



Mary Taylor, CPA
Auditor of State

SPRINGFIELD
LOCAL SCHOOL DISTRICT
PERFORMANCE AUDIT

DECEMBER 4, 2007



Mary Taylor, CPA Auditor of State

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

On October 18, 2006, Springfield Local School District (SLSD) was placed in fiscal caution due to the possibility of ending the 2007 fiscal year in a deficit and incurring additional deficits in future years. This fiscal oversight designation was elevated to fiscal watch on February 8, 2007. On March 16, 2007, AOS placed SLSD in fiscal emergency as a result of the District's inability to develop an acceptable financial recovery plan. At the time it was placed in fiscal emergency, the District's FY 2006-07 deficit, as certified by AOS Local Government Services, was approximately \$1.9 million.

Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit of SLSD was initiated beginning in February 2006. The six functional areas assessed in the performance audit were financial systems and strategic management, human resources, facilities, transportation, food service, and technology. These areas were selected because they are important components of District operations which support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions which brought about the declarations of fiscal emergency.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of SLSD's financial situation and a framework for its financial recovery plan. While the recommendations contained in the audit report are resources intended to assist in developing and refining the financial recovery plan, the District is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

An executive summary has been prepared which includes the project history; a discussion of the fiscal caution, watch, and emergency designations; a district overview; the scope, objectives and methodology of the performance audit; and a summary of issues for further study, recommendations, and financial implications. This report has been provided to SLSD, and its contents discussed with the appropriate officials and District management. The District has been encouraged to use the results of the performance audit as a resource in further 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.auditor.state.oh.us/> by choosing the "On-Line Audit Search" option.

Sincerely,

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 4, 2007

Executive Summary

Project History

Effective October 18, 2006, the Ohio Department of Education (ODE) declared the Springfield Local School District (SLSD or the District) to be in a state of fiscal caution in accordance with Ohio Revised Code (ORC) § 3316.031. The declaration was based on an anticipated deficit for the fiscal years ending June 30, 2007 and 2008. As a result of the declaration, SLSD was required to submit a financial recovery plan in accordance with ORC § 3316.031(C) by December 4, 2006 that would address anticipated deficits. SLSD was, however, unable to provide an acceptable financial recovery plan. As a result, ODE requested that the Auditor of State (AOS) place SLSD in either fiscal watch or fiscal emergency.

AOS declared SLSD to be in a state of fiscal watch under ORC § 3316.03 (A) (3) on February 8, 2007. The declaration based on SLSD's October 2006 five-year forecast, which included deficits of approximately \$1.9 and \$4.7 million for FYs ending June 30, 2007 and 2008, respectively. On February 26, 2007, SLSD's Superintendent submitted a letter to ODE stating that the District was unable to submit an acceptable financial recovery plan and anticipated being placed in fiscal emergency.

On May 16, 2007, AOS placed SLSD in fiscal emergency as a result of the District's inability to provide an acceptable financial recovery plan. At the time it was placed in fiscal emergency, the District's FY 2006-07 deficit, as certified by AOS Local Government Services, was approximately \$1.9 million.

SLSD had formerly been placed in fiscal emergency status on February 11, 2000 because it was unable to submit a financial recovery plan to address its deficit at the time. However, it was fully removed from fiscal emergency effective July 10, 2001. The rapid turn-around in SLSD's finances was due to District voters passing renewal levies, as well as a new emergency levy during FY 1999-00. A performance audit of SLSD was conducted in 2000 in response to the District's fiscal condition.

In February, 2007, pursuant to ORC § 3316.031 and 3316.042, AOS initiated a second performance audit of SLSD which included follow up work on the 2000 audit. Based on a review of District information and discussions with administrators, the following five functional areas were included in the performance audit:

- Financial Systems and Strategic Management;
- Human Resources;

- Facilities;
- Transportation;
- Food Service; and
- Technology.

Audit work was concluded in June, 2007. The goal of the performance audit process was to assist SLSD administrators and the Board in identifying cost saving opportunities and improved management practices. The ensuing recommendations comprise options that the District should consider in its continuing efforts to improve and stabilize its long-term financial condition.

District Overview

SLSD is located in Summit County and encompasses 19 square miles. The District operates under an elected Board consisting of five members. In FY 2005-06, the District provided educational services to 2,888 preschool through grade twelve students in 8 school buildings.

