired employees are not eligible for any District health benefits, rebates or insurances. The employees are guaranteed a series of two limited, one-year contracts in the same position which they held when they resigned.

- The classified and certificated salaries are projected to increase five percent annually. The Treasurer did not assign separate rates to represent cost of living adjustments (COLAs) and contractual step increases. The classified and certificated employees each received 2.5 percent COLAs in FY 2006-07 in accordance with the current collective bargaining agreements, both of which are due to expire at the end of FY 2006-07. The Treasurer's notes indicate the District was able to use savings from the retire/rehire program (approximately $362,120) to fund the raises.

The District's projections for employee wages and COLA's are as follows:

Table 2-10: Analysis of Projected Personal Services (in 000's)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	$23,373	$23,274	$24,423	$25,655	$26,925
Annual Change	$902	($99)	$1,149	$1,232	$1,270
% Change	4.0%	(0.4%)	4.9%	5.0%	5.0%
Certificated COLA	2.0%	2.5%	N/A	N/A	N/A
Non-certificated COLA	2.0%	2.5%	N/A	N/A	N/A

Source: Austintown LSD

The following table shows the District's historical expenditures for employee wages and the COLA's granted during these years:

Table 2-11: Historical Analysis of Personal Services (in 000s)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	$20,045	$20,476	$21,708	$22,254	$22,471
Annual Change	N/A	$431	$1,232	$546	$217
% Change	N/A	2.2%	6.0%	2.5%	1.0%
Certificated COLA	3.0%	3.0%	3.5%	3.50%	0.0%
Non-certificated COLA	3.0%	3.0%	4.0%	4.0%	0.0%

Source: Austintown LSD

Table 2-11 shows that the District's personal service expenditures have fluctuated significantly during the last six years, with increases ranging from one percent in FY 2004-05 to six percent in FY 2002-03. The large fluctuations are due to a combination of the COLAs negotiated during these years and the staffing levels. For example, the low rate of increase in FY 2004-05 resulted from the classified and certificated employees accepting a pay freeze.

The Treasurer originally projected employee salaries to increase by four percent in FY 2005-06. However, during the course of the audit, the FY 2005-06 actual wage expenditures became available and employee salaries were approximately $23,088,234 ($284,965 less than the original projection). The Treasurer projected the FY 2006-07 salaries by plotting out the actual salaries for all employees and then adjusting for retirements, resignations and the savings generated through the retire/rehire incentive program. The year-to-date wage expenditures as of October 31, 2006 equal $7,717,145, or 33 percent of the Treasurer's projection for FY 2006-07 ($23,274,395). As a result, the year-to-date expenditures are in line with the projections for FY 2006-07. Therefore, the projection for FY 2006-07 looks reasonable.

The Treasurer projected personal services to increase approximately five percent annually from FY 2007-08 through FY 2009-10 without analyzing the COLAs separately from the step increases. Although not stated in the notes to the forecast, the Treasurer verbally indicated that step increases represent two to three percent of the total projected five percent increase while the COLAs represent the remaining two to three percent. To determine the reasonableness of the Treasurer's assumption concerning step increases, AOS developed a spreadsheet that allocated a sample of the District's teaching staff (20 staff members) to their applicable step on the FY 2005-06 salary schedule. For each year after FY 2005-06, the spreadsheet was adjusted in order to advance all the teaching staff by one step. The total salaries of each year were then compared in order to determine an

estimate of the annual cost of step increases. **Table 2-12** shows the annual percentage change that occurred in the AOS analysis.

Table 2-12: AOS Analysis of Negotiated Agreement Salary Increases

	FY 2007	FY2008	FY 2009	FY 2010	Average Change FY 2006-FY 2010
Percentage Change	2.47%	1.71%	1.33%	1.33%	1.71%

Source: AOS spreadsheet analysis and Austintown LSD negotiated agreements

Table 2-12 shows that the average annual change from certificated step increases in the AOS analysis was 1.7 percent. AOS attempted to conduct a similar assessment for the classified staff. However, there is a discrepancy between the classified salaries listed on the District's EMIS reports and the salary schedules listed in the classified negotiated agreement which made this assessment difficult to complete.

The Treasurer's assumption of two to three percent COLA increases from FY 2007-08 through FY 2009-10 appears reasonable. A review of the COLAs granted to the bargaining units during the last six years shows that the certificated staff have received an average COLA of 2.5 percent while the classified staff has received an average of 2.7 percent.

Based on the analysis of certificated staff step increases and historical COLAs, the Treasurer's assumption for a five percent overall increase appears to be slightly overstated. However, the difference is likely to be immaterial. For example, if the employees receive 2.5 percent COLAs annually and step increases average 1.7 percent for all employees, the total increase, assuming no changes in staffing levels, will be 4.2 percent annually. When the salaries are projected to increase 4.2 percent annually, the potential overstatement amounts to $377,000 by FY 2009-10, which is less than one percent of the District's total projected expenditures. Although the projections appear to be materially reliable, the Treasurer could improve the accuracy of the projections by separately projecting the impact of COLAs and step increases.

R2.5 When developing future forecasts, the Treasurer should analyze the health insurance program separately from other expenditures that comprise the fringe benefits line-item. This is due to the fact that health insurance costs represent nearly 55 percent of the District's total fringe benefit expenditures and are independent of salary increases.

The District's fringe benefits consist of Board paid contributions to employee retirement systems, medical, dental, vision and life insurance premiums, Medicare, and workers'

compensation. The Treasurer noted that these benefits were calculated based on the following:

- Employee retirement systems (SERS and STRS) are projected at 14 percent of salaries;
- Medicare is projected at 1.45 percent of salaries;
- Workers' compensation is projected at one percent of salaries.

The District's projections for employee benefits are as follows:

Table 2-13: Projected Benefits (in 000s)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Retirement/Insurance Benefits	$9,021	$8,345	$8,523	$8,714	$8,911
Annual Change	(181)	(676)	178	191	197
% Change	(2.0%)	(7.5%)	2.1%	2.2%	2.3%

Source: Austintown LSD

The following table shows the District's historical expenditures for employee benefits:

Table 2-14: Analysis of Historical Benefits (in 000s)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Retirement/Insurance Benefits	$6,487	$7,474	$8,892	$8,908	$9,202
Annual Change	N/A	987	1,418	16	294
% Change	N/A	15.2%	19.0%	0.2%	3.3%

Source: Austintown LSD

Table 2-14 shows that the District's historical fringe benefit expenditures have increased by an average annual rate of 9.4 percent since FY 2000-01. **Table 2-14** also shows that the rate of increase has dramatically declined since the high of 19 percent in FY 2002-03. The Treasurer attributed the decline to multiple factors including the following:

- Effective July 1, 2006, the District became a member of the Stark County Insurance Consortium for health care purposes. The District estimates the annual savings from the change to be $800,000.

- Effective September 1, 2005, the District terminated its traditional health care plan and began requiring all employees to enroll in the PPO plan. This resulted in a significant savings in the cost of health care premiums (impacted FY 2005-06).

- At the end of the FY 2004-05, a total of 14 employees took advantage of the District's retire/rehire incentive program that resulted in additional savings to the District. The savings are the result of those employees no longer receiving health insurance benefits. In addition, the employees are placed on step 5 of the District's current certificated salary schedule. The District also had five employees retire through the normal retirement program at the end of FY 2004-05, which resulted in additional savings.

- The cost of workers' compensation insurance decreased from a high of $281,954 in FY 2002-03 to $169,655 in FY 2005-06 (see the **human resources** section for further details).

- The certificated and classified employees agreed to a wage freeze in FY 2004-05, which significantly impacted the cost of retirement, Medicare and workers' compensation.

The Treasurer originally projected fringe benefits to decrease by two percent in FY 2005-06. However, during the course of the audit, the FY 2005-06 actual fringe benefit expenditures became available and the fringe benefit costs equaled $8,307,761 ($713,576 less than the original projection). The Treasurer attributed the large decline to the savings associated with the District's retire/rehire plan and eliminating the traditional health care plan.

In FY 2006-07, the Treasurer originally projected the District's benefit costs to decline 7.5 percent due to the estimated savings associated with membership in the Stark County Consortium. However, it appears that the projection for FY 2006-07 is understated. For example, the year-to-date benefit expenditures as of October 31, 2006 amount to $3,085,260, or approximately 37 percent of the projected amount for FY 2006-07. Assuming the District continues this trend through the remainder of the year, the actual benefit costs will equal approximately $9.2 million, which would exceed the Treasurer's projection by 11 percent. The Treasurer indicated that the July, August, and September benefit expenditures are inflated due to the District having to pay run-off claims to their old insurance provider. As a result, the Treasurer indicated that the benefit expenditures in October of approximately $720,000 are a more accurate representation of the District's future benefit costs. If the remaining eight months are projected based on the October benefit expenditures, the District would be on pace to spend an additional $5,760,000 on employee benefits, for a total cost of approximately $8.8 million.

Although the District will probably realize some savings in FY 2006-07 as a result of switching to the Stark County Consortium, the District could not provide sufficient documentation to support a specific savings estimate. For instance, the Treasurer originally anticipated savings of $800,000 in FY 2006-07; however, due to unanticipated

increases in workers' compensation, retirement and prior health care run-off costs, total savings of only $400,000 are anticipated. In consideration of all these factors and in an effort to be conservative, the projection for FY 2006-07 will be revised to equal approximately $8.8 million, which does not include any savings from switching health care consortiums beyond what was experienced in October, 2006 and projected for the remaining eight months.

In projecting employee fringe benefits from FY 2007-08 through FY 2009-10, the notes to the forecast indicate that the Treasurer separately projected each of the components (health care, retirement, workers' compensation, etc.) that comprise fringe benefits based on the appropriate percentages. However, in actual practice, the Treasurer projected employee benefits by applying a flat annual growth rate of two percent. By using one rate to forecast all fringe benefits, the Treasurer's projections are significantly understated. For instance, in FY 2007-08, the District's salaries are projected to increase by approximately $1,149,000. As a result, benefits would have to increase by approximately $189,000 just to account for employee retirement (14 percent), Medicare (1.45 percent) and workers compensation (1 percent). However, the Treasurer is projecting fringe benefits to increase by a total of only $178,000. A similar scenario also occurs in FY 2008-09 and FY 2009-10. In addition, the small projected increases in benefits also imply that the Treasurer is projecting health care costs to stay constant at the FY 2005-06 level. Although the District's total benefit costs have increased at lower rates in recent years, it will be difficult to achieve no growth in health care costs during the next five years, assuming current staffing levels. For example, according to the article *Facts on Health Care Costs* (National Coalition on Health Care, 2006), premiums for employer-based health insurance rose 9.2 percent in 2005, which was the fifth consecutive year of an increase greater than nine percent. In addition, according to the *Research and Training Section's 14th Annual Report on the Cost of Health Insurance in Ohio's Public Sector* [(State Employment Relations Board, 2005)] the annual health care costs in the public sector in Ohio have increased by 9.1 percent since 1990. Therefore, the benefit projections for FY 2007-08 through FY 2009-10 will be adjusted to include a nine percent annual increase for health care based on the SERB report along with the appropriate payroll tax percentages for retirement, workers' compensation, and Medicare costs. **Table 2-15** shows the impact these revisions will have on the District's forecast.

Table 2-15: Impact of Benefit Adjustments (in 000's)

	FY 2007	FY 2008	FY 2009	FY 2010
Austintown LSD Projections	$8,345	$8,523	$8,714	$8,911
AOS Revised Projection	8,841	9,486	10,187	10,939
AOS % Change	5.94%	11.30%	16.90%	22.75%
Net Impact on Forecast	**($496)**	**($963)**	**($1,472)**	**($2,027)**

Source: AOS spreadsheet analysis

During the course of this audit, the Treasurer submitted an updated forecast to comply with ODE's filing requirements. The Treasurer has indicated that the new forecast appropriately accounts for increases in health care costs. However, the new forecast was not analyzed by AOS and this information was not verified.

R2.6 The District should prepare an updated forecast that incorporates the practices noted in R2.1, R2.2, R2.3 and R2.4. In addition, the District should evaluate the recommendations in this performance audit to determine the impact of the related cost savings on its financial condition. By adjusting the forecast to reflect R2.1, R2.2, R2.3 and R2.4 and incorporating the savings from the performance audit recommendations, it is likely the District could eliminate the deficits projected in FY 2008-09 and FY 2009-10.

The District's financial forecast projects operating deficits of approximately $2.1 million in FY 2008-09 and $5.0 million in FY 2009-10. However, **R2.2** shows that the forecast understated the state funding revenues associated with the tangible tax reimbursement program while **R2.4** shows that the District understated the cost of the employee health insurance program. In addition, the District's actual ending fund balance in FY 2005-06 was approximately $2.7 million, which is significantly higher than the projected balance of $1.2 million shown in **Table 2-2**. Furthermore, this performance audit identifies several recommendations which if implemented, could have a significant impact on the District's operating costs. For example, **R3.10** suggests reducing three clerical employees; **R4.1** suggests a net reduction of five custodial/groundskeeper employees; **R3.6** suggests negotiating a 10 percent employee contribution towards health care costs for all employees; and **R3.7** suggests negotiating to increase the minimum hour threshold to participate in the health insurance program to 25 hours. If the District revised the forecast to incorporate the revised ending fund balance for FY 2005-06 and the impacts of the recommendations noted above, it would be able to eliminate the deficits projected for FY 2008-09 and FY 2009-10.

It should be noted that the recommendations cited above account for only 31 percent of the total financial implications identified in this performance audit. Therefore, the District is encouraged to review all of the recommendations in this performance audit and develop a revised financial forecast to model the impact of implementing the various recommendations.

Budgeting Practices

R2.7 Austintown LSD should prepare a budget document containing detailed information and supporting materials that highlight the District's key policies, as along with its goals, objectives and key issues for the upcoming fiscal year. This will help link the budget to the District's strategic plan (see R2.9). The document should be made

available to the public and should provide budget estimates and historical comparisons at both summary and line-item levels of detail. Financial trends and factors affecting the budget should be explained, including the District's long-range outlook, expected tax collections and state funding levels, anticipated need for future borrowing, and significant use of, and changes in, fund balances. In addition, the budget document should include key performance measures and a guide to operations illustrating staffing levels and organizational information. Charts and graphs should be used to increase the document's readability. Furthermore, the budget document should include a concise summary and explain the District's budgetary basis of accounting. Effective budgeting should communicate how and why decisions were made, while showing that the District is using its resources in the most efficient manner possible.

The District attempts to receive community input regarding the annual budget through a variety of means. For example, all Board meetings are advertised on the local community channel and are televised to reach as many citizens as possible. In addition, the District conducted a state of the schools address for the first time in January 2006, where parents were asked hypothetical questions involving levies, curriculum, etc. The written responses from the parents were logged and given to the Board members. The Treasurer indicated that the responses may influence future budgetary decisions.

Although the District assesses community needs and challenges when creating the financial budget, it does not link the budget to the goals and objectives in the strategic plan. The Treasurer indicated that the budget is based mainly on historical costs rather than performance or achievement of specified goals and objectives within the strategic plan. Furthermore, the District does not prepare, publish or circulate a formal budget document. The only document that is prepared is the appropriations resolution, which quantifies the District's expenditures and provides the Board with brief explanations regarding significant line-item changes. However, it does not communicate the District's demographic information, staffing levels, and significant financial policies, or link planned expenditures to the accomplishment of District goals or objectives. This inhibits the District from achieving its stated goals and objectives, and limits the ability of the local community to understand the District's financial situation and evaluate the effective utilization of taxpayer dollars.

GFOA recommends that governments develop budgets that are consistent with approaches to achieve goals, and that they include the following items:

- **Description of key policies, plans and goals**. The identification of key programmatic and financial policies, plans, and goals assists stakeholders in determining the appropriateness of a district's direction and allows them to

develop their own opinions as to whether programs and decisions conform to, or are likely to achieve, those policies, plans, and goals.

- **Identification of key issues**. The identification of key issues focuses attention on critical areas, improves the likelihood that an appropriate level of deliberation will occur regarding decisions, provides accountability to stakeholders, and promotes trust.

- **A financial overview of the short and long-term financial plan**. Stakeholders need to have the financial plan of the district clearly identified in order to make the best budgetary decisions. A financial overview typically consists of financial statements and accompanying narrative, charts and graphs. The overview should clearly describe the current and projected financial position, fund balances, financial activities and expectations for the budget period, and the expected implications for future periods.

- **A guide to operations**. This information provides a context for the allocation of resources in the budget, which helps to enable reasoned decision making about the use of resources. It also provides readers with a guide to the government's programs and the organizational structure in place to provide those programs and services.

- **Explanation of the budgetary basis of accounting**. Explaining the differences between the budgetary basis of accounting and the basis used in preparing the annual financial report helps stakeholders understand and interpret the numbers presented in each document, and helps to prevent errors during preparation or interpretation of the budget.

- **A budget summary**. A concise summary of the key issues, choices, and financial trends is needed to inform and direct the reader to the appropriate location for additional information, because most stakeholders do not want to take the time to read and understand all of the details in a budget.

GFOA also indicates that performance measures, including efficiency and effectiveness measures, should be presented in the operating budget document, and should be available to stakeholders. Performance measures should be reported using actual data, where possible. At least some of these measures should document progress toward achievement of previously developed goals and objectives (see **R2.9**).

R2.8 Austintown LSD should consider using a more decentralized budgeting process which takes advantage of the knowledge of principals, teachers, and other staff. For example, the District could allow building principals to develop and submit the first

proposal for the school building budget. The Treasurer and Superintendent could then evaluate the proposal to ensure that the expenditures are in line with the District's goals for the upcoming year and that they are within the anticipated revenues. The Treasurer and Superintendent could then work with the respective building principal when making necessary adjustments. This process would ensure that the budget incorporates each principal's knowledge of school building operations and needs. At the same time, the District should hold principals accountable for their budgetary performance by making this one of the criteria used in annual evaluations. Implementing this recommendation may require the District to start the budget development process earlier in the year.

The Treasurer typically begins the budget process shortly after the temporary appropriations are approved by the Board in June and completes the budget in time for the September Board meeting. This allows for final approval by the end of September in compliance with ORC §5705.38 which states in part that "…a board of education shall pass its annual appropriation measure by the first day of October." There are no Board or staff (principals, teachers, all other staff) meetings geared specifically toward the budget. The Treasurer prepares the budget proposal along with a written explanation and electronically delivers the information to Board members several weeks in advance of the Board meeting. This allows the Board time to review the information and prepare any questions they may have for the Treasurer at the next Board meeting.

The District's internal process for developing the budget is highly centralized. The District used to operate under a site based management system where building administrators submitted written proposals to the Treasurer requesting the funds they desired. The Treasurer stated that this was time-consuming and inefficient as the administrators did not understand the entire budget process and their requests were not realistic. Currently, the budget is formulated from the top down, reflecting the priorities of the District's central administrators. Input from building administrators and staff is limited, and while they may have some control in managing their allocations, they have minimal influence over the amount initially allocated. For example, under the District's current process, the building principals receive an annual budget allocation based on a per pupil amount determined by the Treasurer and Director of Instruction.

Building principals are able to view budgetary reports on-line. The reports are updated daily, allowing the principals to make accurate spending decisions. The Treasurer indicated that the principals rarely overspend their allocated amounts, and if they do, she is able to cover this through transfers. Under the current process, building administrators are not evaluated on the basis of budgetary performance.

The GFOA indicates that school districts should provide opportunities in the budget process for obtaining stakeholder input. This helps ensure that stakeholder priorities are identified and enhances support for the approved budget.

R2.9 In preparing the new strategic plan, the District should continue to develop detailed goals and objectives that include benchmarks, timeframes and performance measures that allow it to easily and objectively measure attainment of its stated goals, similar to the 1994 plan. However, the strategic plan should also identify any related costs for accomplishing the goals. In addition, the District should link the strategic plan to the budget and five-year forecast. This approach shifts the focus of budgetary decisions from inputs (salaries and cost of purchased goods and services) to outputs, and ultimately to the accomplishment of the goals and objectives stated in the District's strategic plan.

The District currently operates under an outdated strategic plan which was adopted by the Board of Education in December of 1994. The strategic plan contains the District's mission statement, "Building upon a tradition of excellence with a vision for the future, is a commitment to guarantee all students a state of the art, global education which stimulates critical thinking, curiosity of the unknown, and lifelong learning through a progressive curriculum, integrated technology, a dedicated and dynamic staff and outstanding community support."

A prior Superintendent, along with a planning team, developed the plan goals, strategies and action plans for accomplishing the District's mission. The goals and objectives listed in the strategic plan include detailed timeframes and benchmarks that were used to measure the District's progress towards achieving the mission. For example, the goals and objectives listed in the District's strategic plan include the following:

- To increase Iowa Test scores by one percent each year for the next five years;
- To improve A.C.T. scores by surpassing national norms within three years and state norms within five years; and
- To increase our passing percentages in the State Proficiency Tests by a minimum of five percent each year for the next five years on the first attempt by freshman.

The strategic plan also identifies several strategies to help the District achieve its stated goals. These strategies including the following:

- Expand and implement a comprehensive staff development program;
- Develop and execute a plan that will increase guidance counseling services to all students;
- Construct and implement a planned, innovative sequential curriculum designed for all college and non-college bound students;

- Expand and strengthen a community relations and communication program;
- Expand and execute a learning program to promote greater success in standardized testing;
- Establish and integrate a district-wide state of the art technology program cultivating a relationship between business and industry; and
- Develop and implement a stronger, more active plan to utilize the skills and access the potential of all volunteers in our community with a focus on senior citizens.

The Treasurer indicated the District used to hold annual meetings to discuss progress in achieving the goals and objectives laid out in the strategic plan. However, these meetings have recently ceased as the District has had to deal with financial difficulties and the construction of a new building. The Treasurer also stated that the District's goal of improving test scores influences the budget. For example, certain revenue sources are specifically earmarked for textbooks and teaching supplies. In addition, funds are budgeted for intervention by tutors to assist struggling students. Although the Treasurer indicated this, there are no accompanying notes or discussions in the budget narrative or forecast assumptions provided to the Board which show that the strategic plan is tied to the District's budget or five-year forecast. In addition, while the strategic plan lists action plans and timeframes, it does not include financial implications and is outdated, which limits the District's ability to determine the cost effectiveness of certain goals.

The District is currently in the process of developing a new strategic plan with the assistance of the Ohio School Boards Association. The new plan is expected to be completed and presented to the Board during the 2007-08 school year.

According to the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), districts should have a multi-year strategic plan with annual goals and measurable objectives based on identified needs, projected enrollment, and revenues. OPPAGA states that during the development of the strategic plan, the board should identify and formally adopt a limited number of district priorities to guide the district's strategies and major financial and program decisions. The board should also instruct district staff on how these priorities should be considered in making program and budgetary decisions. The strategic plan should clearly delineate the following:

- The district's goals, and objectives and strategies for achieving them;
- The priorities the board assigns to its goals, objectives, and strategies;
- The performance measures and standards used to gauge progress in meeting goals; and
- The entities responsible for implementing the strategies in the plan and the time frames for implementation;

OPPAGA further indicates that districts should develop an annual budget that is tied to the strategic plan. Also, according to GFOA, governmental entities should use some form of strategic planning to provide long-term perspectives for service delivery and budgeting. GFOA recommends that entities monitor progress towards planned goals at regular intervals. Organizations should develop systematic review processes to evaluate the extent to which strategic goals have been met. In the strategic planning process, GFOA recommends the development of measurable objectives and inclusion of performance measures. Objectives should be expressed as quantities or at least as verifiable statements, and should ideally include timeframes. Performance measures provide information on whether goals and objectives are being met, and provide an important link between the goals in the strategic plan and activities funded in the budget. GFOA divides performance measures into the following four basic types:

- **Input measures**: Input indicators measure the volume of resources, both monetary and non-monetary, that are used in delivering a program or service.
- **Output measures**: Output indicators report the quantity or volume of products and services provided by the program.
- **Effectiveness/Outcome Measures**: Effectiveness indicators measure the results, accomplishments, or quality of the item or service provided.
- **Efficiency measures**: Efficiency indicators quantify the relationship between input and output, and can be expressed as productivity ratios or as unit cost ratios.

Another term often expressed in reference to performance measurement is benchmarking, which refers to the process of seeking best practices and attempting to emulate them.

Revenues and Expenditures

R2.10 Austintown LSD should closely examine the spending patterns indicated in Table 2-16 and Table 2-17 and the cost reductions recommended in the human resources, facilities and transportation sections of this report. The District should consider reallocating the monies it is currently receiving toward those programs and priorities which have the greatest impact on improving the students' education and proficiency test results. Furthermore, the District should analyze the spending patterns and recommendations to aid in efforts to maintain financial stability.

Table 2-16 compares Austintown LSD's FY 2004-05 and FY 2005-06 General Fund revenues by source and expenditures by object to the peer average (FY 2004-05). The data is presented on a per student basis to account for differences in student population size.

Table 2-16: Revenues by Source, Expenditures by Object

	Austintown FY 2005	Austintown FY 2006	Peer Average (FY 2005)
Property & Income Tax	3,553	3,665	3,219
Intergovernmental Revenues	4,080	4,244	3,777
Other Revenues	76	62	681
Total Revenue	**$7,709**	**$7,971**	**7,677**
Wages	4,558	4,625	4,268
Fringe Benefits	1,869	1,667	1,569
Purchased Service	917	1,008	941
Supplies & Textbooks	206	203	265
Capital Outlays	24	56	145
Debt Service	0	0	8
Miscellaneous	87	87	181
Other Financing Uses	26	17	235
Total Expenditures	**$7,687**	**$7,664**	**7,612**

Source: FY 2004-05 and FY 2005-06 District 4502.

Table 2-16 shows that Austintown LSD's total receipts were slightly higher than the peer average due to the District's property tax receipts and intergovernmental revenues. The District's higher property tax receipts are due to higher tax levy amounts in comparison to the peers. For example, Austintown has 57.5 voted mills (30.9 effective) whereas the peer average is 45.0 voted mills (27.1 effective). Additionally, the Superintendent indicated that the higher intergovernmental revenues are due to the large percentage of special education students enrolled in the District, and the additional funding associated with these students. This explanation appears reasonable as Austintown LSD's special education students comprise 14.4 percent of the total student population whereas the peer average is 11 percent. Although total revenues for the District were in line with the peer average, the District's other revenues are significantly lower. This can be primarily attributed to the District collecting less tuition revenue through open enrollment than the peer average. However, the lack of Board involvement in the investment process, the lack of student fees, and the lack of a grant management process also contribute to the lower other revenues. (See **R2.11)**

Table 2-16 also shows that in total, the District spent $75 more per student when compared to the peer average in FY 2004-05. Explanations for expenditure categories that are higher than the peer average include the following:

- **Wages** - The District spent $290, or 6.8 percent, more per student on wages in comparison to the peer average. The higher wages are due to the District's compensation package rather than the staffing levels. For example, a compensation analysis in the **human resources** section shows that the average reported salary in the District is $41,980 whereas the peer average is only $36,912 (see **R3.5**). In contrast, the staffing analysis in the **human resources** section indicates that the District employs 110.55 FTE's per 1,000 students whereas the peer average is 113.40.

- **Benefits** - The District's benefit expenditures exceed the peer average by $300 per student, or 19.1 percent. This can be attributed to higher wages in the District (see **R3.5**), requiring lower employee contributions for health care (see **R3.6**), providing full health benefits to all employees working twenty hours per week (see **R3.7**), and providing an expensive pension benefit to the administrative staff (see **R3.5**). However, the District's benefit expenditures declined by $202 per student in FY 2005-06. This was due to the District no longer offering a traditional health care plan and requiring all employees to join the PPO health plan. As a result, the District's monthly premiums declined by approximately $181 for the family plan and $74 for the single plan. See the **human resources** section for an additional discussion regarding the District's health insurance plans.

- **Capital Outlay-** Although capital outlay was lower than the peer average, spending in this category increased by $32 per student in FY 2005-06. This can be attributed to the purchase of a new bus and higher spending for building maintenance (approximately $40,000). Although the District's expenditures for building maintenance increased in FY 2005-06, the **facilities** section shows that the total spending for building maintenance is significantly lower than the peer average. The lower spending for capital outlay in comparison to the peers is indicative of the District not making capital planning a priority. In addition, the District does not have a facilities master plan or capital improvement plan. See the **facilities** section for further analysis.

Table 2-17 shows the amount and percent of expenditures posted to the various Uniform School Accounting System (USAS) function codes for Austintown LSD and the peers. Function codes report expenditures by their nature or purpose. The following table shows operational expenditures per pupil and the percentage of operation expenditures by function for all funds that are classified as governmental fund types.

Table 2-17: Governmental Expenditures by Function in 000's

USAS Function Classification	FY 2005 Austintown		FY 2006 Austintown		Type 4 Average	
	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp	$ Per Pupil	% of Exp
Instructional Expenditures:	**$5,266**	**62.9%**	**$5,179**	**62.0%**	**$4,984**	**60.3%**
Regular Instruction	$4,082	48.7%	$3,941	47.2%	$4,076	49.3%
Special Instruction	$942	11.3%	$928	11.1%	$772	9.4%
Vocational Education	$51	0.6%	$59	0.7%	$39	0.5%
Adult/Continuing Education	$6	0.1%	$6	0.1%	$0	0.0%
Extracurricular Activities	$0	0.0%	$0	0.0%	$15	0.2%
Classroom Materials and Fees	$0	0.0%	$0	0.0%	$0	0.0%
Miscellaneous	$0	0.0%	$0	0.0%	$0	0.0%
Other Instruction	$185	2.2%	$245	2.9%	$83	1.0%
Support Service Expenditures:	**$2,846**	**34.0%**	**$2,913**	**34.9%**	**$2,963**	**35.6%**
Pupil Support Services	$521	6.2%	$509	6.1%	$344	4.2%
Instructional Support Services	$250	3.0%	$227	2.7%	$404	4.8%
Board of Education	$11	0.1%	$13	0.2%	$34	0.4%
Administration	$660	7.9%	$703	8.4%	$685	8.2%
Fiscal Services	$177	2.1%	$170	2.0%	$241	2.9%
Business Services	$1	0.0%	$1	0.0%	$8	0.1%
Plant Operation & Maintenance	$761	9.1%	$817	9.8%	$864	10.4%
Pupil Transportation	$465	5.6%	$473	5.7%	$341	4.2%
Central Support Services	$0	0.0%	$0	0.0%	$41	0.5%
Non-Instructional Services Expenditures	**$62**	**0.7%**	**$60**	**0.7%**	**$66**	**0.8%**
Extracurricular Activities Expenditures	**$201**	**2.4%**	**$200**	**2.4%**	**$274**	**3.3%**
Total Governmental Fund Operational Expenditures	**$8,376**	**100.0%**	**$8,353**	**100.0%**	**$8,286**	**100.0%**

Source: District 4502 Exhibit 2

As shown in **Table 2-17**, Austintown LSD's total instructional expenditures per pupil in FY 2004-05 exceeded the peer average by $282 per student. Explanations for higher per student expenditures include the following:

- *Special Instruction* - The District spent $170 more per student than the peer average on special instruction. The higher expenditures can be attributed to a combination of the District having a higher special needs student population and maintaining higher special education staffing levels. For example, the District's special needs student population in FY 2005-06 was 692 while the peer average was 228. In addition, the District's special education student to teacher ratio is 11.9 to 1 while the peer average is 14.7 to 1. (See the **human resources** section for further analysis).

- *Vocational Education* - The District spent $12 more per student than the peer average on vocational education. The District uses the Mahoning County Joint Vocational School to offer the majority of vocational education classes. The costs shown in these line-items are for certain programs offered in-house such as marketing, home economics, and the occupational work experience (OWE) program. In FY 2004-05 the District spent approximately $252,000 on vocational education. Of this amount, $220,000, or 88 percent, was for salaries and benefits. The increase in FY 2005-06 is attributed to additional supplies and equipment that were needed. The staffing assessment in the **human resources** section shows that vocational education staffing is slightly higher than the peer average on a per 1,000 ADM basis (0.63 vs. 0.60) (see **human resources** section).

- *Adult/Continuing Education* - The District spent $6 more per student than the peer average on adult/continuing education. The District's adult/continuing education program allows citizens to take night classes such as computer training, financial education, and dancing. There were two different adult education programs offered by the District. The first program provided citizens with an opportunity to take General Educational Development (GED) classes. Although this program was funded by state grants, FY 2005-06 was the last year this program was offered by the District because the same service was being provided by the Mahoning County Career and Technical Center. The second program offers elective classes such as volleyball to citizens who pay a small fee to cover the cost of the instructor. However, the Treasurer indicated that interest in the elective classes is dwindling and these classes will probably be cancelled during the next two years.

- *Other Instruction* - The District spent $102 more per student than the peer average on other instruction. This line-item accounts for tuition payments associated with District students attending other school districts through open enrollment. The District spent approximately $472,000 on open enrollment tuition in FY 2004-05. This is consistent with **Table 2-20**, which shows that the District is receiving less in tuition monies through open enrollment than the peer average.

- *Pupil Support Services* - The District spent $177 more per student than the peers on pupil support services. The District classifies guidance counselors, nurses, speech and language staff, and instructional paraprofessionals under this category. An analysis in the human resources section indicates that the District maintains slightly higher staffing levels in these areas when compared to the peer average. However, because the District is able to offset the higher staffing in these classifications with lower staffing in other related areas, there are no recommendations to reduce the pupil support staffing levels. The higher expenditures in this line-item can also be attributed to the higher wages paid to classified employees (**See R3.5**). In addition, the District contracts for certain psychological and physician services which are included in this line-item (see **human resources** section for further analysis).

- *Pupil Transportation* - The District spent $124 more per student than the peer average on pupil transportation. Based on various analyses in the transportation section, the higher expenditures for pupil transportation can be attributed to high non-bus driver staffing levels (clerical and mechanics), the age of the buses, higher salaries, and providing full health insurance benefits to bus drivers who work twenty hours per week (see the **transportation** section for further analysis).

Table 2-18 compares Austintown LSD's academic performance indicators to those of its peers as a way to link performance standards to the District's spending patterns.

Table 2-18: ODE Performance Standards Comparison

	Performance Standards Met	Performance Index Scores
Austintown FY 2005	18 out of 23	96.0
Austintown FY 2006	23 out of 25	99.4
Peer Average	20.1 out of 23	98.1

Source: Ohio Department of Education

As shown in **Table 2-18**, Austintown LSD was below the peer average in number of performance standards met and performance index scores while maintaining higher General Fund (see **Table 2-16**) and Governmental Fund (see **Table 2-17**) expenditures per student in FY 2004-05. However, **Table 2-18** also shows that the District's test scores improved significantly in FY 2005-06 while the cost per student declined (see **Table 2-16** and **Table 2-17**) slightly from the FY 2004-05 levels.

R2.11 The District should consider pursuing various options to increase its other revenues. These options include, but are not limited to, having the Board take a more active role in the District's investments, reviewing the student fee structures, and making grants management a higher priority by centralizing this responsibility within one administrator (See R3.9 within the human resources section). Any additional revenue generated would help the District offset the cost of offering programs outside the normal curriculum.

Table 2-19 shows Austintown LSD's general fund revenues per student in comparison to the peer average.

Table 2-19: Revenue Generated on a Per Student Basis

	Austintown FY 2005	Austintown FY 2006	Peer Average
Property & Income Tax	$3,553	$3,665	$3,219
Intergovernmental Revenues	4,080	4,244	3,777
Other Revenues	76	62	681
Total Revenue	**$7,709**	**$7,971**	**$7,677**

Source: District 4502

Table 2-19 shows that Austintown LSD's property tax receipts and intergovernmental receipts exceed the peer average while the other revenues are significantly lower. **Table 2-20** provides a breakdown of the other revenues line-item in comparison to the peer averages.

Table 2-20: Other Revenues Generated on a Per Student Basis

Other Revenues	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005
Tuition	$5.21	$1.11	$553.82
Transportation Fees	$0	$0	$3.73
Investment Earnings	$20.76	$31.81	$30.22
Food Service	$0.13	$0.08	$0
Extra-curricular	$0.48	$0.85	$7.88
Classroom materials	$11.25	$11.56	$16.42
Miscellaneous	$19.05	$16.54	$69.15
Transfers/Advances	$19.39	$0	$0
Total	**$76.27**	**$61.95**	**$430.75**

Source: District 4502 Exhibit 2

Explanations for areas where the District is lower than the peer averages include the following:

- *Tuition* - **Table 2-20** shows that the District's FY 2004-05 tuition revenues were lower than the peer average by approximately $549 per student. This line-item accounts for tuition revenues received from students attending the District through open-enrollment, which is outside of the District's direct control. The final FY 2005-06 SF-3 shows the District's open enrollment adjustment was a negative ($537,790), which indicates that it is losing students through open enrollment.

- *Transportation Fees* - **Table 2-20** shows the District's transportation fee collections are lower than the peer average and there has been no revenue generated in this category for the last two years. **R5.4** in the transportation section shows that the District does charge for the non-routine use of the buses. However, it does not separately account for these revenues and expenditures. See **R5.4** in the transportation section.

- *Investment Earnings* - **Table 2-20** shows the District's FY 2004-05 investment returns were lower than the peer average by $9.46 per student. The District's investment policy stresses safety and liquidity over investment returns. The District's investments include notes issued by federal government agencies such as the Federal National Mortgage Association (FNMA) and the Federal Farm Credit Bank (FFCB). The Board does not take an active role in overseeing the District's investments. For example, although the Treasurer prepares monthly reports summarizing the District's investments, the Treasurer indicated that the Board members rarely ask to view them. The lower investment revenues could also be a function of having lower cash reserves available for investment purposes.

- *Extra-Curricular and Classroom Materials* - **Table 2-20** shows that the District's FY 2004-05 extra-curricular and classroom fees were lower than the peer averages by $7.40 per student and $5.17 per student, respectively. The District does not have any type of pay-to-participate programs or fee structures for classroom materials such as student workbooks. Other districts, such as Painesville Township Local School District in Lake County, have implemented pay-to-participate and student workbook fees in an effort to partially offset the high cost of offering these programs. Furthermore, the Painesville Township Local School District links these fees to the cost of offering the programs rather than as a solution to a declining financial situation. In FY 2005-06, Painesville Township Local School District generated $109,000 from the pay-to-participate program and $214,000 from various student fees.

- *Miscellaneous* - **Table 2-20** shows that the District's FY 2004-05 miscellaneous revenues were lower than the peer average by $50.10 per student. This line-item accounts for a variety of miscellaneous revenues including local grants. The

Board policy regarding grants is vague and only indicates that the Board encourages the development of grant proposals as long as the grant relates to the District's goals and objectives. However, the policy does not identify anyone responsible for actively locating, applying for, and managing the grants process. In actual practice, the District does not have anyone responsible for completing these functions. Rather, these duties are completed by teachers and administrators as they become aware of grant opportunities and as time permits. **Table 6-8** in the technology section shows that the District has not received any local grant funding for technology purposes during the last three years. **R3.9** in the human resources section recommends hiring an additional administrator whose assigned duties would include overseeing the grant process

Management Reporting

R2.12 Austintown LSD should consider preparing and issuing a comprehensive annual financial report (CAFR) in the format recommended by GFOA. This expanded report format will provide more information regarding the District's environment, past spending decisions and future commitments, as well as budgetary statements and statistical information. The District should also consider supplementing the CAFR with the Popular Annual Financial Report (PAFR) to enhance the citizens' understanding of District finances. The PAFR should be prepared in-house in a fashion that provides objective information to citizens in a clear and concise manner, using narratives, charts and graphs to interpret financial data and to help identify trends.

The District should also re-consider submitting the CAFR and the PAFR to GFOA for awards consideration. Although the Treasurer cited the costs of preparing the CAFR and the GFOA filing fees as reasons for discontinuing these programs, the additional $5,000 ($4,000 in CAFR preparation, $960 in CAFR and PAFR filing fees) is immaterial when considering that the reports could allow for a more informed public. In addition, receiving the GFOA awards also improves citizens' confidence in the District's financial management as it demonstrates the District is complying with best practices for financial reporting. Lastly, the District should consider other mechanisms for distributing the CAFR and PAFR to local citizens. Specifically, the District should place the reports on its web-site (see R2.13), and consider providing copies to the local Chamber of Commerce, publishing the PAFR in the local paper, and mailing ore-mailing it to households within the District.

Austintown LSD is required by the Ohio Administrative Code (OAC) §117-2-03 to issue financial statements prepared in accordance with generally accepted accounting principles (GAAP). The current accounting system captures and processes information on a cash basis, which requires the District to perform a year-end conversion of the cash accounting

records to the accrual method required by GAAP. The District contracts with a local accounting firm to perform the year-end conversion. With assistance from the accounting firm, the District issued CAFRs from FY 2001-02 through FY 2003-04 and received awards from GFOA for excellence in financial reporting. The cost of the accounting firm's services was $7,400 in FY 2001-02 and $8,500 in FY 2002-03 and FY 2003-04, with the higher costs being attributed to compliance with the Government Accounting Standards Board's (GASB) statement 34. In FY 2004-05, the District chose to issue only general purpose financial statements rather than the CAFR. The Treasurer cited the costs associated with preparing the CAFR and submitting it to GFOA for awards consideration as reasons for its elimination. The District paid the accounting firm $4,500 to prepare the general purpose financial statements in FY 2004-05. The cost of submitting the CAFR to GFOA for awards consideration is estimated to be $480 annually.

The District submits its GAAP financial statements to the Auditor of State to fulfill annual filing requirements and to a federal clearinghouse for grant purposes. The financial statements and audit reports are also provided to the local library for distribution to interested citizens. In addition, notices are placed in newspapers informing citizens that the annual financial statements are available and where to obtain them. However, the District does not make the GAAP financial statements or any other financial reports available on its website.

The District also does not prepare a Popular Annual Financial Report (PAFR). According to GFOA, the PAFR supplements the GAAP basis financial statements and is used to describe a government entity's operations in a consolidated, aggregated or condensed format. The intent of a PAFR is to provide objective information to local citizens in a clear and concise manner, using charts and graphs to interpret financial data and to help identify trends. The Painesville Township Local School District in Lake County prepared its PAFR in-house and posted it on the District website. This allowed them to avoid any preparation and distribution costs. **R3.9** in the human resources section recommends hiring an additional administrator and restructuring some of the job duties currently being completed by administrators, including the Treasurer. This could provide the Treasurer with sufficient time to develop the PAFR.

GFOA encourages every state and local government to issue a CAFR in conformance with GAAP. GFOA also encourages governments to supplement their CAFRs with simpler, "popular" reports designed to assist those who need or desire a less detailed overview of financial activities. Such reporting can take the form of consolidated or aggregated presentations, or a variety of other formats.

Financial Implication: Annual filing of the CAFR and PAFR with GFOA for awards consideration would result in additional annual expenditures of $960 and approximately $4,000 for the additional cost of the local accounting firm to prepare the CAFR.

R2.13 The District should consider updating its website to include financial information that could be useful to local citizens and other interested parties. By making financial information available on its website, the District would be using a relatively inexpensive method to help people better understand its financial condition. In addition, a redesigned web site could potentially reduce the time and costs associated with public records requests.

Austintown LSD does not place any financial statements (GAAP, annual budget, five-year forecast, etc) on its website for public viewing. In addition, although there was a link on the website to a Treasurer's web page, there was no information on the page as of October 13, 2006. The Treasurer indicated that the District plans to teach administrators how to add information onto their own pages on the website.

According to GFOA, a government should publish its budget documents and its comprehensive annual financial report directly on the web site. GFOA also recommends that governments follow guidelines when presenting these documents on their web sites. The guidelines are as follows:

- Electronic financial statements should be identical to the printed versions;
- The web site should state whether the budget document is preliminary or the approved budget;
- Historical information should be clearly identified and should be clearly segregated from the current fiscal year; and
- Web site security should provide protection from manipulation.

The Westerville City School District provides the community with several key financial reports that pertain to District operations via its website. Its website consists of the following five major components:

- Levy Information: Levy Facts, Reappraised Home Values and School Taxes, Property Tax Calculator, Income Tax Calculator, Ohio School District Income Tax, and Glossary of Terms;
- Budget/Appropriations: Current Five-Year Forecast, understanding the five-Year Forecast, FY 2005-06 Appropriations, FY 2005-06 Tax Budget, and Historical Year-end Analysis;
- Taxes/Millage/Valuation: Tax Calculator, Presentation of Governor's Blue Ribbon Task Force on Student Success, Area School Districts' Effective Tax Rates (Historical Information), Historical Tax Rates, Questions on Taxes and Millage;
- Annual Report: Two Years' Historical Information for both the comprehensive annual financial report and popular annual financial reports, and the most recent comprehensive annual report;

- Miscellaneous: State Performance Audit, School Finance Terms, State Financial Designations, and Local Report Cards.

R2.14 The District should consider holding public meetings with citizens on a quarterly basis. In addition, the District should use these meetings as a forum to discuss a wide range of topics rather than focusing strictly on its financial situation. The District should also explore other methods for obtaining stakeholder feedback such as annual surveys (see R4.1 in facilities section for additional discussion). Improved communications will help the District inform the public about pertinent issues and allow it to receive the feedback necessary for effective management.

The District's primary methods of communication with citizens consist of public Board meetings, a periodic newsletter, and various informal methods, such as televising Board meetings and providing e-mail links on the website to administrators and Board members. However, any efforts beyond these are limited to periods in which the District is seeking levy approval. For instance, in January 2006, the District gave an inaugural state of the schools address that was presented in front of numerous parents and community members. The purpose of this meeting was to explain the District's financial situation and to determine which programs the citizens would be willing to eliminate if the two renewal levies failed. In addition, the District does not regularly conduct surveys of stakeholders to determine its strengths and weaknesses (see **R4.1** in facilities section).

According to OPPAGA, open two-way communication with the public is essential for a school district to maintain and increase its support base in the community. A school district must find effective ways of communicating with the public and receiving input from different segments of the community. An informed public, and one that is heard, provides the added support and feedback needed to maintain district excellence.

Consistent with the OPPAGGA recommendation, the Painesville Township Local School District holds quarterly town hall meetings where discussions take place regarding school funding, permanent improvement levy projects, curriculum modifications and a variety of other issues. The meeting dates and times are advertised through television, print, and on-line ads and notices are sent home to inform parents. In addition, the District annually sends a satisfaction survey to parents as a way for stakeholders to communicate their feelings regarding District operations.

Financial Policies and Procedures

R2.15 The District should develop financial policies that address the following topics:

- **Stabilization of funds;**
- **Fees and charges;**

- **Balancing the operating budget;**
- **Use of one-time and unpredictable revenues;**
- **Revenue diversification; and**
- **Contingency planning to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events.**

Similarly, Austintown LSD should establish written procedures for risk management to help ensure that the District's coverage levels and costs are consistent with its risk tolerance level. In addition, the District should periodically review existing policies to identify appropriate changes and ensure that they are still relevant.

Although the District has financial policies addressing areas such as budget planning (five-year forecast), purchasing, and investments, they do not have policies and procedures that address the following:

- Stabilization of funds;
- Fees and charges;
- Balancing the operating budget;
- Use of one-time revenues;
- Contingency planning;
- Use of unpredictable revenues; and
- Revenue diversification.

According to GFOA, a school district should develop a comprehensive set of financial policies that are consistent with its broad goals and are the outcome of sound analysis. GFOA recommends developing financial policies for the following areas:

- **Stabilization of funds:** A government should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. The policies should establish how and when a government builds up stabilization funds and the purposes for which they may be used. Once developed, the policies should be identified in other government documents, including planning and management reports.

- **Fees and charges:** A government should adopt policies that identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided. Policies that require identification of both the cost of the program and the portion of the cost that will be recovered through fees and charges allow governments and stakeholders to develop a better understanding of

the cost of services and consider the appropriateness of established fees and charges. **R2.11** indicates that the District should consider various options for increasing other revenues, including a review of student fee structures. Adopting a policy on fees and charges would help the District develop an appropriate fee structure and communicate the need for the additional fees to stakeholders.

- **Balancing the operating budget:** A government should develop a policy that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.

- **Use of one-time revenues:** A government should adopt policies limiting the use of one-time revenues for ongoing expenditures. One-time revenues and allowable uses for those revenues should be explicitly defined. The policy should be publicly discussed before adoption and should be readily available to stakeholders during the budget process.

- **Use of unpredictable revenues:** A government should identify major revenue sources it considers unpredictable and define how these revenues may be used. For each major unpredictable revenue source, a school district should identify those aspects of the revenue source that make the revenue unpredictable. Most importantly, a school district should identify the expected or normal degree of volatility of the revenue source. For example, revenues from a particular source may fluctuate, but rarely, if ever, fall below some predictable minimum base. A government should decide, in advance, on a set of tentative actions to be taken if one or more of these sources generate revenues substantially higher or lower than projected.

- **Revenue diversification:** A government should adopt policies that encourage a diversity of revenue sources. The policy should identify approaches that will be used to improve revenue diversification. An analysis of particular revenue sources is often undertaken in implementing the policy. This analysis should address the sensitivity of revenues to changes in rates, the fairness of the tax or fee, administrative aspects of the revenue source, and other relevant issues.

- **Contingency planning:** A government should have policies to guide the financial actions it will take in the event of emergencies, natural disasters, or other unexpected events. This policy should identify types of emergencies or unexpected events and the way in which these situations will be handled from a financial management perspective. It should consider operational and management impacts.

Once developed, GFOA indicates that the financial policies should be publicly available and reviewed periodically. Additionally, according to OPPAGA, a district should have written procedures and periodically update them to ensure effective risk management. The procedures should require the following:

- Clear and complete financial contract terms for all insurance contracts;
- An analysis of current insurance plans including deductible amounts, co-insurance levels, and types of coverage provided; and
- A comparison of costs and a risk analysis with peer districts.

Austintown LSD does not perform any formal comparison of the aforementioned items.

R2.16 The District should take steps to cross-train employees in the two different financial services units. This would help the District avoid potential difficulties should one or more of the employees be absent for an extended period of time.

The District currently has one employee in the accounting department who is considered to be cross-trained as she has learned duties outside her job description, including grants appropriations and month and year-end closing in the Treasurer's absence. The District is in the process of cross-training the part-time employee in the accounting department to handle duties in payroll as well.

The Society of Human Resource Management (SHRM) indicates that cross-training increases employee knowledge and ability to perform different tasks by using current skills or learning new skills. Most organizations benefit from cross-training as it:

- Creates a more flexible and versatile workforce;
- Improves productivity;
- Prevents stagnation;
- Allows for effective succession planning;
- Increases retention and avoids recruiting costs; and
- Enables employees to understand organizational goals and objectives.

Purchasing

R2.17 The District should consider implementing on-line requisitioning at all schools and departments and providing the appropriate training to all building secretaries. To facilitate this, the District should redesign the current requisition process to allow a teacher to verbally communicate the need for a purchase to the building secretary and principal rather than physically writing the information out. The principal could then have the secretary enter the information on-line and electronically

submit the requisition to the Treasurer's office for processing once the appropriate number of price quotes have been obtained. If the District feels that having the principal's signature on the requision is necessary for financial audit documentation purposes, the building secretary could print a paper copy of all the requisitions at the end of the day for the building principal's signature. The hard copy requisitions would then be sent to the Superintendent and Treasurer for their signatures. Although the District would still be maintaining hard copies of the requisitions, this revised process would eliminate the duplication of effort associated with typing/writing the same requisition information two or three different times. Once this system is fully operational, the District should review the staffing levels within the Treasurer's office to determine if reductions can be made without negatively impacting the quality of service.

According to Board Policy and the job description of the Treasurer, all purchase orders must have the Treasurer's signature certifying that sufficient funds are either in the treasury or in the process of collection to pay for a proposed purchase. The purchasing process in the District typically begins with a teacher checking with the building principal to determine if funds are available to make a purchase. If funds are available, the teacher obtains multiple price comparisons from vendors and submits the information to the building secretary, who creates a requisition for the principal's approval and signature. The requisition is then sent to the Superintendent who reviews and approves the purchase based on its usefulness to the District. Once approved by the Superintendent, the requisition is sent to the Treasurer's office for a final certification via the Treasurer's signature. This process appears to be effective in ensuring compliance with the District policy noted above. For example, based on a sample of 20 purchase orders pulled by AOS from FY 2005-06, 17 were signed and dated before the invoice date. Two of the three purchase orders that were dated after the invoice were for utility expenditures. This is common because the District usually does not know the exact date that a utility invoice will arrive in the mail. The third purchase order was dated one day after the invoice date. Furthermore, no citations were issued concerning the District's purchasing practices during the FY 2004-05 financial audit.

As can be seen in the narrative above, the District's purchasing process is mostly manual and paper-driven, which increases the time that the operating units wait for a properly issued purchase order to be executed. In addition, the District's manual purchasing process allows for duplication of effort as teachers and building secretaries are writing/typing the same information that a clerk in the Treasurer's office will eventually re-enter into the accounting system. The District's financial software has the capability to take requisitions and produce electronic purchase orders on-line. However, not all of the building secretaries in the District are trained to perform this function. In addition, the Treasurer indicated that the system is not used because the state software does not allow

building principals to place their signatures on purchase orders electronically. This limitation was confirmed by the District's A-site.

The National Institute of Governmental Purchasing (NIGP) recommends using an automated purchasing system to perform purchasing activities including requisitioning, solicitations, bidder selections, response tabulations, purchase order awards, and receipt of goods and services. The NIGP notes that an automated system provides districts with a single point of contact, eliminates lost or misplaced documents, and improves processing time. A fully automated purchasing system with on-line requisitioning would help the District's purchasing process become more efficient by eliminating the duplication of effort and speeding up the certification/approval process. However, it might be difficult for the District to immediately reduce the staffing levels within the Treasurer's office despite the efficiencies gained through an on-line purchasing system. **Table 2-17** shows that the District spent $177 per student on fiscal services (accounts for Treasurer's office) in FY 2004-05 and $170 in FY 2005-06. In contrast, the FY 2004-05 peer average was $241. This is one indication that staffing levels within the Treasurer's office are already lower than the peer average.

R2.18 The District should consider developing procedures that require department heads to notify vendors that invoices are to be mailed directly to the Treasurer's office when making a purchase. If an invoice is mistakenly delivered to an alternative location, the District should require that the department heads and building principals submit the invoice to the Treasurer's office within 48 hours of receipt. If it is not possible to hand deliver or mail the invoice within this timeframe, the department heads and building principals should be encouraged to either e-mail or fax a copy of the invoice to the Treasurer's office so that it can be scheduled for payment. To ensure that prompt payment of invoices becomes and remains a high priority for the District, the Treasurer should track the amount of prompt pay discounts that are lost on a monthly basis, the reason, and the department that ordered the goods. The Treasurer should provide this report to the Superintendent and the Board President on a periodic basis.

Based on a review of a sample of 20 transactions, Austintown LSD paid 18 out of 20 invoices on time. The average elapsed time from receipt of invoice to payment was 26 days, and the longest elapsed time was 71 days. Although bills are paid in a timely manner, it does not appear that the District is taking advantage of all prompt pay vendor discounts. The Treasurer indicated that not all staff members are timely in bringing invoices to the Treasurer's office to be processed for payment and it can take weeks before certain invoices are submitted for processing. For example, when department heads receive a vendor delivery, they are supposed to make sure the delivery is correct and bring the invoice to the Treasurer's office that day to expedite payment. In some instances, a delay has occurred which resulted in the District's failure to take advantage

of the prompt pay discount. The Treasurer also noted that there are times when vendors have failed to follow instructions and sent the invoices to the wrong building. For example, invoices have been sent to the new middle school building even though no staff members are present.

GFOA states that the timely payment of bills is an important financial management practice that can save entities money. By carefully timing payments so there are neither late nor early payments, a government can take advantage of discounts, avoid penalties, and maximize the return on short-term investments. Furthermore, prompt bill paying reduces vendor costs, which in turn reduces state and local procurement costs. Although the District would achieve financial savings by taking advantage of purchasing discounts, the financial implication is difficult to quantify since the District does not track the discounts available and/or the discounts lost.

R2.19 The District should develop a comprehensive purchasing policy that identifies when competitive bidding should be used in making purchases. In developing this policy, the District should also consider using competitive bidding to obtain commonly used items like office supplies, technology equipment, and transportation, building and food service supplies and materials. To facilitate the process, the District would need each of the operational units to estimate of the quantity and type of goods that will be needed during the year. The District should then subject these items to competitive bidding on an annual basis and compare the prices to those that can be obtained through various consortiums (see R2.21).

The District's purchasing policy should also establish a minimum threshold for obtaining price quotes. The Treasurer's office should help devise the new threshold with the intent of subjecting more items to competitive pricing but not be overly cumbersome for operational units. These policies will provide the Board with greater assurance that the District's goods and services are being purchased at a fair price and that objective decisions are being made regarding vendor selection.

The District's purchasing policies do not address when price quotes and competitive bidding must be used before making a purchase. The Treasurer indicated that the District typically uses competitive bidding to obtain buses and other vehicles as well as milk and ice cream as these are expensive items that usually exceed the bidding thresholds established by statute. ORC §3313.46 mandates that most purchases exceeding $25,000 be competitively bid. The Treasurer also indicated that the District's practice is to require at least two price quotations on any proposed purchase under $25,000. However, this is an informal practice that is not documented in a board policy.

The Akron Public Schools requires district employees to obtain three price quotes on anything costing more than $6,000. Similarly, the Cincinnati Public Schools requires

various forms of competitive pricing for goods and services costing more than $500. OPPAGA also recommends that districts take maximum advantage of the purchasing function by ensuring that effective price quotation policies are in place that require quotes for small dollar purchases that are below the dollar limits requiring competitive bidding. In the absence of the policies discussed above, the Board has limited assurance that District employees are obtaining fair prices for significant purchases and that vendor selection decisions are being made objectively.

R2.20 The District should adopt formal policies and procedures for requests for proposals (RFP), which indicate when they should be used in contracting for purchased services, and identify the dollar thresholds and types of purchases that would be subject to competitive proposals. The District should also work with its legal counsel to develop appropriate RFP templates and identify key items for inclusion, such as terms, conditions, the evaluation process, performance expectations, and reporting requirements.

The District uses requests for proposals on a limited basis for purchased services such as snow plowing. The *Contract Management Manual*: *A Guide to Bidding, Selecting, Contracting, and Monitoring Services* (Voinovich Center for Leadership and Public Affairs at Ohio University, June 2001), indicates that an RFP is a form of bid, and is generally used for services that cannot be summarized in written bid specifications. It recommends numerous elements for inclusion in an RFP, including the following:

- Time table for the RFP process;
- Request that vendors submit a budget for the project or service;
- Detailed description of the services that will be performed under the contract;
- Vendor disclosures and a conflict of interest statement;
- Disclaimer indicating that the contracts resulting from the proposals are contingent on the availability of funds;
- Proposal delivery date, time, and address;
- Description of the evaluation process for proposals;
- Terms and conditions;
- Vendor project requirements and qualifications;
- Project deliverables, including performance expectations; and
- Reporting requirements.

The *Contract Management Manual* also indicates that a team should be formed to conduct advanced planning for an RFP, and a team leader should be identified to manage the effort of creating an RFP and determining the evaluation process. In creating the evaluation criteria, the team should identify the significant points in the RFP to evaluate and assign relative weights to each point. The team also needs to develop a system for

scoring the proposals. Additionally, a team should be identified to evaluate the proposal submissions, which may be the same team that conducted the advanced planning. Furthermore, one person should be appointed as the contact for potential vendors to ensure consistency in responses.

To aid in the evaluation process, the *Contract Management Manual* provides the following sample evaluation criteria:

- Responsiveness to all items listed in the RFP;
- Relevance of services to be provided;
- Clarity and measurability of proposal to provide services;
- Continuous improvement strategy;
- Corporate capabilities; and
- Budget and cost-effectiveness.

R2.21 Austintown LSD should consider memberships in consortiums as a method to increase its pool of products for competitive pricing, which would further help ensure the District pays the "best" price for products.

The Treasurer indicated that the District is not a member of any purchasing consortiums. Further exploring relevant consortiums could help the District ensure it purchases products at the most economical price. For example, the U.S. Communities: Government Purchasing Alliance (USC) is a nonprofit entity that assists public agencies in reducing the cost of purchased goods by pooling the purchasing power of public agencies nationwide. The USC advertises that the advantages of membership include the following:

- Savings through no user fees or costs to participate, saves time and money, and frees resources for other public priorities, programs and services;
- Competitively solicited contracts;
- Nationally sponsored by leading associations and purchasing organizations (e.g., Association of School Business Officials International);
- Directed by public purchasing professionals; and
- Aggregate purchasing power
    - Combines potential purchasing power of up to 87,000 local agencies
    - Expands purchasing choices beyond state boundaries
    - Over 17,000 currently participating public agencies in 50 states.

USC offers technology products such as computer hardware, software, and peripherals, as well as office and school supplies, janitorial supplies, office and school furniture, office machines, and auto parts and accessories.

Payroll

R2.22 The District should investigate the use of an automated time and attendance system at the various buildings throughout the District. This would eliminate the duplication of effort that occurs under the current process and would potentially increase the accuracy of the time capture process by shifting the focus of the payroll clerks from data entry to data verification. Once this system is fully operational, the District should review staffing levels in the Treasurer's office to determine if reductions can be made without negatively impacting the quality of service.

If the District chooses not to purchase an automated time and attendance system, it should consider revising the current process so that all classified staff are required to complete timecards that account for each day's activities. This would provide the District with an additional management control for ensuring payroll expenditures reflect time that is actually being worked.

The District pays all of its 12 month, full-time employees on a schedule of 26 pays per year. Nine month employees such as paraprofessionals and sweepers/cleaners, have the option to receive 26 pays or 18 pays. Although there is variety in the number of pays that an employee can choose, the pay date is every other Friday and employees on the 18 pay schedule fit within the confines of the employees on the 26 pay schedule. The Treasurer indicated that the nine-month employees are required to make a pay cycle designation at the start of the school year and cannot change their selection until the conclusion of the school year. The District uses a manual process for tracking time and attendance information. In addition, there is a delay (lag) of two weeks from the pay period ending date and the date that employees receive their paychecks.

The District processes payroll on an exception basis for all staff members who are eligible for insurance benefits (must work 20 hours per week). This means that they are paid their regular time unless exceptions such as absences, extra time (in situations where part-time employee works more than regular hours but less than 40) or overtime are noted. All employees are required to manually complete leave forms to report the use of vacation, personal or sick leave. The leave requests are approved by the immediate supervisor or building principal and then are sent to the payroll office for data entry. Substitute employees are required to complete a daily sign-in sheet at each building and/or department indicating which employee they are replacing and the length of time they worked. The daily sign-in sheets are forwarded to payroll at the end of the pay-period. Once everything is entered into the payroll system, the daily sign-in sheets and employee absence forms are reconciled to the payroll system. Thus, if an employee fails to submit an absence form and the sign-in sheet indicates that a substitute worked for that particular employee, it would be apparent that the employee either failed to submit an absence form or was engaging in suspicious behavior. In addition, in order to receive

extra time and/or overtime pay, employees must submit a timesheet to their supervisor or building principal indicating the number of hours worked and the reason. Once the timesheet is approved by the principal or supervisor, it is sent to the Treasurer's office for processing.

As a result of the controls and procedures noted above, the Treasurer indicated that the District is able minimize the number of special payroll runs and overtime necessary to process payroll due to mistakes and other factors. Although the current payroll system limits overtime and the potential for mistakes, the manual system results in a duplication of effort. For example, under the current process, employees must manually enter work and leave information on a timesheet and then the payroll department manually inputs the same information into the accounting system. In addition, the current process requires that the District implicitly trust that certain hourly employees are actually working the hours for which the Treasurer's office is paying them. For example, the District processes payroll for bus drivers on an exception basis, which means that the Treasurer's office assumes that the employee will work at least their normal schedule every week without any type of verification. Although an exception based reporting system can be effective and efficient for staff members working under an annual contractual salary (administrators and teachers), it may not be as accurate for hourly employees whose schedules and work requirements can change from day-to-day.

According to the University of Saskatchewan, it is important for school districts to monitor time and attendance to ensure that the information is accurate. One way to ensure that information is accurate is to clarify the District's expectations for attendance. All employees should be aware of work policies and procedures regarding attendance and absences. In addition, keeping accurate records for all employees is critical to determine if the employee's absence rate is higher or lower than the average.

One vendor cites the following benefits of an automated time and attendance system:

- Reduces the risk of costly payroll errors and inflated labor costs;
- Provides managers with real-time labor data along with tools to control costs and improve productivity;
- Eliminates paper timesheets and opportunities for human error;
- Delivers pay accurately and on-time with consistent pay practices; and
- Frees managers to focus on higher value strategic activities.

In addition to the benefits noted above, an automated time and attendance system would provide the District with an objective mechanism for paying employees for time actually worked and losses associated with employee tardiness, long lunches or breaks, or early departures. However, it might be difficult for the District to reduce the staffing levels within the Treasurer's office despite the efficiencies gained through an automated time

and attendance system. **Table 2-17** shows that the District spent $177 per student on fiscal services (accounts for Treasurer's office) in FY 2004-05 and $170 in FY 2005-06. In contrast, the FY 2004-05 peer average was $241. This is one indication that the staffing levels within the Treasurer's office are already lower than the peer average before implementing an automated time and attendance system.

Financial Implication: Based on a quote from one vendor, the installation of an automated timekeeping system would result in an initial cost of $84,000 and an annual cost of $4,500 thereafter for software updates and maintenance.

R2.23 The District should expand the use of direct deposit and consider negotiating mandatory direct deposit in future collective bargaining agreements. The use of direct deposit reduces the cost of payroll processing, streamlines bank reconciliations, and helps minimize security risks associated with lost or stolen checks.

Austintown LSD offers its employees the option to be paid through direct deposit to any financial institution. However, direct deposit is not mandatory. According to the Treasurer, approximately 85 percent of the staff uses direct deposit. The District's bank charges $0.16 to process a payroll check, compared to $0.10 for an ACH (automatic clearing house) transaction. The District issued 4,394 paper checks and 14,074 ACH transactions from September 2005 to September 2006 for a total cost of $703.04 and $1,407.40, respectively.

According to *Accounting Best Practices* (Steven M. Bragg, 2005), entities should take advantage of direct deposit. Using direct deposit can help eliminate some of the steps involved in issuing paychecks, including the following:

- Printing checks, including manual cancellation of the first batch of checks and new print runs when initial check runs fail;
- Signing of checks by an authorized individual, who may have questions about payment amounts that require additional investigation;
- Distributing checks; and
- Tracking checks not cashed and following up with employees.

Besides avoiding some of the steps involved with issuing paychecks, direct deposit carries the additional advantage of putting money in employee bank accounts without delay. However, paper-based notifications of direct deposit payments may still need to be sent to employees. While this would require printing and distribution steps, there would be no need for signing the notifications or tracking pay checks not yet cashed by employees. *Accounting Best Practices* further indicates that if properly implemented, direct deposit can be a clear advantage to both the accounting department and employees.

Financial Implication: The elimination of paper payroll checks would result in a cost savings of approximately $264 each fiscal year. Although not easily quantifiable, the District would also realize savings associated with reduced printing and paper costs, and time associated with processing payroll.

Financial Implications Summary

The following table summarizes the net impact of AOS revisions suggested for the five-year financial forecast.

Table 2-21: Summary of AOS Forecast Adjustments (in 000s)

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
R2.3 Revise State Funding	$1,088	$1,821	$2,172	$1,139
R2.5 Revise Benefits	($496)	($963)	($1,472)	($2,027)
Total Impact of AOS Forecast Adjustments	**$592**	**$858**	**$700**	**($888)**

The following table summarizes the estimated one-time costs, annual costs, and annual cost savings for recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable impacts are listed.

Table 2-22: Summary of Financial Implications

	Estimated One Time Cost	Estimated Annual Cost	Estimated Annual Savings
R2.12 Prepare CAFR and PAFR and submit to GFOA for awards consideration		$4,960	
R2.22 Purchase automated purchasing system	$84,000		
R2.23 Expand use of direct deposit			$264
Total Costs/Savings	**$84,000**	**$4,960**	**$264**

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HUMAN RESOURCES

Human Resources

Background

This section of the performance audit focuses on Austintown Local School District's (Austintown LSD or the District) human resource operations. The objective is to analyze human resource operations and develop recommendations for improvements and reductions in District expenditures. Best practice data from the Ohio Department of Education (ODE), the State Employment Relations Board (SERB), and peer school districts is used for comparisons throughout this section of the report. Austintown LSD's human resource operations are compared to a peer average consisting of ten school districts throughout this section of the report. The peer group is comprised of Boardman Local School District, Dover City School District, Elida Local School District, Fairland Local School District, Heath City School District, Indian Creek Local School District, Lowellville Local School District, McDonald Local School District, Tiffin City School District, and Wheelersburg Local School District. These ten districts are classified as "Type 4" (urban and low median income) by ODE, the same type as Austintown LSD. In addition, these ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Finally, a survey was administered with Austintown LSD's employees to gauge their perceptions of human resource services and the results of the survey were used in this report.

Organizational Structure and Function

Austintown LSD does not have a separate department dedicated to human resource functions. The primary responsibilities are completed by the building principals, department heads, Treasurer, and Superintendent. The building principals and department heads are responsible for managing, hiring, firing and evaluating employees, and monitoring compliance with minimum employment standards. The Treasurer coordinates activities and programs used to select, and evaluate employees in the Treasurer's office. The Treasurer also administers the District's employee benefits programs, helps negotiate and administer the collective bargaining agreements, manages the workers compensation program, conducts payroll functions and reviews budgetary items, as well as receives, deposits, and accounts for all school funds of the District. The Superintendent oversees the processes noted above to ensure that they are carried out efficiently and effectively.

Staffing

Table 3-1 compares Austintown LSD's FTE staffing levels to the peer average as reported through the Educational Management Information System (EMIS) for FY 2005-06. **Table 3-1** also shows the staffing levels on a per 1,000 ADM basis for Austintown LSD along with the peer averages.

Table 3-1: Staffing Level Summary Table

	Austintown LSD		Peer Average		Differences	
	FTE Reported	Per 1,000 Students	FTE [1] Reported	Per 1,000 Students	FTE Calculated	Per 1,000 Students
Administrators:	**21.00**	**4.38**	**12.26**	**6.09**	**8.74**	**(1.71)**
Site Based Administrators	13.00	2.71	5.60	2.66	7.40	0.05
Central Administrators	8.00	1.67	6.66	3.43	1.34	(1.76)
Educational Staff:	**317.74**	**66.30**	**139.37**	**67.74**	**178.37**	**(1.44)**
Curriculum Specialist	0.00	0.00	0.10	0.04	(0.10)	(0.04)
Counselors	12.00	2.50	4.83	2.29	7.17	0.21
Librarian / Media	2.00	0.42	1.54	0.80	0.46	(0.38)
Remedial Specialist	8.00	1.67	4.38	2.12	3.62	(0.45)
Regular Teachers	232.40	48.49	100.79	48.99	131.61	(0.50)
Special Education Teachers	37.87	7.90	12.00	5.48	25.87	2.42
Vocational Teachers	3.00	0.63	1.04	0.60	1.96	0.03
Tutor/Small Group Instructors	0.00	0.00	2.01	1.07	(2.01)	(1.07)
ESP Teachers	22.00	4.59	9.36	4.67	12.64	(0.08)
Supplemental Special Education	0.00	0.00	3.12	1.57	(3.12)	(1.57)
All Other Educational Staff	0.47	0.10	0.20	0.11	0.27	(0.01)
Professional Staff:	**9.00**	**1.87**	**3.66**	**1.53**	**5.34**	**0.34**
Psychologists	0.00	0.00	0.67	0.25	(0.67)	(0.25)
Registered Nurses	4.00	0.83	1.00	0.52	3.00	0.31
Social Worker	0.00	0.00	0.20	0.07	(0.20)	(0.07)
Physical Therapists	0.00	0.00	0.10	0.04	(0.10)	(0.04)
Speech & Language Therapists	5.00	1.04	1.39	0.51	3.61	0.53
All Other Professional Staff	0.00	0.00	0.30	0.14	(0.30)	(0.14)
Technical Staff:	**18.24**	**3.80**	**6.47**	**2.68**	**11.77**	**1.12**
Computer Support	0.00	0.00	0.20	0.10	(0.20)	(0.10)

	Austintown LSD		Peer Average		Differences	
	FTE Reported	Per 1,000 Students	FTE [1] Reported	Per 1,000 Students	FTE Calculated	Per 1,000 Students
Library Technicians / Aides	6.97	1.45	2.71	1.25	4.26	0.20
Instruct. Paraprofessionals	11.27	2.35	3.08	1.19	8.19	1.16
All Other Technical Staff	0.00	0.00	0.48	0.14	(0.48)	(0.14)
Office / Clerical Staff:	**38.55**	**8.05**	**23.79**	**10.68**	**14.76**	**(2.63)**
Clerical	29.18	6.09	12.18	5.55	17.00	0.54
Teaching Aide	1.61	0.34	10.42	4.60	(8.81)	(4.26)
All Other Office / Clerical Staff	7.76	1.62	1.19	0.53	6.57	1.09
Maintenance Workers	**9.00**	**1.88**	**3.02**	**1.26**	**5.98**	**0.62**
Custodians/Ground keepers	**41.95**	**8.75**	**16.90**	**7.20**	**25.05**	**1.55**
Bus Drivers	**42.00**	**8.76**	**16.54**	**7.24**	**25.46**	**1.52**
Food Service Workers	**26.29**	**5.49**	**15.93**	**6.71**	**10.36**	**(1.22)**
All Other Reported Personnel	**6.10**	**1.27**	**5.26**	**2.27**	**0.84**	**(1.00)**
Total FTE Reported	**529.87**	**110.55**	**243.20**	**113.40**	**286.67**	**(2.85)**

Source: FY 2005-06 EMIS data reported to the ODE as of 03/05/06
Note: Totals may vary due to rounding.
[1] Reflects un-audited FTE employees reported by peer districts through EMIS.

Table 3-1 shows Austintown LSD has a greater number of FTEs per 1,000 ADM in the following classifications:

- **Site-Based Administrators:** Although Austintown LSD employs 0.05 more site-based administrators, this is offset by the District employing 1.76 fewer central administrators than the peer average on a per 1,000 ADM basis. Furthermore, the District's administrators are responsible for 24.2 employees and 228 students per staff member while the peer averages are 18.3 and 168, respectively. These ratios indicate that the District may be understaffed in the administrator classification. The District has taken action to hire a Director of Business Services in FY 2006-07. However, despite this, the District's revised administrative staffing ratios are still significantly higher than the peer averages (22 employees and 208 students per staff member, 4.8 employees on a per 1,000 ADM basis). See **R3.9** for additional analysis.

- **Regular Education and Education Service Personnel (ESP):** Although the District's regular education and combined ESP staffing levels (ESP teachers, counselors, librarians/media specialists, social workers and nurses) per 1,000 ADM are comparable to

the peer averages, the District's staffing levels are exceed State minimum standards. Because the District is not in fiscal emergency, no recommendation will be made to reduce the teacher staffing levels to State minimum standards (see *Assessments Not Yielding Recommendations* for additional analysis). However, **R3.2** indicates that by renegotiating certain provisions in the collective bargaining agreement, it may be possible for the District to improve the efficiency of the existing staffing assignments.

- **Counselors and Registered Nurses: Table 3-1** shows that Austintown LSD employs 0.21 more counselor and 0.31 more registered nurse FTEs than the peer average on a per 1,000 ADM basis. However, the counselors and registered nurses qualify as ESP personnel along with ESP teachers, librarians/media specialists and social workers. The District's staffing levels for all ESP employees combined (8.3 per 1,000 ADM) is comparable to the peer average (8.4 per 1,000 ADM).

- **Special Education Personnel:** The District employs a total of 8.94 employees per 1,000 ADM in the classifications that include special needs teachers, speech and language therapists, supplemental special education teachers, and tutors/small group instructors while the peer average is 8.63. However, the District also employs 20 FTE (4.0 per 1,000 ADM) tutor/small group instructors that were not reported in EMIS because they are part-time employees. These employees are paid from General Fund resources and are responsible for assisting the special education program. In FY 2005-06, the District employed 37.9 special education teachers and 20.4 tutor/small group special education instructors, which is 11.1 more than the State minimum requirements. Furthermore, based on the 692 special needs students taught in FY 2005-06, the District is maintaining a special education student-to-teacher ratio of 11.9. In contrast, the peer average student-to-teacher ratio is 14.7. Despite the higher staffing levels, the District's special education cost per special education student is lower than the peer average. This is an indication that the peers may be contracting for additional special education services that are not reported through EMIS. See ***Issues for Further Study*** for additional analysis.

- **Vocational Teachers:** The District uses the Mahoning County Career and Technical Center (MCCTC) to offer the majority of vocational education classes. The only classes that are offered at the District including marketing, accounting (elective courses) and Occupational Work Experience (OWE), which is a work/study program for which teachers recruit local businesses to hire students part-time. The OWE teachers complete these duties on a part-time basis and are also required teach other classes at the District through the regular education program. Although the District employs 0.03 more vocational teacher FTE's than the peer average on a per 1,000 ADM basis, these are either elective courses or teachers working through the OWE program. In addition, there does not appear to be a duplication of services between the vocational curriculum offered by the District and the course offerings available at the MCCTC.

- **Library Technicians/Aides:** Austintown LSD employs 0.20 more library technician/aide FTEs than the peer average on a per 1,000 ADM basis. However, **Table 3-1** shows that the District has fewer staff in the librarian/media specialist classification. When the library technicians/aides are combined with the librarians/media specialists, the District's staffing levels (1.87) are lower than the peer average (2.05) on a per 1,000 ADM basis.

- **Instructional Paraprofessionals and Teaching aides: Table 3-1** shows that Austintown LSD has 1.2 more instructional paraprofessional FTEs than the peer average on a per 1,000 ADM basis. However, **Table 3-1** also shows that the District has fewer teaching aides than the peer average. The District's combined staffing levels equal 2.69 on a per 1,000 ADM basis while the peer average is 5.79.

- **Clerical and Other Office/Clerical Staff:** Austintown LSD has 36.9 clerical and other clerical employees (7.71 per 1,000 ADM), which is significantly higher than the peer average (13.4 total FTEs, 6.08 per 1,000 ADM). However, the majority of the District's clerical employees work less than 12 months per year but were reported as being full-time for EMIS purposes. Based on 2,080 hours per year (an 8 hour work day for 12 months a year), the District has 32.2 clerical and other clerical FTEs (6.7 on a per 1,000 ADM basis), which is still higher than the peer average. Furthermore, the District's clerical staff is responsible for fewer employees (15.5 to 1) than the peer average (19.6 to 1), which is another indication that the District is overstaffed in this area. See **R3.10** for additional analysis.

- **Custodians/Groundskeepers and Maintenance Workers:** Austintown LSD employs 1.55 more custodian/groundskeeper FTEs and 0.62 more maintenance worker FTEs than the peer averages on a per 1,000 ADM basis. See **R4.1** in the **facilities** section for additional analysis.

- **Bus Drivers:** Austintown LSD employs 1.52 more bus driver FTEs than the peer average on a per 1,000 ADM basis. However, the District eliminated eight bus driver positions prior to the start of FY 2005-06 and is currently transporting 128 students per bus, which is significantly higher than the peer average (96 students per bus). Therefore, the District's bus driver staffing level appears appropriate based on the current transportation levels. See the **transportation** section for additional analysis.

Assessments Not Yielding Recommendations

In addition to the analyses in this report, assessments were conducted on areas within the human resources section which did not warrant changes and did not yield recommendations. These areas include the following:

- **Supplemental Contracts:** The District spent $201 per student on extracurricular activities (which includes supplemental contract costs) in FY 2004-05 while the peer average was $274. Moreover, the District's extracurricular expenditures declined slightly in FY 2005-06 to $200 per student. The low expenditures are one indication that the District has appropriate measures in place to ensure the cost effectiveness of supplemental contracts.

- **Workers Compensation:** The District is effectively controlling the cost of workers compensation insurance. For example, the District's 2006 experience modifier is 0.59, which is well below the level (1.00) that indicates penalty rating. As a result, the District was able to participate in the group rating program in 2006, which allowed it to receive a 50 percent premium savings. In addition, the District is scheduled to participate in the group rating program in 2007 with the savings estimated to be approximately 26 percent. The District has also developed a transitional workplace program that identifies light job duties that can be completed by an injured worker in an effort to gradually return the worker to his/her normal responsibilities. Although the District does not receive immediate discounts for the transitional work program, the program will help minimize future lost time claims for injured workers.

- **Teacher Certification:** The District has established an active Local Professional Development Committee that helps ensure certificated employees are complying with the State's requirements for teacher certification. The Local Professional Development Committee appears to be effective as the percentage of highly qualified teachers and teachers with the appropriate certifications are higher than the State averages. Lastly, the District has also worked with the Mahoning County ESC to establish a teacher mentoring program designed to help orient new teachers to the District.