In FY 2005-06, the District received approximately 50.5 percent of its revenues from local taxes, 38.5 percent from the State, and 11.0 percent from federal grants and other sources. SLSD's FY 2005-06 per pupil expenditures were \$10,095.

In FY 2006-07, the District employed approximately 330 full-time equivalent (FTE) staff consisting of 15.5 FTE administrators, 198 FTE educational personnel, approximately 8 FTE other professional/technical personnel, 46 FTE office/clerical staff, and 62 FTE operations and other staff. The regular education student-to-teacher ratio in FY 2005-06 was approximately 18:1. Also in FY 2005-06, the District met 16 of 25 academic performance indicators established by ODE and was categorized as an effective district.

In May, 2007, SLSD updated its five-year financial forecast and projected that it would incur a General Fund deficit of approximately \$1,572,000 in FY 2006-07. Furthermore, SLSD projected a General Fund deficit of \$4.42 million for FY 2007-08 and projected negative year-end fund balances to continue until the final year of the forecast (FY 2010-11) in which a General Fund deficit of \$16.04 million was projected. The AOS revised forecast presented in **financial systems and strategic management** indicates that if SLSD implements the performance audit recommendations and limits its planned additional spending, the District would operate with a positive fund balance through the end of the forecast period.

The 2000 Performance Audit provided 60 recommendations to address SLSD's financial condition and fiscal emergency status. The 2007 audit reviewed the previous recommendations and SLSD's operations during the audit period to determine the implementation status of the 2000 Performance Audit recommendations. The results of the audit analyses found that the District had fully implemented 19 recommendations, partially implemented 8 recommendations

and did not implement 27 recommendations. Twenty nine recommendations were re-issued in this performance audit.

In order to address the projected deficits, the performance audit recommends substantial additional reductions in personnel, including classroom teachers. Enhanced local revenue and/or additional savings not identified by the performance audit would allow the District to make fewer reductions in teachers and educational service personnel. Conversely, failure to fully implement and/or negotiate all of the recommendations contained in this report would require the District to make deeper personnel reductions in future years.

Subsequent Events¹

After the completion of fieldwork, the State budget was finalized and the new formula aid per pupil amount increased from \$5,403 in FY 2006-07 to \$5,565 in FY 2007-08 and \$5,732 in FY 2008-09 (increases of 3.0 percent per year). SLSD's enrollment is declining and the impact of new State funding coupled with declining enrollment is reflected in the District's October 2007 five-year forecast.

The District has implemented staffing reductions for FY 2007-08 of 1.8 FTE clerical, 2 FTE counselors, and 2 FTEs in maintenance, custodial, and grounds keeping. The District has also reduced labor hours in food service. SLSD is exploring additional reductions in the areas of teaching aides, clerical staff and teaching positions. The District also eliminated the phone operator position for FY 2007-08.*

The District recently negotiated a new one-year bargaining agreement with its certificated staff that includes a zero-percent negotiated wage increase, a sick leave bank, and a new prescription drug program that the District estimates will save \$125,000 annually.

The District took steps to sell the Sawyerwood and Milroy buildings and is in negotiations to lease the Boyer building.*

SLSD instructed the Maintenance Supervisor to reduce the number of overtime hours paid to staff for monitoring buildings on weekends during cold weather.*

Beginning October 1, 2007, SLSD began providing transportation services to an additional 400 students, which will bring the ridership on its buses closer to recommended levels.

Finally, SLSD completed an updated five-year financial forecast on October 26, 2007. This forecast increased SLSD's General Fund balance for FY 2006-07 to approximately \$570,000.

¹ Items that are marked by an asterisk (*) were also recommendations in the 2000 performance audit. However, implementation of these items is not reflected in the appendices in the report sections.

The updated forecast projects year-end fund balances of approximately \$287,000, (\$221,000), \$106,000, and (\$566,000) in FY 2007-08, FY 2008-09, FY 2009-10, and FY 2010-11 respectively. The positive fund balances and lower-than-previously projected deficits are primarily due to: increases in revenues from general property taxes, unrestricted and restricted grants-in-aid, and the addition of FY 2006-07 State emergency loans and advancements. In addition, SLSD's personal services and employee retirement and insurance benefits decreased due to SLSD's continued staffing reductions.

Objectives, Scope and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). The audit assessed the key operations of the District in the areas of financial systems and strategic management, human resources, facilities, transportation, food service, and technology. For a list of objectives completed in each section see **Appendix 1-A**.