- **Assessment and Placement of Special Education Students:** The Individual Education Plan (IEP) team appears to be compliant with the Ohio Administrative Code (OAC) since it includes the appropriate people and is meeting as required. The District also has appropriate procedures in place to receive input from the parents of special needs students. Furthermore, the District appears to be using the least restrictive environment for instructing special education students where possible, in accordance with OAC §3301-51-09 (A)(1). More specifically, approximately 26 percent of the special needs students taught within the District spend more than 60 percent of their time outside of the regular classroom. Students in the reported classifications of "multiple disabilities" and

"mental retardation" comprise 72 percent of the students spending more than 60 percent of their time outside the regular classroom. In addition, approximately 33 percent of the special education students spend at least 79 percent of their time in a regular classroom, while the remaining 41 percent spend between 40 and 79 percent of their time in a regular education classroom.

- **Monitoring Academic Performance for Special Needs Students and Improving Programs:** The District has adopted building plans that guide the special education program. In FY 2004-05, the District's special needs students achieved reading (49.4) and math (42.1) test scores that were lower than the peer averages (58.6 in reading, 42.1 in math). In reaction to the low test scores, the District implemented an in-service day to address curriculum with special and regular education teachers and identified more inclusionary opportunities whereby special education teachers are placed in regular classrooms to help train regular education teachers. The District also provided in-service training on alternate assessments for students with severe disabilities who are unable to take the proficiency tests. As a result, the District's reading (59.7) and math test scores (50.2) improved significantly in FY 2005-06. The District is also in the process of implementing new technology and a research-based reading program to assist the special education program in FY 2006-07. In addition, the District added an amplification system in grades 1 through 4 that is designed to improve test scores for students with Attention Deficit Hyperactivity Disorder (ADHD) and Attention Deficit Disorder (ADD) through voice amplification. The District will add the 5th grade to the amplification system in FY 2006-07. Based on the improved test scores and the new programs that are being added, the District appears to be effectively monitoring the academic performance of its special needs students and identifying strategies for improvement.

- **At Risk Program:** The District has adopted policies regarding student intervention services that stipulate the procedures to be followed in identifying and assisting students deemed to be at-risk. The District identifies these students through various mechanisms including report card grades, test performance, teacher recommendations, standardized test scores, and discussions with parents. When a student is initially identified as at-risk, the parents are notified and given an opportunity to participate in the intervention services. The District further involves parents of at-risk students by offering parent-teacher conferences, volunteering opportunities, literacy training and activities at three parent nights that include skill building demonstrations. The District also coordinates programs through the Austintown library where books and activities are provided to parents and students. The District estimates a 60 to 70 percent student participation rate in this program. It evaluates the success of at-risk instruction and programs based on student achievement on the standardized tests, internal test results and performance in the classroom. These practices are consistent with Florida's Office of Program Policy Analysis and Government Accountability (OPPAGA's) *Best Practices and Indicators* (June 2002).

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that are not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the following issues:

- **Special Education Staffing:** Based on the staffing requirements stipulated in OAC §3301-51-09, the District should have a minimum of 47.2 special education teachers to educate its special needs students. In FY 2005-06, the District employed approximately employed 37.9 special education teachers and 20.4 tutor/small group special education instructors, which is 11.1 more than the State minimum requirements. The District also employs 5.1 more special education employees on a per 1,000 ADM basis when compared to the peer average. When accounting for only the special education students, the District maintains a special education student to special education teacher ratio of 11.9, which is lower than the peer average of 14.7. However, despite the higher special education staffing levels, the District's special education costs per special needs student ($6,679) are significantly lower than the peer average ($7,872). This is an indication that the peers may be contracting for additional services that are not being reported through EMIS. Based on the staffing comparison to the OAC minimum requirements, the District should conduct a detailed review of its special education program to determine if any reductions can be achieved without negatively impacting the quality of education.

- **Gifted Education:** The District offers gifted education programs in grades 4 through 8, but not at the high school level. Additionally, in order to be identified as gifted in Austintown LSD, students must demonstrate superior skills in both the language arts and cognitive abilities, which is a stricter standard than OAC §3301.51.15, which only requires the student to meet one of several standards. As a result, only nine percent of the District's students are enrolled in the gifted program while the state average is 16 percent. The Director of Instruction attributed the low enrollment to limited course offerings (grades 4 though 8 only), stricter testing standards, and a lack of teacher training in identifying gifted students. The Director of Instruction also indicated that the District's practices in these areas are due to its financial condition and the limited amount of State funding provided for the gifted education program.

The District received $78,900 in state funding for the gifted education program in FY 2005-06. However, despite offering limited programming, it spent $132,518 for the program during that year. OAC §3301.51.15 only requires school districts to identify gifted students through testing and other measures. It does not require districts to provide gifted education programming. The District's procedures for testing students and notifying parents of the results are compliant with the OAC requirements. Once the District has taken action to stabilize its financial situation, it should review the gifted education program to determine if it is beneficial to adopt less stringent testing standards or expand the course offerings to include the high school. At a minimum, the District should consider improving the regular teacher training to help ensure that the appropriate students are being selected for testing.

Recommendations

Collective Bargaining Agreements

R3.1 In negotiating future bargaining agreements, the District should ensure that the appropriate members are included on the negotiating team. These members should include, but not be limited to, the Superintendent, Treasurer, an attorney and other administrators as needed to fully assess the current and future impact of the bargaining proposals. In addition, the District should ensure that these individuals receive regular training regarding negotiating techniques. Lastly, based on the District's projected deficits in FY 2008-09 and FY 2009-10, the District's administrators should make it a priority to renegotiate the costly contract provisions identified in R3.2 and R3.3.

Austintown has bargaining agreements with the Ohio Association of Public School Employees (OAPSE) and the Austintown Education Association (AEA). In the past, the Assistant Superintendent was primarily responsible for negotiating the contracts with the assistance of an attorney. However, the District changed the process to negotiate the current bargaining agreements. Under the current process, the Treasurer, Superintendent and an attorney from the Ohio School Boards Association (OSBA) are all on the negotiating team. In addition, the Superintendent and Treasurer received training on the principles of interest based bargaining from the OSBA prior to negotiating the current agreements. According to the article: *Interactive or Interest Based Bargaining* (Brad Spangler, June 2003), "an interest based bargaining strategy focuses on mutually beneficial agreements based on the interests of the disputants… to create joint value." The article mentions that the parties must fully analyze the consequences of the agreement.

R3.2 and **R3.3** show that the District has many unfavorable provisions in its bargaining agreements. In addition, **R3.5** shows that the District's salaries for classified employees are significantly higher than the peer average. These factors may indicate that District administrators have used an ineffective bargaining process in the past that did not give full consideration of the impact a provision has on the District's future operations and/or costs. Given that the Treasurer is projecting operating deficits in the final two years of the forecast, it is imperative that the District begin analyzing the full impact of future proposals before reaching an agreement. The District may be able to improve the results of the collective bargaining process by including the Superintendent, Treasurer, an attorney and other administrative personnel in negotiations and by receiving regular training on negotiation procedures.

R3.2 The District should eliminate the extra planning/duty period that the secondary teachers are currently receiving (see Table 3.2). This would make the District's instructional minutes per teacher and planning minutes per week more comparable to the OAC minimum requirements and would allow the District to reduce up to 32 middle and high school teachers, depending on subject certifications. However, to accomplish this, the District would have to hire additional monitors to assume the duty period responsibilities currently being completed by the teachers. In addition, the District would have to renegotiate the collective bargaining agreement provisions regarding the number of periods taught, the number of students per secondary teacher, and the reduction in force language. The District should also consider reducing the severance payout to be more comparable to the Ohio Revised Code (ORC) minimums.

The collective bargaining agreement between the Austintown Education Association (AEA) and Austintown LSD took effect on August 29, 2005 and runs through August 28, 2007. The agreement will be open for negotiation in January of 2007. Since contractual and employment issues directly affect the District's operating budget, they have been assessed and compared to various benchmarks to show any financial implications for Austintown LSD.

The following provisions in the District's certificated bargaining agreement appear comparable to ORC minimum standards and/or other applicable standards/practices: length of school year; professional leave of absence; cost of living adjustments; number of contract days; evaluations; sick and personal leave incentives; number of sick days accrued; number of personal days; and Board retirement contributions. **Table 3-2** highlights the areas where the District's contract provisions exceeded ORC requirements and other industry standards.

Table 3-2: Certified Contract Analysis

Issue	Contract Language	Criteria
Teaching Time • **Contractual** • **Actual**	The contract does not stipulate the actual student contact time. However, the length of a teacher's day is 7 ½ hours, which includes a 30 minute lunch The District's actual practice is to give the secondary school teachers one planning period per year and one additional planning period for one semester and one duty period the second semester. For example, in one semester, a teacher will have two planning periods while the same teacher will have one planning period and one duty period in	According to OAC §3301-35-06, minimum instructional time for grades K-12 is as follows: • Students in kindergarten shall be offered at least two and one-half hours per day of classes. All-day kindergarten shall offer five hours per day, excluding the lunch period. • The instructional day for students in grades one through six shall include scheduled classes, for at least five hours, excluding the lunch period. • The instructional day for students in grades seven and eight shall consist of scheduled classes, for at least five and one-half hours,

	the second semester. Based on the bell schedules at the secondary schools, a teacher is scheduled for 258 minutes of instruction per day (4.3 hours) after accounting for two planning/duty periods and one lunch period. The District's bargaining agreement includes a provision which states "no alteration in the number of assigned class periods or the length of conference or planning period will be made without the consent of the President of the bargaining unit and the faculty member concerned."	excluding the lunch period. • The instructional day for students in grades nine through twelve shall consist of scheduled classes for at least five and one-half hours excluding the lunch period. According to OAC §3301-35-05, teachers shall be provided sufficient time for designing their work, evaluating student progress, conferencing, and team planning. The schedule of full-time equivalent classroom teachers assigned to a school with a teacher day of six hours or longer, excluding the lunch period, shall include two hundred minutes per week for these purposes. According to ORC §3319.072, each teacher shall be granted at least thirty minutes for lunch each school day, during which time the teacher shall not be required to perform any school activity.
Maximum class size	Class size desirable: • Grades K-2 = 23 students • Grades 3-6 = 25 students • Combined total in regular classes 125 students / teacher in middle and secondary schools (Equates to 25 per class since secondary teachers usually teach 5 classes.)	According to OAC §3301-35-05, the ratio of teachers-to-students district-wide shall be at least one full-time equivalent classroom teacher for each twenty-five students in the regular student population. The Mackinac Center for Public Policy, in a Michigan study: *Collective Bargaining for Schools* (1998), states that establishing class size requirements within a collective bargaining agreement restricts the school administration's decision-making about the most effective use of staff, space, and scarce financial resources. Furthermore, researchers found that there is no evidence that supports the main justification for these proposals; namely, that smaller classes produce improvements in student performance.
Reduction in force	The contract states that the District can only implement a reduction in force (RIF) when there is a decrease in enrollment or for financial reasons. The provision goes on to indicate that a RIF for financial reasons will be acceptable if the total cost of teacher salaries and benefits exceeds 65 percent of the total General Fund expenditures. The contract indicates that the reduction under any circumstance shall not exceed 10 teachers for the duration of this contract (2007).	According to ORC §3319.17, the following reasons will be necessary for a District to reduce the number of teachers it employs: • In the case of any district or service center, return to duty of regular teachers after leaves of absence including leaves, suspension of schools, territorial changes affecting the district or center, or financial reasons; • In the case of any city, exempted village, local, or joint vocational school district, decreased enrollment of pupils in the district; • In cases were contracted services to other districts are discontinued.

		Also according to Association of School Business Officials International (ASBO), in its book *Practical Ideas for Cutting Costs and Ways to Generate Alternative Revenue Sources* (2005), school districts should develop a well planned reduction-in-force policy that will allow for the transfer of staff to improve pupil-teacher ratios in specialized areas.
Sick leave • **Number of sick days accrued** • **Maximum accrual** • **Doctor notice required**	15 days / year or 1 ¼ days per month Maximum accumulation of 276 days Doctor notice not required.	ORC §3319.141 states the following: • Each person who is employed by any board of education in this state shall be entitled to fifteen days sick leave with pay, for each year under contract, which shall be credited at the rate of one and one-fourth days per month. • School employees can accrue up to 120 workdays. More can be approved by the local board of education. A board of education shall require a teacher or non-teaching school employee to furnish a written, signed statement on forms prescribed by such board to justify the use of sick leave. If medical attention is required, the employee's statement shall list the name and address of the attending physician and the dates when he was consulted. Falsification of a statement is grounds for suspension or termination of employment.
Maximum number of sick days paid at retirement (percentage payout)	At the time of retirement and after 10 years of service with the District, teachers are eligible for severance pay based on the following calculation: 25 percent of the sick days accrued up to 42 days (1/4 of 168 days) plus 10 percent of unused days greater than 168. All payments are based on the employee's per diem rate at retirement exclusive of supplemental contracts.	According to ORC §124.39, if an individual retires from active service with ten or more years of service with the state, they are entitled to be paid in cash for one-fourth of the value of the employee's accrued but unused sick leave credit up to a maximum of 30 days. A policy can be adopted allowing an employee to receive payment for more than one-fourth the value of the unused sick leave, for more than the aggregate value of thirty days of the employee's unused sick leave, or allowing the number of years of service to be less than ten.

Source: Austintown LSD, OAC, ORC, Study on Collective bargaining for Schools (1998), Oregon School Board Association, ASBO, and Ohio Attorney General Opinions.

A summary description of the certified contract provisions that are more generous in comparison to ORC requirements and industry standards includes the following:

- **Teaching Time and Maximum Class Size**: **Table 3-2** shows that the District's practice is to give secondary school teachers one planning period per year and one

additional planning/duty period, depending on the semester. Furthermore, the District's bargaining agreement states that "no alteration in the number of assigned class periods or the length of conference or planning period will be made without the consent of the President of the bargaining unit and the faculty member concerned." As a result, the District's teachers receive over 500 planning minutes per week in one semester and 255 planning minutes and 255 duty period minutes in the other semester. In contrast, the OAC §3301-35-05 suggests a minimum of 200 planning minutes per week. Furthermore, based on the bell schedules at the secondary schools, the District's teachers are scheduled for 258 minutes of instruction per day (4.3 hours). According to OAC §3301-35-06, the minimum instructional day for students in grades seven through twelve shall consist of scheduled classes, for at least five and one-half hours, excluding the lunch period.

The practice of allowing two planning/duty periods per teacher requires the District to maintain higher staffing levels in order to meet the minimum student instruction requirement of 5.5 hours. For example, if the District required each teacher to teach one additional period per day (51 minutes) by eliminating one planning/duty period, the District could possibly reduce 17 teaching positions in the high school and 15 positions in the middle school without considering teacher certifications. This would also make the District's instructional minutes per teacher (5.2 hours per day) and planning minutes per week (255) more comparable to the OAC minimum requirements. The District would need to hire additional part-time monitors to assume the duty period responsibilities currently being completed by the teachers. However, this would still result in a significant savings for the District. For example, based on the current assignments, the District would need to cover 145.5 duty periods. The cost of hiring monitors to assume these duties is estimated to be approximately $395,000. However, the estimated savings from teacher reductions would equal approximately $1.4 million.

In addition to the contract provision noted above, the certificated bargaining agreement also stipulates that the desirable student-to-teacher ratio is 125 students per day for grades 7 through 12. The District would have to negotiate to increase the student-to-teacher ratio at the secondary levels to 150 students per day (25 students per class for 6 classes) in order to eliminate the extra planning/duty period. Furthermore, the District would have to renegotiate the reduction-in-force provision to reduce more than 10 teachers.

- **Reduction-in-Force: Table 3-2** shows that the certificated bargaining agreement includes a provision which limits the District's ability to reduce teacher staffing levels. Specifically, the District must demonstrate that the total cost of teacher salaries and benefits exceeds 65 percent of the total General Fund expenditures before implementing a reduction-in-force. Additionally, the provision further

limits the District by indicating that the District can only reduce up to 10 teachers for the duration of the contract. This provision can inhibit the District's ability to adjust the staffing levels based on financial necessity, enrollment declines and other factors such as elimination of the planning/duty period.

- ***Sick Leave Notice Required:*** As specified by ORC §3319.141, employees are required to furnish a written, signed statement on forms to justify the use of sick leave. If medical attention is required, the form shall list the name and address of the attending physician and the dates the physician was consulted. Although the District's certificated sick leave use is similar to the Ohio Department of Administrative Service's (ODAS) state average, the collective bargaining agreement does not require employees to provide a physician's signature to support the need for an extended absence (see **R3.4** for additional discussion on sick leave use).

- ***Maximum Number of Sick Days Paid at Retirement***: Austintown LSD allows a maximum severance payout of 52.8 days, which is 22.8 days more than the minimum stipulated in the ORC (30 days). In FY 2004-05, 17 teachers retired at a cost of approximately $243,000. An additional 19 teachers retired in FY 2005-06 at a cost of $264,830.

Financial Implication: The District could achieve a net savings of approximately $1.1 million by reducing 32 high school and middle school teachers, reducing the certificated severance payouts to State minimums, and by hiring the monitors necessary to cover the duty periods.

R3.3 Austintown LSD should consider negotiating to decrease the number of vacation days and holidays that are provided to classified employees. Doing so would allow the District to reduce the amount of time employees are away from work, which subsequently should increase productivity and limit the need for substitutes and/or overtime. The District should also consider reducing the number of sick days that are paid out to classified staff at retirement and eliminating the retirement bonus payment. This would help limit the District's long-term liability associated with severance payments. Lastly, the District should negotiate to allow managers to complete evaluations as needed for all classified employees, similar to the teaching staff, to provide timely feedback concerning job performance.

The collective bargaining agreement between the Austintown Board of Education and the Ohio Association of Public School Employees (OAPSE) runs from July 1, 2005 through June 30, 2007. The agreement will be open for negotiation in January of 2007. Since contractual and employment issues directly affect the operating budget, they have been assessed and compared to industry standards to show any financial implications for Austintown LSD.

The following provisions in the District's classified bargaining agreement appear comparable to ORC minimum standards and/or other applicable standards and practices: length of work week; minimum staffing levels; building checks; minimum call in hours; sick leave incentive; personal leave incentive; number of sick days accrued; number of personal days; Board pension contributions; and cost of living adjustments (COLA). **Table 3-3** highlights the areas where the District's contract provisions exceeded ORC requirements and other industry standards.

Table 3-3: Classified Contract Analysis

Issue	Contract Language	Criteria
Number of holidays	**Nine or ten month bargaining Unit members:** 8 paid holidays with the exception of Labor Day. Only those employees with accrued earnings the workday immediately preceding Labor Day are entitled to holiday pay. **12 month bargaining unit members:** 11 paid holidays.	According ORC §3319.087, all regular non-teaching school employees are entitled to the following holidays: • **Eleven or twelve month employees:** New Year's day, Martin Luther King day, Memorial day, Independence day, Labor day, Thanksgiving day, and Christmas day. • **Nine or ten month employees:** New Year's day, Martin Luther King day, Memorial day, Labor day, Thanksgiving day, and Christmas day. • **Less than nine month employees:** shall be entitled to a minimum of those holidays enumerated in this section which fall during the employees' time of employment.
Vacations	1 -4 years: 0.84 days per month accrued / 2 weeks 5-10 years: 1.25 days per month accrued / 3 weeks 10 years or more: 1.66 days per month accrued / 4 weeks	According to ORC §3318.084, non-teaching school employees including full-time hourly-rate and per diem employees receive the are entitled to the following number of vacation weeks: • One to nine years: two calendar weeks; • Ten or more years: three calendar weeks; and • Twenty or more years-four calendar weeks.
Maximum number of sick days paid at retirement (percentage payout)	With 10 or more years of service: 25 percent of sick days up to 276 days or 69 days paid maximum. In addition, employees who retire with 10 or more years of service with Austintown LSD will receive 10 percent of the previous year's salary as a retirement bonus if they qualify for SERS benefits upon retirement	According to ORC §124.39, if an individual retires from active service with ten or more years of service with the state, they are entitled to be paid in cash for one-fourth of the value of the employee's accrued but unused sick leave credit up to 30 days. A policy can be adopted allowing an employee to receive payment for more than one-fourth the value of the unused sick leave, for more than the aggregate value of thirty days of the employee's unused sick leave, or allowing the number of years of service to be less than ten.
Evaluation	An annual evaluation can be completed for employees on a limited contract. Employees on a continuing contract are to be evaluated no more than once every four years unless by mutual agreement of employee, supervisor or department head.	According to OAC §3301-35-05, classified staff shall be evaluated at regular intervals. Evaluation results shall be discussed with the classified staff in evaluation conferences.

Source: Austintown LSD, ORC, OAC, ASBO, Society of Human Resource Management, Business and Legal Reports, Ohio Attorney General opinion, and Oregon School Board Association.

A summary description of the classified contract provisions that were more generous in comparison to ORC requirements and industry standards includes the following:

- **Holidays and Vacation Accrual:** According to ORC §3319.087, 11 and 12 months employees are entitled to a minimum of 7 holidays and 9 or 10 month employees are entitled to 6 holidays. Austintown LSD's 12 month employees receive 11 holidays and all other classified employees receive 8 holidays. In addition, **Table 3-3** also shows that the District's vacation accrual rate is much higher than ORC minimum requirements. For example, an employee with 10 years of service receives 20 days of vacation per year at Austintown LSD. In contrast, ORC §3318.084 does not require the District to grant 20 days per year until employees have reached 20 years of service. Providing full-time employees with more holidays and vacation days can reduce productivity since there are fewer work days devoted to District operations. In addition, providing employees with more days off can potentially increase expenditures if substitutes and/or overtime are needed.

- **Maximum Number of Sick Days Paid at Retirement**: **Table 3-3** shows that the District allows for a maximum severance payout of 69 days. In addition, the District provides all eligible employees with a retirement bonus equal to 10 percent of the previous year's salary. These provisions result in severance payouts that are significantly higher than the minimum requirements stipulated in the ORC. For example, according to ORC §124.39 an individual can retire from active service with 10 years or more service, and be paid in cash for one-fourth of the value their accrued but unused sick leave credit up to 30 days. Nine staff members retired through the District's program in FY 2004-05 at a cost of $21,866 for unused sick leave and $18,827 for retirement bonuses. Fifteen staff members retired in FY 2005-06 at a cost of $38,534 for unused sick leave and $34,659 for retirement bonuses.

- **Evaluations**: **Table 3-3** shows that classified employees on a continuing contract can only be evaluated once every four years unless by mutual agreement of the employee, supervisor or department head. AccelTeam, a business concentrating on advancing employee productivity, suggests annual performance evaluations to review what has been done to improve performance in the previous year and what can be done to improve performance in the following year. The District's practice prevents it from providing timely feedback to employees regarding job performance.

Financial Implication: It is estimated that the District could save approximately $38,000 annually by eliminating the retirement bonus and reducing the classified severance payouts to State minimums.

R3.4 Austintown LSD should strive to reduce the amount of sick leave used by its employees by strengthening the collective bargaining agreement language to ensure proper use of sick leave. More specifically, the District should consider modifying the collective bargaining agreements to include prohibitions against "patterns of abuse." These prohibitions should indicate that if employees engage in "patterns of abuse," they may be subject to discipline. To identify potential patterns of abuse, the District should begin actively monitoring sick leave use. For example, the District could monitor sick leave by preparing payroll reports at month-end that show the dates, reasons and amount of sick leave used by each employee during the prior month; the year-to-date leave use by employee; and a comparison of the year-to-date sick leave totals by employee classification to the same time period from the prior year. In addition, the District should also consider following the Americans Society for Public Administration (ASPA's) suggestions for identifying and addressing employee sick leave abuse (see below for details).

Austintown LSD should also consult with its legal counsel prior to implementing this recommendation to ensure that all required notices are given to employees concerning the policy, that the disciplinary procedures are fair and appropriate, and that a process is in place for employees to dispute sick leave abuse claims that is compliant with all applicable laws. Reducing sick leave taken by 4.5 days per FTE would bring the District more in line with the state average of 6.7 days as reported by ODAS.

Table 3-4 illustrates the District's average sick leave use in comparison to the state and the American Federation of State, County, and Municipal Employees (AFSCME) averages reported by the ODAS.

Table 3-4: Austintown LSD Sick Leave compared to AFSCME and the State Average

	Sick Leave Days	Total Employees	Sick Leave per Employee (hrs)	State Average and AFSCME	Excess Hours Used
Certified	2,403.75	316	57.05	53.72 (state average)	3.33
Classified	2,650.34	223	95.08	57.78 (AFSCME average)	37.30

Source: Austintown LSD and ODAS.

Table 3-4 shows that the District's certificated staff are averaging approximately 57.1 hours of sick leave per employee, which is comparable to the state average reported by ODAS of 53.7 hours. In contrast, **Table 3-4** shows that classified staff are averaging approximately 95 hours of sick leave per employee, which is significantly higher than the AFSCME average reported by ODAS. The District's high rate of sick leave use among

classified employees may be due in part to a lack of policies and/or provisions in the collective bargaining agreements for identifying and disciplining employees suspected of abusing sick leave. For example, the District's agreements do not require employees to provide a physician's signature to support the need for an extended absence.

The State of Ohio has collective bargaining agreements with the State Council of Professional Educators (SCOPE) and the Ohio Civil Service Employees Association (OCSEA), Local 11. Teachers, librarians and educational specialists comprise the majority of positions represented by SCOPE. OCSEA, Local 11 represents numerous classifications including clerks, administrative assistants, custodial workers, electricians, equipment operators, food service workers, and maintenance repair workers. Both of these collective bargaining agreements (2003-2006) contain provisions for disciplining employees for sick leave abuse as well as provisions for pattern abuse, which is defined as consistent periods of sick leave use. The agreements provide the following as examples of pattern abuse:

- Before, and/or after holidays;
- Before, and/or after weekends or regular days off;
- After pay days;
- Any one specific day;
- Absence following overtime worked;
- Half days;
- Continued pattern of maintaining zero or near zero balances; and
- Excessive absenteeism.

Additionally, the SCOPE agreement indicates that for absences exceeding seven consecutive calendar days, a physician's statement is routinely required that specifies the employee's inability to work and probable recovery date. The OCSEA agreement indicates that the employer may request a physician's statement to be submitted within a reasonable period of time.

In the article *Sick Leave Abuse*: *A Chronic Workplace Ill* (American Society for Public Administration, April 2002), determining if and why employees exploit leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave is higher in one department, or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following explains common guidelines all employers can follow to manage sick leave effectively.

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.

- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say "No." Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

Financial Implication: The savings associated with a reduction in classified sick leave usage could not be quantified because substitutes are not consistently used to cover absences.

Compensation

R3.5 Austintown LSD should address its high administrative salaries by eliminating the additional pension benefit. In addition, the District should attempt to negotiate new salary schedules for classified positions. These actions would bring the District's compensation package for administrative and classified employees in line with the peer average. If these actions are not possible, the District could also bring the salaries in line with the peer average by granting lower COLAs in the future. However, the Board will have to negotiate lower COLAs for an extended period of time in order to achieve salaries that are consistent with the peer average. Lastly, the District should annually review employee salaries to determine the appropriateness of salary schedules and other compensation benefits in an effort to prevent future deviations from the norm.

Table 3-5 compares average salaries for the District's administrative, certificated and classified staff with the peer averages for FY 2005-06.

Table 3-5: Average Salary Summary Table

Category	Austintown LSD Average Salary	Peer Average Salary	Average Salary Percentage Difference
Administrators:			
Administrators	$66,536	$63,157	5.4%
Certificated Staff:			
Educational Staff	$50,260	$45,008	11.7%
Classified Staff:			
Professional Staff	$51,555	$48,237	6.9%
Technical Staff	$22,611	$17,602	28.5%
Office / Clerical Staff	$29,383	$21,387	37.4%
Maintenance Workers	$39,425	$35,803	10.1%
Operative (Vehicle Operators)	$14,770	$13,495	9.4%
Service Worker	$25,464	$18,116	40.6%
Average Classified Staff	$30,535	$25,773	18.5%
Total Average Reported Salary	**$41,980**	**$36,912**	13.7%

Source: ODE

Table 3-5 shows that in total, Austintown LSD compensates its employees at a rate nearly 14 percent higher than the peer average. **Table 3-5** also shows that Austintown LSD's average salary is higher than the peer average in every employee classification. Explanations for the higher salaries within the administrative, certificated and classified employee classifications include the following:

- **Administrators: Table 3-5** shows that the District's average administrative salary is approximately five percent higher than the peer average. However, the District is currently providing the majority of its administrative employees with an additional pension benefit that is not reflected in **Table 3-5**. Specifically, the Board is paying varying percentages of the employee's portion of the retirement contribution for 19 administrative employees. The cost of the additional pension benefit is estimated to be approximately $142,000 annually based on FY 2005-06 salaries. When the administrative salaries presented in **Table 3-5** are adjusted to reflect the additional pension benefit, the District's revised average administrative salary is $73,319, which is 16 percent higher than the peer average. If the District does not address the additional pension benefit, the Board would have to give the administrative employees annual COLA's of one percent for the next eight years before the average administrative compensation package would be in line with the peer average, assuming the peers grant three percent annual COLA's during this timeframe. Several District officials indicated that the higher salaries are due to the District maintaining lower administrative staffing levels in recent years.

However, the District has taken action in FY 2006-07 to hire a Director of Business Services and **R3.9** indicates that the District should consider hiring another central administrator.

- **Certificated: Table 3-5** shows that the District's average certificated salary is approximately 12 percent higher than the peer average. However, the higher certificated salaries are due to the education and longevity of the District's teachers rather than a generous step schedule. For example, 76 percent of Austintown LSD's certificated staff has a masters degree while the Mahoning County and State averages are both 55 percent, respectively. Similarly, Austintown LSD's average teacher longevity is 16 years while the Mahoning County average is 14.2 years and the State average is 16.1 years. Furthermore, the beginning bachelor degree salary at Austintown LSD is slightly lower than the State average and is comparable to the Mahoning County average while the beginning masters degree salary is lower than the State and Mahoning County averages.

- **Classified: Table 3-5** shows that the District's average classified salary is approximately 19 percent higher than the peer average. To determine the cause of the higher classified salaries, the beginning and ending steps from the salary schedules for the custodians, bus drivers, secretaries and food service employees were compared to the salary schedules in place at Boardman LSD, Lowellville LSD, and McDonald LSD. The four employee classifications were chosen because they represent a majority (72%) of the District's classified staff while the three peer districts were chosen based on their proximity to Austintown LSD. Based on the comparison, the beginning and ending steps from the salary schedules at Austintown LSD are higher than each of the peers in all four employee classifications. For example, the first step on the custodial salary schedule is 42.3 percent higher than the three peer average while the last step is 29.2 percent higher. To achieve an average classified salary similar to the peer average shown in **Table 3-5**, the District would have to renegotiate the salary schedules to generate a salary reduction of $4,762 per employee, or approximately $914,000 annually. If the District does not renegotiate the classified salary schedules, it would have to negotiate annual COLA's of one percent for the next nine years before the District's average classified salaries would be similar to the peer average, assuming the peers grant three percent annual COLA's during this timeframe.

Financial Implication: The District can save approximately $142,000 annually by eliminating the additional pension benefit that is given to administrative employees. Although the District should try to renegotiate the classified salary schedules, it is likely that any revisions will only impact new employees and cannot be easily quantified.

However, if the District were to negotiate a one percent COLA during the next contract period (assumed to be three years), the estimated savings would be $131,000 in FY 2007-08, $266,000 in FY 2008-09, and $408,000 in FY 2009-10 assuming the District would otherwise have granted three percent annual COLAs. If the District negotiated one percent COLA's for the next nine years, the total savings would be $6.5 million, assuming the District would otherwise have granted three percent annual COLAs.

Benefits Administration

R3.6 The District should negotiate to require all employees receiving health benefits to contribute 10 percent of the monthly health care premiums. This would make the District's contribution levels consistent with the SERB average for family coverage, but still significantly lower than the Kaiser averages (16% single, 26% family). In addition, the District should adopt a policy that requires the Superintendent and Treasurer to annually review the health, dental and life insurance premiums offered by the Stark County Council of Governments (Stark County consortium) to those that can be obtained by the District through other alternatives (i.e., by itself through requests for proposals or other consortiums). This will help ensure that the District continues to receive health, dental and life insurance coverage at the lowest price.

Table 3-6 compares Austintown LSD's General Fund expenditures for employee fringe benefits to the peer average for FY 2004-05. The data is presented on a per FTE basis to account for differences in the size of the districts.

Table 3-6 Employee Fringe Benefit Expenditures per FTE

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005
Fringe Benefits	$17,011	$15,665	$13,288

Source: FY 2004-05 District 4502

As illustrated in **Table 3-6**, Austintown LSD spent $3,723 more per FTE for employee benefits than the peer average in FY 2004-05. However, **Table 3-6** also shows that the District's fringe benefit costs decreased significantly in FY 2005-06, which was due to the District no longer offering a traditional health care plan and requiring all employees to join the Preferred Provider Organization (PPO) health plan. As a result, the District's monthly premiums declined by approximately $181 for the family plan and $74 for the single plan. Prior to FY 2006-07, the District offered medical, prescription, dental, and life insurance coverage to all employees through its membership in the Mahoning County Health Care consortium (Mahoning County consortium). However, in FY 2006-07, the District left the Mahoning County consortium and joined the Stark County Council of Governments consortium (Stark County consortium) due to lower health insurance premiums.

Table 3-7 compares the FY 2006-07 monthly health insurance premiums for Austintown LSD with the Kaiser Foundation 2005 Annual Survey and the 2005 SERB averages. To account for inflation within the SERB data, the percentage change in premium costs between 2004 and 2005 is used to project the 2006 SERB premiums, assuming that premiums will increase by the same percentage between 2005 and 2006. According to the negotiated agreements, the District's certificated employees qualify for 100 percent Board paid benefits if they work five hours or more per day while the classified employees qualify if they work four hours or more per day.

Table 3-7: Monthly Healthcare Premiums

	Austintown LSD 2006-07	Kaiser Foundation 2005 Annual Survey	Kaiser Adjusted For 2006	SERB 2005 Report	SERB Adjusted For 2006
Average Annual Premiums	**PPO** **Single:** $378.11 **Family**: $918.44	**All Plans** **Single:** $335 **Family:** $907 **PPO** **Single:** $346 **Family:** $924 **STATE/LOCAL GOVERNMENT** **All Plans** **Single:** $365 **Family:** $915 **PPO** **Single:** $381 **Family:** $922	**All Plans** **Single:** $366 **Family:** $990 **PPO** **Single:** $378 **Family:** $1,009 **STATE/LOCAL GOVERNMENT** **All Plans** **Single:** $397 **Family:** $995 **PPO** **Single:** $414 **Family:** $1,022	**MEDICAL** **All Plans** **Single:** $379.73 **Family:** $966.28 **Employer Consortium** **Single:** $390.58 **Family:** $953.03	**MEDICAL** **All Plans** **Single:** $426.06 **Family:** $1,084.17 **Employer Consortium** **Single:** $430.23 **Family:** $1,069.30
Average Monthly Premiums and Employee Contributions by Region ~ Medical Only	**Certificated:** 7% **OAPSE:** 3.5%	**Single:** 16.0% **Family:** 26.0%		**Based on Medical Only:** **Single:** 8.4% **Family:** 10.4% **2,500 – 9,999 ADM:** **Single:** 7.3% **Family:** 8.4% **Warren/Youngstown:** **Single:** 5.3% **Family:** 8.1%	
Average Monthly Premiums and Employee Contributions by Covered Employees ~ Medical Only	**Certificated:** 7% **OAPSE:** 3.5%			**250-499:** **Single:** 7.5% **Family:** 10.2% **500-999:** **Single:** 8.8% **Family:** 10.2%	
Dental Plan Coverage Average Monthly Premiums	Single: $48.03 Family: $118.42	N/A		**Single:** $36.24 **Family:** $69.74	**Single:** $37.66 **Family:** $73.57
Life Insurance Coverage Average Annual Cost and Mean Benefit Provided	$0.195 per $1,000 of coverage per employee per month.	N/A		$0.1892 per $1,000 of coverage per employee per month, with a mean benefit of $32,661	

Source: Austintown LSD, Kaiser Family Foundation 2005 Annual Report, SERB 2004 Annual Report, Negotiated Agreement.
Note: SERB reports that although the average premiums reported above are based on rates for medical coverage only, other items such as prescription, dental, optical, and life are included as a part of the medical plan. Because the costs of these additional benefits cannot necessarily be calculated separately, they may be included with the monthly medical premium.

The following provides a summary analysis of each of the benefits presented in **Table 3-7**.

- **Average Annual Premiums: Table 3-7** shows that the District's single and family plan health insurance premiums for FY 2006-07 are comparable ($378.11 and $918.44, respectively) to the 2006 Kaiser averages and lower than all of the 2006 SERB averages.

- **Employee Contributions: Table 3-7** shows that Austintown LSD's employee contributions are lower than the Kaiser and SERB benchmarks. For example, SERB reports that the average employee contribution was 8.4 percent for single medical coverage and 10.4 percent for family coverage. Furthermore, the Kaiser survey reports that the average medical contribution rates were 16 percent for single coverage and 26 percent for family coverage. In contrast, Austintown LSD's certificated employees contribute seven percent while the classified employees contribute 3.5 percent. In addition to contributing less than the Kaiser and SERB averages for healthcare, **Table 3-5** shows that the District's administrative and classified employees have higher salaries when compared to the peer averages.

- **Dental: Table 3-7** shows that the District's dental premiums for single coverage are 28 percent higher than the SERB average for single coverage and 61 percent higher for family coverage. According to a representative from the Stark County consortium, the District must offer the same dental coverage as the rest of the members in the consortium as a condition of membership. Additionally, the representative at the Stark County consortium also indicated that the District is not permitted to negotiate employee contributions towards the dental insurance because this encourages employees to selectively add/drop insurance coverage when they anticipate needing dental procedures. In previous bargaining agreements, the District's employees contributed 10 percent toward dental insurance premiums. Despite the higher cost of the dental program, the District's combined premiums for dental and healthcare ($426.14 single, $1,036.86 family) are lower than the 2006 SERB averages ($463.72 single, $1,157.74 family).

- **Vision:** No vision insurance is provided by the District.

- **Life Insurance: Table 3-7** shows that the District pays $0.195 per $1,000 for life insurance coverage, which is comparable to the 2005 SERB average of $0.1892 per $1,000 of coverage.

Financial Implication: The District could save approximately $143,000 annually by requiring all employees who receive health benefits to contribute 10 percent toward the monthly premiums.

R3.7 The District should negotiate to increase the minimum work hour requirement for employees to receive full medical coverage, such as increasing it to a minimum of 30 hours per week. However, if 30 hours is not feasible, the District should require that classified employees work 25 hours per week to receive health insurance, similar to the certificated staff.

Austintown LSD offers health insurance to its employees in the following manner:

- Members of the classified bargaining unit are eligible for full health care coverage if they work 20 hours or more per week in one assignment;
- Certificated employees hired prior to July 1, 2006 are eligible for benefits if they work more than a half day. Certificated employees hired after July 1, 2006 are eligible for benefits if they work 25 hours or more per week; and
- Board of Education members may elect coverage subject to the payment of any required contribution.

According to the Treasurer, the lower hour thresholds were established as a means to attract new employees to the District. However, the lower minimum requirement allows more staff to participate in fully covered health benefits, which increases the District's operating costs (see **transportation** section). According to a representative from the Stark County consortium, Medical Mutual (the health insurance provider for the consortium) requires employees to work 30 hours per week to receive full health care benefits. However, the Stark County consortium was able to receive a waiver that allowed its members to have lower minimum thresholds.

The Garfield Heights City School District (Cuyahoga County) and Massillon City School District (Stark County) require classified employees to work a minimum of 30 hours per week to receive full health care coverage while the certificated employees must work 35 hours per week. Newark CSD requires all its classified employees to work a minimum of 20 hours per week for 75 percent single coverage and 65 percent family coverage (employees pay 25 percent for single coverage and 35 percent for family coverage). Additionally, Newark CSD pays 100 percent of benefit costs for classified employees working 35 hours per week and certificated employees working 25 hours per week.

Financial Implication: If the District implements the 30 hour minimum work week, it will save approximately $151,000 in annual health insurance costs. If the District were to implement the 25 hour minimum work week it would save approximately $131,000 annually.

Staffing

R3.8 Austintown LSD should establish a formal staffing plan to address current and future staffing needs. By developing a staffing plan, the District would have an objective means to help ensure that it is meeting State requirements, and that it has adequate staffing to serve students and efficiently operate its various departments. Furthermore, the District would have a better means for forecasting personnel costs. In order to help the District develop a formal staffing plan, it should review the other sections of this performance audit because they contain variables (e.g., workload measures) that should be considered when analyzing staffing levels.

Austintown LSD does not have a formal staffing plan to help make staffing decisions. Rather, its staffing decisions are based on a consideration of the bargaining agreements, legislative mandates and opinions regarding need. For example, the certificated bargaining agreement states that the ratio desired for teachers to students shall be one classroom teacher for each 23 students for kindergarten through second grade and 25 students for grades 3 through 6. The desired ratio of students to teachers in the secondary schools should be 125 to 1. The special education staffing levels are stipulated in OAC §3301-51-09, which establishes maximum student to teacher ratios for each category of student disability. The District hires administrative and classified staff based on need and a consideration of enrollment and job duties.

In the absence of a staffing plan, the District increases the risk of not meeting these standards or overspending in these areas. For instance, the EMIS staffing report indicates that the District's special education staffing levels are significantly higher than the requirements of OAC §3301-51-09 (see *Issue for Further Study*). Additionally, by not considering objective standards such as workload drivers, the District increases the risk that it is maintaining inefficient classified staffing levels. For example, the EMIS staff report indicates that the District's clerical, custodial and groundskeeper staffing levels are higher in comparison to the peer average.

The Tulsa Public Schools have established guidelines for determining the appropriate staffing levels within the regular and special education teacher, administrative, other instructional, clerical, custodial, and food service classifications. The instructional and administrative allocations are based on student enrollment or student caseload for special education teachers. The other staffing allocations are based on a consideration of various workload measures. For example, the determination of custodial staffing levels is based on a calculation that considers the number of teachers, students, rooms, and the total area of the buildings. The food service staffing allocations are based on a minimum target meals per labor hour calculation established by the District. The staffing plan also outlines the procedures for developing the allocations in each area

R3.9 The District should consider hiring another central administrator and re-allocating current job functions to create a more equitable workload among the administrative staff. Implementing this recommendation would also free-up the existing staff members to address the recommendations identified in this performance audit. For example, if the District hired a central administrator to oversee the human resources functions including hiring and terminating employees, overseeing the employee evaluation process, EMIS reporting, benefits administration, collective bargaining, workers' compensation, and grants management, the other administrators would have additional time that could be used to improve the quality of the financial forecasting, budgeting, strategic and capital planning, and T-Form reporting.

Austintown LSD currently operates eight schools, which are supervised by eight principals, and five assistant principals. The eight schools include five elementary schools with one principal each, two middle schools with one principal and one assistant principal each, and a high school with one principal and three assistant principals. The District has a total of 13.0 site-based administrator FTEs. The District also has an administration office that houses the office of the Superintendent, the Treasurer, and other administrator positions for a total of 8.0 central administrator FTEs.

Table 3-8 compares the FY 2005-06 staffing levels of all administrative personnel at Austintown LSD with the peers. Staffing levels are illustrated in administrative FTEs compared to total FTEs and administrative FTEs per 1,000 students.

Table 3-8: School Administrators

	Austintown LSD	Peer Average	Difference
Central Administrators	8.0	6.7	1.3
Site Based Administrators	13.0	5.6	7.4
Total FTE Administrators	**21.0**	**12.3**	**8.7**
Number of Buildings	8	4.7	3.3
Site Based Administrators per Building	**1.6**	**1.2**	**0.4**
Total FTE Employees Excluding Administrators	508.9	230.9	278.0
Employees per Administrator	**24.2**	**18.3**	**5.9**
Total Number of Students	4,793	2,069	2,724
Students per Administrator	228	168	60
Central Administrators per 1,000 Students	1.7	3.4	(1.7)
Site Based Administrators per 1,000 Students	2.7	2.7	0.00
Total Administrators per 1,000 Students	**4.4**	**6.1**	**(1.7)**
Total Administrators Above (Below) Peer Districts			**(8.1)**

Source: Client District interviews and FY 2005-06 EMIS data

Table 3-8 shows that although Austintown LSD has approximately nine more administrative FTEs than the peer average, the District's total administrators per 1,000 students is lower than the peer average, while the employees per administrator and students per administrator are significantly higher. These ratios suggest that the District may be understaffed in the administrator classification. The lower administrative staffing levels result from the District allowing certain positions to remain vacant in recent years due to its declining financial situation. For example, the District eliminated the Assistant Superintendent position two years ago and allocated the responsibilities to the Treasurer, the Superintendent, various secretaries, the Transportation Supervisor, the Director of Instruction, the Director of Curriculum, and the Food Service Director rather than replace the position. This reduction was intended to last about a year. However, the reduction became permanent based on the District's financial condition. As a result of this and other similar reductions, certain administrators are completing duties that are not included in their job descriptions. For example, the Treasurer currently functions as the human resources director, benefits administrator and grant coordinator in addition to completing the normal Treasurer responsibilities.

Several issues are cited in this performance audit as areas for improvement that can be partially attributed to the District either lacking central management oversight or existing managers not having sufficient time to effectively address the issue. For example, this performance audit cites the following:

- **R2.11**: The District lacks management oversight of the investment program, does not have any fee structure in place to offset program costs like extracurricular

activities, and does not have anyone responsible for researching, applying for and administering the grants process;

- **R2.1, R2.7,** and **R2.12**: The financial forecast, budget documents, and annual financial reports are not prepared at a level of detail that easily communicates the District's financial situation;

- **R3.18**: The District's past EMIS reports have been inaccurate and unreliable;

- **R2.9, R4.6, R4.8, R5.1** and **R3.8**: The District lacks a strategic plan, a facilities master plan, a capital improvement plan, a bus replacement plan and a comprehensive staffing plan; and

- **R5.2**: The District's T-reports have numerous reporting errors which could impact state funding.

The District has taken action to hire a Director of Business Services in FY 2006-07. According to the Treasurer, the new Director of Business Services will be responsible for purchasing, managing classified employees, and helping to negotiate and administer the classified bargaining agreement. When the ratios presented in **Table 3-8** are adjusted to reflect the Director of Business Services position, the District still appears understaffed in the administrator classification. For example, the revised administrator per 1,000 student ratio is 4.6 while the peer average is 6.1. Similarly, the District's revised student per administrator ratio is 218 and the employee per administrator ratio is 23.1 while the peer averages are 168 and 18.3, respectively.

R3.5 indicates that the District could save $140,000 annually by bringing the District's administrative compensation levels more in line with the peer average. If the District used these savings to hire another central administrator, its revised staffing ratios (22 employees per administrator, 208 students per administrator) would still be higher than the peer averages. However, given that the District is projecting deficits in FY 2008-09 and FY 2009-10 and this performance audit identifies several recommendations that should improve operating efficiency, it should focus on hiring one administrator in the short-term and re-evaluating the administrative job duties once the District has addressed its financial situation and implemented the recommendations in this performance audit.
Financial Implication: Based on the average administrative salary reported through EMIS, it is estimated that the salary and benefit costs associated with hiring an additional administrator would be approximately $90,000.

R3.10 Austintown LSD should review its clerical staffing assignments in an effort to reduce between 3.0 and 6.5 FTEs. The District could reduce approximately 0.5 FTE by purchasing an automated substitute calling system as noted in R3.11.

Table 3-9 compares the current (FY 2005-06) staffing levels for all office/clerical personnel at Austintown LSD with the peer average.

Table 3-9: Clerical Staffing Levels (FTE)

	Austintown LSD	Peer Average	Difference
Total Clerical Staff [1]	36.9	13.4	23.5
Number of Students	4,793	2,069	2,724
Clerical Staff per 1,000 Students	**7.7**	**6.1**	**1.6**
Total FTE Employees	493.0	229.8	263.2
Employees per Clerical Staff	**13.4**	**19.6**	**(6.2)**

Source: Client district interviews and FY 2005-06 EMIS data as reported to the ODE.
Note: Totals may vary due to rounding.
[1] Total Clerical staff equals EMIS Office/Clerical group total less Teaching Aides (505). It includes: Bookkeeping (501) and Clerical (502).

Table 3-9 shows that Austintown LSD has 36.9 (41 positions) clerical and other clerical FTEs (7.71 on a per 1,000 ADM basis), which is significantly higher than the peer average (13.4 total FTEs, 6.08 FTEs per 1,000 ADM). However, some of the District's clerical employees work less than 12 months per year but were reported as being full time for EMIS purposes. Based on an eight hour work day for 12 months a year (2,080 hours), the District has 32.2 clerical and other clerical FTEs. **Table 3-10** shows the District's revised clerical staffing levels in comparison to the peer average.

Table 3-10: Revised Clerical Levels (FTE)

	Austintown LSD	Peer Average	Difference
Total Clerical Staff[1]	32.2[2]	13.4	18.8
Number of Students	4,793	2,069	2,724
Clerical Staff per 1,000 Students	**6.7**	**6.1**	**0.6**
Total FTE Employees	497.7	229.8	267.9
Employees per Clerical Staff	**15.5**	**19.6**	**(4.1)**

Source: Client district interviews, payroll records and FY 2005-06 EMIS data as reported to the ODE.
Note: Totals may vary due to rounding.
[1] Total Clerical staff equals EMIS Office/Clerical group total less Teaching Aides (505). It includes: Bookkeeping (501) and Clerical (502).
[2] Represents adjusted FTE count based on a 2,080 hour work year.

Table 3-10 shows that the District employs 6.7 clerical employees on a per 1,000 ADM basis while the peer average is 6.1. **Table 3-10** also shows that the District's clerical staff are responsible for fewer employees per FTE (15.5 to 1) than the peer average (19.6 to 1). The District's higher clerical staffing levels can partially be attributed to the use of two employees for a total of five hours per day to manually locate and place substitute employees (see **R3.11**). The District would need to reduce three FTEs to achieve the peer average for clerical employees per 1,000 students. The District would need to reduce approximately 6.5 FTEs to achieve an employee per clerical staff ratio that is similar to the peer average.

Financial Implication: Reducing 3.0 clerical FTEs would save Austintown LSD approximately $95,000 annually in salaries and payroll related benefits (assumes District will reduce part-time employees).

Technology

R3.11 Austintown LSD should consider purchasing and implementing an automated substitute calling system. This would provide the District with an efficient means for contacting substitutes, which subsequently would allow the District reduce its clerical staffing levels to be more comparable to the peer average (see R3.10). An automated system will also provide the District with a convenient reporting system that will improve management's access to data.

Austintown LSD does not have an automated system to handle substitute placement. Rather, the District uses two clerical employees for five hours a day to manually locate and place substitutes where they are best suited based on their field of education. An

automated phone-based substitute calling system offers several benefits, including the following:

- Eliminating the labor-intensive task of calling substitutes manually;
- Linking teachers to preferred substitutes or substitute groups;
- Allowing teachers who do not need substitutes to use a separate code;
- Allowing individual substitutes to choose their own calling times;
- Allowing prioritization of each school's substitute lists; and
- Tracking of teachers' absenteeism and leave usage.

According to Education World, school districts across the nation have begun to use automated substitute calling systems that are either web or phone-based. These automated substitute calling systems automatically contact substitute(s) from a pre-established list of available certificated substitutes. Some systems allow district staff to record their own call-offs or report their own leave requests. Additionally, supervisors/managers/building principals are able to print reports on employee leave use as needed.

Implementing an automated substitute calling system would eliminate the need to have clerical employees locate substitute teachers, which has contributed to the higher staffing in the clerical function (see **R3.10**). Additionally, web and phone-based automated substitute calling systems allow districts to process leave requests in a more efficient and cost effective manner by eliminating paperwork, reducing data entry and allowing for better record keeping of employee time for payroll purposes.

Financial Implication: The initial cost to purchase an automated substitute calling system would be approximately $900 for software, training, installation fees, and an annual maintenance and support fee of $300. However, the savings associated with the elimination of two clerical positions that are currently completing this function would offset this cost and is accounted for in **R3.10**.

R3.12 Austintown LSD should consider purchasing an automated HR management system. This would enable the District to function more efficiently by providing one central location for the storage of HR information and access to designated staff from many different locations. The HR management software would also assist District personnel in ensuring legal compliance for staffing, efficiently and effectively tracking substitutes and reviewing leave usage, as well as performing various other HR functions. If the District purchases an HR management system, it should ensure that appropriate training is provided to the central administrators and support staff. Additionally, the District should implement a policy that limits access to personnel records since they contain sensitive information.

Austintown LSD does not currently have a comprehensive Human Resources Information System (HRIS). Personnel records are maintained both electronically through the use of spreadsheets as well as manually through the use of physical personnel files stored in the Treasurer's office. The District does not have formal procedures to restrict access to the personnel records. However, the informal practice is to allow access to the clerical and bookkeeping staff working in the Board Office. Other employees are only allowed to use the files after obtaining permission from the Treasurer.

Several software companies advertise that having a single, integrated HRIS is the foundation of effective human resources management because it eliminates manual, error-prone work that is duplicated from function to function. Additionally, the vendors advertise that an HRIS allows for a consolidated database in which employees get instant answers to a variety of HR questions, enroll in benefits, get greater control over personal information, request leave, and see compensation history and pay stubs instantly. Furthermore, District administrators would be better able to assess employee satisfaction or overall performance (**R3.13**), review turnover rates (see **R3.14)**, manage recruiting activities (see **R3.15**), and track employee performance.

The District's lack of an HRIS potentially requires staff to contact several different departments or individuals before obtaining the desired information. Additionally, because data is currently maintained manually using spreadsheets and paper documents, it is more susceptible to errors.

Financial Implication: According to one vendor, the cost of an HRIS package would average approximately $22,000 with an annual support/maintenance cost of $395 plus 15 percent of the initial total cost or $2,045 to $5,345 annually. The District's actual price will depend on which features are chosen and the number of employees in place at the time of installation.

Human Resources Management

R3.13 The District should conduct annual surveys of its employees to solicit feedback, determine employee satisfaction, and assist the District in determining areas for improvement. The District should also solicit opinions for improving management communication and disseminating District news and information.

The District does not have formal procedures for evaluating the work climate, obtaining employee feedback and measuring job satisfaction. According to the Treasurer, the District primarily uses e-mail and bulletin boards, monthly meetings between the Superintendent and union representatives, and complaints filed through union grievances to communicate significant issues to employees and to monitor the work climate within the District. The District does make copies of the Board's policy manuals and collective

bargaining agreements available to employees in the Board office and is considering posting these on the website. In addition, it provides employees with benefit package information when they are initially hired into the District and when the plan designs have been modified. However, it has not conducted any type of staff survey to obtain employee feedback or measure job satisfaction.

OPPAGA states that districts should use web technologies such as the Internet, intranet, and email to improve and enhance communication between groups such as schools, districts, the state, parents, and the community. OPPAGA also states that effective communication includes providing readily accessible copies of the policy manual, collective bargaining agreements, and information on district personnel policies and benefit packages; communicating district news and changes in policy to all employees; and creating opportunities for employee feedback on district policies and practices. It also states that the District should conduct climate surveys that measure employee satisfaction, assess the quality of supervision and solicit other information that would assist the District in assessing its performance.

During the course of this audit, AOS conducted a survey of Austintown LSD employees to determine their overall satisfaction with various functional areas. **Table 3-11** presents the results of the staff survey items related to the human resource functions at the District. The potential ratings a survey respondent could use in answering each question were 1-Strongly Disagree, 2–Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

Table 3-11: Austintown LSD Human Resources Staff Satisfaction Survey

Survey Question	Staff Average Response
I am aware of the duties required in my job description.	4.75
My job description accurately reflects my actual daily routine.	4.23
Our department could effectively maintain productivity in the event of a short-term absence.	3.96
The Board of Education monitors its performance and achievement of its goals.	3.64
I am aware of the Board of Education's achievement goals.	3.44
Cross training has been implemented in my department.	3.49
Staff training is effective in my department.	3.88
I am evaluated annually.	3.36
The evaluation process provides timely and relevant feedback.	3.87
Evaluations are done in accordance with collective bargaining contracts.	4.18
The evaluation form used is relevant to my job duties.	4.07
Management responds and acts on recommendations made in evaluation sessions.	3.72
The District's employee's sick leave policy is too lenient.	2.42
The District's employee substitutes are qualified and effective.	3.19
Current substitute system is effective in placing substitutes	3.36
I am aware of few lapses in certificate/licenses due to lack of management oversight.	3.60
I am satisfied with how human resources activities are managed in the District.	3.53
I am satisfied with the overall effectiveness with Human Resources management policies and procedures.	3.55
I am informed of changes in District polices and procedures.	3.51
The Districts overall recruitment process is effective.	3.36
The District's procedures regarding job posting and hiring are effective.	3.61
I am satisfied with procedures regarding health benefits.	3.50
Current grievance procedures are fair and effective.	3.61
Current discipline procedures are fair and effective.	3.31
I feel overall District's employee's satisfaction and morale is positive.	3.10
Average	**3.61**

Source: Austintown LSD Staff Survey

As shown in **Table 3-11,** District employees are generally satisfied with the human resource functions at Austintown LSD. About 56 percent of those surveyed answered in the affirmative when asked if they are informed of changes in District policies and procedures while 23 percent disagreed.

R3.14 Austintown LSD should begin to formally review and track employee turnover for all categories of employees and conduct exit interviews to help gauge satisfaction levels. Taking such measures would enable the District to effectively address concerns and problems with job satisfaction, which would help minimize future employee turnover.

The District does not monitor employee turnover rates or conduct exit interviews. The Treasurer indicated that these actions are not necessary because employees never leave the District.

OPPAGA indicates that a district should conduct exit interviews with employees who terminate employment and compile the results of these interviews. In addition, a district should maintain historical data on turnover rates for major classes of employees and monitor this data to identify unusual variations in the turnover rate. Furthermore, *Workforce Management: Tips and Techniques for Effective Exit Interviews* (Pamela Holloway, July 2000) contains the following strategies for developing and conducting effective exit interviews:

- Select carefully and train the people that are going to be doing the interviews;
- Conduct the interview in person or over the phone if necessary, rather than asking individuals to complete and mail a questionnaire;
- Delay the interview two to three months for involuntary separations and/or "emotionally charged" departing employees;
- Make the exit interview about the employee by discussing their job and accomplishments;
- Use the exit interview to build a relationship; and
- Use the information collected in the exit interviews.

The failure to track employee turnover or conduct exit interviews prevents the District from identifying and addressing concerns about job satisfaction, which can impact its ability to retain quality employees.

R3.15 Austintown LSD should develop and implement a formalized recruiting plan that incorporates the practices identified by the National Education Association (NEA). This will help ensure that the District is using a uniform and formalized recruitment process, which will subsequently help ensure that it is hiring effective and qualified applicants.

The District does not have a formalized recruitment plan that details the roles and responsibilities of the administrators in the recruiting process. Rather, Austintown LSD primarily hires substitutes that have previously worked in the District. Although this allows the the filling of vacant positions with employees familiar with the District, it does

not necessarily ensure that the District is getting the best and most qualified candidates. Furthermore, according to the Treasurer, the District is projecting numerous teacher retirements within the next five years. However, it has not developed a plan for addressing these vacancies. According to a survey conducted by AOS at the beginning of this performance audit, 35 percent of those surveyed agreed when asked if the District's overall recruitment process was effective while 27 percent disagreed and 28 percent were neutral. When asked if the District's procedures regarding job posting and hiring are effective, 62 percent of employees surveyed agreed.

According to the NEA, "…when school districts are faced with a shortage of qualified teachers, they often respond with a haphazard array of strategies to make up the shortfall. However, marketing and recruitment experts note that districts can be much more effective in their efforts by first developing a comprehensive recruitment plan" that includes the following:

- Gather a Team – The National Teacher Recruitment Clearinghouse suggests that gathering a committed and diverse planning team to help collect data, evaluate district needs, identify resources, and recommend a change in policies and practices is the first step towards improved recruiting.

- Assess Needs – After a team is gathered, a thorough assessment of anticipated retirements, expected attrition rate, and student demographics should take place to determine how many new teachers will be needed.

- Examine Existing Culture – The NEA notes that a district should undertake a self-examination to determine if there is anything that might keep applicants from coming to a particular school district.

- Clarify the Mission – Successful recruiters know the District's mission and can communicate it clearly to potential candidates. They also determine what characterizes their district's and community's culture and how this will affect the kinds of applicants they seek out.

- Identify the Target Audience – Identifying the target audience requires not only knowing who the district is looking for but also determining how best to appeal to those people.

- Involve the Community – Successful recruitment campaigns develop a comprehensive package that sells not only a district's schools, but the surrounding community to potential applicants. An essential component of such a campaign is persuading business and community leaders to buy into recruitment initiatives.

- Collect Data – Having accurate data enables a recruitment team to conduct an initial needs assessment, to be sure its program is working, and to assess future needs. It also provides the figures necessary to make a compelling case for making staffing decisions.

The lack of a structured recruiting plan and process means that the District is limited in its ability to fill vacancies with the best person, as many of the candidates will be unaware that the District is hiring.

R3.16 Austintown LSD should adopt a regular cycle (e.g., every two years) for reviewing and modifying the job descriptions to ensure they reflect the current responsibilities, education, experience and competency requirements for each position.

The District has job descriptions available for all administrative, classified and certificated personnel. However, it does not have a regular cycle for reviewing job descriptions to ensure they are up-to-date. Rather, the job descriptions are usually updated by a principal and confirmed by the union president when a job posting occurs. The Treasurer estimated that 90 percent of the job descriptions accurately reflect the current job duties. Based on responses to the AOS survey, 97 percent of respondents agreed that they are aware of the duties stated in their job descriptions.

OPPAGA indicates that school districts should maintain up-to-date, clear, concise, and readily accessible job descriptions that accurately identify the duties of each position. OPPAGA also indicates that the job descriptions should reflect the education, experience, knowledge, skills, and competency levels required for each class of position and for each district-level administrative position.

R3.17 The District should adopt a policy that requires an annual review of the substitute pay rates. During this review, the District should determine the rates currently being offered by neighboring districts and other similar sized districts in Mahoning County to ensure that its rates are comparable. This will help the District locate substitutes by ensuring that the pay rates are comparable to the other districts competing for these employees.

The District does not regularly review the pay scale it offers to substitute teachers. The District's substitute teacher pay scale consists of the following:

- Days 1-10: $60 per day
- Days 11-60: $65 per day
- Days 61+: Teacher's base pay.

In contrast, a representative from the Mahoning County Educational Service Center indicated that the average substitute teacher pay for Mahoning County is between $68

and $72 per day. The representative also indicated that a majority of the school districts in Mahoning County are now paying between $70 and $75 per day. Despite the lower pay rates, the Treasurer indicated that the District historically has not had difficulty locating substitute teachers. However, the Treasurer also indicated that the District did have some difficulties last spring due to the number of teachers taking time off.

R3.18 The District should develop formal policies and procedures to ensure that accurate EMIS reports are prepared and reconciled prior to being submitted to ODE. For example, the District could adopt a policy that requires someone to conduct periodic audits of EMIS and other information (e.g. T-reports for transportation) before data is reported to ODE. This person should be independent of the data gathering and reporting process and should use sampling techniques to gain some assurance that the information is materially accurate and that the adopted policies and procedures for gathering information were followed. The District should also require that the EMIS coordinator regularly attend the EMIS training courses offered by ODE in order to stay current with changes in the filing requirements.

The District's EMIS reports do not appear to be accurate or reliable for management decision making purposes. For example, during a review of the District's FY 2005-06 EMIS reports, AOS found instances where certain employees appeared on the Staff Demographics report but not the All Staff Summary report. The District could not explain the variances. Furthermore, the District terminated the prior EMIS coordinator at the conclusion of FY 2005-06 due to concerns that it would lose state funding as a result of continued EMIS reporting errors. The new EMIS coordinator (hired at beginning of FY 2006-07) indicated that the District had to correct approximately 4,500 EMIS reporting errors that existed in the past before filing the EMIS information for FY 2006-07. However, despite the numerous reporting errors, the Treasurer does not feel that the District has lost any state funding to date based on a review of the state funding settlement sheets.

Although the Superintendent and Treasurer are required to sign-off on the EMIS reports before submitting them to ODE, the District does not have written procedures in place to ensure the reliability of the information. However, the Treasurer did indicate that the building principals, the payroll department and the Superintendent and Director of Instruction are now performing informal reviews of the EMIS information to determine overall reasonableness.

Programs

R3.19 The District should consider coordinating its special education curriculum with neighboring districts in an effort to eliminate duplicate courses with open slots. This will help the District maximize funding by maintaining full classrooms and reduce

costs by eliminating programs with low enrollment (other districts would offer these).

The District has not attempted to develop cooperative agreements with neighboring districts to help offset the cost of providing a special education program. The Director of Special Education indicated that the District does use the Mahoning County Educational Service Center (ESC) to provide some services and that these are more cost-effective than hiring a full-time teacher.

The Painesville Township Local School District in Lake County, attempts to offset the high cost of special education programs by pooling its resources with other districts whenever possible. For example, the District is a member of the East Shore Special Education Regional Resource Center (East Shore) for special education transportation purposes, which is a group of school districts that have agreed to coordinate their special education transportation activities in an effort to achieve cost savings. In addition, the Painesville Township Local School District also coordinates its special education curriculum with other districts. This allows the Painesville Township Local School District to fill open slots in certain in-house special education programs with qualifying students from other school districts, which subsequently helps to maximize funding and reduce operating costs.

Financial Implications Summary

The following tables are summaries of estimated annual cost savings, one-time costs, and annual costs. The financial implications are divided into two groups: those that are, and those that are not subject to negotiation. Implementation of those recommendations subject to negotiation requires agreement from the affected bargaining units.

Recommendations Subject to Negotiation

Recommendation	Annual Cost Savings
R3.2 Increase teaching hours/hire monitors/reduce certificated severance payouts	$1,100,000
R3.3 Eliminate retirement bonus/reduce severance payout.	$38,000
R3.5 Reduce COLAs	$131,000
R3.6 Require health care contributions from all employees	$143,000
R3.7 Implement a 25 hour minimum work week for health care	$131,000
Totals	**$1,543,000**

Recommendations Not Subject to Negotiation

Recommendation	Annual Cost Savings	Implementation Cost (One Time)	Annual Cost
R3.5 Eliminate pension benefit	$142,000		
R3.9 Hire additional administrator			$90,000
R3.10 Reduce 3 FTEs	$95,000		
R3.11 Purchase a substitute calling system		$900	$300
R3.12 Purchase HRIS software / system		$22,000	$2,500-$6,000
Totals	**$237,000**	**$22,900**	**$92,800-$96,300**

FACILITIES

Facilities

Background

This section of the performance audit analyzes Austintown Local School District's (Austintown LSD or the District) custodial, maintenance and building operations. The objective is to analyze these areas and develop recommendations for operational improvements and expenditure reductions. The District's operations are evaluated against best practice and operational standards from the American Schools and University (AS&U) *Maintenance & Operations Cost Study*, the National Center for Educational Statistics (NCES), the Florida Office of Program Policy and Government Accountability (OPPAGA), and a 10 district peer average. The peer average is comprised of Boardman Local School District, Dover City School District, Elida Local School District, Fairland Local School District, Heath City School District, Indian Creek Local School District, Lowellville Local School District, McDonald Local School District, Tiffin City School District, and Wheelersburg Local School District. These ten districts are classified as "Type 4" (urban and low median income) by the Ohio Department of Education, the same type as Austintown LSD. In addition, these ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil.

Organizational Structure and Function

Austintown LSD operates eight school buildings: five elementary schools (kindergarten through 4th grades), two middle schools (6th through 8th grades), and one high school (9th through 12th grades). The District also operates a fitness center, maintenance building, bus garage, and a fieldhouse/stadium. However, the District is in the process of constructing a new middle school building of 177,400 square feet that will be located on the same campus as the high school. The middle school construction costs are being funded through a $26 million bond issue passed by the voters approximately three years ago and the building is expected to be open for the 2007-08 school year. In addition, the District has reached an agreement to sell the old middle school building (102,000 square feet) and property for $2.6 million once the new middle school is operational. The proceeds from the sale of the old middle school and any excess debt proceeds from the middle school construction costs are tentatively being set aside to use in making future capital improvements. As a result of the new middle school, the District intends to revise its school building configurations to reflect the following: five elementary buildings (kindergarten through 3rd grades), one middle school (4th and 5th grades), one junior high school (6th through 8th grades) and one high school (9th through 12th grades).

Staffing

Table 4-1 illustrates the custodial and maintenance staffing levels and the number of FTE's responsible for maintaining Austintown LSD's facilities.

Table 4-1: Number of Positions and Full-Time Equivalents for FY 2005-06

Classification	Total Number of Positions	Number of Full-time Equivalents
Director of Facilities	1	1.0
Maintenance Supervisor	1	1.0
Total Administration	**2**	**2.0**
Head Custodian	8	6.8
Custodian	48	22.2
Total Custodial	**56**	**29.0**
Maintenance[1]	4	5.4
Total Maintenance	**4**	**5.4**
Grounds	2	7.5
Total Grounds[2]	**2**	**7.5**
Total	**64**	**43.9**

Source: Austintown LSD

Note: Totals may very slightly from actuals due to rounding

[1]FTEs were adjusted based on four custodial staff completing maintenance activities.

[2]FTEs were adjusted based on a portion of custodial and maintenance staff spending approximately 15 percent of time on groundskeeping functions.

The goal of the custodial and maintenance staff is to provide students with an attractive and clean place in which to learn, play, and develop. Accordingly, the custodial staff is responsible for sweeping and mopping floors, emptying wastebaskets, picking up trash, and dusting. Additionally, the custodial staff is also responsible for opening, closing, and cleaning buildings and performing certain groundskeeping functions such as mowing and snow plowing. The Maintenance Supervisor estimates that groundskeeping duties represent approximately 15 percent of each custodian's responsibilities. In addition, the District has four custodians that spend between 42 and 68 percent of their time completing maintenance duties. The building principals and the head custodians are both responsible for the daily supervision of the custodial staff assigned to their respective school buildings. **Table 4-1** shows that the District employed 56 custodians during FY 2005-06. However, because the District has several part-time employees and because certain employees also complete maintenance and groundskeeping functions, the full-time equivalents for custodians is estimated to equal only 29 FTEs.

The maintenance staff supports the goals of the District by maintaining the heating, cooling, plumbing, electrical, and telecommunication systems within the various buildings. In addition, the District's maintenance staff is responsible for repairing fencing, faucets, asphalt, concrete, ceilings, and performing certain groundskeeping functions such as snow removal and

maintenance of outdoor equipment. The Maintenance Supervisor estimates that groundskeeping activities represent approximately 15 percent of a full-time maintenance employee's responsibilities. **Table 4-1** shows that the District's maintenance staff consists of four full-time employees. However, the full-time equivalents for the maintenance function is estimated to equal 5.4 FTEs after adjusting for the time the maintenance employees spend completing groundskeeping functions and for the four custodians that perform some maintenance duties.

Groundskeeping functions in the District are estimated to equal 7.5 FTE's, consisting of two employees (1.4 FTEs) that were hired as groundskeepers and the custodial and maintenance employees that perform groundkeeping duties 15 percent of the time (6.1 FTEs). The two groundskeeping employees report to the athletic director and are responsible for the preparation of playing fields, grounds, and other activities related to athletics.

The Maintenance Supervisor is responsible for keeping the Director of Facilities and the Superintendent regularly informed of issues regarding the District's buildings and grounds. This position also collaborates with the principals to manage the custodians, supervises the maintenance staff, schedules all maintenance activities, purchases all maintenance supplies, plans daily work schedules, conducts meetings with employees, and monitors building efficiency. The Director of Facilities is responsible for overseeing the construction of the new middle school and collaborating with the Maintenance Supervisor to improve the efficiency of the District's building management.

Key Statistics

Table 4-2 shows certain key statistics and performance indicators for Austintown LSD's facilities and maintenance operations in comparison to benchmarks from the 35th AS&U *Maintenance and Operations Cost Study* (April 2006), and statistics from the NCES *Planning Guide for Maintaining School Facilities* (February 2003), which are included in the table and are used throughout this section of the report.

Table 4-2: Key Statistics and Indicators

Number of Buildings	**14**
• Elementary Schools	5
• Middle School	2
• High School	1
• Other	6
Total Square Feet Cleaned by Custodians	**689,554**
• Elementary Schools	200,200
• Middle School	189,000
• High School	279,400
• Administration (Other)	20,954
Total Square Feet Maintained by Maintenance Workers	**735,920**
• Elementary Schools	200,200
• Middle School	189,000
• High School	279,400
• Other	67,320
Total Acres Maintained	**39.0**
High School Acreage	12.5
Middle School Acreage	6.5
Elementary Acreage	2
Other Buildings Acreage	18
Square Feet Per FTE Custodial Staff Member (29.01 FTE)	**23,773**
NCES National Average for Custodial Per FTE[1]	**28,000**
Square Feet Per FTE Maintenance Staff Member (5.36 FTEs)	**137,299**
AS&U 35th Annual Cost Survey > 3,500 Student Median for Maintenance Square Feet Per Staff Member	**80,240**
AS&U 34th Annual Cost Survey National Median	**100,720**
Acres Per FTE Grounds Staff Member (7.53 FTE)	**5.18**
NCES Standard per Grounds FTE	**18**

Source: Austintown LSD, AS&U 35th Annual Maintenance and Operations Cost Survey and NCES
[1]NCES Level 3 cleaning standard (the normal standard for most school facilities) is 28,000 to 31,000 square feet per custodian.

As illustrated in **Table 4-2**, Austintown LSD's square footage per custodial FTE and the District's acres per groundskeeper FTE are significantly lower than the NCES standards. Conversely, the District's square footage per maintenance FTE is higher than both AS&U medians (see **R4.1**).

Financial Data

Table 4-3 illustrates the District's actual expenditures from all funds for the maintenance and operation of the facilities in FY 2003-04, FY 2004-05 and FY 2005-06.

Table 4-3: Maintenance and Operations Expenditures

Line Items	FY 2003-04 Total	FY 2004-05 Total	FY 2004 to FY 2005 Percent Change	FY 2005-06 Total	FY 2005 to FY 2006 Percent Change
Salaries	$1,634,325	$1,663,609	1.79%	$1,726,279	3.77%
Benefits	$676,708	$713,091	5.38%	$662,093	(7.15%)
Utilities	$854,849	$871,544	1.95%	$1,059,929	21.61%
Purchased Services	$345,483	$356,765	3.27%	$430,676	20.72%
Supplies and Materials	$150,010	$139,935	(6.72%)	$150,569	7.60%
Capital Outlay	$23,593	$16,984	(28.01%)	$57,092	236.15%
Other	$10,271	$9,091	(11.49%)	$2,990	(67.11%)
Total	**$3,695,239**	**$3,771,019**	**2.05%**	**$4,089,628**	**8.45%**

Source: Austintown LSD 4502's and Budwork
Note: A formula was used to create the FY 2005-06 categorical actuals due to the timing of the audit.

Table 4-3 shows that the District's total expenditures increased by approximately two percent in FY 2004-05 and by more than eight percent in FY 2005-06. Explanations for significant variances in **Table 4-3** include the following:

- **Benefits:** Employee benefits decreased approximately seven percent in FY 2005-06 due to the District eliminating the traditional health care plan and requiring employees to use a plan offered by a Preferred Provider Organization (PPO). This resulted in the District experiencing a significant savings in premium costs (see the **human resources** section for additional information).

- **Utilities:** The District's utility costs increased approximately 22 percent in FY 2005-06. This is due to a significant increase in the cost of natural gas. According to Dominion East Ohio Gas, the price of natural gas was approximately 35 percent higher in FY 2005-06 due to the hurricanes that hit the Gulf of Mexico. In addition, the District's overall energy management practices are in line with best practices (see *Assessments not Yielding a Recommendation*).

- **Purchased Services:** The District's purchased service costs increased nearly 21 percent in FY 2005-06. The Treasurer was unsure of the reason for the large increase. However, the District contracts for certain services such as preventative maintenance (see **R4.8**) and energy management (see *Assessments not Yielding a Recommendation)*.

- **Supplies and Materials:** The District's supplies and material costs decreased approximately seven percent in FY 2004-05 and increased by over seven percent in FY 2005-06. The Treasurer noted that the decrease in FY 2004-05 can be attributed to a reduction in usage resulting for the District's efforts to limit discretionary spending. The Treasurer was unsure as to the reason behind the large increase in FY 2005-06, but thought it could be due to the District completing more building repairs.

- **Capital Outlay:** The District's capital outlay expenditures decreased approximately 28 percent in FY 2004-05 and increased over 236 percent in FY 2005-06. The large decrease in expenditures can be attributed to a reduction in improvements made to Fitch High School in FY 2004-05. The Treasurer was unsure of the reason for the large increase in FY 2005-06.

- **Other:** The District's miscellaneous expenditures decreased by nearly 12 percent in FY 2004-05 and approximately 67 percent in FY 2005-06. The Treasurer was unable to attribute the declines to any one factor in FY 2004-05 or FY 2005-06.

Table 4-4 compares Austintown LSD's custodial and maintenance-related expenditures on a per square foot basis to the peer average and the American Schools and Universities National benchmarks for the General Fund and all funds combined.

Table 4-4: FY 2004-05 Expenditures per Square Foot

Object Code	Austintown LSD	Peer Average	Difference	AS&U >3500 Students
Salaries/ Benefits	$3.48	$2.40	45%	$2.37
Purchased Services (excludes utilities)	$0.52	$0.58	(10%)	$0.33
Utilities	$1.27	$1.10	16%	$1.43
Materials and Supplies	$0.20	$0.34	(40%)	$0.29
Capital Outlay	$0.00	$0.24	N/A	N/A
Miscellaneous	$0.00	$0.02	N/A	$0.31
Total General Fund	**$5.47**	**$4.67**	**17%**	**$4.73**
All Funds Utilities	$1.30	$1.20	9%	$1.43
Total All Funds	**$5.52**	**$4.99**	**11%**	**$4.73**

Source: Austintown LSD, the Similar Districts (ODE) and AS&U

Table 4-4 shows that Austintown LSD's total General Fund and all fund custodial and maintenance expenditures per square foot are approximately 17 and 11 percent higher than the peer averages, respectively. In addition, the District's all fund expenditures per square foot are approximately 17 percent higher than the AS&U National median for districts with more than 3,500 students. **Table 4-4** also shows that the District's salary/benefit costs exceed both the peer average and the AS&U benchmark while purchased service costs exceed the AS&U benchmark

and the utility costs exceed the peer average. However, one of the peers is significantly skewing the peer average for all fund utility cost per square foot. When this school district is excluded, the revised peer average for utility costs is $1.24 per square foot. This makes the District's utility costs per square foot more comparable to the remaining peers.

Austintown LSD's higher salaries/benefit expenditures per square foot can be attributed to the District maintaining higher staffing levels than both the peer average and AS&U benchmark (see **R4.1**). In addition, **R3.5** in the **human resources** section indicates that the District's compensation levels for all classified employees, including custodial, maintenance and groundskeepers, is significantly higher than the peer average. The District's purchased service expenditures per square foot were also higher than the AS&U benchmark due to the District contracting for certain services such as preventive maintenance and energy management. However, despite these contracts, the District's purchased service costs per square foot are lower than the peer average.

Assessments Not Yielding a Recommendation

In addition to the analyses presented in this section, assessments were conducted on other aspects of facilities operations that did not warrant changes and did not yield recommendations. These areas include the following:

- **Overtime Use and Expenditures:** The District's overtime costs have represented less than five percent of the total custodial and maintenance salaries for the last three fiscal years. However, it is worth noting that the overtime costs increased approximately 185 percent ($44,000) in FY 2004-05. The District attributed the increase in overtime costs to employee absences associated with sick leave. An analysis in the **human resources** section supports this conclusion by indicating that the District's average sick leave use by classified employees is significantly higher than the Ohio Department of Administrative Services statewide average for seven unions and exempt employees (see **R3.4** in the **human resources** section for additional information on sick leave).

- **Energy Costs:** The District's energy costs are in line with the revised peer average (see explanation under **Table 4-4**) and significantly lower than the AS&U national median for districts with more than 3,500 students. The District uses an outside energy company to electronically monitor and control energy costs throughout the District. Specifically, this company monitors monthly energy usage by building, checks and adjusts temperature settings, reviews and modifies weekly temperature set points, fine tunes all controls and sensors, and allows the Maintenance Supervisor the freedom to control the settings by computer. This ensures that the District's temperature controls stay within a set range throughout the year. The total cost of this service is approximately $18,500 per year. Even with the added cost of the contract factored in, the District's revised utility costs equal $1.30 per square foot, which is still comparable to the revised peer average and

lower than the AS&U national median. The District has also implemented several building improvements in recent years that have resulted in energy savings such as replacing the lighting, replacing the roofs and installing new boilers. Lastly, the District is purchasing its utilities at discounted prices through the use of consortiums and other methods.

- **Building Security:** The District's policies and procedures for ensuring building security are comparable to the practices recommended in the NCES *Planning Guide for Maintaining School Facilities* (February 2003).