To complete this report, auditors gathered and assessed data from various sources pertaining to key operations, conducted interviews with District personnel, and assessed requested information from SLSD and other school districts. AOS developed a composite of 10 selected districts which was used for peer comparisons. The selected districts were Bath Local School District (Allen County), Boardman Local School District (Mahoning County), Canton Local School District (Stark County), Columbiana Exempted Village School District, (Columbiana County), Dover City School District (Tuscarawas County), Girard City School District (Trumbull County), Heath City School District (Licking County), Lowellville Local School District (Mahoning County), New Philadelphia City School District (Tuscarawas County), and Weathersfield Local School District (Trumbull County).

These districts are classified as urban districts with low median incomes and high poverty rates, low per pupil costs, and an academic designation of excellent. The data obtained from the comparison districts was not tested for reliability, although it was reviewed in detail for reasonableness. Also, external organizations and sources were used to provide comparative information and benchmarks. They included ODE, the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the American Schools and Universities (AS&U), the National Center for Education Statistics (NCES), and other related best practices. Information used as criteria (benchmarks or leading practices) was also not tested for reliability.

In addition to criteria, results of Ohio's 2006 Biennial Educational Technology Assessment (BETA) survey results were not tested for reliability as it is testimonial evidence based on a point-in-time survey. Conclusions and recommendations regarding technology practices are supported by additional pieces of evidence in addition to the BETA survey.

The performance audit process involved significant information sharing with SLSD, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and to share proposed recommendations to improve or enhance operations. Throughout the audit process, input from SLSD was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District provided verbal and written comments in response to the various recommendations, which were taken into consideration during the reporting process. Where warranted, AOS modified the report based on the District's comments.

The Auditor of State and staff express their appreciation to the Springfield Local School District for its cooperation and assistance throughout this audit.

Key Recommendations

The performance audit contains several recommendations pertaining to SLSD's operations. The most significant recommendations are presented below.

In the area of *financial systems and strategic management*, SLSD should:

- Develop a District-wide strategic plan integrating academic program and business operations so that it can better assure long-term stability in areas of critical operations (e.g., academic programming). Strategic planning will help SLSD better prepare for future expenditures and, over time, link District goals with available resources and ensure that expenditures are made in accordance with SLSD's future vision. As a component of the strategic planning process, SLSD should develop or update the following planning documents:
 - A comprehensive facilities master plan;
 - A food service strategic plan;
 - A preventive maintenance plan;
 - A technology plan; and
 - A technology disaster recovery plan.

Taken together, these plans represent a sub-set of strategic and long-range planning elements.

- Develop internal performance measures for all areas of District operations that are consistent with educational and budgetary goals. Progress toward meeting performance measures should be documented, communicated to stakeholders, and taken into account when determining District funding priorities.

- Ensure that it develops and maintains clear policies and procedures in several areas of District operations. Comprehensive and up-to-date policies and procedures help to ensure SLSD’s administration, employees, and extra-organizational stakeholders have a clear understanding of the District’s official position on all operational areas.
- Re-forecast several line items of the District forecast including the following:
 - General property tax to include the District’s historical average percentage increase and reappraisal;
 - Restricted grants-in-aid for all forecast years;
 - Personal services for all years of the forecast period to include step increases and likely negotiated increases;
 - Employee retirement and insurance benefits (ERIB) for all years of the forecast period to better reflect historical trends and recent decreases in staffing levels; and
 - Purchased services for all years over the forecast period to include the District’s historical average percentage increase.

In the area of *human resources*, SLSD should:

- Develop a formal staffing plan to address current and future staffing needs for the District. Similar to the plans used by leading school districts, SLSD should consider establishing staffing allocations for administrative, certified, and classified personnel to help ensure the District proactively addresses its staffing needs.
- Consider making the following staffing level reductions:
 - Regular teaching staff by 22 FTEs allowing the District to remain approximately 15 percent above State minimum requirements as set forth by OAC § 3301-35-05;
 - Teaching aide positions by 10.0 FTEs to a level more comparable to the peer average;
 - Education service personnel (ESP) positions by 8.0 FTEs allowing the District to remain 20 percent above State minimum requirements;
 - Clerical staffing positions by 8.0 FTEs bringing the District to a level comparable with the peer average.

Reductions in salary and benefit expenditures would result in approximately \$1,360,000 in savings from reductions in the regular teaching staff, \$232,000 for reductions in the teaching aide classification, \$418,000 for the reductions in ESP positions, and \$406,000 for clerical reductions.

- Increase operational efficiency and reduce special instruction costs per pupil to a level in line with the peer average. Reducing special instruction per pupil expenditures to a level

in line with the three peer districts with the highest spending per student in special education could result in annual savings of approximately \$600,000.

- Attempt to negotiate a wage schedule with no increases in FY 2007-08, 1 percent in FY 2008-09 and FY 2009-10, and 2 percent in FY 2010-11. Additionally, SLSD should consider implementing more cost-conscious salary schedules to avoid this position in the future. A renegotiation of certified salary schedules to a level similar to that of Lakota Local School District (Butler County) could save approximately \$44,000 in FY 2007-08.
- Renegotiate employee health care contributions with the goal of increasing single and family contributions to a level in line with similar district averages. Increasing employee contributions to 10 percent for both single and family coverage would save the District approximately \$181,000 in FY 2007-08.
- Implement formal sick leave policies with the goal of reducing the amount of sick leave used by employees. Should the District strengthen its sick leave policy and takes other steps to reduce its leave use to the industry averages, it could save approximately \$15,000 in annual substitute costs for its certified staff.

In the area of *facilities*, SLSD should:

- Develop a facilities master plan containing SLSD's five-year capital improvements projects, preventive maintenance projects, and other maintenance expenditures. The facilities master plan should also include updated facilities assessment information to facilitate the maintenance of overall health and safety conditions. Finally, SLSD's facilities master plan should contain an up-to-date enrollment projection and capacity analysis for all District buildings.
- Establish a formal energy conservation policy. The energy conservation policy should be Board approved and should contain specific language on what types of energy consumption are approved. SLSD should also develop an energy conservation education program based on the District's policies which communicates the rationale behind energy conservation techniques. Implementing an energy conservation policy and education program could save SLSD approximately \$62,000 annually.
- Reduce overall maintenance and operations expenditures by disposing of excess properties that are not being used for instructional purposes. This would eliminate the costs associated with retaining ownership of the properties, such as insurance, maintenance, and utility costs.

- Reduce non-fee-related overtime by eliminating Sunday building walkthroughs. Furthermore, SLSD should rely on its energy management software to monitor the buildings from a remote location.

In the area of *transportation*, SLSD should:

- Formally assign the responsibilities of coordinating and monitoring the three-year transportation services agreement to a District employee to ensure active District participation and oversight occurs on a regular basis. An oversight position would help to ensure compliance with contract terms, aid in the identification and resolution of problems, and make suggestions for improvement. The individual's job description should be updated to reflect the responsibilities and expectations of the position.

As a component of improved monitoring, SLSD should exercise its right to request reports from Laidlaw pursuant to its contract. Requiring monthly reports will allow SLSD to measure Laidlaw's operational efficiency and compliance with the contract to ensure optimal service for students.

- Realign contractual compensation to match the District's transportation goals and objectives while still acknowledging the contractor's profit motives. Aligning contracted vendor's compensation with operational goals and objectives will help ensure an efficient and effective transportation operation.
- Increase the number of riders per bus. This will help to reduce costs by eliminating routes and the costs associated with routes, such as the daily rate paid to Laidlaw, as well as personnel costs. In addition, by changing bell schedules (start and release times), the District would have more time per route to transport students to school. Additionally, the Board should annually approve transportation routes. Increasing the utilization rate to 128 students per bus would enable SLSD to eliminate three buses and could save the District approximately \$120,000 annually.

In the area of *food service*, SLSD should:

- Incorporate a five-year forecast in the food service operation's strategic plan. This will enable proactive management decision-making and provide a long-range planning tool to help integrate food service-related goals and objectives.
- The Business Manager and Treasurer should ensure that all food service related expenses are charged to the Food Service Fund. Based on the actual operating expenditures for gas and electric utilities in FY 2005-06, approximately \$43,000 in program-related expenses could be charged to the Food Service Fund.