Recommendations

Staffing and Employment Issues

R4.1 The District should consider reducing the custodial and groundskeeping staffing levels by 2.0 and 5.0 FTE's, respectively. In addition, although Table 4-2 indicates that the District could hire a maximum of five maintenance FTEs and still be comparable to the national benchmarks, the District should consider hiring only two initially. The District should then determine if it is necessary and feasible to hire additional maintenance staff once the new middle school is open and it has implemented the performance audit recommendations relating to the new work order system and the preventive maintenance program (R4.8), developing the capital improvement and facility master plans (R4.7), and tracking key performance measures (R4.10).

Additionally, during the process of filling the 2.0 maintenance positions, the District should consider targeting applicants with the skills needed to complete the functions that are currently being outsourced, such as preventive maintenance and energy management. Reallocating the custodial, maintenance and groundskeeper staffing assignments would more evenly distribute the workload among the District's employees and help achieve staffing levels that are comparable to national benchmarks.

Table 4-5 shows the District's custodial, maintenance and groundskeeper staffing levels in comparison to the peer average as reported through EMIS. The information is also presented on a per 1,000 ADM basis to account for differences in student population.

Table 4-5: EMIS Staffing

	Austintown LSD		Peer Average	
	Actual FTE	Per 1,000 Students	Actual FTE	Per 1,000 Students
Maintenance Workers	9.00	1.88	3.02	1.26
Custodians/Groundskeepers	41.95	8.75	16.90	7.20
Total	**50.95**	**10.63**	**19.92**	**8.46**

Source: Austintown LSD and Peer District EMIS information.

Although **Table 4-5** does not adjust for the cross-functionality of certain employees (i.e., custodians performing grounds and maintenance work), which may result in certain line-item variations, the table shows that the District's total staffing level for the maintenance, custodian and groundskeeping employees is 2.17 higher than the peer average on a per

1,000 ADM basis. The District would need to reduce the staffing levels by 10.5 FTEs in order to achieve the peer average.

As shown in **Table 4-2,** Austintown LSD's custodial staff is only cleaning 23,773 square feet per FTE while the NCES national average is 28,000 to 31,000 square feet per custodian. Similarly, the District's groundskeepers are only responsible for approximately 5.2 acres per FTE while the NCES benchmark is 18. In contrast, the District's maintenance employees are responsible for maintaining 137,299 square feet per FTE while the AS&U national median for similar sized districts and the overall national median are only 80,240 and 100,720 square feet per maintenance FTE, respectively. These ratios indicate that the District is overstaffed in the custodial and groundskeeping classifications and understaffed in the maintenance classification. Under the current building classifications (the District will open new middle school in FY 2007-08), the District would need to reduce approximately four custodial FTE's, five groundskeeper FTEs, and hire two to four maintenance FTE's (a net reduction of five to seven FTE's), to achieve staffing ratios that are similar to the AS&U and NCES benchmarks.

However, the District is in the process of constructing a new middle school (177,400 square feet) that is expected to open by the 2007-08 school year. In addition, the District has reached an agreement to sell the old middle school building (102,000 square feet) and property for $2.6 million once the new middle school is operational. The new building configurations will result in a net increase of 75,400 square feet and add approximately eight acres of land that the District will have to maintain. Once the staffing ratios above are adjusted to reflect these revised configurations, the District will still be overstaffed in the custodial function by two FTE's, in groundskeeping by five FTE's, and understaffed in maintenance by three to five FTE's, which results in a net reduction of two to four FTE's. This assumes the District maintains the current staffing levels under the new building configurations.

While the maintenance staff appears to perform a broad range of duties, opening the new building, using the new work order system to establish a formal preventative maintenance program **(R4.8)**, developing capital improvement and facilities master plans **(R4.7)**, and tracking key performance measures **(R4.10)** would help the District better assess its facilities and identify the related maintenance and repair needs. Therefore, although the AS&U ratio of square feet per maintenance FTE for similar sized schools support hiring 5.0 maintenance FTEs, reviewing these measures beforehand would ensure the District hires the appropriate number of maintenance staff in the future. If the District initially hired two additional maintenance employees under the current building configurations, its ratio of square feet per maintenance FTE would decrease to 99,989, which would be slightly lower than the AS&U national median (100,720). The District

should then re-evaluate the maintenance staffing levels once the new middle school is open and the recommendations noted above have been implemented.

The District is currently outsourcing certain functions which could potentially be completed in-house by the maintenance staff, including preventive maintenance (**R4.8**) and energy management. The total annual cost of these contracts is approximately $40,100. The District may be able to reduce or eliminate the need for these contracts by hiring two maintenance employees with the appropriate skills needed to complete these tasks in-house.

Financial Implication: The District would save approximately $300,000 in salaries and benefits by eliminating a total of seven custodial and groundskeeping positions. If the District hired two maintenance FTEs, the implementation cost would be approximately $88,000 annually, resulting in a net savings of $212,000. The actual implementation costs will depend on how many FTE's the District needs to hire in the future. In addition, if the District could reduce by half the contracted preventative maintenance and energy management services by hiring two maintenance employees with the skills to complete these functions in-house, the savings would be $20,050 annually.

R4.2 Austintown LSD should develop and implement a policy and procedures manual for the custodial and maintenance staff. In developing this manual, the District should ensure that it addresses the policies and procedures recommended by the Association of School Business Officials International (ASBO) as well as any others the District feels are necessary. Once the manual is complete, the Maintenance Supervisor should work with the Superintendent and Board to establish a schedule to regularly review the policies and procedures and update them as needed. Updated policies should include a "last updated" field to help users ensure that they have the most up-to-date information. Developing a policy and procedures manual will ensure that all personnel are familiar with work expectations and employment protocols.

The District's Maintenance Supervisor indicated that a formal policy and procedures manual has not been developed for its custodial employees. Custodial employees receive job descriptions and their work area is formally defined at the beginning of their employment, but any additional guidance usually occurs through verbal communications with the Maintenance Supervisor. The Director of Facilities also noted that informal staff meetings with head custodians take place in the summertime to discuss cleaning procedures, projects to be completed, and timeframes and labor hours for completing those projects. The head custodians are then responsible for verbally communicating a summary of these discussions to the custodial staff.

Similarly, the maintenance staff is not provided with a policy and procedures manual because the Director of Facilities indicated that these employees have been in their respective positions for a long time and have a clear understanding of their job duties. Although the District does not have formal policies and procedures, it screens candidates by performing various competency tests, including informal skill tests, when a new maintenance employee is hired. These tests help the Maintenance Supervisor know with certainty whether the maintenance employee can perform the assigned job duties. Furthermore, the maintenance staff has meetings three times a year to discuss upcoming projects that need to be completed. The Maintenance Supervisor also noted that any issues with policies and procedures can be verbally resolved during these meetings or during the daily interactions with the staff.

ASBO published the *Custodial Methods and Procedures Manual* (2000), to serve as a guide for developing procedures for custodial and maintenance personnel. This manual outlines staffing standards, daily duties and tasks, job descriptions, job schedules, evaluations, cleaning procedures, and work methods for various job tasks. The manual can be used by districts as a basis for developing a policy and procedures manual.

R4.3 Austintown LSD should develop and implement objective performance standards to communicate job expectations and to assess staff performance through evaluations. By establishing employee performance standards, the District would improve the objectivity of staff evaluations and better ensure the fulfillment of job expectations. In addition, the District should ensure that the maintenance and custodial employees consistently receive evaluations as often as District policy deems necessary (see the human resource section for additional details).

Austintown LSD's Maintenance Supervisor indicated that the District does not use formal performance standards for evaluating employee performance, but does conduct evaluations of custodial and maintenance staff as listed in the collective bargaining agreement with the Ohio Association of Public School Employees (OAPSE). The agreement states that ongoing employees should be evaluated once every four years and that limited employees should be evaluated annually. However, several employees have noted that this policy is not consistently enforced. In addition, due to the lack of formal performance standards, the criteria used as a basis for these evaluations are vague and can be manipulated based on subjective opinions about the staff members being evaluated. For example, the District's evaluation form identifies quality of work as an area of assessment and allows the rater to check one of five boxes ranging from a 60 to 95 percent rating. However, the evaluation form does not identify specific performance criteria to support the ratings, thereby increasing the level of subjectivity in evaluating performance. Additionally, the rater's opinion can be swayed by an employee's performance in comparison to other employees rather than in comparison to objective standards.

According to OPPAGA, districts should establish written performance standards with input from maintenance and custodial employees. Performance standards serve as a basis for measuring how well the maintenance and custodial employees meet or adhere to board policies, standards, and objectives. They set clear expectations for job performance and give managers consistent tools for evaluating performance. Ineffective performance standards make it difficult to hold maintenance staff accountable for their work. They can also pose a problem if the district terminates the employment of an under-performing employee. Performance standards and expectations must be clearly communicated to employees. Once established, they can be used to assign work, review completed assignments, and prepare annual performance appraisals. Furthermore, the NCES *Planning Guide for Maintaining School Facilities* (February 2003) states that in order to assess staff productivity, districts must establish performance standards and evaluation criteria.

Building Capacity

R4.4 The District should develop and formally adopt a five to ten-year forecast methodology for projecting student enrollment. This methodology should consider factors other than historical enrollment such as live birth data, real estate transactions, historical and projected building permit information, and other housing data. The District should then use the adopted methodology to prepare formal enrollment projections. Subsequently, the District should review and update the enrollment projections on a yearly basis, and compare them with building capacities to address potential capacity issues and, if necessary, determine possible building additions, closures or reconfigurations. The enrollment projections should also be considered when projecting future State funding allocations for the financial forecast and when making staffing decisions.

The District does not have a formal methodology for developing long-term student enrollment projections. The Treasurer created the District's most recent enrollment projection. This was a one year projection (4,939 students) for FY 2006-07 that indicated that the District's enrollment would decline by 62 students, or one percent, from FY 2005-06 (5,001). However, the Treasurer developed the projection based on four years of historical enrollment information and did not consider other factors recommended by facility planners such as live birth data, real estate transactions, historical and projected building permit information, housing data and other similar information. **Table 4-6** illustrates the historical enrollment used by the Treasurer in comparison to the enrollment reported by the District through EMIS.

Table 4-6: Historical and Projected Enrollment (FY 2006-07)

School Year	Actual Enrollment Reported to EMIS	Percentage Change from Previous Year	Historical Enrollment used for FY 2007 Projection	Percentage Change from Previous Year	Enrollment Differences-EMIS vs. District
2000-01	5,400	N/A	N/A	N/A	N/A
2001-02	5,346	(1.0 %)	N/A	N/A	N/A
2002-03	5,468	2.3%	5,027	N/A	441
2003-04	5,493	0.5%	4,984	(0.9%)	509
2004-05	5,473	(0.4%)	4,952	(0.6%)	521
2005-06	5,564	1.7%	5,001	1.0%	563
2006-07 (Projected)	N/A	N/A	4,939	(1.2%)	N/A

Source: ODE and Austintown LSD Historical Enrollment Projections

Table 4-6 shows that the enrollment figures used by the Treasurer to develop the FY 2006-07 projection are significantly lower than the enrollment reported by the District through EMIS. The Treasurer could not reconcile the differences between the two reports. This indicates that the District's one-year projection for FY 2006-07 could be materially understated. Despite the yearly variances, both reports are consistent in showing that the District has not experienced significant fluctuations in annual enrollment during the last four years. However, this does not necessarily ensure that this pattern will continue in the future. This is especially true if the District is impacted by major economic shifts and/or changes in demography. For example, the District's administrators have expressed concern that several local businesses are experiencing severe financial difficulties, which subsequently may have a negative impact on enrollment.

R4.5 The District should begin monitoring its building capacity and utilization rates while formally developing and adopting a forecast methodology for projecting student enrollment (see R4.4). Doing so would help the District determine the appropriate number of school buildings and grade level configurations needed to house the current and projected student population. The District should also review the proposed building configurations for FY 2007-08 and make adjustments to alleviate potential overcrowding at the new Austintown Middle School, Frank Ohl Middle School and Austintown Fitch High School.

The District did not formally complete a capacity analysis prior to undertaking the construction of the new middle school. However, several District administrators indicated that the current buildings seem to be at capacity. DeJong and Associates (Dejong) has

published criteria for determining school capacity. It suggests using 25 students per classroom for all grades and eliminating special use rooms, such as art and music, in the calculation of capacity for elementary schools. In addition, DeJong and Associates suggests setting classroom use at 85 percent for junior high and high schools because of bell scheduling, teacher prep work spaces, and other factors that limit the use of every space 100 percent of the time. However, the District's actual staffing plan is somewhat inconsistent with the DeJong standards as the District is maintaining an average student-to-teacher ratio of 20 to 1.

Using the criteria noted above, the estimated capacity and utilization rates for each school building based on floor plans and District interviews is presented in **Table 4-7** assuming a capacity of 25 (DeJong standard) and 20 (District's practice) students per regular education classroom**.** The capacity for special education classrooms is assumed to be nine based on conservative estimates of the special needs staffing requirements stipulated in Ohio Administrative Code (OAC) §3301-51-09.

Table 4-7: FY 2006-07 Building Capacity for Austintown School District

School	Grade	Percent Capacity Assuming 25 Students per Regular Education Classroom	Percent Capacity Assuming 20 Students per Regular Education Classroom
Elementary Schools			
Davis Elementary	K-4	74.6%	88.1%
Watson Elementary	K-4	76.2%	90.4%
Lynn Kirk Elementary	K-4	73.7%	92.4%
Lloyd Elementary	K-4	78.1%	88.5%
Woodside Elementary	K-4	65.3%	77.3%
Middle School			
Austintown Middle School	5-8	78.6%	97.0%
Frank Ohl Middle School	5-8	78.9%	96.6%
High School			
Austintown Fitch High School	9-12	82.2%	101.8%

Source: EMIS Enrollment and Austintown LSD

Table 4-7 shows that the District's current building utilization rates at the elementary schools, middle schools, and at the high school are all under capacity when using 25 students per regular education classroom. **Table 4-7** also shows that the District's buildings, with the exception of the high school, are still under capacity when using the District's actual ratio of 20 students per regular education classroom. However, the figures in **Table 4-7** reflect the current building configurations and do not consider that the District is opening a new middle school in FY 2007-08, selling the current middle school, and reconfiguring the building grade levels. **Table 4-8** demonstrates the capacity utilization using the District's proposed building configuration for FY 2007-08.

Table 4-8: FY 2007-08 Building Capacity for Austintown School District

School	Grade	% Capacity Used Assuming 25 Students per Regular Education Classroom	% Capacity Used Assuming 20 Students per Regular Education Classroom
Elementary Schools			
Davis Elementary	K-3	56.3%	66.4%
Watson Elementary	K-3	58.5%	69.5%
Lynn Kirk Elementary	K-3	57.4%	71.0%
Lloyd Elementary	K-3	59.1%	68.0%
Woodside Elementary	K-3	52.1%	61.6%
Middle School			
New Austintown Middle School	6-8	103.8%	128.7%
Frank Ohl Middle School	4-5	84.6%	103.6%
High School			
Austintown Fitch High School	9-12	82.2%	101.8%

Source: EMIS Enrollment and Austintown LSD

Table 4-8 shows that the District will have excess capacity at the elementary levels while the new middle school will exceed the recommended capacity when using 25 students per regular education classroom (DeJong standard). **Table 4-8** also shows that the District will exceed the recommended capacity at the new middle school, at Frank Ohl Middle School and at the high school if it continues to maintain an average of 20 students per regular education classroom (District's practice) under the proposed building configurations. As a result, if the District continues to establish classroom capacity at 20 students, the District may need to consider other alternatives when making future space allocation decisions. For example, it may not always be possible to have one teacher dedicated to a specific classroom for an entire day. In this scenario, it may be necessary for the teacher to vacate the classroom during planning periods and lunch periods so that the classroom could be used by another teacher for instructional purposes.

Lastly, it should be noted that there is a minimum staffing requirement in the certificated collective bargaining agreement which stipulates the District will strive to maintain student-to-teacher ratios of no more than 23-to-1 in kindergarten through second grade (the remaining grades are 25 to 1). However, this provision does not appear to impact the capacity analysis as there is sufficient capacity at the elementary level under the current and proposed configurations to accommodate the 23-to-1 requirement.

Planning

R4.6 The District should develop a formal facilities master plan. In carrying out the planning process, the District should work with a cross-section of school personnel, parents, students, and community members to ensure that all stakeholders have input regarding the District's facility needs and future plans. In addition, the District should ensure that the master plan reflects current building configurations and student demographics, as well as incorporating revised student enrollment projections (see R4.4), a capital improvement plan, and a formal preventive maintenance schedule (see R4.8). Once developed, the District should update the facilities master plan regularly to reflect building improvements that have been made, changes in demographics, and other educational directions.

Austintown LSD does not have a facilities master plan. The District's last building study was completed approximately five years ago when the District was applying to receive funding for building improvements through the Ohio Schools Facilities Commission (OSFC). During this process, the District contracted with several companies to complete an assessment of every school and to report the results to the OSFC. According to the Director of Facilities, the OSFC report identified approximately $75 million in building improvement projects. However, the District chose to discontinue its association with the OSFC program because it would not have been eligible to receive funding for approximately 10 years. The Director of Facilities noted the administration felt that the District would need a new middle school building in less than 10 years. The Director also noted the District did not agree with many of the building mandates established by the OSFC, which contributed to the decision to discontinue the OSFC program.

The District could not locate a copy of the OSFC report to facilitate this performance audit. Furthermore, the District's OSFC report has not been updated since 2001 and has lost some of its usefulness as the District is currently in the process of constructing a new middle school, selling the old middle school, and re-configuring the building grade levels. According to the Director of Facilities, the OSFC report lacked many elements of a master plan, including enrollment projections, a capital improvement plan, and a preventive maintenance schedule (see **R4.8**).

In *Creating a Successful Facility Master Plan* (July 2001), Dr. William DeJong and Carolyn Staskiewicz indicate that a facility master plan is important in determining and securing financing and providing the macro scope of projects. The authors also indicate that a 10-year facility master plan should be developed on a foundation of sound data and community input. It should be a road map for addressing the district's facility needs and include the following:

- The plan should clearly state what buildings are going to be kept, which should be discontinued, which are going to be renovated and what new buildings are going to be built.
- The facility master plan should specify the projects that have been identified, the timing and sequencing of the projects, and their estimated cost.

- The plan should be the convergence of the condition of existing facilities, the desired educational program, the demography of the district, and a vision of the future.

- A facility master plan should be updated periodically to incorporate improvements that have been made, changes in demographics or other educational directions.

- The plan should be used as an opportunity for a community to come together to determine how educational facilities can be an impetus for change and improvement. It requires the collaboration of educators, administrators, policy makers, community members and facility experts.

To facilitate the development of a facilities master plan, DeJong and Staskiewicz recommend that districts develop a database that provides a "community/school" profile. The elements suggested for inclusion in the database and the subsequent plan include the following:

- Historical and projected enrollment;
- Demographic profile of the community/school district including a facility inventory: condition assessment of school facilities, educational adequacy assessment of facilities;
- Capacity analysis;
- Educational programs;
- Academic achievement; and
- Financial and tax information.

R4.7 The District should follow through with its plans to purchase an automated work order system. In selecting a vendor, the District should ensure that the software has the ability to track the information recommended by the NCES. The District should also ensure that employees receive appropriate training on the work order system so that all functions are being used to the fullest extent possible. The improved record keeping associated with the work order system would help in estimating future costs and timeframes for potential projects. In addition, the electronic work order system

would also help in formalizing the preventive maintenance program and make future preventive maintenance costs more predictable (see R4.8).

The District uses a manual work order system to track facility related information. Under the current process, a work order form is completed by an employee as the need arises. Assuming the building principal approves the work order, the request is submitted to the Director of Facilities for review. The Director of Facilities then prioritizes the work orders and develops a daily work order schedule based on a consideration of health and safety issues (emergencies), deadlines, and the order in which the work order was received. A copy of the work order, noting the ultimate resolution, is returned to the originator when the job is completed. The District's reporting capabilities under the manual work order system are limited. For example, the work order forms do not allow the District to easily track the project history, the length of time to complete the project, and the cost of labor, supplies and materials. The Maintenance Supervisor also indicated that the use of the work order system has been inconsistent in recent years as many of the employees are using voicemail to communicate work requests.

According to the NCES *Planning Guide for Maintaining School Facilities* (February 2003), work order systems help school districts register and acknowledge work requests, assign tasks to staff, confirm that the work order is completed, and track the cost of parts and labor. The *Planning Guide* goes on to indicate that, at a minimum, work order systems should account for:

- The date the request was received;
- The date the request was approved;
- A job tracking number;
- Job status (received, assigned, ongoing, or completed);
- Job priority (emergency, routine, or preventive);
- Job location (where, specifically, is the work to be performed);
- Entry user (the person requesting the work);
- Supervisor and craftsperson assigned to the job;
- Supply and labor costs for the job; and
- Job completion date/time.

An automated work order system could improve the reporting capabilities and efficiency of the District's work order process. For example, one vendor claims that an automated work order system will allow the District to improve productivity and efficiency by reducing data entry and phone calls for work requests, improve customer service by automating communication and feedback concerning requests, save time and money by streamlining work flow, and generate simple and detailed reports on work status and costs. The vendor also claims that an investment in work order software is paid back

within two months and the total average return on investment is more than 2,500 percent. The Maintenance Supervisor indicated that the District is planning to purchase an electronic work-order system in FY 2006-07.

Financial Implication: The Painesville Township Local School District purchased an automated work order system that includes many of the features noted above for approximately $1,900 per year.

R4.8 Austintown LSD should use the new work order system to help establish a formal preventive maintenance (PM) program that addresses all routine, cyclical, and planned building maintenance functions. With the development of a formal PM program, the District should also develop a comprehensive five-year capital improvement plan that is updated on an annual basis to ensure that critical repair work or equipment replacement is completed. The capital improvement plan should include a capital project categorization and prioritization system that provides management with a breakdown between maintenance tasks and capital projects, ensures work is completed in a timely manner, and minimizes both safety hazards and facility deterioration.

Austintown LSD has a contract with an outside vendor to complete certain preventive maintenance activities, including the regular maintenance and inspection of automatic temperature controls, heating units, pumps, classroom ventilators, and boilers. The Maintenance Supervisor indicated that District employees complete a limited number of inspections and preventive maintenance tasks on equipment not covered by the vendor contract. However, these activities are not documented and do not necessarily occur on a regular basis. As a result, the District cannot easily determine which preventive maintenance activities and inspections are completed, or how often these activities are taking place. The Maintenance Supervisor also indicated the District is in the process of purchasing an electronic work-order system which will have the capability of scheduling and tracking preventive maintenance activities.

The NCES *Planning Guide for Maintaining School Facilities* (February 2003), warns that continual emergency repairs will cost more in the long-term than a formal preventive maintenance program. A preventive maintenance plan will help prevent sudden and unexpected equipment failures, inhibit the accumulation of damage and repair tasks, and ensure the continued use of equipment to help maximize life expectancy

In addition, the District does not have a formal capital improvement plan to address maintenance and capital needs. Furthermore, the District does not have a steady revenue stream to use in funding capital improvement projects. For example, it does not have a permanent improvement levy nor does it set aside a specific percentage of General Fund revenue to use in funding capital improvements. GFOA indicates that a government

should have a process in place for evaluating proposed capital projects and financing options, and developing a long-range capital improvement plan that integrates projects, timeframes, and financing mechanisms. The capital plan should project at least five years into the future and should be fully integrated with the government's overall financial plan. The process for developing the plan should allow ample opportunity for stakeholder involvement in prioritizing projects and review. When developed, GFOA further recommends that districts have the capital plan approved by the governing body.

Given the lack of dedicated funds for capital improvements, a formal preventive maintenance program (via the automated work order system) and capital improvement plan are especially important in helping the District anticipate facility and equipment repair needs, prioritize projects by building and year, secure alternative financing, and properly maintain equipment. In addition, a comprehensive capital improvement plan will assist in allocating limited resources among multiple projects.

Employee Training

R4.9 The District should develop a custodial, maintenance and groundskeeper training program that identifies a core curriculum for new and existing employees. The curriculum should be designed to cover critical aspects of employee responsibilities, and structured to be completed either in-house or externally. In addition, the District should consistently provide training for custodial and maintenance staff whenever new, updated, or revised equipment, technology, and procedures are introduced. To facilitate this effort, the District should negotiate to have vendors provide training to all employees as a condition of relevant purchases. The District should begin tracking the total number of hours and types of training an employee receives, and should seek feedback from participants about training courses offered. Lastly, the District should consider establishing a mentoring program to help new employees become acclimated to the District's work requirements.

Austintown LSD does not have a formal program in place for training new employees. When a new employee is hired, they meet with the Treasurer to complete new employee paperwork, review the policy manual, and discuss job expectations. A tour of the District's facilities is then provided by each employee's supervisor. This tour includes a new employee orientation covering all important areas within the school building including the employee's work area. However, after the tour, new employee training is limited to informal discussions with the Maintenance Supervisor. In addition, the District does not have a mentoring program in place to help new employees learn the District's work requirements. According to the Maintenance Supervisor, the lack of training and mentoring programs is due to the District hiring from a list of substitute employees that have previously worked in the District and are familiar with the job requirements.

The NCES *Planning Guide for Maintaining School Facilities* (February 2003) recommends that newly hired personnel receive the following types of training as soon as possible after joining the organization:

- Orientation (or tour) of the organization's facilities, including the payroll division (where timecards are punched and submitted), emergency locations (such as the nurse's office), the cafeteria, and the supervisor's office.

- Orientation (or tour) of the person's work area, including the primary location where he or she reports to work and all areas where he or she might be expected to perform job-related tasks (e.g., a plumber should be shown the organization's plumbing headquarters and all campuses he or she will be servicing).

- Equipment instructions, including an introduction to all tools, machinery, and vehicles the individual will be expected to use (e.g., industrial floor sweepers, lawn cutting equipment, power tools, and district trucks).

- Task-oriented lessons, including instructions on how to best perform the individual's work tasks (e.g., how to clean a carpet, repair a roof, or service a school bus).

- Expectations, including a clear description of precisely what the individual must do to meet the requirements of a job (what, where, and when, and to what extent).

- Evaluation information, including an explanation of all criteria on which the individual will be evaluated, such as the tasks that will be evaluated, all relevant performance standards and expectations, who will do the evaluating, what mechanisms will be used to perform the evaluations (e.g., random checks or daily assessments), and the potential ramifications of the evaluations.

In addition to implementing the NCES standards, the Painesville Township Local School District has established a mentoring program whereby new employees are paired with an experienced custodian for several days to help the individual get acclimated to the work requirements. This type of program can reduce the learning curve, lessen turnover, and help create a smooth transition into the position for the new employee.

The District's existing employees have the opportunity to receive additional training by attending various adult continuing educational programs offered through the local vocational school. These training classes allow employees to learn new skills and improve upon existing ones and cover areas such as plumbing, carpentry and electrical work. In addition, employees can receive a slight increase in salary upon obtaining a new certification. However, the District does not have specific training requirements for

existing employees. In addition, the District does not formally train employees when standards change for new equipment, technology or procedures. Rather, the Maintenance Supervisor indicated that the District's supervisors use verbal communication to teach the new standards.

The Association of School Business Officials (ASBO) recommends a regular program for custodial and maintenance staff training as a matter of district policy. School districts should offer special training as new products, equipment, and techniques become available as it will not benefit the staff or the district if staff members are given new products or equipment to use without the necessary training. For that reason, school districts should consider sending the custodial and maintenance staff to new product and equipment workshops. Furthermore, according to the National Education Association, ongoing professional development for custodians and maintenance employees should include the following elements:

- Building security, including neighborhood watch programs;
- Asbestos training, including information about state and federal regulations pertaining to the handling and removal of such material;
- Bloodborne pathogen training, including the potential risks of blood and human waste cleanups. This should include information about the Bloodborne Pathogen Standard drafted by the U.S. Occupational Safety and Health Administration;
- Hazardous equipment, including how to operate all machinery;
- Hazardous chemicals, including extensive training in the use of cleaning chemicals to reduce injuries;
- Ergonomics, including how to properly lift to avoid back injury and information about new cleaning tools and products that can minimize back strain; and
- Time management, including how workers can prioritize their tasks so they can accomplish them efficiently and effectively.

Operational Procedures

R4.10 The District should evaluate the efficiency and effectiveness of the custodial and maintenance programs by regularly tracking and reporting certain key performance measures such as cost per square foot and cost per student for major object codes (staffing, benefits, purchased services, utilities, supplies, etc.); the number of square feet cleaned and maintained per FTE; and acres maintained per FTE. Doing so would help the District establish benchmarks to measure future staff and organizational performance (see R4.3 for additional information on benchmarks). By periodically comparing established benchmarks to actual

performance and historical trend information, the District would be able to use objective data to make future decisions about the custodial and maintenance programs.

The District does not have any performance measures in place to evaluate the efficiency and effectiveness of its maintenance and custodial operations. The Maintenance Supervisor indicated that in the past, he met with maintenance supervisors from other Districts to informally exchange cost cutting ideas in order to improve District efficiency. **Table 4-9** displays the District's current custodial staffing allocation by building type.

Table 4-9: Staffing Allocation

Schools	Square Feet Maintained per FTE
Elementary Schools (9.71 FTE's)	20,618
Middle School (10.60 FTE's)	17,830
High School (7.96 FTE's)	35,101
Other Buildings (.73 FTE's)	28,704
NCES National Average for Custodial Per FTE	**28,000**

Source: Austintown LSD payroll, District interviews, and NCES

Table 4-9 indicates that the District's custodial staffing allocations are not consistent from one building type to the next. For example, the high school custodians are responsible for cleaning and maintaining approximately 35,100 square feet per FTE while the middle school custodians are only responsible for approximately 17,800 square feet. The inconsistent staffing allocations can be attributed, in part, to the District not monitoring performance measures.

According to OPPAGA, the District should develop a comprehensive set of measures to evaluate the overall effectiveness of the maintenance program. OPPAGA goes on to cite cost per square foot, number of full-time FTE staff per square foot cleaned, and cost per student as examples of cost effectiveness ratios that should be considered for evaluating the custodial and maintenance programs. In addition, GFOA recommends the use of performance measures (i.e., input, output, effectiveness/outcome, and efficiency measures) to evaluate the performance of programs and services (see **financial systems** for more information). The lack of performance measures and benchmarks increases the risk of the District making uninformed and/or unreliable decisions.

R4.11 The District should conduct a survey of teachers, students, parents, administration, and board members at least annually to determine strengths and weaknesses of the custodial and maintenance programs. The District should then share the results with the stakeholders and highlight strategies to improve in the areas identified as weaknesses. Additionally, the District should continue plans to develop a formal

checklist for the all District custodial employees to help ensure that buildings are being maintained and cleaned effectively.

The District does not regularly use surveys to gauge stakeholder perceptions regarding the facility operations. **Table 4-10** presents the results of the AOS survey of employees at Austintown LSD to determine their overall satisfaction with the District's management of facility-related issues. The ratings a survey respondent could use in answering each question were 1-Strongly Disagree, 2–Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

Table 4-10: Austintown LSD Facilities Satisfaction Survey

Survey Question	Staff Response
Work Orders are responded to in a timely manner	3.87
Custodial and Maintenance employees deliver quality services	3.50
Emergency work orders are given top priority	4.14
Schools are notified in advance of work to be performed	4.05
Schools are advised of incomplete work orders	4.23
Work is scheduled so it is not disruptive	3.80
Workers are careful with Children	4.29
I am satisfied with the maintenance department	3.76
The regular cleaning schedule appears to be appropriate	3.45
Custodial Tasks are completed efficiently	3.40
Facilities are properly cleaned	3.25
Custodial staff are polite and have a good work ethic and attitude	4.05
There appears to be a sufficient number of custodians in the building	3.52
School grounds are properly maintained	3.96
Custodial Staff Cooperates with other staff regarding safety of equipment on school grounds	4.29
Work appears to be scheduled according to priorities	3.95
Workers show respect for school property	4.26
I am satisfied by the custodial staff's work	3.69
Playground Equipment is properly maintained	4.61
Average[1]	**3.90**

Source: Austintown LSD Staff Survey

Table 4-10 shows that the Austintown LSD staff survey scores ranged from 3.25 to 4.61 with an average score of 3.90. This indicates that the District's employees are generally satisfied with the overall performance of the custodial and maintenance staff. The lowest score was in the area of building cleanliness. In addition to the low score, several employees made comments expressing concern with building cleanliness.

The perception among District staff regarding building cleanliness may be attributed to several factors, including the unequal allocation of custodial staff among the buildings (see **R4.10**), the lack of a facility feedback system to identify staff perceptions and implement necessary program improvements, the absence of a formal handbook that outlines day to day cleaning policies and procedures (see **R4.2**), and limited formal training opportunities for new and existing custodial employees (see **R4.9)**. However, it does not appear that the perceived lack of cleanliness can be attributed to inadequate custodial staffing levels as the District appears to be overstaffed in comparison to the peer average and national benchmarks (see **R4.1**). The Maintenance Supervisor indicated the District is looking to improve overall cleanliness of the buildings. Specifically, the District is devising an inspection checklist system that will be used by the Maintenance Supervisor and Head Custodians to ensure the thoroughness and quality of work throughout each building

According to OPPAGA, districts should use customer feedback on surveys, self-analysis, and subsequent follow-up on identified problems to implement program improvements. Typically, customer surveys ask principals and school staff to rate the maintenance and operation departments on prompt response, turnaround time, quality of work and professionalism of employees. Sharing survey results with employees, continued communication with stakeholders and follow up with corrective action plans is critical to improving maintenance and custodial services. Furthermore, the NCES *Planning Guide for Maintaining School Facilities* (February 2003) indicates that surveys can be used to evaluate custodial and maintenance work, and provides a sample customer survey form for gaining feedback about custodial and maintenance services.

Financial Implications Summary

The following table lists annual cost savings and one time implementation costs for recommendations contained in this section of the report.

Summary of Financial Implications for Facilities

Recommendation	Estimated Annual Cost Savings	Estimated Costs
R4.1 Reduce 7.0 custodial/grounds FTEs and increase maintenance by 2.0 FTEs	$300,000	$88,000
R4.1 Reduce use of outsourcing by hiring 2.0 maintenance FTEs	$20,050	
R4.7 Purchase electronic work order system	N/A	$1,900
Total	**$320,050**	**$89,900**

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Transportation

Background

This section of the performance audit analyzes the Austintown Local School District's (Austintown LSD or the District) transportation operations. For benchmarking purposes, Austintown LSD's transportation operations are compared to a peer average consisting of ten school districts throughout this section of the report. The peer average is comprised of Boardman Local School District, Dover City School District, Elida Local School District, Fairland Local School District, Heath City School District, Indian Creek Local School District, Lowellville Local School District, McDonald Local School District, Tiffin City School District, and Wheelersburg Local School District. These ten districts are classified as "Type 4" (urban and low median income) by the Ohio Department of Education (ODE), the same type as Austintown LSD. In addition, these ten school districts met a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil.

According to the Ohio Revised Code (ORC) §3327-01, school districts must provide transportation services to "…resident school pupils in grades kindergarten through eight that live more than two miles from the school." The legislation goes on to indicate that the board, at its discretion may "…provide transportation for resident school pupils in grades nine through twelve to and from the high school." Austintown LSD's transportation policy exceeds the minimum standards as the District provides pupil transportation services to most students in grades K-12 who reside one-half mile or more from the school. Hazards within the District include heavily traveled roads and four lane highways that, pursuant to Ohio Administrative Code (OAC) §3301-83-20(I), have also contributed to the District transporting students in excess of State minimum standards.

The District's transportation function is overseen by the Transportation Supervisor. Austintown LSD provided Type-I pupil transportation services to 4,616 regular needs and 142 special needs riders in FY 2005-06. Type-I services pertain to those provided on District-owned yellow buses and comprise the majority of transportation-related costs for which school districts are reimbursed by ODE. **Table 5-1** presents Austintown LSD's transportation expenditures for FY 2003-04, FY 2004-05, and FY 2005-06.

Table 5-1: District Expenditures for FY 2004, 2005, and 2006

	FY 2004	FY 2005	FY 2006	Three-Year Change
Riders[1]	**5,356**	**5,285**	**4,758**	**(11.2%)**
• Type I Regular Needs	5,178	5,116	4,616	(10.9%)
• Type I Special Needs	178	169	142	(20.2%)
• Type IA	N/A	N/A	N/A	N/A
• Type II	N/A	N/A	N/A	N/A
PERSONNEL - TYPE I				
Employee Wages	$1,038,868	$1,115,105	$1,058,800	1.9%
Employee Benefits	$729,711	$871,168	$689,366	(5.5%)
Personnel Subtotal	**$1,768,579**	**$1,986,273**	**$1,748,166**	**(1.2%)**
Maintenance and Repairs	$137,496	$105,509	$143,886	4.6%
Tires and Tubes	$16,800	$14,310	$22,359	33.1%
Fuel	$109,260	$167,313	$195,733	79.1%
Bus Insurance	$84,688	$68,924	$52,883	(37.6%)
Maintenance Supplies	$18,305	$14,167	$24,187	32.1%
Utilities	$7,500	$3,468	$7,200	(4.0%)
Other	$32,875	$25,513	$12,469	(62.1%)
General Operations Subtotal	**$406,924**	**$399,204**	**$458,717**	**12.7%**
TOTAL TYPE I EXPENDITURES	**$2,175,503**	**$2,385,477**	**$2,206,883**	**1.4%**
• **Per Type I Rider[1]**	$457.23	$501.36	$463.83	14.2%

Source: ODE

[1] FY 2003-04 and FY 2004-05 rider ratios are based on the District's FY 2005-06 numbers due to the misreporting of the number of actual riders on the District's FY 2004-05 T-reports.

Table 5-1 illustrates that the District's total transportation expenditures have increased by approximately $31,000 from FY 2003-04 to FY 2005-06. Explanations for the line-items that have experienced significant fluctuations during the last three years include the following:

- **Total Ridership:** The District's total ridership declined by 71 students in FY 2004-05 and 527 students in FY 2005-06. The Transportation Supervisor indicated that the large decline in ridership in FY 2005-06 was due to the District previously reporting eligible students on the T-reports rather than actual students transported. Beginning in FY 2005-06, the District started reporting actual students transported on its T-reports. The District does not have formal policies and procedures for preparing and reviewing the T-reports before submitting them to ODE (see **R5.2**). To ensure a reliable comparison, the District's ridership in FY 2005-06 will be used throughout this section when calculating the cost per rider in FY 2003-04 and FY 2004-05.

- **Employee Wages and Benefits:** The District's transportation expenditures for employee wages and benefits declined approximately $238,000, or 12 percent, in FY 2005-06. The Transportation Supervisor attributed the decline to the reduction of eight bus drivers. In

addition, effective September 1, 2005, the District eliminated its traditional health care plan and began requiring all employees to enroll in the Preferred Provider Organization (PPO) plan. This resulted in significant savings associated with the monthly health care premiums (see the human resources section for an additional discussion). The Transportation Supervisor also indicated that the bus attendant salaries were lower in FY 2005-06 due to a reduction in the use of leave time by the District's regular bus attendants. Lastly, the District's certification, licensing, and training costs decreased by approximately $123,000 in FY 2005-06. The Transportation Supervisor indicated that according to law (OAC §3301-83-10), bus drivers are required to be re-certified every six years, and that a large portion of the District's bus drivers were re-certified during FY 2004-05.

- **Maintenance Repairs & Maintenance Supplies:** Since FY 2003-04, the District has experienced large fluctuations in maintenance repair and supply costs. The Transportation Supervisor attributed the large fluctuations to the number of major repairs the mechanics performed during the three-year period. An analysis in **R5.1** shows that the District has an older bus fleet, which could contribute to the large fluctuations. For example, 17 of the District's 42 active buses are more than 15 years old.

- **Fuel, Tires and Tubes:** The District's cost for tires and tubes increased approximately 56 percent in FY 2005-06. Similarly, the District's fuel costs have increased approximately 79 percent since FY 2003-04. The Transportation Supervisor indicated that the large increase in both of these expenditures is due to general inflation for petroleum based products and motor fuel. In addition, although the Transportation Supervisor indicated that the District informally solicits price quotes, it does not have a purchasing policy that specifies the requirements for price quotes or competitive bids (see **R5.5** concerning the District's purchasing practices).

- **Bus Insurance:** The Transportation Supervisor attributed the decline in bus insurance costs in FY 2004-05 to the District receiving a better premium from its insurance provider. The subsequent decline in FY 2005-06 was attributed to the District reducing the fleet by ten buses.

- **Utilities:** In FY 2004-05, the District's utilities decreased by approximately 54 percent. The Treasurer indicated that the utility cost was an estimate and was unsure as to why the actual costs were not reported. The Transportation Supervisor was also unsure about the cause of the utility cost decrease in FY 2004-05. The Transportation Supervisor indicated that utility costs are allocated to the transportation department based on a percentage of the middle school's total utility costs (see **R5.2** concerning accurate T-form reporting).