- Consider reducing the number of daily labor hours used for food service operations with the goal of improving the District's meals per labor hour (MPLH). Reducing 13 labor hours would bring the District in line with the national MPLH benchmark set forth by the National Food Service Management Institute (NFSMI) and could save approximately \$30,400.
- Develop formal methods of periodically soliciting input from students and other relevant stakeholders. One method to solicit input is to develop an online survey on the District's website. As the food service staff administers subsequent surveys, it should track progress in addressing the issues identified and incorporate survey results in its strategic plan.
- Implement a point-of-sale (POS) system for its food service operations. By implementing POS technology, the District can collect operational and financial data for use in developing a five-year Food Service Fund forecast and submitting claims reimbursements to ODE. In addition, the District may be able to reduce the impact of social stigmas associated with free and reduced lunch programs. Including implementation costs, a POS system could positively impact the Food Service Fund by \$20,000.

In the area of *technology*, SLSD should:

- Pursue low-cost options to provide additional resources to the technology support function. In particular, the District should explore the development of a student/worker program to help provide support to faculty and staff, perhaps by reestablishing its Technical Work Experience (TWE) program. This would help bring technology workload ratios in line with recommended levels and ensure technical service needs continue to be met in a timely manner.
- Develop and implement procedures to track the total cost of ownership (TCO) related to its technology expenditures. SLSD should use the TCO estimates to calculate the long-term costs incurred over the lifecycle of an asset in order to make decisions about the purchase and replacement of equipment based on a cost/benefit analysis of ongoing maintenance costs versus an analysis of capital outlay costs.
- Implement a systematic five-year replacement cycle to upgrade technology equipment. Implementing a replacement cycle will require SLSD to annually set aside funds for technology purchases; however, purchases would depend on available funding. A systematic five-year replacement cycle will help to improve the operational performance of computers, ensure that students and staff have up-to-date hardware, and that older, higher-maintenance machines are replaced in a timely manner.

Issues for Further Study

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

- **Human Resource Management:** As the District has been reducing its workforce to address its operating deficit, the District has not implemented some leading human resource practices such as developing a comprehensive recruitment plan or conducting exit interviews. In the future, after staffing is stabilized, the District should consider implementation of these two leading practices. The development and design of a recruitment plan should align with industry best practices such as those outlined by the National Education Association (NEA). The development of a recruitment plan would allow SLSD to effectively identify staffing needs and provide methods to attract the most well suited employees for the position.

In a survey conducted by AOS, 44 percent of SLSD employees either disagree or strongly disagree that District employee satisfaction and morale is positive (see **Appendix 3-A**). The Society for Human Resource Management (SHRM) suggests that information collected in exit interviews can provide a unique perspective on organizational performance and employee satisfaction. Exit interviews could provide perspective on organizational performance and employee satisfaction. This valuable information could help SLSD in many aspects of operations including planning, recruiting, and improving working conditions for employees.

- **Minimum number of paid work hours for transportation personnel:** During the course of the performance audit, the District elected to use a three-tiered bus routing system for FY 2007-08. With the District moving to a three-tiered system, the District's four hour guarantee to bus drivers is much less of an issue. With three tiers, SLSD can employ fewer drivers who work longer hours. However, if the District moves back to two-tiered busing, SLSD may want to consider limiting the number of guaranteed hours to two. This will allow the District to better manage expenditures for the transportation operation by designing routes that maximize ridership capacity. Should SLSD negotiate guaranteed hours into the collective bargaining agreement, the number should not exceed two and the District should explicitly require that transportation personnel perform work during the entire period for which they are paid.

Compensating bus drivers for four hours of work can result in the overpayment of employees in relation to work performed. Additionally, the District may not be using employees in the most efficient manner because of the four hour minimum. This results in unnecessary expenditures by reducing ridership capacity through inefficient routing.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which SLSD should consider. Some of the recommendations depend on labor negotiations or collective bargaining agreements (see **human resources**). Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations – First Year (FY 2007-08)

	Estimated First Year Savings	Estimated Costs
General Fund Recommendations Not Subject to Negotiations		
R2.14 Implement mandatory direct deposit	\$10,000	
R3.2 Reduce regular teaching staff by 22 FTEs	\$680,000	
R3.3 Reduce teaching aides by 10 FTEs	\$232,000	
R3.4 Reduce ESP staffing by 8 FTEs	\$241,000	
R3.5 Reduce Clerical staffing by 8 FTE	\$406,000	
R3.6 Reduce special instruction costs per pupil to a level in line with peer districts	\$600,000	
R3.12 Reduce the substitute costs by reducing sick leave taken by certified employees	\$15,000	
R4.3 Implement an energy conservation education program	\$62,000	
R4.4 Sell or lease unused buildings	\$60,000	
R4.9 Eliminate weekend building inspections and associated overtime	\$20,000	
R5.4 Reduce fleet by an additional three buses	\$120,000	
R7.4 Implement replacement cycle for technology equipment		\$102,000
R7.6 Attend professional development programs		\$500
Subtotal Not Subject to Negotiation	\$2,446,000	\$102,500
General Fund Recommendations Subject to Negotiations		
R3.7 Negotiate a more reasonable step schedule for certified employees	\$76,000	
R3.7 Negotiate a base salary comparable to the peer average for beginning teachers	\$23,000	
R3.8 Negotiate an increase employee insurance premium contributions to 10 percent	\$181,000	
Subtotal Subject to Negotiations	\$280,000	\$0
Total General Fund Impact of Performance Audit Recommendations	\$2,726,000	\$102,500
Food Service Fund Recommendations		
R6.1 Use cost allocation to account for all expenses of the food service operation		\$43,000
R6.3 Reduce labor hours in accordance with NFSMI	\$30,400	
R6.6 Implement a POS system and increase meal participation rate	\$20,000	
Total Food Service fund Impact of Performance Audit Recommendations	\$50,400	\$43,000

Source: AOS recommendations

Note: The financial implications summarized above are presented on an individual basis. The magnitude of cost savings associated with some recommendations could be affected or offset by the implementation of other interrelated recommendations. Therefore, the actual cost savings, when compared to estimated cost savings, could vary depending on the implementation of the various recommendations.

Appendix 1-A: Audit Objectives

Objectives completed for each section of this audit are as follows:

Financial Systems

- What has been the District's financial history (including; use of emergency school loans, spending reserve, history of deficit spending, other issues that are affecting the District's financial situation)?
- Does the District have comprehensive financial policies to guide management?
- Does the District have unresolved citations from prior financial audits?
- Does the District have a policy on financial forecasting and does it identify all responsible parties included in forecast development?
- Does the Treasurer/District prepare the forecast in a manner compatible with State guidelines and expectations?
- Are the historical figures prepared by the District valid and reliable?
- Does the District's five-year forecast reasonably and logically project future revenues to provide a reasonable assurance of accuracy?
- Does the District's five-year forecast reasonably and logically project future expenditures to provide a reasonable assurance of accuracy?
- If in fiscal oversight, do the recommendations of the performance audit and review of financial systems provide financial recovery?
- Has the District established an effective performance measurement system?
- Does the District produce all financial reports recommended by the GFOA?
- Does the District use its website as an opportunity to educate the public and stakeholders about the District, including the District's financial situation?

- What options has the District pursued to increase local revenues (local taxes, grants, other revenues)?
- What is the allocation of the District's General Fund revenues and expenditures, and how do they compare to peer districts?
- How do the District's governmental expenditures by function compare to similar districts and State averages? Does the District's expenditure allocation reflect the priorities identified in the strategic plan?
- Are the District's discretionary expenditures by type comparable to similar districts?
- Is the District's budgetary process consistent with GFOA best practice criteria (includes internal budget monitoring/reporting practices)?
- Has the District established an audit committee and does it follow best practices?
- How is the District completing the internal audit function and does it follow best practices?
- Has the District established written ethics policies for employees?
- What is the current organizational structure of the financial staff?
- Does the District analyze financial accounting procedures to minimize duplication of efforts and are employees cross-trained?
- Does the District have a comprehensive purchasing policy and corresponding procedures that have been approved by the Board and are efficient and effective? Does the policy address the use of consortiums and competitive bidding requirements?
- Is the purchasing function in the District's software being fully used? Are there automated controls on the purchasing process? Is the level of centralization/decentralization in the purchasing process appropriate? Does the District make payments in a timely manner?
- Is the District's payroll schedule sufficient to allow for adequate review?
- Is the District's process for collecting time and attendance manual or automated? What are the levels of approval under each system?

- Is direct deposit used to reduce costs to the District?

Human Resources

- Is the District's current allocation of personnel efficient and effective?
- Is the District's compensation package in line with other high performing districts, State averages, and industry practices?
- How does the cost of benefits offered by the District compare with State averages and industry benchmarks?
- Are the District's negotiated agreements in line with peers and best practices?
- Does the District effectively address human resource management and has it created a working environment that enhances its workforce?
- Does the Board of Education operate in an effective manner?
- Does the District provide special education programs for students with disabilities that maximizes resources and are compliant with State and federal regulations?
- Does the District provide effective and efficient programs to meet the needs of at-risk students?
- Does the District provide an appropriate range of accelerated programs?
- Does the District provide effective and efficient workforce development programs that meet the needs and expectations of the community?