- **Other:** The Transportation Supervisor indicated that this line-item is used to record expenditures for routing software, bus washing, and special education equipment. Since

FY 2003-04, the District's other expenditures have decreased by 62 percent. The Transportation Supervisor attributed the large decrease to a reduction in spending on equipment for special needs transportation.

Operational Statistics

Table 5-2 shows the District's transportation costs as a percentage of the total General Fund budget and other operational statistics and compares them to the peer average for FY 2004-05.

Table 5-2: Austintown LSD Transportation Costs Compared to Peer District Average

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005	Percent Above (Below)
District Square Miles	25.0	26.0	38.7	(35.4%)
Number of Students (ADM)	5,424	5,493	2,455	120.9%
• Per District Square Mile	217	211	112	94.6%
Population Density per Square Mile	1,449	1,446	709	104.5%
Total Expenditures (all Function Codes General Fund)	$37,826,579	$38,157,921	$15,152,594	149.6%
2800 Function Code Expenditures (General Fund)	$2,283,791	$2,328,091	$786,419	190.4%
• As a Percentage of Total	6.0%	6.1%	4.5%	1.5%
• Per Student	$421	$424	$272	54.9%

Source: ODE
Note: Calculations may vary due to rounding.

Table 5-2 shows that although Austintown LSD is approximately 35 percent smaller in terms of square mileage, its average daily membership (ADM) is more than double the peer average. As a result, the population density is also significantly higher than the peer average, which is an indication that the District is able to transport more students per square mile than the peer average. However, despite transporting more students, **Table 5-2** shows that the District's transportation costs per student ($421) were significantly higher than the peer average ($272) in FY 2004-05. In FY 2005-06, the District's transportation expenditures increased by approximately two percent, but the cost per student stayed relatively constant due to an increase in the number of students. Furthermore, **Table 5-2** also shows that in FY 2004-05 and FY 2005-06, Austintown LSD's transportation expenditures represented approximately six percent of the total General Fund expenditures, which is higher than the FY 2004-05 peer average of approximately five percent. The District's unfavorable cost ratios are due, in part, to the high personnel costs associated with sick leave use (see **R3.4**), generous benefit programs that provide

full health benefits to employees working more than 20 hours per week (see **R3.7**), and employee salaries (see **R3.5**).

Table 5-3 presents various operating ratios for Austintown LSD and the peer districts.

Table 5-3: Operating Ratios for Austintown LSD and the Peer Districts

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005	Percent Above (Below)
Riders	**5,285**	**4,758**	**1,534**	**244.5%**
• Type I Regular Needs	5,116	4,616	1,506	**239.7%**
• Type I Special Needs[1]	169	142	42	**302.4%**
• Type IA[2]	N/A	N/A	1	**N/A**
• Type II[2]	N/A	N/A	22	**N/A**
Buses	**59**	**49**	**23**	**157.6%**
• Active	52	42	18	**182.6%**
• Spare	7	7	4.5	**55.6%**
• Spare Buses as Percentage of Fleet	11.9%	14.3%	25.5%	**(53.3%)**
• Special Needs Buses	6	6	2.6	**130.8%**
• Special Needs Buses as Percent of Active Buses	11.5%	14.3%	10.3%	**11.7%**
• Riders Per Active Bus[3]	91.5	113.3	91.4	**0.1%**
• Students per Regular Bus[3]	101	128	95.6	**5.6%**
• Students per Special Needs Bus[4]	18	24	9.6	**87.5%**
Annual Miles [5]	**655,773**	**531,678**	**210,690**	**211.3%**
• Per Bus	11,115	10,851	8,890	**25.0%**
TOTAL TYPE I EXPENDITURES	**$2,385,477**	**$2,206,883**	**$676,112**	**252.8%**
• Per Type I Rider[3]	$501	$464	$460[6]	**8.9%**
TOTAL TYPE IA EXPENDITURES	**N/A**	**N/A**	**N/A**	**N/A**
• Per Type IA Rider	N/A	N/A	N/A	**N/A**
TOTAL TYPE II EXPENDITURES	**N/A**	**N/A**	**$114,088**	**N/A**
• Per Type II Rider	N/A	N/A	$5,186	**N/A**
GRAND TOTAL EXPENDITURES Types I-II	**$2,385,477**	**$2,206,883**	**$687,521**	**247.0%**
• **Per Rider[3]**	$501	$464	$462	**8.4%**

Source: T-Forms

[1]The Type I average special needs riders only include the six districts reporting these riders.

[2]Type IA and Type II only include the average of the districts that reported Type IA and II riders and expenses. One district reported only Type IA riders, one district only reported Type IA expenditures, and one district reported both Type II riders and expenditures.

[3]FY 2004-05 rider ratios are based on the District's FY 2005-06 ridership due to the misreporting of actual riders on the District's FY 2004-05 T-reports.

[4] Total Special needs buses, special needs buses as a percent of the active fleet, and riders per special needs bus include only the five districts reporting special needs buses and corresponding riders.

[5]Austintown LSD's annual miles include non-routine miles to ensure consistency with **Table 5-4**. The District reported total transportation expenditures on the T-forms and did not separately account for routine and non-routine costs. As a result, the non-routine miles were added to the routine miles on **Table 5-4** in order to show a fair cost per mile calculation. The non-routine miles were 53,313 in FY 2004-05 and 55,218 in FY 2005-06.

[6]Type I Rider costs for the peer districts are based on the actual ridership information rather than ADM. The peer average ridership is nearly 1,000 riders lower than the ADM, which explains the low cost ratio that appears in **Table 5-2**.

Table 5-3 shows that in FY 2004-05, Austintown LSD used 59 buses to transport its students and was able to maintain operating ratios that were comparable to the peer average while the cost per student was approximately eight percent higher. However, the District reduced its active fleet by ten buses prior to the start of FY 2005-06 by re-routing some of the private school buses. As a result, **Table 5-3** shows that the riders per active bus (113), students per regular bus (128), and students per special needs bus (24) all increased significantly from the FY 2004-05 levels and are significantly higher than the peer averages. Furthermore, the District was able to reduce its transportation cost per rider ($464) to a level that is more comparable to the peer average ($462 in FY 2004-05).

The District's favorable operating ratios are due to the use of a three tier routing system. This resulted in the District being able to transport more students per bus and travel more miles per bus. In addition, the District uses routing technology to regularly review the efficiency of its routes. For example, in FY 2005-06 the District was able to decrease the total miles driven by transporting non-public students based on neighborhood locations rather than by school building. Prior to FY 2005-06, the District transported all non-public students attending the same school on the same bus without considering the location of the child's home. Beginning in FY 2005-06, the District started transporting the non-public students to one central site during the normal bus runs and then shuttling the students to their appropriate school. The Transportation Supervisor indicated that this change resulted in a reduction of 798 miles in the daily miles traveled (see *Noteworthy Accomplishment*).

Table 5-4 presents expenditures by type for Austintown LSD in comparison to the peer averages.

Table 5-4: Expenditures by Type for Austintown LSD and the Peer Districts

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005	Percent Above (Below)
Personnel [1]	**$1,986,273**	**$1,748,166**	**$536,606**	**270.2%**
• Per Rider	$417	$367	$358	16.4%
• Per Bus	$33,666	$35,677	$23,203	45.1%
• Per Mile	$3.03	$3.29	$2.68	13.1%
Maintenance & Repairs [2]	**$133,986**	**$190,432**	**$39,977**	**235.2%**
• Per Rider	$28	$40	$27	(3.7%)
• Per Bus	$2,271	$3,886	$1,833	23.9%
• Per Mile	$0.20	$0.36	$0.21	(4.8%)
Fuel	**$167,313**	**$195,733**	**$61,164**	**173.5%**
• Per Rider	$35	$41	$43	(18.6%)
• Per Bus	$2,836	$3,995	$2,683	5.7%
• Per Mile	$0.26	$0.37	$0.31	(16.1%)
Bus Insurance	**$68,924**	**$52,883**	**$22,523**	**206.0%**
• Per Rider	$14	$11	$17	(17.6%)
• Per Bus	$1,168	$1,079	$984	18.7%
• Per Mile	$0.11	$0.10	$0.12	(8.3%)
Total Expenditures [3]	**$2,385,477**	**$2,206,883**	**$687,521**	**247.0%**
• **Per Rider**[4]	$501	$464	$462	(8.4%)
• **Per Bus**	$40,432	$45,038	$29,629	36.5%
• **Per Mile**	$3.64	$4.15	$3.42	6.4%
Total Special Needs Expenditures	**$455,972**	**$294,955**	**$112,184**	**306.5%**
• **Per Rider**	$3,145[5]	$2,077	$3,416	(7.9%)

Source: T-1 and T-2 reports from ODE
Note 1: Figures include both regular and special needs expenditures and are rounded to nearest $1.
Note 2: Special needs expenditures per rider exclude the two districts that did not report special needs riders and expenditures.
[1]Includes salaries and wages, as well as retirement, employee insurance, physical exams, drug tests, certification/licensing, and training.
[2]Includes maintenance, repairs, supplies, tires and tubes.
[3]Includes additional miscellaneous expenditures (not assessed) for utilities, facility rent, bus leases, and other, as well as Type IA and Type II.
[4]FY 2004-05 rider ratios are based on the District's FY 2005-06 ridership figures due to the misreporting of actual riders on the District's FY 2004-05 T-reports.
[5]Includes 142 Type I, 2 Type V, and 1 Type VI special needs riders.

Table 5-4 shows that the District's FY 2005-06 transportation costs per rider and per mile exceed the peer average (FY 2004-05 information) in the personnel and maintenance and repair line-items. The District's FY 2005-06 information is assessed in this analysis due to the reduction of 10 buses prior to the start of the school year. The high personnel costs can be attributed to the District's generous salary schedules for bus drivers and other support staff in comparison to the peer average. In addition, the District offers full health benefits to employees

who work 20 or more hours per week. The higher maintenance costs can be attributed to the age of the District's fleet. For example, 17 of the District's 42 active buses are more than 15 years old (see **R5.1** for additional information).

Table 5-4 also shows that the District's fuel costs per mile are higher than the peer average. This can be attributed to the peer average (FY 2004-05 information) not reflecting the large price increases for motor fuel that occurred during FY 2005-06. This is further supported by the fact that the District's FY 2004-05 fuel costs per rider and per mile were lower than the peer average. Lastly, although the District's costs per bus exceed the peer average in every line-item, this is a function of the District's high transportation salaries, high maintenance costs due the age of the buses and completing three runs per bus, which results in the District needing fewer buses (lower denominator) to transport the same number of students. For example, while Austintown LSD is able to transport 128 students per bus, the peers only average 96 students per bus (see FY 2006 in **Table 5-3**).

Despite having higher personnel and maintenance costs, **Table 5-4** shows that the District's total cost per regular needs rider in FY 2005-06 ($464) is comparable to the FY 2004-05 peer average ($462) while the District's cost per special needs rider ($2,077) is significantly lower ($3,416). This can be attributed to the District transporting more than double the amount of riders using a three tiered routing system, which results in the District transporting more students per bus over more miles than the peers.

Staffing Analysis

Table 5-5 shows Austintown LSD's salary and wage expenditures by position in comparison to the peer averages.

Table 5-5: Austintown LSD and Peer Districts Personnel Expenditures

	Austintown LSD FY 2005	Per Bus	Per Rider[1]	Per Mile	Austintown LSD FY 2006	Per Bus	Per Rider	Per Mile	Peer Average 2005	Per Bus	Per Rider	Per Mile
Supervisor	**$41,497**	$703	$9	$0.06	**$42,295**	$863	$9	$0.08	**$27,239**	$1,218	$20	$0.14
Secretary Clerk	**$42,348**	$718	$9	$0.06	**$64,352**	$1,313	$14	$0.12	**$8,303**	$286	$4	$0.03
Regular Driver Salaries	**$750,347**	$12,718	$158	$1.14	**$669,025**	$13,654	$141	$1.26	**$263,003**	$11,583	$178	$1.34
Substitute Driver Salaries	**$33,520**	$568	$7	$0.05	**$40,124**	$819	$8	$0.08	**$17,822**	$1,113	$22	$0.16
Bus Attendant Salaries	**$89,438**	$1,516	$19	$0.14	**$81,158**	$1,656	$17	$0.15	**$4,291**	$62	$1	$0.01
Mechanic	**$157,955**	$2,677	$33	$0.24	**$161,846**	$3,303	$34	$0.30	**$45,391**	$1,702	$27	$0.19
Mechanic Helper	**$0**	$0	$0	$0	**$0**	$0	$0	$0	**$1,875**	$89	$1	$0.01
Salary and Wages Subtotal	**$1,115,105**	**$18,900**	**$235**	**$1.70**	**$1,058,800**	**$21,608**	**$223**	**$1.99**	**$367,924**	**$16,053**	**$253**	**$1.88**

Source: ODE

[1] FY 2004-05 per rider ratios are based on the FY 2005-06 ridership information due to the misreporting of the actual number of students transported on the District's FY 2004-05 T-reports.

Table 5-5 shows that although the District's total FY 2004-05 personnel expenditures exceeded the peer average by approximately $2,800 per bus, the District's total personnel costs per rider and mile were 7.1 percent and 9.6 percent lower than the peer averages, respectively. In FY 2005-06, the District's total personnel expenditures decreased by approximately $56,300 due to the reduction of eight bus drivers. However, despite the lower staffing levels, the District's cost per bus and cost per mile increased by 12.5 and 14.6 percent in FY 2005-06, respectively. This disparity is the result of the District decreasing its fleet by 10 buses and decreasing the number of annual miles driven (declined approximately 124,000) by re-routing non-public school bus runs. Explanations for the employee classifications where the District's salary and wage costs exceed the peer average on a per bus, per rider and/or per mile basis include the following:

- **Secretary Clerk:** The District spent $432 more per bus and $5 more per rider than the peer average on clerical employees for the transportation department. Furthermore, although Austintown LSD's annual mileage more than doubles the peer average, the District's clerical costs per mile are comparable with the peer average. The higher clerical costs are due to the District employing two secretaries in the transportation department. Out of the 10 school districts that comprise the peer average, 6 districts did not have clerical employees in the transportation department and 4 districts used only one clerical

employee. The Transportation Supervisor indicated that the additional secretary is due to the transportation department also being responsible for registering new students enrolling in the District for the upcoming school year.

In FY 2005-06, the District's clerical costs increased by 52 percent. According to the Transportation Supervisor, the large increase in salaries was due to the District incurring a $10,000 retirement (severance) pay-out. The Treasurer indicated that one of the secretaries retired in February 2006, and the District filled the vacant position. For a complete analysis of the District's overall clerical staffing levels, see the **human resources** section.

- **Regular Drivers:** The District spent $1,135 more per bus than the peer average on regular bus drivers in FY 2004-05. However, the District's bus driver costs per rider and per mile were lower than the peer averages by $20 and $0.20, respectively. The District reduced 10 buses and 8 bus drivers prior to the start of FY 2005-06, which saved approximately $81,000 in salary costs. As a result, its bus driver salary costs per rider declined to $141, which is significantly lower than the FY 2004-05 peer average of $178. The higher costs per bus and cost per mile in FY 2005-06 are due to the reduction of 10 buses and approximately 124,000 miles (due to re-routing) from the FY 2005-06 levels. Another indication that the District's bus driver staffing levels are efficient is that the District is transporting an average of 128 students per bus, which is significantly higher than the peer average of 96.

- **Substitute Drivers:** Although **Table 5-5** shows that the District spent less per bus, rider, and mile than the peer average on substitute drivers in FY 2004-05, **Table 5-5** also shows that the District's substitute costs increased nearly 20 percent in FY 2005-06. The Transportation Supervisor attributed the increase in substitute costs to a problem with sick leave use in the transportation department. The District does not have a sick leave abuse policy (see the **R3.4** in the **human resources** section for a recommendation concerning the District's sick leave policy).

- **Bus Attendants:** The District spent $1,454 more per bus, $18 more per rider, and $0.13 more per mile than the peer averages on bus attendants. The higher bus attendant costs are due to the employment of seven bus attendants in the transportation department in FY 2004-05. Of the 10 school districts that comprise the peer average, 8 did not have any bus attendants, 1 had one bus attendant, and 1 had eight bus attendants. In addition to the higher staffing levels, the higher costs can be attributed to the salaries of the bus attendants. For a complete analysis of the District's salary levels, see **R3.5** in the **human resources** section.

  In FY 2005-06, the District increased its bus attendant staffing level by four employees. The District currently has eight bus attendants that are assigned to special needs buses

and three that are assigned to regular needs buses. Although the Individual Education Plans (IEPs) do not specify the need for bus attendants, the Transportation Supervisor indicated that the bus attendants are used for safety purposes for children with physical or mental disabilities. The three bus attendants on the regular needs buses are assigned to behavioral students being transported to a school located outside the District. The Transportation Supervisor attributed the decline in attendant salary costs in FY 2005-06 to lower substitute costs for this employee classification. See *Issues for Further Study* for an additional discussion.

- **Mechanic:** The District spent $975 more per bus, $6 more per rider, and $0.05 more per mile than the peer average on mechanics. The higher mechanic costs are due to a combination of higher staffing and salary levels. For instance, the District is using three mechanics and one shop foreman/head mechanic to maintain 49 buses, while the peer average is 1.7 mechanic/mechanic helper FTEs (as reported on EMIS) to maintain 23 buses. This indicates that the District is maintaining approximately 12 buses per FTE, while the peer average is approximately 16 buses per FTE. The District would need to reduce 1.0 mechanic FTE to achieve the peer average of buses to mechanic FTEs.

R5.1 shows that the District does not have a bus replacement plan and is currently maintaining 17 of 42 active buses that are more than 15 years old, which contributes to the District's higher mechanic staffing levels. The District's fleet also travels three times the number of miles (655,773) when compared to the peer average (210,690). As a result, Austintown LSD's mechanics are responsible for 163,943 miles per FTE, while the peer average is 150,372. Lastly, **Table 5-4** shows that the District's maintenance costs have increased during the last two years and are significantly higher than the peer average, which can be partially attributed to the age and required maintenance on the District's buses. Therefore, although the District's buses per FTE are lower than the peer average, based on the age of the District's fleet, and the number of miles maintained per FTE, it may not be possible for the District to immediately reduce staffing without impacting the overall maintenance of the District's buses. However, **R5.1** indicates that the District should adopt a bus replacement plan and begin replacing at least three buses annually. If the District implements this recommendation, its bus maintenance requirements should decline as new buses are purchased, which subsequently may make it possible to reduce the mechanic staffing levels (see **R5.1** for additional discussion).

Staff Survey

During the course of this audit, AOS conducted a survey of District employees to determine their overall satisfaction with various functional areas. **Table 5-6** presents the results of the staff survey with regard to transportation services at the District. The ratings a survey respondent could use in answering each question were 1-Strongly Disagree, 2–Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree.

Table 5-6: Austintown LSD Staff Transportation Satisfaction Survey

Survey Questions	Staff Response
Effective communication of transportation policies and routes exist.	4.42
Effective coordination of routes and special trips exist between departments.	4.43
The transportation department provides timely transportation of students to and from school.	4.42
The transportation department provides timely transportation to and from special events.	4.50
The transportation department is effective in addressing complaints.	4.51
Transportation routes are completed with regard to the safety of the children.	4.62
The attitude, courtesy, and work ethic of the transportation department is positive.	4.37
Overall, the quality of all transportation services provided is good.	4.42
Average	**4.46**

Source: Austintown LSD Staff Survey

As shown in **Table 5-6,** District employees are very satisfied with the level of services provided by the Transportation Department.

Assessments Not Yielding Recommendations

In addition to the analyses in this report, assessments were conducted on areas within the transportation section which did not warrant changes and did not yield recommendations. These areas include the following:

- **Special Needs Transportation:** Austintown LSD is including the appropriate people when developing individual education plans (IEP) for special needs students. In addition, it appears the District is effectively using the IEP process to limit the cost of special needs transportation. For example, in FY 2005-06, the District transported 2.3 percent of its riders via special needs transportation, which is lower than the peer average of 2.9 percent. In addition, the District transports more special needs riders per bus (24) than the peer average (10) while maintaining lower special education expenditures per rider ($2,037) and per bus ($48,199) than the respective peer averages ($3,510 and $83,567).

- **Other Transportation Methods:** In addition to transporting students on District owned buses, the District is permitted to negotiate payments-in-lieu of transportation contracts with parents (parent/guardian contracts) and to use outsourcing if it is deemed more efficient. Austintown LSD actively negotiates payment-in-lieu of transportation agreements (Type IV) with the parents of students attending non-public or community

schools. For example, in FY 2005-06, the District established 20 agreements for payment-in-lieu of transportation while the peer average was only five. Furthermore, the District's payment-in-lieu of transportation program appears to be cost effective as the District's cost per student ($155) is significantly lower than the peer average ($202) and the District's cost to transport a regular needs student ($464).

In FY 2004-05, the District provided transportation services to two special needs students on board-owned other vehicles (Type V), and one special needs student on a privately-owned vehicle (Type VI). The Transportation Supervisor indicated that the two Type V students were attending school outside the District due to space restrictions within the special education program and it was more efficient to transport them using other vehicles. The District contracted with a private company to provide transportation services to the Type VI student because the student was living outside the District. The total cost of the District's Type V and Type VI transportation services was $11,520 per rider in FY 2004-05 while the peer average was only $861. However, the District did not incur any costs associated with Type V and Type VI transportation services in FY 2005-06 because there were openings in the District's special education program for the two Type V students and the Type VI student graduated.

- **Preventive Maintenance:** The District performs and documents that various preventive maintenance tasks take place every 4,000, 12,000, and 24,000 miles. The mechanics complete a checklist to ensure that all maintenance activities are performed. Additionally, the District purchased maintenance software in FY 2006-07 that will assist in electronically documenting maintenance and repair activities, tracking inventory levels, and calculating operating costs per bus.

- **Spare Fleet:** In FY 2004-05 and FY 2005-06, the District's spare buses represented 12 and 14 percent of the total fleet, respectively. According to a representative from ODE, the standard for a spare fleet is a 5 to 1 ratio, with one spare for every four regular buses or one spare for every five total buses. The District was significantly lower than this standard in FY 2004-05 and FY 2005-06.

Issues for Further Study

- **Bus Attendants:** Austintown LSD's bus attendant staffing levels are significantly higher than the peer average. In addition, although the bus attendants are primarily used on special needs buses, the staffing levels do not appear to be linked to requirements specified in the District's IEP plans. The District should review these positions to determine if reductions can be made without impacting the overall safety of the special needs students. In the future, the District should consider documenting the need for these positions in the IEP plans.

Noteworthy Accomplishment

- **Routing software:** The District is commended for completing three runs per bus. This has allowed the District to transport 128 students per regular needs bus while the peer average is only 96. In addition, the District has been able to improve the efficiency of the transportation function by using routing software to review the daily bus routes. For example, by re-routing the non-public service in FY 2005-06, the District was able to eliminate 10 buses and reduce the annual mileage by 19 percent. As a result, the District's regular needs transportation costs per rider declined by eight percent in FY 2005-06 ($464) and was comparable to the FY 2004-05 peer average ($462).

Recommendations

Bus Replacement Planning

R5.1 The District should develop and approve a bus replacement plan, and annually update it. All bus and equipment replacement should be based upon economic modeling that allows for replacement at the most advantageous point in the equipment's life cycle. The plan should include the number of buses to be replaced each fiscal year, along with the age, mileage, maintenance costs, and estimated cost at the time of replacement. By reviewing and updating the plan annually, the District should be able to plan for future costs while maintaining its fleet. Based on the age of the District's current fleet, the District should plan on purchasing at least three new buses annually in order to maintain the current service level. By purchasing three buses annually for the next five years, the District would be able to replace 15 of the 17 buses that are currently more than 15 years old. However, if the District is able to improve its financial stability, it may want to consider purchasing four buses a year to replace all 17 buses within the next five years. The District could use the savings identified throughout this report to help fund this type of replacement plan.

The District should also consider implementing a formal bus rotation system whereby older buses are used as spares or moved to routes with fewer miles. Implementing a bus rotation system in conjunction with the routing software could enable the District to make more efficient use of the fleet. If the District begins purchasing new buses annually and implements a bus rotation system, its bus maintenance requirements and costs should decline. As a result, the District should subsequently review the bus mechanic staffing levels to determine if a reduction of one mechanic FTE is feasible (see Table 5-5).

The District does not have a formal bus replacement plan. The past practice has been to replace buses based on the annual inspections performed by the State Highway Patrol. For example, if a bus fails the inspection and cannot be fixed at a cost-effective price, the District replaces the bus using funding provided by ODE. According to the Transportation Supervisor, the District purchased one new bus last year. The Treasurer made a formal proposal to the Board at the beginning of FY 2005-06 that the District begin purchasing two new buses annually in order to maintain the current service level. However, the Board has not yet acted on this proposal.

There are no State guidelines for bus replacement beyond the requirement that the bus must be able to pass the annual Highway Patrol inspection. As long as the bus can pass the inspection, a district may continue to use it for transportation, regardless of age or

mileage. The National Association of State Directors of Pupil Transportation Services (NASDPTS) suggests that Type C and D buses (conventional buses) should be replaced after 12-15 years, and Type A and B buses (lighter duty buses) after 8-12 years. It also that the State of South Carolina replaces buses after 250,000 miles and/or 15 years of service. ODE's *A District's Guidebook to School Bus Purchasing in Ohio* (August 2002), indicates that on average, districts are matching the payment provided by the State for bus purchases with an equal amount of local funding. This has resulted in an average Ohio bus lifespan of 17 years. **Table 5-7** forecasts the District's annual mileage for the bus fleet based on the May, 2006 odometer readings.

Table 5-7: Austintown LSD's Fleet Inventory and Mileage Forecast

	Number of Buses	Average Age	Average Fleet Mileage	Projected Fleet Mileage FY 2007	Projected Fleet Mileage FY 2008	Projected Fleet Mileage FY 2009	Projected Fleet Mileage FY 2010	Projected Fleet Mileage FY 2011
All Buses	49	11.6	117,150	128,494	139,838	151,182	162,527	173,871

Source: Austintown LSD

Table 5-7 shows that Austintown LSD's total fleet is currently an average of 12 years old with approximately 117,000 miles per bus. Although the District does not currently have any buses that exceed the 250,000 mile threshold suggested by NASDPTS, it does have 17 buses (40 percent of active fleet) that are more than 15 years old. Of the17 buses, two are projected to exceed the 250,000 mile threshold by FY 2009-10 while the remaining 15 are projected to have more than 200,000 miles. Furthermore, the Transportation Supervisor indicated that the District recently had two buses fail the annual inspection performed by the State Highway Patrol. **Table 5-8** compares Austintown LSD's maintenance and repair costs to the peer average.

Table 5-8: Maintenance and Supply Costs

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005	Percent Above (Below)
Annual Mileage	655,773	531,678	210,690	211.3%
Total Repairs & Maintenance (includes personnel costs)	$263,464	$305,732	$74,009	256.0%
Supply Costs	$28,477	$46,546	$13,234	115.2%
Total Supply and Maintenance Costs	$291,941	$352,278	$87,243	234.6%
Per Rider	$61.36[1]	$74.04	$55.51	10.5%
Per Bus	$4,948	$7,189	$3,624	36.5%
Per Mile	$0.45	$0.66	$0.41	9.8%

Source: ODE

[1] Austintown LSD FY 2005 Per Rider costs are based on the FY 2005-06 riders due to misreporting of the FY 2004-05 riders.

Table 5-8 shows that Austintown LSD's maintenance and repair costs exceed the peer average by 235 percent. Additionally, the cost per rider, per bus and per mile are all higher than the peer average. Although the high maintenance costs can be partially attributed to higher staffing levels within the bus mechanic function (see **Table 5-5**), the age of the District's fleet also contributes to the high maintenance costs.

Financial Implication: If the District purchases three new buses each year for the next five-years, the annual cost to the District would be approximately $195,000 ($65,000 per bus). By replacing older buses, the District should see a decline in its maintenance costs. However, it is difficult to quantify the financial impact of the reduced maintenance costs since it will take the District at least five years to replace the 17 buses that are more than 15 years old.

Policies and Procedures

R5.2 Austintown LSD should establish formal policies and procedures to ensure accurate T-reports are prepared, reviewed, and reconciled before submission to ODE. In developing these policies, the District should consider requiring the Treasurer's office and the Transportation Supervisor to complete a thorough review of the T-reports. For example, the Treasurer's office and the Transportation Supervisor should be responsible for reconciling the expenditures reported on the T-2 report to the 4502 financial statements, and identifying and explaining significant variances for prior year reports, including a comparison of ridership and enrollment trends. Improving the report review process should help to ensure that the District receives the appropriate State reimbursements for its transportation services, and uses

accurate and reliable data in making decisions regarding transportation operations. In addition, the District should review their expenditures reported on the T-form to ensure that all non-related transportation expenditures are charged back to the appropriate function.

The transportation department is responsible for completing the T-forms for Austintown LSD. In completing the forms, the Transportation Supervisor receives ridership information from bus drivers based on forms that are completed during the October count week. The Transportation Supervisor indicated that the financial information reported on the T-forms is obtained from the District's financial software. Additionally, the Transportation Supervisor indicated that she is responsible for reviewing and ensuring the accuracy of the District's T-reports. The Treasurer and Superintendent are then responsible for the final sign-off the T-reports to verify their accuracy. Although the T-forms are reviewed by the Transportation Supervisor and signed by the Treasurer and Superintendent, the District does not have formal policies and procedures in place to ensure their accuracy.

The following errors were noted during a review of the District's T-forms:

- **Incorrect Ridership:** The Transportation Supervisor indicated that prior to FY 2005-06, the District was reporting eligible riders rather than actual riders on their T-1 reports. This is inconsistent with ODE's T-1 reporting requirements as the instructions indicate that eligible riders, for reimbursement purposes, are pre-school handicapped pupils transported on regular routes and kindergarten through twelfth grade pupils enrolled and actually transported during the first full week of October that school is in session. As a result of the misstatement, the number of students transported decreased by 527 students from FY 2004-05 to FY 2005-06. However, the misreporting of students does not appear to be due to a lack of training. The Transportation Supervisor indicated that she regularly attends training on T-forms provided by the Ohio Association of Pupil Transportation.

- **Inconsistent Staffing Levels:** The FY 2003-04 T-2 report indicated that the District had 58 supervisors; however, in FY 2004-05 and FY 2005-06, the T-2 reports show that the District has one supervisor overseeing the transportation department. The Transportation Supervisor indicated that the FY 2003-04 T-2 report was incorrect. The District's FY 2004-05 T-2 report also states that the District had seven bus attendants; however, the District's payroll report indicates eight bus attendants. The Transportation Supervisor could not reconcile the difference due to the high turnover in the bus attendant position.

- **Non-Routine Use of Buses**: The Transportation Supervisor indicated that the District includes the non-routine use of school buses in its expenditures and does

not track those costs separately. This is inconsistent with ODE requirements as the instructions indicate that the following costs are not to be included on the T-2 form: expenditures for capital outlay and items placed in inventory; salaries paid in whole by State Foundation Funds; and expenditures for non-routine use of school buses. The District is overstating its transportation expenditures by including non-routine bus use expenditures on the T-2 forms.

- **Expenditure Reporting:** In FY 2004-05, the District's transportation utility costs decreased approximately 54 percent. The Treasurer indicated that the utility cost was an estimate and was unsure why the actual costs were not reported on the T-form. The Transportation Supervisor was also unsure why the utilities decreased in FY 2004-05.

- **Employee Reporting:** The Transportation Department has one secretary that is responsible for registering new students enrolling in the District for the upcoming school year. The District reports the full salaries and benefits for this position on the T-forms even though student enrollment is a non-transportation related duty. By including the full salary of this secretary on the T-forms, the District is overstating its transportation expenditures.

Since the information reported on the T-forms is the primary data used in determining a school district's state funding for transportation purposes, it is important that the information be accurate. According to the report, *Student Transportation in Ohio* (Legislative Office of Education Oversight (LOEO), April 2003), accuracy problems for transportation-related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and district transportation costs. One recommendation made by LOEO was that ODE should continue to work with school districts to improve the accuracy of the data submitted regarding the number of students transported, the average daily bus miles per student, and the cost of transportation services. The first step in ensuring accurate data is for districts to establish and adhere to formal policies and procedures governing the submission of district T-forms.

R5.3 The District should include more detail in its transportation policies to better explain service levels. More specifically, the policies should identify the mileage thresholds at which transportation services will be provided and the specific safety hazards that exist within the District. Once the policies are updated, the District should post the information on its website to provide community and parent access. Doing so would assist in effectively planning routes and bus stops each year, which subsequently impacts the number of buses and staff that are needed. If the District encounters financial difficulties in the future, it should review its transportation policy to determine if cost savings can be achieved by adopting standards that are

closer to the State minimum requirements. However, prior to making any changes in the transportation policy, the District should work with ODE to determine any potential reductions in State reimbursement.

The District's transportation policy states that: "Ohio School law requires that local school districts provide transportation to and from school for all resident students, kindergarten through eighth grade, living more than two miles from school." However, the policy also states that "there is no concrete formula used in the District to determine a child's eligibility for transportation service. Distance alone is not the determining factor and adjustments are made continually as our township continues to grow and evolve." In addition, the Board's policy also addresses non-public school students, payment-in-lieu of transportation agreements,, and the delegation of transportation oversight to the Transportation Supervisor.

As a result of the Board's policy, the District provides transportation services to the vast majority of its students. For instance, the District transports a total of 4,210 public and special needs riders, representing 85 percent of its ADM (4,979). The District also transports high school students and children that live less than a half mile from their respective school buildings due to hazards that exist in the District. However, the Board's policies do not address the potential hazards. The Transportation Supervisor indicated that the District has an unwritten policy that students should not walk across roads with three or more lanes. The Transportation Supervisor also indicated that the District uses cluster stops; however, the cluster stops are established within 200 feet of the students' homes. The District's bus rules and regulations are sent to parents at the beginning of each school year. The parents and students are required to sign a form stating that they have received and read the rules.

According to ORC §3327.01, school district's must minimally provide transportation to pupils in kindergarten through eighth grade who live more than two miles from school. OAC §3301-83-13 also states that students may walk up to one half mile to a bus stop. Route hazards which may require a deviation from a district's general transportation policy are described in OAC §3301-83-20 and include the following:

- Construction sites;
- Heavy traffic volume;
- Posted speeds in excess of 35 miles per hour;
- Lack of sidewalks or sideways in poor condition;
- Overpasses and underpasses;
- Areas of poor visibility;
- Restricted sight distances;
- On-street parking areas; and
- Railroad crossings.

The District's actual transportation practices exceed State minimums in the following areas:

- Transporting kindergarten through eighth grade students living less than 2 miles from school;
- Transporting high school students; and
- Designing cluster stops within 200 feet of the student's home.

The District does not regularly monitor the financial impact associated with providing transportation services in excess of state minimum standards. The District could not provide an estimate of the number of buses that could be eliminated if the District would limit student transportation to State minimum standards. However, the Transportation Supervisor indicated that the total number of students transported would decrease significantly.

R5.4 The Board should adopt a policy that addresses reimbursement for non-routine transportation services. The policy should state that all billable trips will be fully-reimbursed through user charges based on the actual cost of providing the services. These costs should include the bus driver's salary and benefits and estimates of the maintenance, service, supervision, and insurance costs during the time a bus is being used to provide a non-routine service. To facilitate this, the District should fully implement the Trip Tracker software as soon as possible and provide training to the individuals who are going use the software. This will help to ensure the District is being reimbursed for the full cost of providing non-routine services.

Table 5-9 shows non-routine miles in relation to total miles, per bus, and per student for Austintown LSD and the peers.

Table 5-9: Non-Routine Miles Operational Statistics

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average	Percent Above (Below)
Total Miles	655,773	531,678	**239,508**	**173.8%**
Routine Miles	602,460	476,460	**210,690**	**185.9%**
Non-Routine Miles	53,313	55,218	**28,818**	**85.0%**
Non-Routine Percent of Total Miles	8.1%	10.4%	**15.9%**	**(49.1%)**
Number of Active and Spare Buses	59	49	**22.9**	**156.5%**
Non-Routine Miles per Bus	904	1,127	**1,576**	**(42.6%)**
Total Miles per Bus	11,115	10,851	**10,465**	**6.2%**
Students	5,424	5,493	**2,455**	**120.9%**
Non-Routine Miles per Student	9.8	10.01	**11.9**	**(17.6%)**

Source: ODE

Table 5-9 shows that although the District drives more non-routine miles than the peer average, its non-routine miles as a percentage of total miles, the non-routine miles per bus, and the non-routine miles per student are lower than the peer average. The disparity in these ratios is due to the District's buses, students and mileage more than doubling the peer average.

OAC §3301-83-16 defines the non-routine use of school buses as "transportation of passengers for purposes other than regularly scheduled routes to and from schools. School buses may be used for non-routine trips only when such trips will not interfere with routine transportation services." Traditionally, districts use school buses to transport athletic teams, band groups and other school groups to contests or functions in which the team or group participates. Another traditional use of school buses is for field trips; transporting students to museums, places of historical interest, or other educational trips. There are limitations, however, to a district's discretion as to the non-routine use of school buses. Specifically, non-routine trips must be considered as part of the school's program or as part of a school-sponsored program. In addition, according to the OAC, except for field trips on regular school days (for which no transportation charge may be imposed), school boards are required to recover the operational costs associated with the non-routine use of school buses, including reimbursements to cover:

- Driver salaries and benefits;
- Fuel;
- Maintenance;
- Service;

- Supervision; and
- Insurance.

According to the Transportation Supervisor, the non-routine use of buses is tracked by the use of trip tickets which are completed before the bus departs for non-routine trips. However, the District does not have a policy that specifies how the costs associated with non-routine transportation services are tracked and reimbursed. In actual practice, the District only charges for the driver's salary and benefits and does not seek reimbursement for estimated maintenance, service, supervision, and insurance costs associated with the non-routine use of the buses. In addition, the District does not track non-routine costs separately from the routine transportation costs for reporting on the T-forms (see **R5.2**).

The District recently purchased an electronic Trip Tracker that should improve the its ability to track and report costs associated with the non-routine use of buses. For example, the software will allow trip requests to be entered online, which will significantly reduce the processing time for recording and tracking trip information. In addition, the software will allow the District to easily track the cost of the drivers and the mileage for each trip, and separate the costs between athletic and instructional events. The District is currently using the software only for athletic events so that employees can familiarize themselves with the system and the codes to use for the different departments. The Transportation Supervisor indicated that the software will be fully implemented beginning in FY 2007-08. The District prefers to wait until the new middle school is open to accommodate the new grade configurations.

R5.5 **As noted in R2.19 and R2.21 of the financial systems section of this report, the District should adopt a purchasing policy that identifies specific price thresholds that would require the use of price quotes, competitive bids and purchasing consortiums. Although the Transportation Supervisor appears to be completing these procedures informally, formalizing the process through a District-wide policy would ensure that more items are being purchased in a competitive environment and would help the District demonstrate that it uses consistent, fair, and objective practices in the selection of vendors. Additionally, becoming a member of other relevant consortiums would help increase the District's pool of products to purchase and prices to compare to help ensure it receives the "best" price for transportation supplies and materials.**

Table 5-10 shows Austintown LSD's costs for supplies and tires in comparison to the peer average.

Table 5-10: Supply Costs for Austintown LSD and the Peers

	Austintown LSD FY 2005	Austintown LSD FY 2006	Peer Average FY 2005	Percent Variance
Supply Costs	$14,167	$24,187	$7,557	87.5%
Tire Costs	$14,310	$22,359	$5,677	152.1%
Total Supply Costs	**$28,477**	**$46,546**	**$13,234**	**115.2%**
Per Rider[1]	$5.99	$9.78	$8.63	(30.6%)
Per Bus	$482.66	$949.92	$575.39	(16.1%)
Per Mile	$0.04	$0.09	$0.06	(33.3)%

Source: ODE

[1]FY 2004-05 total supply costs per rider are based on the FY 2005-06 riders due to the misreporting of riders on the FY 2004-05 T-reports.

Table 5-10 shows that the District's total supply costs were approximately 115 percent higher than the peer average. The higher supply costs were due to the District using 59 buses to travel 655,773 miles in FY 2004-05. In contrast, the peers used an average of 23 buses to travel 210,690 miles. As a result of this disparity, the District's supply costs per bus and per mile were lower than the peer average in FY 2004-05. However, **Table 5-10** also shows that the District's total supply costs increased by approximately $18,000, or 63 percent in FY 2005-06. In addition, the District's supply costs per student, bus, and mile also increased significantly from FY 2004-05. The Transportation Supervisor attributed the higher costs to price increases for petroleum based products. In addition, the unfavorable cost ratios are also due to fluctuations in the number of repairs the District incurs from year to year. The large increases in the total supply costs per bus and per mile can also be attributed to the District reducing 10 buses and the annual mileage by 19 percent prior to the start of FY 2005-06.

The District's purchasing policies do not address when price quotes, competitive bidding and consortiums must be used. The Treasurer indicated that the District seldom uses competitive bidding due to the cost of advertising. The Transportation Supervisor indicated the District usually purchases parts, supplies, and fuel after obtaining price estimates from three companies. The Transportation Supervisor also indicated the transportation department requests price quotes for all purchases, ranging from $2 to $30,000. The District passed a resolution in FY 2005-06 stating the Board must approve all purchases of $5,000 or more. The Board President indicated that the resolution ensures that detailed reviews are taking place before purchases are made. Additionally, the Board enacted this resolution to guarantee that competitive prices are being obtained.

According to the *Contract Management Manual*: *A Guide to Bidding, Selecting, Contracting, and Monitoring Services* (Voinovich Center for Leadership and Public Affairs at Ohio University, June 2001), effective contract management assures the

community that taxpayer dollars are spent strategically and wisely, including control over what is to be purchased, by whom, for what purpose, with what results, and at what price. The purchasing authority must be able to demonstrate consistent, fair, and objective practices, and not be subject to charges of favoritism or bias in selection, compensation, or evaluation of service providers. Professionally developed policies and consistently applied contract administration procedures provide these assurances to the community.

Inventory Controls

R5.6 The District should consider purchasing an automated fuel management system. This will improve the security of the District's fuel pumps and eliminate the need for a mechanic to be present during each fueling transaction. This will also provide the District with more accurate information with which to monitor fuel use, develop competitive bids and complete the T-forms. In addition, the District should consider storing its parts and supplies in a locked area in the bus garage to minimize the potential for theft.

Austintown LSD does not have formal policies regarding the security of the bus garage or inventory. However, the Transportation Supervisor indicated that the building is locked at night and the facility is equipped with an alarm system, which is activated by a pin number. Only the Foreman, Mechanics, Maintenance Supervisor, and Transportation Supervisor have codes to gain access to the building. Each has an individual code to enter the garage so the Transportation Supervisor can monitor when the system was activated and de-activated and by whom. The alarm company sends a monthly report to the District that shows this activity.

Prior to FY 2006-07, the District did not have a software program to track its parts and supply inventory. Rather, the mechanics manually tracked parts, time, tires and fluids for use in completing the T-forms. The District is in the process of installing new software that will be used to track maintenance supplies and the cost of bus repairs. The Transportation Supervisor indicated that parts and supplies are not stored in a locked area within the bus garage and are available to all employees during the workday. However, the Transportation Supervisor also noted the District conducts annual physical inventory counts to verify the supplies and material records and that mechanics and supervisors monitor people that enter the bus garage to prevent any thefts from occurring. According to the Office of Program Policy and Government Accountability (OPPAGA), warehouse or inventory storage areas should be reasonably safeguarded to prevent unauthorized access, and protect inventory items from physical deterioration.

The security of the District's motor fuel is maintained through the use of a circuit breaker that allows the fuel pump to be shut off. The circuit breaker is located in the garage so only those individuals with access can activate it. During the day, the mechanics are

responsible for monitoring and tracking the use of fuel. The Transportation Supervisor indicated the mechanics track the mileage of the bus, the number of gallons the bus received, and the number of the bus to track the District's fuel usage. If a mechanic is not available to monitor a fueling transaction, the fuel pumps are turned off.

Table 5-5 shows that the mechanic staffing levels are higher than the peer average on a per rider, per mile and per bus basis. The higher staffing levels can primarily be attributed to the older bus fleet. However, making mechanics responsible for re-fueling buses can also contribute to the inefficient staffing ratios. According to one vendor, an automated fuel management system would allow the District to use a swipe card process to limit access to the fuel pumps and restrict buses to the type and quantity of fuel needed. Furthermore, an automated fuel management system would eliminate the need for the mechanics to re-fuel buses, which subsequently would allow them to devote more time to bus maintenance. In addition, the system would automatically track the details of each fueling transaction, including gallons used, person performing the fueling, and the time of the transaction.

Financial Implication: According to one vendor, the implementation of an automated fuel system would result in an expenditure of approximately $6,900 for the system equipment and approximately $7,000 for installation and labor, resulting in a total cost of $13,900. This cost estimate is based on providing 42 bus drivers with swipe cards to access the fuel pumps. In addition, based on the current practice of having mechanics refuel buses and given that the mechanics are also responsible for maintaining various other vehicles, such as athletic vans, security cars, and maintenance vehicles, the shop foreman would also need a swipe card. However, it is important to note that this cost estimate is based on a conservative estimate of the District's hardware and software requirements. The District may be able to reduce the actual cost of the fuel management system by receiving multiple price quotes, negotiating directly with the vendor, and limiting the hardware and software purchases to essential items. Additionally, the District could potentially reduce fuel costs through competitive bidding and/or membership in a consortium.

Transportation Alternatives

R5.7 The District should consider developing a program to help improve the safety of students walking to school. To facilitate this, the District should form a committee of local stakeholders who are willing to volunteer their time in an effort to design and implement concepts similar to the walking school bus program.

According to the Transportation Supervisor, the District does not encourage walking to school due to safety concerns. The Transportation Supervisor also indicated that due to the busy streets located throughout the District, students are regularly transported who

live less than a half mile from the school. Although safety reasons cause the District not to endorse walking to school, there are programs that can be implemented to help ensure student safety when walking. These types of programs could be especially useful if the District decides to adopt more restrictive transportation policies in the future that increase the number of students walking to school.

The Walking School Bus program was designed by the National Highway Traffic Safety Administration (NHTSA) to make walking to school safer by providing adult supervision for student walkers. This concept brings together a small group of students with one or more adults on their walks to and from school. Even if the children already walk to school, the benefit of the Walking School Bus program is that it provides a consistent supervised system in which children can walk to school under the watchful eye of an adult.

The NHTSA identifies five key steps to developing a Walking School Bus program that include the following:

- Form a Walking School Bus Working Group which may include parents, students, the school principals, teachers and local businesses.
- Recruit Walking School Bus Drivers by passing the word to neighbors and parents of students that this group is forming and is looking for adult volunteers.
- Organize the Walking School Bus Drivers by working out a regular schedule among drivers by determining who can walk with the students and when. Also include plans for substitute drivers if the regular drivers cannot take part on any given day.
- Designate Walking School Bus Routes by working with parents who know the neighborhood best and with the police department to determine the safest route.
- Promote the Walking School Bus locally by letting everyone in the neighborhood know about the project. The more who participate the better.

The NHTSA indicates that the benefits of this program include the following:

- Increases safe passage of students who already walk;
- Encourages students to walk by introducing them to an important, easy form of exercise;
- Reduces auto traffic, particularly near schools during drop-off and pick-up times;
- Strengthens communities by getting people, parents and students in particular, to work together for a common good.

Financial Implications Summary

The following table summarizes the estimated annual cost savings and one-time implementation costs identified in this section of the report.

Summary of Financial Implications for Transportation

Recommendation	Estimated Annual Costs	Estimated One Time Implementation Costs
R5.1 Purchase three buses per year for next five years	$195,000	
R5.6 Purchase a fuel management system		$13,900
Total	**$195,000**	**$13,900**

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Technology

Background

This section of the performance audit focuses on technology functions in the Austintown Local School District (Austintown LSD or the District). The objectives of this section were to assess staffing and the level of technology support, planning and budgeting, policies and procedures, security, hardware, communications, network infrastructure, as well as instructional and management software. The assessments were used to develop recommendations to increase the effectiveness and efficiency of the District's technology utilization. Data from various sources were used for comparisons throughout this section of the report, including Ohio's Biennial Educational Technology Assessment (BETA) survey, the Consortium for School Networking, and the International Society for Technology in Education (ISTE).

Austintown LSD is also compared to a peer average consisting of ten school districts classified as "Type 4" (urban and low median income) by the Ohio Department of Education, the same type as Austintown LSD. The peer average includes Boardman Local School District, Dover City School District, Elida Local School District, Fairland Local School District, Heath City School District, Indian Creek Local School District, Lowellville Local School District, McDonald Local School District, Tiffin City School District, and Wheelersburg Local School District. In addition, these ten school districts were meeting a high number of performance standards as measured by the Ohio school proficiency tests, at a relatively low cost per pupil. Furthermore, AOS administered a survey of Austintown LSD's employees regarding technology services and the results of the survey were used in this report. **Appendix 7A** at the end of this section contains the full results of the survey.

Organizational Structure

Key components of the District's technology operations include providing technical support, developing long-term technology plans and policies, facilitating professional development, securing and maintaining the network infrastructure, and supporting District hardware and software. The District's technology staffing levels are shown in **Table 6-1.**

Table 6-1: Austintown LSD Technology Staffing Levels

Title	Number of Employees	FTEs
Director of Technology Information Services	1.0	1.0
Full-time Repair Technician	1.0	1.0
Part-time Repair Technician	1.0	0.5
Part-time Repair Technician	1.0	0.5
Total Technology Staff FTEs	**4.0**	**3.0**

Source: Austintown LSD Request for Information and Director of Technology Information Services.

Austintown LSD's technology employees are responsible for the following:

- **Director of Technology Information Services:** Responsible for network and server administration, telephone system maintenance, computer repairs, hardware and software procurement, network security and installation of hardware.

- **Full-time repair technician:** Spends approximately 50 percent of his time on maintaining audio-visual (AV) technology throughout the District. This includes clocks, VCR's, televisions, and telephones. The remaining time is spent on computer repair.

- **Two part-time repair technicians:** One part-time repair technician works 20 hours per week and is responsible for completing computer repairs, addressing troubleshooting issues, and conducting training at four of the elementary schools in the District. The other part-time technician was hired on July 1, 2006 and is responsible for District-wide PC repairs, resolving help desk issues, and performing printer installations. This individual works 3.75 hours per day, or 18.75 hours per week.

Austintown LSD relies on ACCESS, a data acquisition site, to provide several key software packages and support services, including the District's financial accounting software, Internet access, and student reporting services. **Chart 6-1** illustrates the District's network connectivity and shows that ACCESS interfaces with Fitch High School, which then connects to each of the other schools in the District. As a result, all District schools can use the programs and services provided by ACCESS.

Chart 6-1: Austintown LSD School Network Diagram

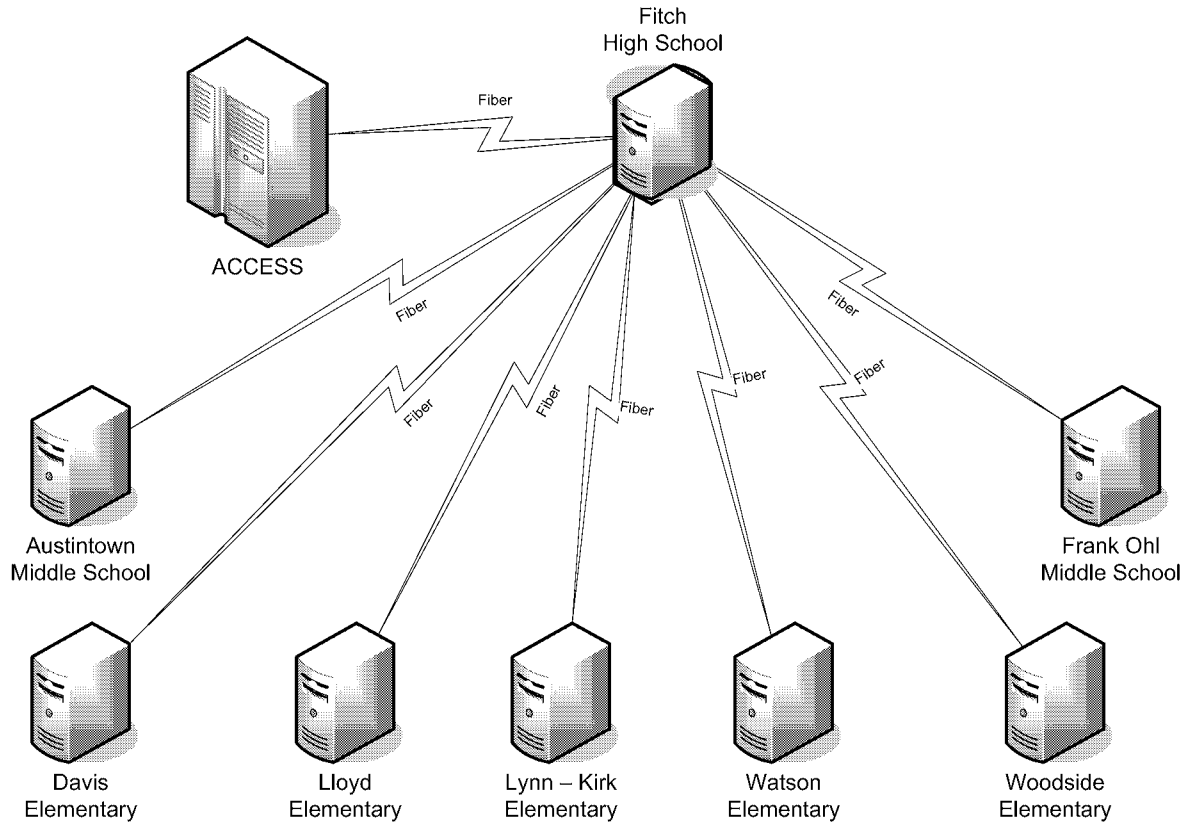

Chart 6-1 also shows that Austintown LSD maintains fiber lines in each of its school buildings. A standard T-1 line only has a speed of 1.54 million bits per second (Mbps), while one strand of fiber can carry 20,000,000,000 (20 Gigabits). Therefore, Austintown is using the faster and more efficient connectivity in its buildings.

Financial Data

Table 6-2 presents actual technology expenditures for FY 2003-04, FY 2004-05, and FY 2005-06.

Table 6-2: District Technology Expenditures

District Technology Expenditures	FY 2003-04	FY 2004-05	Variance	FY 2005-06	Variance
Salaries and Wages	$85,626	$74,100	(13.5%)	$72,734	(1.8%)
Retirement and Insurance	$29,353	$29,518	0.6%	$27,423	(7.1%)
Purchased Services	$14,966	$12,574	(16.0%)	$7,919	(37.0%)
Supplies and Materials	$21,432	$27,395	27.8%	$20,973	(23.4%)
Capital Outlay	$16,598	$3,315	(80.0%)	$8,629	160.3%
Total	$167,975	$146,903	(12.5%)	$137,679	(6.3%)
Total ADM	5,050	5,050	N/A	5,102	1.0%
Total Dollars Spent Per ADM	$33.26	$29.09	N/A	$26.99	(7.2%)

Source: Austintown LSD Budget Account Information Report, Director of Technology Information Services

As shown in **Table 6-2**, the District's total technology expenditures in FY 2004-05 were $146,903, which represents a decrease of 12.5 percent from the previous year. The District spent $137,679 on technology in FY 2005-06, which was a decrease of 6.3 percent from the FY 2004-05 expenditures. Explanations for significant annual variances include the following:

A decrease in Salaries and Wages for FY 2004-05 and a decrease for FY 2005-06: One part-time technology staff person resigned during FY 2004-05 and was not replaced. The salaries decreased slightly in FY 2005-06 because the position remained vacant for the entire year.

A decrease in Retirement and Insurance for FY 2005-06: The District eliminated the traditional health care plan and replaced it with a PPO plan in FY 2005-06, which resulted in reduced premium costs.

A decrease in Purchased Services for FY 2004-05 and a decrease in FY 2005-06: According to the Technology Director, the District has limited the in-service training and travel costs and outsourced fewer computer repairs as a result of the budget constraints.

An increase in Supplies and Materials for FY 2004-05 and a decrease in FY 2005-06: Austintown LSD purchased new laser printers and toner in FY 2004-05. Typically, laser toner needs to be replaced less frequently when compared to inkjet toner. As a result, the District experienced savings in this category for FY 2005-06.

A decrease in Capital Outlay for FY 2004-05 and an increase in FY 2005-06: According to the Technology Director, the District reduced all equipment purchases in FY 2004-05 in anticipation

of the two levy renewals failing. However, when the levies passed in May, 2006, the District resumed purchasing equipment.

According to Quality Education Data (QED), school districts should calculate technology expenditures in the following categories: Internet and Networking, Professional Development and Integrating Technology into the Curriculum, Tech Support and Maintenance, Hardware, Administrative Software, Instructional Software. QED also reported that total technology expenditures, when all of the categories are added together, equaled $140.31 per student in FY 2004-05 (this equates to $709,000 for the District). However, **Table 6-2** shows that Austintown LSD spent only $29.09 per student in FY 2004-05 and then decreased its technology expenditures per student to $26.99 in FY 2005-06. In addition, in a report issued by the Public Policy Institute of New York, a presidential task force recommended, in 1997, that technology spending should be five percent of a district's total budget. Therefore, based on the District's projected expenditures for FY 2005-06 in the financial forecast ($38,857,827), the District should be spending nearly $2 million on technology related expenses. The District's lower expenditures can be attributed to its current financial difficulties; not maintaining central control of the technology budgets (see **R6.1**); not actively pursuing grant opportunities (see **R6.4**); maintaining higher administrative and classified salaries; and generous collective bargaining agreement provisions that require the District to dedicate its resources to other priorities (see **R3.2, R3.3** and **R3.5** within the HR section).

Noteworthy Accomplishments

During the course of the performance audit, the following practices were identified as noteworthy accomplishments.

- **Student Technical Support:** Austintown LSD has developed and implemented a program that uses students to assist District technicians in providing technical support. This program is beneficial for the District because it prepares students for careers in technology while allowing the District to minimize the cost of the technical support function.

- **Centralized Procurement:** Austintown LSD has centralized the procurement of all computer hardware and software within the Technology Department. This ensures that all technology purchases are compatible with existing equipment and can be supported by the technology staff.

- **Electronic Trouble Ticketing System:** Austintown LSD has an effective Trouble Ticketing System to track, inventory, and process computer-related issues identified by staff.

Assessments not Yielding Recommendations

In addition to the analyses presented in this section, the following assessments were conducted on areas within the technology section that did not warrant changes and did not yield any recommendations. These areas include the following:

- **Organizational Structure:** Austintown LSD has an effective organizational structure for technology functions. For example, each of the technical support staff report to the Director of Technology Information Services. The Director of Technology reports directly to the Superintendent. As a result, the technology department has a clear line of supervision within the department. According to the International Society for Technology in Education (ISTE), a technology department's organizational function can be considered exemplary if all of the technology functions report through the same unit in the organization, providing for a logical chain of command and communication structures. In addition, the District is using certain teachers to act as a resource to answer questions from other teachers and perform basic troubleshooting duties. This is similar to the technology pioneer concept advocated in the Consortium for School Networking (CoSN) report, *A School Administrator's Guide to Planning for the Total Cost of New Technology* (2001).

- **Infrastructure:** The District has sufficient bandwidth because of previously upgrading to fiber connections in all buildings, which provides greater connection speed and permits more complex websites to be accessed. In addition, information provided by Austintown LSD indicates that only one percent of the bandwidth is being used during the heaviest usage times.

- **Software Applications:** Austintown LSD is using the management and reporting software applications provided by ACCESS, a data acquisition site.

Recommendations

Planning and Budgeting

R6.1 Austintown LSD should consider updating its existing technology plan to include the following:

- **The technology plan should identify specific building needs and should be presented to, discussed with, and approved by the Board. This would help ensure that the Board shares the District's technology vision and that funding to support the technology plan becomes a priority.**

- **The technology plan should identify a staff member (e.g., the Director of Technology) that will be responsible for providing guidance and overseeing the implementation of the technology plan. In addition, the Board should require the staff member to present an update on an annual basis to show the District's progress in implementing the technology plan. This will foster accountability and help ensure that the technology plan remains a high priority for the District.**

- **The technology plan should be more descriptive in discussing previous grants received, and strategies for pursuing grants in the future (see R6.4). A clearly outlined grants section can help ensure that decision makers at Austintown LSD understand the importance of grants in procuring technology.**

In addition, the District should work to identify specific funding sources and amounts that can be dedicated each year to achieving the goals and objectives identified in the technology plan. One potential option would be to reduce the annual allocations given to the building principals for non-building upgrades and maintain central control of these funds. The District could then use this money to help implement the upgrades and replacements identified in the technology plan. This would also help standardize the level and quality of technology purchases from one school building to the next.

Austintown LSD has a technology plan in place that details goals, strategies, action steps, and resources associated with implementing technology. The technology plan covers FY 2006-07 through FY 2008-09 and was developed by the Director of Technology Information Services with input from Board Members, staff, students, parents, and a community leader. Upon completion, the technology plan was submitted to E-tech Ohio, where it was approved and certified as the technology plan on June 27, 2006. School districts must have their technology plans approved by E-tech Ohio in order to receive E-

rate funding, which provides all public and private schools and libraries with access to affordable telecommunications and advanced technology.

According to guidelines developed by the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), school districts should have a comprehensive technology plan which addresses certain key activities. **Table 6-3** summarizes the results of an assessment of the District's technology plan in comparison to the OPPAGA guidelines.

Table 6-3: Assessment of the Austintown LSD Technology Plan

Recommended Activity	Assessment	Standard Met
The district should have a board approved technology plan that addresses both administrative and instructional technology. The plan should address individual school technology needs, resource allocations, funding, professional development for users, technology support, infrastructure, and network communication.	Austintown LSD has a technology plan; however there is no indication that the plan was approved by the Board. In addition, the plan does not describe each individual school's technology needs or goals by grade level. Specific areas such as technology support, funding, professional development for users, and infrastructure are discussed on a district-wide level throughout the plan.	**Partially**
The district should conduct an assessment to identify district and school-level technology needs.	Austintown LSD's technology plan identifies several district technology needs such as improved communications equipment, increased storage and comprehensive professional development. In addition, the technology plan includes objectives to enhance and improve student achievement through the use of technology. The objectives discuss the technology needs of the district by grade level, but not at the individual building level (see assessment above).	**Yes**
The district has solicited and used broad stakeholder input in developing the technology plan.	Austintown LSD's technology planning committee, which consists of the Director of Technology Information Services, administrators, teachers, parents, and community members, is responsible for developing the District's technology plan.	**Yes**
The district plan is compatible with state reporting requirements and aligned with federal initiatives.	Austintown LSD's technology plan was approved by e-Tech Ohio and therefore, satisfied the requirements of the Universal Service Program Discounts (E-rate). E-rate provides all public and private schools and libraries with access to affordable telecommunications and advanced technologies based on the federal designation of urban or rural for the school location and the number of students eligible for free and reduced lunches.	**Yes**

Table 6-3 Continued

Recommended Activity	Assessment	Standard Met
The objectives in the technology plan are measurable and reflect outcomes for educational and operational programs.	Austintown LSD's technology plan has identified content standards for the major academic areas. Several of the academic areas present an integration scale. The District will collect data (reading data and other data collection tools for the science curriculum) and use this information to track progress.	**Yes**
The district's annual budget provides funds for major technology initiatives as reflected in the plan.	Austintown LSD's technology plan lists a three-year technology budget for specific technology expenses such as software, security and consumables. However, the technology plan is not used in making budgetary decisions (see below).	**Partially**
The district has taken advantage of opportunities to improve technology operations, increase efficiency and effectiveness, and reduce costs.	Austintown LSD technology plan refers to its purchase of an electronic trouble ticketing system as a way to increase efficiency and effectiveness while reducing costs associated with repairs. Professional development is also cited as a means to improve technology operations while reducing repair costs and time.	**Yes**
The district investigates grant opportunities for technology funding and stays current on state and federal funding initiatives.	Austintown LSD's technology plan mentions that the District has previously received various state and federal funding, along with an IDEA grant. However, there is no mention of actual historical grant dollars that the District has received or a discussion of future grant opportunities.	**Partially**
The district has identified an individual(s) responsible for implementing and updating the technology plan.	Austintown LSD has a list of District administrators who approved the plan. However, the plan has not identified one individual who is in charge of monitoring or updating the plan.	**No**

Source: OPPAGA and Austintown LSD technology plan

Table 6-3 indicates that Austintown LSD's current technology plan lacks certain practices that have been recommended by OPAGGA. Of the nine technology plan best practices, Austintown LSD completely meets five, partially meets three, and does not meet one. Specifically, although the District's technology plan is comprehensive and

describes goals, evaluation processes and organizational support; it does not demonstrate Board approval, identify specific building needs, specify an individual responsible for updating the plan, or show historical/future grant information. Furthermore, the District does not link its annual budget to the technology plan. According to the Director of Technology and Information Services, the building principals are given an allocation each year to be used for upgrades that are not building-specific. Therefore, technology spending is left to the discretion of each building principal. As a result, the level and quality of technology can vary significantly from one building to the next. For example, **Table 6-9** shows that the District has large variances in the number of instructional computers in use at the school buildings (see **R6.5**).

OPPAGA recommends that a district's annual budget provide funds for any major technology initiatives reflected in the plan. Furthermore, the Texas School Performance Review states that direct funding should be committed to each goal in a technology plan. Funds may have to be shifted or timelines stretched, and decisions should be the result of collaboration between the board and technical managerial personnel.

R6.2 In conjunction with an update of the technology plan (R6.1), the District should review its computer inventory to determine the relative use rate of each computer (high, medium, low). The District should then use this information to develop a written computer replacement policy with an expressed goal of replacing all computers identified as "high use," within a five-year life-cycle. Enforcement of this policy would require the District to annually set aside funds for implementation. However, this investment should result in greater operational performance and the potential for an enhanced learning environment.

The Director of Technology should also develop and maintain documentation to support the Total Cost of Ownership calculations. When calculating these expenses, the Director should take into account various factors such as professional development, support, software replacement, upgrades, connectivity and retrofitting. In addition, the District should require the Director of Technology to submit these calculations and supporting documentation to the Superintendent and Treasurer prior to making future technology purchases. This will help ensure that key administrators are aware of the costs associated with providing employees with adequate training, maintaining new computers, and replacing computers and software when they become obsolete.

Austintown LSD does not formally calculate the Total Cost of Ownership (TCO) prior to making technology purchases. Although the Director of Technology Information Services indicated he estimates TCO, this calculation is not documented and maintained for future reference. According to the Consortium for School Networking (CoSN) report, *A School Administrator's Guide to Planning for the Total Cost of New Technology* (2001), the

objective of TCO is to capture any hidden costs associated with using and maintaining networked computers. For example, TCO takes into account the costs associated with professional development, maintenance, operations and administration, hardware, support, software, replacements, upgrades, connectivity, and retrofitting that may not be readily apparent to district administrators, board members, and the community. If TCO is not formally tracked, the District's administrators and Board Members have limited ability to determine when continued maintenance of older computers actually costs more than replacement and the District may be using technology equipment that is beyond its intended life cycle.

To help school officials understand all direct and indirect costs associated with operating school networks and ensure they have budgeted adequately to support technical investments, the Consortium for School Networking and the research and advisory firm Gartner Inc. have developed a free web-based tool (www.classroomtco.org) for estimating TCO. School districts can input approximately 100 pieces of data to form the basis for analysis. While there is no single correct number for TCO, this tool allows districts to evaluate their decisions over time and permits estimates to be compared with similar districts. In addition, decision makers can use this information to determine whether repairing computers is cost effective.

Table 6-4 illustrates the age of Austintown LSD's instructional computers and compares the results to the peer average and the average for the State of Ohio.

Table 6-4: Instructional Computer Comparison

Classification of Computers	Austintown LSD	Peer Average	State of Ohio Averages
Percentage of "Old" Instructional Computers	24.1%	21.0%	15.7%
Percentage of "Aging" Instructional Computers	74.6%	32.2%	33.0%
Percentage of "New" Instructional Computers	1.3%	46.8%	51.3%

Source: eTech Ohio BETA Report

As illustrated in **Table 6-4**, Austintown LSD has a substantially greater percentage of computers classified as "old" and "aging" while maintaining nearly 50 percent fewer computers classified as "new" in comparison to the peer and State averages. Furthermore, several teachers commented in their responses to the AOS technology survey that the lack of modern technology is an area of concern. The District's low percentage of new technology can be attributed to the lack of a written computer replacement plan, and the failure to dedicate specific funds to implement the technology plan (see **R6.1**). As a result, the District may not be replacing computers in a timely fashion and may be extending the life cycle of its computer technology beyond industry standards. According

to www.electronic-school.com, the life cycle of the most advanced multimedia computer is only five years. Consequently, if school districts are not proactive and do not plan to replace computers that are currently being installed, the result will be buildings full of rapidly aging and potentially obsolete equipment.

Although following a five-year replacement cycle would be ideal, the District may have difficulty implementing such a cycle due to other considerations, such as budgetary constraints and curriculum and funding priorities. One method the District could implement to allow for a systematic replacement of computers while balancing other priorities would be to review the current use rates for each computer. All "high" use computers could then be prioritized and targeted for replacement when the District makes future computer purchases.

Financial Implication: Based on the current average price paid for each new computer ($700) and assuming the District would need to replace approximately 306 (1,528 total computers/5 years) computers every year, it could expect to spend $213,500 annually for new computers. However, this amount could be reduced if the District identified fewer than 1,528 "high-use" computers.

Staffing and Organizational Issues

R6.3 Austintown LSD's technology department should continue to operate at its current staffing levels. However, once the District has addressed the performance audit recommendations and has had sufficient time to operate at the new staffing levels (the additional part-time employee hired in July, 2006), the District should conduct a self-assessment of its technology needs and monitor user satisfaction through annual surveys to determine whether it is feasible or necessary to hire additional staff, as well as to address other aspects of technology. This effort can be further aided by the BETA and AOS surveys (see Appendix 7-A for the AOS Survey).

The District should continue to implement measures to function in a more closely managed network environment and improve overall operational efficiency. These measures should include replacing aging and high use computers (see R6.2), centrally budgeting and allocating computers to buildings (see R6.1 and R6.5), creating a uniform hardware and software policy (see R6.8), developing a technical reference manual (see R6.9), and designing a technology training program (see R6.13). Implementation of these measures can help minimize the need to hire additional technology support staff and better meet the District's technology needs.

The Director of Technology Information Services should also develop a quality assurance system which will measure user satisfaction through the use of a survey. The results of the surveys should be tabulated and areas needing improvement

should be identified. In addition, the results should be compared against previous surveys to show historical trends.

Austintown LSD's technology staff are responsible for maintaining a large number of computers throughout the District. **Table 6-5** presents Austintown LSD's technology staffing levels in terms of full-time equivalent employees.

Table 6-5: Austintown LSD Technology Staffing Levels

Title	FTEs
Director of Technology Information Services	1.0
Full-time Repair Technicians	1.0
Part-time Repair Technician	0.5
Part-time Repair Technician	0.5
Total Technology Staff FTEs	**3.0**
Total Technology Support Staff FTEs [1]	**2.0**
Computers Per Technology Staff FTEs	**473:1**
Computers Per Technology Support Staff FTEs [1]	**710:1**

Source: Austintown LSD Request For Information and Director of Technology Information Services.
[1] Does not include Director of Technology Information Services.

Table 6-5 illustrates that Austintown LSD's technology department has 3.0 total FTEs consisting of 1.0 full-time Director and 2.0 support staff FTEs. **Table 6-5** also shows that the District's technology staff is responsible for maintaining 473 computers per technology staff FTE, which is significantly higher than the recommended industry standard. For example, the International Society for Technology in Education (ISTE) identifies four organization types (emergent, island, integrated, and exemplary) that exist based on technology levels, policies, procedures and other similar criteria. Within this model, ISTE indicates that a computer-to-staff ratio that is higher than 250:1 is considered an emergent organization, a ratio between 250:1 and 150:1 is considered an island organization, a ratio between 150:1 and 75:1 is considered an integrated organization and anything less than 75:1 is considered an exemplary organization. ISTE identifies the following characteristics for each of the organization types:

- **Emergent:** No computer replacement cycle; little or no documentation exists for technical tasks; no formal staff development program is in place and training is provided infrequently; no trouble ticketing system exists; and surveys are conducted generally as part of other departmental survey work within the organization or not at all.

- **Island:** Equipment is placed on a replacement cycle greater than five years; some documentation exists for technical tasks but isn't widely shared or used; a staff development program is in place but is limited, voluntary and uses a single point

in its delivery; a simple trouble ticketing system is in place, but it is not electronic in its implementation and does not allow for universal tracking of issues and establishing trends; quality assurance surveys are conducted, but they aren't automated and are only completed annually.

- **Integrated:** Equipment is placed on a four to five year replacement cycle; documentation exists for many technical tasks but is poorly written and is not systematically updated as procedures are developed; a staff development program is in place but it is not comprehensive in nature, does impact all staff, and does not offer the depth required to change the organization; a trouble ticketing system is in place and used for responding to technical issues, however, analysis of issues, response times and trends is not completed; surveys specific to technical support are conducted but are only completed periodically and the data is used sporadically.

- **Exemplary:** Equipment is placed on a three year replacement cycle; well-written documentation production exists for most tasks and is a normal part of operations and used by most groups; a comprehensive staff development program is in place that impacts all staff and balances incentive, accountability, and diverse learning opportunities; all technical issues are recorded and delegated to appropriate resources through an electronic trouble ticketing system which can track and evaluate all technical issues; quality assurance is measured by a random and automatic system that tracks customer satisfaction and closed tickets throughout the year and captured data is used to make any adjustments.

The District's current computer to staff ratio (473:1) is more than six times greater than the ISTE standard for an exemplary organization and nearly two times greater than the 250:1 standard for an island organization. As a result of current staffing levels, it takes the District's technology staff longer to respond to technical support issues. **Table 6-6** presents the 2006 BETA survey results, completed by District teachers, which indicate the length of time it takes for computer issues to be resolved.

Table 6-6: Austintown LSD Technology Department Response Times

Question	Austintown LSD	State of Ohio	Mahoning County
Same Day	1%	26%	24%
Next Day	21%	23%	26%
2-3 Working Days	42%	25%	27%
4-5 Working Days	23%	9%	9%
More than 5 Working Days	12%	13%	10%
Does not apply to me	1%	3%	4%

Source: 2006-2007 BETA Teacher Survey

Table 6-6 illustrates that Austintown LSD does not respond as quickly to teacher computer problems when compared to the State and County percentages. For example, only 22 percent of Austintown LSD teachers indicated that computer responses were handled the same day or next day, while the State and County averages were 49 percent and 50 percent, respectively. As a result, District teachers could have greater periods of unproductive computer time while waiting for a technical issue to be resolved. In addition, slower responses could result in teacher dissatisfaction with technical assistance provided by the District.

Austintown LSD does not currently measure user satisfaction and as a result, may not have an accurate understanding of the issues that employees are facing. According to ISTE, an exemplary organization will create an automatic and random system that tracks and collects data throughout the year. Questions pertaining to technical support are developed periodically and the data obtained during the year is used to make any necessary adjustments. During the course of the performance audit, AOS distributed a survey to Austintown LSD staff regarding human resources, transportation, facilities, and technology issues. **Table 6-7** presents staff satisfaction with technical assistance at the District.

Table 6-7: Austintown LSD Staff Satisfaction Survey

Survey Question	Staff Response	Percent of Strongly Disagree and Disagree
Technical assistance department is easily accessible.	3.08	41%
Requests for assistance are answered in a timely manner.	3.17	39%
Computer repair services are easily accessible.	2.97	45%
Computer requests are answered in a timely manner.	3.05	44%
Technology staff is able to solve hardware problems.	3.72	20%
Number of technology personnel is adequate to provide support.	2.27	68%
I am satisfied with the technical assistance provided by the District.	2.93	46%
Average	**3.02**	**43%**

Source: Austintown LSD Staff Survey
Note: The above questions present the average response based on the following scale: 5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Agree.

As shown in **Table 6-7**, District staff are generally neutral regarding the quality and timeliness of technical assistance. Despite this overall assessment, the District had a high number of staff members who selected either strongly disagree or disagree to the survey questions. District employees expressed high negative response levels regarding the

number of technology personnel, repair and technical assistance accessibility, and timeliness of repairs. These negative response rates can be attributed to the District's current technology staffing levels and network environment.

It should be noted that the Consortium for School Networking (CoSN) report, *A School Administrator's Guide to Planning for the Total Cost of New Technology* (2001), indicates that a "TCO savvy district" provides computer support at a ratio of at least one support person for every 500 computers in a closely managed network environment. This report also indicates that more centralized control of networks with network management software and reducing the number of operating systems and supported applications are ways to minimize the number of staff needed to support technology. However, this benchmark (500 to 1) is considered to be an ideal standard that can only be achieved in a highly standardized network environment. Although Austintown LSD is taking steps to create a centralized network environment, the District does not currently have this system in place. Implementing recommendations associated with upgrading aging computers (see **R6.2**), centrally budgeting and allocating computers to buildings (see **R6.1** and **R6.5**), offering more professional development opportunities (see **R6.13**), developing a technical reference manual (see **R6.9**), and standardizing the hardware and software that is purchased (see **R6.8**), would allow a more standardized network to develop.

R6.4 The Director of Technology should devote more time to seeking grants, especially at the local level. By having the Director of Technology devote more time to grant writing, the District may be able to obtain funding that can be used to purchase items that are not feasible within the constraints of the current operating budget. The District may also be able to improve the overall grant management process, including the accuracy of technology grant applications, by hiring an additional administrator to work with department heads in overseeing this process as noted in R3.9 of the human resources section.

The District uses grants to supplement its technology funding. Grants can be obtained from various local, state and federal sources. **Table 6-8** shows the grants obtained by Austintown LSD from FY 2002-03 through FY 2004-05.

Table 6-8: Technology Grant Funding for FY 2003-2005

Grant Type	FY 2003	FY 2004	FY 2005
Federal	$75,000	$48,000	$75,000
State	$34,000	$34,000	$34,000
Local	$0	$0	$0
Total	**$109,000**	**$82,000**	**$109,000**

Source: Austintown LSD Director of Technology Information Services

Table 6-8 shows that the District's technology grant receipts were similar in two of the three fiscal years. The Director of Technology attributed the 36 percent decrease in federal grant dollars from FY 2002-03 to FY 2003-04 to a calculation error on the E-rate grant application. This federal grant covers the District's telephone, cell phone, internet, and other similar services. The Director of Technology also indicated that $32,000 in the state grant category is received through the E-tech Ohio program and is designated for services provided by ACCESS, which is one of 23 data acquisition sites in the state that are licensed by ODE. The remaining $2,000 in state grants is allocated to professional development sessions for teachers.

Table 6-8 also shows that the District has not received any local technology grants during the last three fiscal years. Receiving grant awards requires the District to commit time and energy seeking and completing grant applications. The Director of Technology Information Services estimates that one percent of his time is spent on grant seeking activities, which may explain the lack of local grant funding received by the District.

The Durango, Colorado school district's technology director has dramatically increased the amount of time spent on writing grants. In previous years, the technology director estimated that two percent of his time was spent writing grants; currently he states that nearly 25 percent of his time is devoted to grant writing in order to bridge the gap between school district technology needs and funding. For example, the increase in grant seeking activities permitted the District to receive a grant totaling $245,000. The purpose of the grant was to connect teachers in grades 5, 8, and 11 with distance training opportunities to improve teaching skills in specific content standards through the integration of technology. Prior to receiving this grant, only 12 percent of Durango teachers used instructional software on a daily basis.

The Government Accountability Office (GAO) published a study which described the experience of five school districts in funding technology. The study indicates that several of the districts targeted public and private entities to implement education technology. Businesses, foundations, universities, and other organizations provided financial assistance or contributed expertise, shared resources, or donated equipment to support schools' education technology needs. Also, all five districts in the report developed partnerships with businesses in their communities to assist with technology development efforts and to help in securing funding.

Hardware

R6.5 The District should annually update the information captured in Table 6-9 to reflect current computer inventory levels and student enrollment by building. The administration should then review this information and use it to distribute future computer purchases more equitably throughout the District. The District would be in a better position to accomplish this goal by centralizing the technology budget (see R6.1), updating the comprehensive technology plan (R6.1), and adopting a computer replacement policy (see R6.2).

Austintown LSD provides computer access to staff and students at all grade levels through the use of usernames and passwords. **Table 6-9** shows the distribution of instructional computers throughout the District.

Table 6-9: Austintown LSD Building Computers By Grade

	Fitch	Austintown Middle School	Frank Ohl	Davis	Lloyd	Lynn-Kirk	Watson	Woodside	Total
K	0	0	0	6	8	8	10	16	48
1st	0	0	0	15	20	15	20	16	86
2nd	0	0	0	20	20	15	20	20	95
3rd	0	0	0	20	20	15	20	20	95
4th	0	0	0	20	20	15	20	20	95
5th	0	50	0	0	0	0	0	0	50
6th	0	50	40	0	0	0	0	0	90
7th	0	48	52	0	0	0	0	0	100
8th	0	50	32	0	0	0	0	0	82
9th	500 [1]	0	20	0	0	0	0	0	520
10th	0	0	0	0	0	0	0	0	0
11th	0	0	0	0	0	0	0	0	0
12th	0	0	0	0	0	0	0	0	0
Labs	16	2	3	20	0	24	20	24	109
Library	25	1	1	0	0	0	20	0	47
Mobile Carts	0	1	1	0	0	0	0	0	2
Total Computers Per Building	541	202	149	101	88	92	130	116	1,419
Enrollment Head Count	1,667	851	698	273	435	347	465	366	5,102
Student to Computer Ratio	3.1:1	4.2:1	4.7:1	2.7:1	4.9:1	3.8:1	3.6:1	3.1:1	3.6:1

Source: 2006 BETA Survey and 2006-2007 Austintown LSD EMIS Student Enrollment Report

[1] The high school computers were mistakenly reported by the District as being all in the 9th grade. However, the high school does contain 500 computers which can be used by all students in grades 9-12.

Table 6-9 shows the District has an average of 3.6 students per computer. According to Ohio SchoolNet Plus, school districts should have a general goal of five students per computer. Currently, each of the schools in the District meets the Ohio SchoolNet Plus goal.

Although Austintown LSD has an appropriate number of students per computer, **Table 6-9** shows that District's computers are not allocated evenly from one building to the next. For example, Lloyd Elementary averages 58 percent more students per computer when compared to Woodside Elementary. The discrepancy can be attributed, in part, to the school principals determining the computer spending priorities. As a result, principals can place different levels of emphasis on the acquisition of computer technology (see **R6.1**). By not equitably allocating hardware throughout the District, students may not derive the optimal benefit from instructional technology. According to OPPAGA, school districts should equitably distribute technology resources to all schools. This can be accomplished by linking each school's educational plan with the technology plan and by reviewing the resource allocation levels to meet planning and curriculum needs through the development of an annual technology budget.

R6.6 The District should continue phasing out inkjet printers by purchasing only laser printers in the future. Although laser printers may result in higher up-front costs, the District's long-term savings will offset the initial price differences.

According to the 2006 BETA Building Survey, Austintown LSD has both inkjet and laser printers in use. **Table 6-10** presents the number of inkjet printers and laser printers throughout the District.

Table 6-10: Types of Instructional Printers Used by Austintown LSD Schools

School	Number of Inkjet Printers	Number of Laser Printers	Total Number of Printers
Fitch High	0	20	20
Austintown Middle	0	6	6
Frank Ohl Elementary	12	6	18
Davis Elementary	6	2	8
Lloyd Elementary	6	2	8
Lynn-Kirk Elementary	8	2	10
Watson Elementary	4	4	8
Woodside Elementary	6	2	8
Total	**42**	**44**	**86**
Percent of Total Printers	**49%**	**51%**	**100%**

Source: 2006 BETA Building Survey Results

As shown in **Table 6-10**, nearly half of the District's instructional printers are inkjet printers. However, the Director of Technology Information Services stated that Austintown LSD is in the process of phasing out the inkjet printers and will only purchase laser printers in the future. According to Small Business Computing.com, the cost (purchase and ink) of a common laser printer that can print 40,000 pages (over the life of the printer), is about two cents per page. Small Business Computing.com also indicates that this cost is about eight times less than an inkjet printer. In addition, Small

Business Computing.com notes that laser printers are quieter, faster, and require less maintenance when compared to the inkjet printers and they continue to decrease in price, while the number of brands is increasing. To further reduce the cost of laser printing, entities can purchase inexpensive replacement or remanufactured ink cartridges. Replacements are considered to be cartridges that are manufactured by a company other than the original equipment manufacturer (OEM). A remanufactured cartridge is an OEM cartridge that has been professionally cleaned, refilled with ink, and tested prior to shipping from the factory. Almost 99 percent of laser toner cartridges can be remanufactured to provide a product that meets or exceeds OEM specifications. Therefore, by phasing out old ink jet printers and purchasing new and better printing equipment, Austintown LSD can use more efficient options for printing.

Policies and Procedures

R6.7 The District should consider developing a technology purchasing policy that emphasizes negotiation of vendor discounts, when possible. In developing this policy, the District should consider coordinating technology purchases with neighboring school districts and using competitive bidding and bulk purchasing as additional methods to achieve price discounts. In addition, prior to making future technology purchases, the District should require the Director of Technology Information Services to maintain documentation showing that the prices negotiated with individual vendors are lower than those that can be obtained through DAS statewide contracts. This would provide the District with assurance that it is receiving the best price for technology purchases. Lastly, establishing dollar thresholds that define when multiple quotes are required, adopting formal policies and procedures for requests for proposals (RFP), and expanding District membership in consortiums would further help ensure the "best" price for technology products (see R2.19, R2.20 and R2.21 in financial systems).

Despite the use of a centralized process to make purchases, the District has not used certain purchasing strategies to help reduce the cost of technology. For example, the District has not recently used bulk purchasing to obtain discounts on new computers. The Director of Technology Information Services stated that bulk purchasing has not been used due to the District's recent budget difficulties, which have limited its ability to make large discretionary purchases. The Director also indicated that most technology purchases are made after obtaining price quotes from the manufacturers and negotiating directly with them. The following table compares Austintown LSD technology procurement strategies to various practices recommended by *eSchool News Online*:

Table 6-11: Technology Procurement Strategies

Recommended Practice	Austintown LSD's Response to Recommended Practice	Standard Met
Taking advantage of statewide contracts.	The Director of Technology Information Services states that the statewide contract price is used to compare against other negotiated prices. Typically the negotiated price is lower than the contract price. However, the Director of Technology does not maintain documentation to demonstrate this comparison.	**No**
Teaming up with neighboring districts for volume discounts or purchasing consortiums.	Austintown LSD has not teamed up with neighboring Districts to achieve discounts.	**No**
Taking advantage of special academic pricing through vendors to achieve discounts on computer software.	Austintown LSD uses a vendor to receive special academic pricing on items such as computers, printers, and scanners.	**Yes**
Entering into multi-year agreements to reduce costs.	Although Austintown LSD has not previously entered into multi-year agreements with technology suppliers. The Director indicated that the District may consider this practice in the future.	**No**
Using bulk purchasing to obtain price discounts	Austintown LSD has used bulk purchasing to obtain discounts for replacement parts such as mice, soft cotton cloths, and computer cleaner. The District has not used bulk purchasing for acquiring hardware such as computers	**Partially**
Establishing a personal relationship with account representatives	The Director indicated that a personal relationship has been established with several vendors.	**Yes**

Source: eSchool News Online and Austintown LSD

Table 6-11 shows that Austintown LSD uses only some of the recommended practices for making technology purchases. This suggests the District may be able to achieve additional cost reductions by coordinating its technology purchases with other districts, entering into multi-year agreements with vendors, and using bulk purchases for large scale technology acquisitions. According to www.electronic-schools.com, entities can help reduce the costs of technology by negotiating with providers for better prices and establishing purchasing collectives.

R6.8 The Director of Technology Information Services should create a uniform hardware and software policy which includes detailed lists of products that the District's

technology staff can support. Once developed, the District should post the policy on its website so the information is available for all employees to reference. Making this information available to staff would facilitate an understanding of what constitutes an acceptable purchase. The policy should also make it easier for employees to understand why the Director of Technology Information Services has to reject their purchase request due to noncompliance. Furthermore, using the same operating system throughout the District would result in more uniform technology purchases in the future.

Austintown LSD does not have a written list of standard hardware or software for operational or instructional purposes. Although core software is mentioned in the technology plan, the plan does not specifically identify individual software programs. Therefore, staff cannot consult a written document prior to making a hardware or software purchase request. However, because the purchasing process is centralized through the Director of Technology, the District has a reasonable assurance that it is purchasing standardized hardware and software. However, the creation of a standard list of hardware and software components would save time by eliminating the need to address staff purchase requests that do not comply with District requirements.

According to *eSchool News Online*, schools that standardize computer systems can reduce technology support and computer training costs. When all users are working with the same software, it increases productivity, simplifies licensing, and improves training. Similarly, when a district uses one computer model, it pays a lower cost per unit, is not required to stock a variety of parts, and does not need to support different models.

The Faribault (Minnesota) Public School District has a list of standardized equipment that is published every year. The listing contains detailed specifications and requirements for the following equipment:

- Workstations;
- Laptops;
- Printers;
- Monitors;
- Scanners;
- Mouse/Keyboards;
- Fax/Modems;
- Internal/External CD and DVD Burners;
- Personal Digital Assistants;
- Digital Cameras;
- Multimedia Projectors;
- Video Equipment;

- Network-Related Devices;
- External Storage Devices; and
- A comprehensive supported software list

In addition, there are forms attached to the listing which can be used to request the purchase of non-standardized equipment. As a result, teachers in the Faribault Public School District are provided with a comprehensive list of acceptable equipment that the District will support.

R6.9 The Director of Technology Information Services should develop written documentation for key technical tasks and solutions to common technical issues that can be referenced by staff members in addressing technical issues. The documentation should also include references to key online help databases. The creation of written tasks should reduce the number of trouble tickets entered by staff, freeing up District technician time and allowing technical issues to be resolved more expediently.

Austintown LSD does not document all of the essential technology procedures as advocated by ISTE. **Table 6-12** presents the ISTE recommended technical support strategies and indicates whether Austintown LSD meets the standard.

Table 6-12: ISTE Technical Support Strategies

ISTE Standard	Assessment	Standard Met
A well-defined escalation process is in place, with three or more steps of escalation, and a clear path for resolution.	Austintown LSD has a process for reporting technology related issues, although the process does not include three steps.	**Partially**
Most staff seek help from online knowledge bases as the first resource for help from diverse and comprehensive resources.	When staff members encounter a computer problem they are encouraged to immediately input a description of the issue into the trouble ticket system.	**No**
A list of supported software is provided, a with clear differentiated support processes for each set of software that are consistently used.	The Director of Technology stated that core software was discussed in the District's Technology plan; however, the plan does not cite specific software that will be supported.	**No**
Additional help (internal or contracted) is utilized for all deployment functions providing no delays or disruptions in regular technical service.	The Director of Technology Information Services states that during FY 2006-07, computer repairs are taking an average of 16 hours to fix, with a goal of 24 hours. In addition, in the technology survey, 44 percent of respondents chose strongly disagree or disagree when asked whether repair requests were answered in a timely manner.	**Partially**
Documentation exists for most technical tasks and is used by most user groups. Well written documentation production is a normal part of operations.	Austintown LSD's technology plan currently classifies technology acquisition and standards to be in the awareness phase. This classification states "policy is in place; little or no understanding of importance of policy." In addition, the technology plan further states that the District needs to do a better job of informing stakeholders about technology policy.	**No**
All technical issues are recorded and delegated to appropriate resources through an electronic trouble ticketing system. All technical issues are tracked and evaluated through this system.	Austintown LSD has a Trouble Ticket System that is used for tracking information and data collection. As an example, District staff noted in Austintown LSD's technology plan that it averaged 18 requests per day.	**Yes**

Source: ISTE, Austintown LSD Technology Plan, and Interviews

Table 6-12 shows that Austintown LSD's technology department meets one standard, partially meets two standards, and does not meet three support strategy standards. The low number of standards met can be attributed to a lack of clear written guidelines for providing technology support services. For example, the Director of Technology Information Services indicated the District does not have a written technology manual that outlines common technical problems faced by computer users. As a result, users must submit a trouble ticket, which increases the volume of requests that technical staff must review. Without substantive written procedures, District technology staff may be required to solve minor chronic problems faced Austintown LSD staff who may not be receiving

answers to their requests in a timely manner. For further information about technology staff timeliness, see **R6.3**.

R6.10 Austintown LSD should consider developing specific guidelines regarding acceptable technology donations and proper disposal procedures. This would help ensure the compatibility and usefulness of donated equipment while minimizing additional support costs. In addition, written guidelines would help ensure the consistent application of donation and disposal practices in the event of a long-term absence by the Director of Technology Information Services. The District should also consider requiring Board and Superintendent approval prior to disposing of equipment. This requirement will allow for appropriate distribution of equipment and help to ensure that proper documentation is maintained. Once adopted, the District should post these guidelines on its web-site in an effort to reduce any questions from local citizens. The development of the policies described above will permit Austintown LSD to strengthen its internal controls and ensure that all donations or equipment transfers are appropriate for the District.

Austintown LSD does not have a written policy on equipment donations. The Director of Technology Information Services indicated that the District's informal practice is to only accept donated equipment if it can properly interface with standardized software. A written donation policy, in conjunction with a standardized list of hardware and software (see **R6.8**), can help identify needed technology equipment and ensure that donated equipment is compatible with existing equipment. Furthermore, written guidelines for acceptable technology purchases/donations will allow for a consistent application of these practices in the event of a long-term absence by the Director of Technology Information Services. Posting these guidelines on the District's website will allow local citizens to understand and reference all appropriate policies and key issues associated with equipment donation.

According to *eSchool News Online,* key issues to consider when implementing a donation program include compatibility with the existing hardware and network, the ability to run core instructional programs and provide Internet access at an acceptable speed. It also indicates that schools need a policy that defines goals, criteria and technology specifications, as well as a process for handling donations. *eSchool News Online* goes on to indicate that the policy should be updated every three months to make sure the technology needs and requirements continue to stay-up-to-date and current. ISTE states that an entity can be considered exemplary if donated equipment is accepted, but only if it meets specific brand, model, performance, and system requirements.

In addition to the lack of an equipment donation policy, Austintown LSD does not have an equipment disposal policy. According to the Director of Technology, the criteria used when deciding whether or not to dispose of technology equipment are based on current

values and whether the equipment can meet the goals of the District. Equipment which no longer has any value is removed from the District. The Director of Technology Information Services also stated that a majority of equipment is either donated to Mahoning County or given to students if it has no residual value. However, the list of equipment scheduled for disposal is not shared with all appropriate decision makers. For example, although accounts payable and technology staff are provided with a copy of the equipment disposals, other important individuals such as Board members and the Superintendent do not receive this information. Therefore, important decision makers are not provided with all relevant information which can be used to shape future decisions. The Meridian Independent School District (Texas), developed a comprehensive Technology Equipment Obsolescence Policy, which includes the following components:

- Computer Life Cycle – Defines the optimal life cycle of a computer and discusses options for older computers.
- Disposition Options – Technology can be donated to non-profit organizations or a contract with a computer recycling organization can be created.
- Disposal Options – Environmentally hazardous components should be handled carefully, and useful components should be removed from machines for possible use in the future.
- Documentation – School District personnel are required to document all equipment disposal events, and report this information to the school board on a regular basis. In addition, all inventory tags should be removed from the equipment before disposal. The District should maintain documentation on all equipment and include information that indicates the item is no longer District property. In addition, the method and date of disposal should be noted, and if the item was sold, the price and purchaser should also be recorded.

R6.11 The District should develop a comprehensive manual that discusses its practices in the areas of systems operations, systems development and maintenance standards, documentation standards, operations policies, and security access. In addition, the comprehensive manual should include a disaster recovery plan, which subsequently will help ensure a consistent delivery of services and network security in the event of a disaster or a long term absence by the Director of Technology. Lastly, the District should obtain room locks for all rooms that house technology equipment. The use of room locks can serve as an effective theft deterrent.

Austintown LSD has effectively developed technology internal controls in the following areas:

- The District uses Norton Anti-Virus and AVG for its virus protection software. Both programs are updated daily.

- The District uses a Firewall managed by the Area Cooperative Computerized Educational Service System (ACCESS) and also has its own Firewall, IP Cop, which is designed to ensure security and prevent unauthorized access to the network.
- Austintown LSD uses Dan's Guardian software as a content filter. A content filter checks websites for phrases that contain undesirable content.
- The only type of confidential data which the District controls is student information. However, student data is maintained by ACCESS, which has controls in place to limit unauthorized use.
- All staff and students are provided with a user name and password. The District requires employees to change their passwords every 90 days if they have access to confidential information. The remaining staff and students can change their passwords whenever they like; however, it is not mandatory.
- Vital District information is backed up each night. The back up occurs on Austintown LSD property.
- Austintown LSD uses the State software system to keep track of inventory. The technology list is updated each time new equipment is purchased. In addition, yearly random checks occur. District staff complete these checks to ensure that items listed on the inventory sheet are where they belong.

In addition to the controls noted above, Austintown LSD relies on ACCESS to provide certain technology services including accounting, payroll and EMIS. In 2005, AOS conducted a review of ACCESS's internal controls in the following areas: changes to existing applications of systems, information technology security, security management, system level access controls, application level access controls, system software and utilities access controls, physical security, system administration and maintenance, and backups. In each case, ACCESS met all the requirements set forth in the control test. As a result, the controls in place were found to be adequate and it was determined that ACCESS had implemented proper strategies to ensure system integrity.

Despite the creation of network controls in the areas of access and system development, the District is lacking effective controls in the following areas:

- **Physical Asset Security:** The Director of Technology indicated that not all rooms are equipped with door locks. Consequently, the District has had problems with equipment theft.

- **Written Security Standards Manual:** Austintown LSD does not have a written procedures and standards manual that specifies internal control practices in the areas of systems access, systems development, and maintenance. According to OPPAGA, all of the technology practices and procedures should be synthesized into a written procedures and standards manual. This manual should discuss

systems operations, systems development and maintenance standards, documentation standards, operations policies, and security access policies.

- **Written Disaster Recovery Plan:** The District does not have a written disaster recovery plan. The lack of a written disaster recovery plan limits the District's ability to respond to a disaster in an organized fashion.

According to the Texas School Performance Review, there are several key principles of an effective disaster recovery plan, which are presented in **Table 6-13.**

Table 6-13: Key Elements of a Disaster Recovery Plan

Build a disaster recovery team	• Identify a disaster recovery team that includes key policy makers, building management, end-users, key outside contractors and technical staff.
Obtain and/or approximate key information	• Develop an exhaustive list of critical activities performed within the District • Develop an estimate of the minimum space and equipment necessary for restoring essential operations. • Develop a time frame for starting initial operations after a security incident. • Develop a key list of personnel and their responsibilities.
Perform and/or delegate duties	• Create an inventory of all assets including data, software, hardware, documentation, and supplies. • Set up reciprocal agreements with comparable organizations to share each other's equipment in an event of an emergency at one site. • Make plans to procure hardware, software, and other equipment to ensure mission-critical activities are resumed with minimal delay. • Establish contractual agreements with back-up sites. • Identify alternative meeting and start-up locations to be used in case regular facilities are damaged or destroyed. • Prepare directions to all off-site locations. • Establish procedures for obtaining off-site back-up records. • Gather and safeguard contact information and procedures. • Arrange with manufacturers to provide priority delivery of emergency orders. • Locate support resources that might be needed (e.g. trucking and cleaning companies). • Establish emergency agreements with data recovery specialists.
Specify details within the plan	• Identify the roles and responsibilities by name and job title so everyone knows exactly what needs to be done. • Define actions in advance of a disaster. • Define actions to be taken at the onset of a disaster to limit damage, loss and compromised integrity. • Identify actions to be taken to restore critical functions. • Define actions to be taken to re-establish normal operations.
Test the plan	• Test the plan frequently and completely. • Analyze test results to determine further needs.
Deal with the damage appropriately	• If a disaster occurs, document all costs and videotape the damage. Be prepared to overcome downtime, insurance settlements can take time to resolve.
Give consideration to other significant issues	• Do not make the plan complicated. • Make one individual responsible for maintaining the plan, but have it structured so that others are authorized and prepared to implement if necessary. • Update the plan on a regular basis, especially whenever changes are made to the system.

Source: Texas School Performance Review

The development of an effective written disaster recovery plan, with all of the appropriate elements, would permit Austintown LSD to be more organized and operate efficiently in the event of a system failure.

R6.12 Austintown LSD should require that parents and students sign the Internet acceptable use form before a student is given an e-mail account and internet access. The District should also maintain the signed forms for use as supporting documentation in case a parent or student violates any of the policy provisions. In addition, the District should strengthen its computer use policy to specify appropriate uses for other technology equipment such as fax machines and copiers. These guidelines should discuss disciplinary action that could occur if an employee is caught using this type of technology (fax machines and copiers) for inappropriate or unethical purposes.

Austintown LSD has developed a staff and student computer/on-line services acceptable use policy to help ensure that technology is used for appropriate purposes. The policy describes guidelines and procedures to be followed, access rights and Internet safety. **Table 6-14** compares Austintown LSD's acceptable use policy to the standards recommended by OPPAGA and the National Center for Educational Statistics (NCES).

Table 6-14: Austintown LSD Acceptable Usage Policy

Industry Standard	Explanation	Does Austintown LSD Meet the Industry Standard?
District staff, teachers, students, and parents are provided written and verbal guidelines describing the appropriate and inappropriate uses of technology such as school computers, the Internet, copiers, FAX machines etc. (OPPAGA)	Austintown LSD's computer use policy provides terms and conditions for acceptable and unacceptable Internet usage. The acceptable use policy does not discuss other technology equipment such as FAX machines and copiers.	**Partially**
The District has implemented policies and procedures to prevent access to inappropriate Internet sites. (OPPAGA)	The District uses Dansguardian software to block inappropriate websites.	**Yes**
The District monitors or audits its personal computers to determine violations of its use policies. (NCES)	Austintown LSD's has purchased monitoring devices which maintain a running log of Internet activity and records sites a user has visited.	**Yes**
The District provides stakeholders with written and verbal guidelines describing legal uses of digital materials, both instructional and non-instructional (e.g., copyright) (OPPAGA)	Austintown LSD's computer use policy has acceptable use guidelines and the policy discusses the use of copyright material.	**Yes**
A notice of rights and responsibilities of computers and network users. (NCES)	Austintown LSD's computer use policy has a provision outlining permitted use and personal responsibility. In addition, the document also describes guidelines and procedures that users should follow.	**Yes**
A notice of legal issues such as copyright and privacy. (NCES)	Austintown LSD's computer use policy specifies placement of copyright materials, privacy of information files, and confidentiality of student information,	**Yes**
Notice of acceptable content and conduct on the network. (NCES)	Austintown LSD's computer use policy describes terms and conditions of acceptable and unacceptable use and proper computer etiquette.	**Yes**
Description of behaviors that could result in disciplinary action. (NCES)	Austintown LSD's computer use policy states that unethical practices, threatening, disruptive, illegal activity, inappropriate language, and vandalism can result in cancellation of user privileges.	**Yes**
Description of the range of disciplinary options including the removal of access privileges (NCES)	Austintown LSD's computer use policy states that a violation of any provisions can result in termination of the account along with future access being denied.	**Yes**

Source: OPPAGA and NCES

Table 6-14 illustrates that Austintown LSD's acceptable usage policy completely meets eight of nine industry standards. The acceptable use of other equipment such as copiers and fax machines is the only industry standard not covered in the current policy.

Although the District has an acceptable use policy that is comparable to industry standards, the Director of Technology Information Services stated that parents and students are not currently required to sign the acceptable use form, despite having a blank form for this purpose in the policy. According to the Director of Technology Information Services, this has resulted in problems for the District in the past. For example, one parent complained that the District provided Internet access to a student, despite the desire of the parent to not allow the child to have such access. By not requiring a signed Internet acceptable use form, parents may not review and discuss the policy with students. Furthermore, it may be difficult for the District to reprimand students for violating the policy if parents and students are not required to acknowledge their review and understanding of the policy.

District Professional Development

R6.13 The District should develop a technology training program that identifies a core curriculum and a minimum number of training hours an employee should receive each year. The core curriculum, which should be designed to cover critical aspects of an employee's responsibilities, could be completed either in-house or externally. To facilitate this process, Austintown LSD should devote an appropriate percentage of the technology budget to professional development activities. In addition, the District should begin tracking the total number of hours and types of training an employee receives, and should seek feedback from participants about training courses offered. Developing a formal technology training program that empowers staff to perform basic procedures may assist in improving the troubleshooting function and may limit the need to hire additional technology staff (see R6.3). It would also enable staff to fully use the functions available in the District's software.

Austintown LSD does not have a comprehensive technology staff development program, nor does it have a mechanism to assess the effectiveness of professional development activities. Furthermore, the District has not historically tracked information concerning technology training activities for all employees. For example, Austintown LSD could not provide a listing of technology training that certificated employees have attended in the last three years, although the Director of Technology Information Services stated that employees have previously attended training sessions in areas such as ESIS, e-mail, troubleshooting techniques, and security. The Director of Technology also noted that employees have verbally indicated that more technology training is needed. This statement is further supported by an AOS survey in which 59 percent of respondents chose agree or strongly agree when asked whether more training is needed.

Austintown LSD's technology plan states that "In order to keep track of integration, teachers need professional development in basic technology skills and lesson plan development." However, despite this statement, the District does not require staff

members to attend ongoing technology training. The lack of technology training potentially limits the ability of District staff to troubleshoot their own problems. Consequently, the technology staff must devote time to issues that could be easily resolved, diverting their energies from more complex issues. In responding to the AOS survey, 39 percent of staff members chose either disagree or strongly disagree when asked whether requests for technical assistance are answered in a timely manner. The lack of a training program could contribute to the general dissatisfaction with the District's technical assistance, repair services and reliability of computer systems (see **Appendix 7-A**).

Table 6-15 shows the amount the District plans to spend on professional development training during the current and future fiscal years as reported in its technology plan.

Table 6-15: Estimated Professional Development Expenditures

	FY 2006	FY 2007	FY 2008	FY 2009	Total
Professional Development Expenditures	$5,000	$10,000	$10,000	$10,000	$35,000
Total Technology Expenditures	$118,000	$311,000	$311,000	$311,000	$1,051,000
Professional Development as Percentage of Total Expenditures	4.2%	3.2%	3.2%	3.2%	3.3%

Source: 2006-09 Austintown LSD Technology Educational Plan

As shown in **Table 6-15**, Austintown LSD is only expected to spend an average of 3.3 percent of its technology budget on professional development during the next four fiscal years. The Consortium for School Networking's *A School Administrator's Guide to Planning for the Total Cost of New Technology* (2001) states that training costs should represent a large component of a district's technology budget. If staff members are not properly trained, teachers will not understand how to integrate technology into the curriculum, support staff will not be up-to-date on hardware and software developments, and the District will fail to achieve the maximum return on its technology investment. The article further states that a "TCO-savvy district" devotes anywhere from 15 to 30 percent of its technology budget to staff development and training. Furthermore, according to ISTE, exemplary technical organizations have a comprehensive staff development program in place that impacts all staff. These programs are progressive in nature and balance accountability, incentive, and diverse learning opportunities.

Communication

R6.14 The District should use e-mail in place of meetings when the content and agenda for the meeting permit. More frequent use of e-mail to send staff memos and other similar information can conserve resources associated with copying and distributing paper reports. In addition, District officials should begin to emphasize communicating with parents via email as one way to ensure more timely and appropriate communication.

Austintown LSD has not fully used the capabilities of e-mail communication. The District uses email to complete the following functions: issuing memos, letters and directions about completing technical tasks, assigning dates for meetings and requiring students to e-mail completed assignments to teachers. However, the District does not regularly use email to communicate with parents. According to the 2006 BETA survey, 42 percent of Austintown LSD teachers surveyed indicated that there was no communication with parents through email, which is 20 percent greater than the statewide average. In addition, the District has not used e-mail in other cost effective ways. For example, student absence reports are distributed to teachers in hard copy format, requiring additional work for staff to print and distribute paper copies. Furthermore, the Director of Technology Information Services stated the District's use of email was mainly used to distribute information, rather than as a tool to limit scheduled meetings.

According to OPPAGA, school Districts should strive to use technology in the following ways:

- To improve and enhance communication between groups such as schools, districts, the state, parents, and the community.
- To supplement communications of policies and information to schools.
- To circumvent costly meetings whenever feasible and to increase the frequency and speed of communications to parents and teachers.

Austintown LSD has effectively developed an Internet site, and the transportation and athletic departments have their own Intranets that are used to facilitate parent/employee communication. However, by sending greater amounts of information via email, Austintown LSD will facilitate more productive use of employee time.

R6.15 Austintown LSD should post all school policies pertaining to staff and students on its website. Making policies and procedures easily accessible can ensure that users are familiar with the regulations, and can quickly obtain any necessary information.

The District should also consider requiring all teachers to post certain information online such as student homework assignments, test scores, grades, absence information, and any other information that may be beneficial to the District and the parents. To facilitate this effort, the Technology Department should either provide website development training for all teachers as part of the core curriculum mentioned in R6.13 or consider purchasing a software program that would allow teachers to easily post information online. Under either scenario, the District would also need to take the necessary actions to ensure that student information is protected before allowing full parental access to student information.

Austintown LSD has an accessible website which can be navigated easily by users. The website has information on each school, state report card results, and lunch menus. However, board policies are not available on the District's website. Without access to policy information on the website, District staff and students cannot easily review rules and regulations that impact daily operations.

Austintown LSD emails grades to parents and students in grades 6-8. The Director of Technology Information Services estimated that about 80 percent of teachers post assignments and class notes online through the use of webpages or online calendars. To keep the site secure, students are provided with code numbers to access personal information. However, The District is not using the full capabilities of internet technology by not having a greater percentage of teachers post class related information online.

Denton ISD (North Texas) has developed a student information program that allows parents to access student grades, course schedules and attendance information online. If a parent has questions concerning their child's overall grades, they can view the test grades, homework assignments, quizzes, and other assigned projects. Also, to ensure that student information is properly protected, Denton ISD has implemented several control requirements. Parents are required to register online and must provide the student's six digit identification number, have a valid email address and answer questions based on information that the District has on each student. The information includes a home telephone number, address, and other basic data. In addition, parents must agree to the terms of use at the time of registration. By implementing these measures, districts can ensure that proper controls exist over parental access of student information.

R6.16 Austintown LSD should acquire an I/P telephony system (also referred to as Voice over Internet Protocol). Although there will be an upfront charge to purchase the system, the long-term savings should more than offset the initial costs. The District should receive quotes from several different suppliers to ensure that it is selecting a competitively priced system. In addition, the District should ensure there are no

limitations with placing 911 calls and that the District will receive consistent service during power outages prior to selecting a service provider.

Although the District does not currently have an I/P telephony system, the Director of Technology Information Services is evaluating the merits of such a system and whether Austintown LSD would benefit from its purchasing. An I/P telephony system, also known as Voice over Internet Protocol (VoIP) converts analog signals, which one hears when talking on the phone, to digital information that can be transmitted over the Internet. As a result, organizations can use this technology to place free phone calls. The software, unlike telephone hardware, is easily upgraded and enhanced without work disruption and equipment costs. Therefore, the phone company and associated charges will be bypassed because voice and data are combined on one network that can be centrally maintained while eliminating toll expenses for calls between locations.

According to *Total Systems Integration, Inc. (TSI): A Case For Inter-Building Fiber Optic Networks on OSFC Projects* (October, 2003), centralizing telephone services on the Network can reduce the quantity of other expensive phone lines and can provide a significant reduction in monthly phone and telecommunications charges. Furthermore, TSI asserts that entities can expect to save between 70-80 percent on monthly telecommunication charges through the centralization of services.

Although the District could realize substantial savings by implementing an I/P Telephony system, the Federal Communications Commission (FCC) indicates that some VOIP service providers may have limitations to 911 services and may not offer directory assistance or white page listings, and notes that some VOIP services do not work during power outages and the service provider may not offer backup power. However, the FCC indicates that these factors may change based on new technological developments, and recommends that entities check with potential service providers to confirm any limitations.

Financial Implication: Because the District would have to work closely with an IP telephony supplier to determine District needs and compatibility with existing technology, a cost to purchase a system could not be determined. However, based on the fact that the District incurs a yearly telephone charge of about $38,000, it could generate annual savings of approximately $26,600 by purchasing an I/P telephony system. The savings are based on the TSI estimate of a 70 percent reduction in telephone charges when an I/P telephony system is implemented and assumes that the District is able to locate a vendor that does not have limitations with 911 services or during power outages.

Financial Implications Summary

The following table presents a summary of annual cost savings and implementation costs associated with the recommendations identified in this section of the performance audit. For purposes of this table, only recommendations with quantifiable impacts are listed.

Table 6-16: Summary of Financial Implications For Technology

	Annual Cost Savings	Annual Implementation Cost
R6.2 Yearly replacement of 306 computers.		$213,500
R6.16 Purchase an I/P Telephony System to reduce telecommunication charges	$26,600	
Total	**$26,600**	**$213,500**

Appendix 7-A: Employee Survey Responses

AOS administered a survey at Austintown LSD to obtain employee feedback and perceptions concerning technology use at the District. One hundred and thirty-eight (138) employees completed the survey. Survey responses were based on the following scale: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. **Table 6-16** presents the results.

Table 6-16: AOS Technology Survey Results

Survey Questions	Austintown LSD Results
Administrative Software Users	
1) Users know all major software functions used in their departments.	
1) Strongly Disagree	4%
2) Disagree	21%
3) Neutral	9%
4) Agree	25%
5) Strongly Agree	13%
Average Response	**3.5**
2) Software meets the needs of the users.	
1) Strongly Disagree	13%
2) Disagree	16%
3) Neutral	11%
4) Agree	22%
5) Strongly Agree	10%
Average Response	**3.2**
3) Software is used effectively and efficiently.	
1) Strongly Disagree	9%
2) Disagree	10%
3) Neutral	16%
4) Agree	26%
5) Strongly Agree	11%
Average Response	**3.5**
4) Users can get help when needed.	
1) Strongly Disagree	15%
2) Disagree	14%
3) Neutral	10%
4) Agree	24%
5) Strongly Agree	12%
Average Response	**3.2**
Instructional Software Users	
5) Users know all major software functions used in their departments.	
1) Strongly Disagree	9%
2) Disagree	25%
3) Neutral	12%
4) Agree	28%
5) Strongly Agree	13%
Average Response	**3.3**

Survey Questions	Austintown LSD Results
6) Software meets the needs of the users.	
1) Strongly Disagree	10%
2) Disagree	25%
3) Neutral	14%
4) Agree	23%
5) Strongly Agree	15%
Average Response	**3.3**
7) Software is used effectively and efficiently.	
1) Strongly Disagree	8%
2) Disagree	17%
3) Neutral	19%
4) Agree	29%
5) Strongly Agree	13%
Average Response	**3.4**
8) Users can get help when needed.	
1) Strongly Disagree	15%
2) Disagree	18%
3) Neutral	17%
4) Agree	24%
5) Strongly Agree	15%
Average Response	**3.2**
All Users – Software Training	
9) Administrative/office software training meets user needs.	
1) Strongly Disagree	5%
2) Disagree	15%
3) Neutral	19%
4) Agree	14%
5) Strongly Agree	11%
Average Response	**3.6**
10) Instructional/classroom software training meets user needs.	
1) Strongly Disagree	9%
2) Disagree	22%
3) Neutral	19%
4) Agree	23%
5) Strongly Agree	12%
Average Response	**3.3**
11) Training facilities meet user needs.	
1) Strongly Disagree	8%
2) Disagree	21%
3) Neutral	21%
4) Agree	15%
5) Strongly Agree	10%
Average Response	**3.3**
12) Training programs are useful.	
1) Strongly Disagree	6%
2) Disagree	12%
3) Neutral	19%
4) Agree	30%
5) Strongly Agree	13%
Average Response	**3.6**

Survey Questions	Austintown LSD Results
13) Users feel more training is needed.	
1) Strongly Disagree	2%
2) Disagree	4%
3) Neutral	19%
4) Agree	36%
5) Strongly Agree	23%
Average Response	**4.0**
All Users – General Computer Operation/Data	
14) Computer systems are reliable.	
1) Strongly Disagree	20%
2) Disagree	21%
3) Neutral	19%
4) Agree	28%
5) Strongly Agree	11%
Average Response	**2.9**
15) Speed of data processing is satisfactory.	
1) Strongly Disagree	16%
2) Disagree	21%
3) Neutral	14%
4) Agree	36%
5) Strongly Agree	11%
Average Response	**3.1**
16) Access to a printer is adequate.	
1) Strongly Disagree	10%
2) Disagree	16%
3) Neutral	12%
4) Agree	43%
5) Strongly Agree	17%
Average Response	**3.4**
17) Systems contain accurate and complete data.	
1) Strongly Disagree	7%
2) Disagree	14%
3) Neutral	26%
4) Agree	34%
5) Strongly Agree	10%
Average Response	**3.5**
18) Data from computer systems is useful for decision making or monitoring.	
1) Strongly Disagree	6%
2) Disagree	14%
3) Neutral	26%
4) Agree	37%
5) Strongly Agree	10%
Average Response	**3.6**
All Users – Technical Assistance	
19) Technical assistance department (if applicable) is easily accessible.	
1) Strongly Disagree	16%
2) Disagree	25%
3) Neutral	14%
4) Agree	29%
5) Strongly Agree	12%
Average Response	**3.1**

Survey Questions	Austintown LSD Results
20) Requests for assistance are answered in a timely manner.	
1) Strongly Disagree	14%
2) Disagree	25%
3) Neutral	11%
4) Agree	31%
5) Strongly Agree	16%
Average Response	**3.2**
21) Computer repair services are easily accessible.	
1) Strongly Disagree	15%
2) Disagree	30%
3) Neutral	19%
4) Agree	17%
5) Strongly Agree	14%
Average Response	**3.0**
22) Computer repair requests are answered in a timely manner.	
1) Strongly Disagree	16%
2) Disagree	28%
3) Neutral	13%
4) Agree	26%
5) Strongly Agree	14%
Average Response	**3.1**
23) Technology staff is able to solve hardware problems.	
1) Strongly Disagree	8%
2) Disagree	12%
3) Neutral	11%
4) Agree	42%
5) Strongly Agree	23%
Average Response	**3.7**
24) Number of technology personnel is adequate to provide support.	
1) Strongly Disagree	41%
2) Disagree	27%
3) Neutral	9%
4) Agree	16%
5) Strongly Agree	3%
Average Response	**2.3**
25) I am satisfied with the technical assistance provided by the District.	
1) Strongly Disagree	19%
2) Disagree	27%
3) Neutral	16%
4) Agree	20%
5) Strongly Agree	15%
Average Response	**2.9**
All Users – Software Applications	
26) Electronic mail is widely used.	
1) Strongly Disagree	3%
2) Disagree	3%
3) Neutral	10%
4) Agree	43%
5) Strongly Agree	38%
Average Response	**4.2**

Survey Questions	Austintown LSD Results
27) The internet is used to access information.	
1) Strongly Disagree	2%
2) Disagree	2%
3) Neutral	5%
4) Agree	50%
5) Strongly Agree	41%
Average Response	**4.3**

Note: Due to some individuals either having no opinion or not responding to a question, survey percentages will not add up to 100 percent.

DISTRICT RESPONSE LETTER

District Response

The letter that follows is the official response of the Austintown Local School District to the performance audit. Throughout the audit process, staff met with District officials to ensure substantial agreement on the factual information presented in the report. When disagreements were noted and supporting documentation was provided, revisions were made to the audit report as appropriate.

The District's official response does not note any disagreements or unresolved factual matters. As a result, no additional report revisions were necessary.

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AUSTINTOWN LOCAL SCHOOLS
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March 27, 2007

Mary Taylor, Auditor of State
Performance Audit Division
Lausche Building, 12th Floor
615 West Superior Avenue NW
Cleveland, OH 44113-1801

Dear Auditor Taylor;

The Austintown Township Board of Education, central office administrators and building level principals sincerely appreciated receiving the Blue Ribbon Performance Audit on March 21, 2007. Our goal for requesting the performance audit was to attain a clear perspective of our district's fiscal decision making in comparison to similar, high-performing districts across the state of Ohio. Additionally, we sought informed recommendations from your office in order for us to continue making responsible financial decisions. The thoroughness and professionalism of your staff during the audit lead us to believe both goals have been achieved.

As a district, we were very pleased to see the close correlation between our allocation of resources and the composite percentages of the ten, high-performing, comparison districts. This indicates to us that we are moving in the right direction. We also appreciate the audit citing several noteworthy accomplishments in the categories of Financial Systems, Transportation and Technology.

After receiving draft copies of the performance audit, the Treasurer, the district's central office directors and I are reviewing each recommendation. We will be establishing a priority level for the implementation of each recommendation, determining specific individuals responsible for initiating and monitoring implementation and establishing a time line for each. Furthermore, the district is in the process of developing a five-year strategic plan that will address many of the recommendations included in the performance audit. Finally, many of the recommendations of the performance audit will be cited during contract negotiations with both the certified and classified unions in the spring of 2007.

Our thanks to you and your staff for a job well done.

Sincerely,

Douglas G. Heuer,
Superintendent