Facilities

- Does the District use appropriate performance and cost-efficiency measures and interpretive benchmarks to evaluate each function and does it use these in management decision-making?
- Has the District established procedures and staff performance standards to ensure efficient operations?
- Is the District's custodial and maintenance staffing comparable to best practices?

- Does the District provide a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety?
- Are District energy management practices comparable to best practices?
- Are the District's facility management and planning practices comparable to best practices?
- Does the maintenance and operations department have a system for prioritizing maintenance needs uniformly throughout the District?

Transportation

- How does the District's transportation policy and procedures compare with best practices and impact operations?
- How does the District's yellow bus service compare with peer districts and industry standards?
- How can the District improve the accuracy and reliability of its transportation data?
- How can the District improve its operating efficiency?
- How can the District improve the cost effectiveness of transportation operations through improved human resource management?
- Does the District have sufficient controls in place to ensure the security of its fuel?
- How does the District ensure it gets the best value when purchasing transportation related items?
- Is the District effectively managing its contracted transportation operations?

Food Service

- Is the current financial status of the District's food service operation positive?
- Has the District's food service program developed strategic or operational plans that are consistent with other District plans, the program budget, approved by the District, and supported by the operation's policies and procedures?

- Does the District have effective purchasing practices and are these practices sufficiently followed?
- Are the District's food service operations human resource allocation and management processes comparable to recommended practices and benchmarks?
- Are the District's food service information systems adequate and properly used?
- Does the District effectively monitor participation in free and reduced lunch programs?

Technology

- Is the District effectively planning and budgeting for its technology implementation?
- Does the District have policies and procedures in place to ensure cost-effective resolution of technology issues?
- Is technology support staff effectively and efficiently deployed?
- Is the District's technology infrastructure efficiently and effectively deployed?
- Is District hardware effectively and efficiently deployed?
- Is the District effectively and efficiently deploying software?
- Does the District adequately plan and budget for technology professional development for users?
- Does the District have effective network and physical asset security?
- Does the District use technology to improve communication?

This page intentionally left blank.

Financial Systems and Strategic Management

Background

This section focuses on the financial systems and strategic management functions within the Springfield Local School District (SLSD or the District). The purpose of this section is to analyze the current and future financial condition of SLSD, and examine District-wide management policies and procedures for the purpose of developing recommendations for improvements and identifying opportunities to increase efficiency. SLSD's five-year forecast was also analyzed to ensure that the projections reasonably represent future operational and financial conditions. **Appendix 1-A** provides a summary of the audit objectives for this section. SLSD's policies, procedures, and operations were evaluated against best practices, industry standards, operational benchmarks, and the average of ten peer districts¹ for the purpose of developing recommendations to improve efficiencies and business practices.

Financial History

The Ohio Department of Education (ODE) placed SLSD in fiscal caution effective October 18, 2006. SLSD's fiscal caution letter noted the possibility of the District ending FY 2006-07 in a deficit, as well as the potential for deficits in future years. In accordance with Ohio Revised Code (ORC) § 3316.03 1(C), SLSD was required to submit a financial recovery plan addressing the projected deficits. This financial recovery plan was to be submitted no later than December 4, 2006; however, SLSD was unable to submit an acceptable financial recovery plan. As a result, ODE requested that the Auditor of State (AOS) place SLSD in either fiscal watch or fiscal emergency.

AOS declared SLSD to be in a state of fiscal watch under ORC § 3316.03 (A) (3) on February 8, 2007, after a review of ODE's request and based on SLSD's October, 2006 five-year forecast, which included deficits of approximately \$1.9 and \$4.7 million for FYs ending June 30, 2007 and 2008, respectively. On February 26, 2007, SLSD's Superintendent submitted a letter to ODE stating that the District was unable to submit an acceptable financial recovery plan and anticipated being placed in fiscal emergency. On May 16, 2007, AOS placed SLSD in fiscal emergency as a result of the District's inability to develop an acceptable financial recovery plan. At the time it was placed in fiscal emergency, the District's FY 2006-07 deficit, as certified by AOS Local Government Services, was approximately \$1.9 million.

¹ See the **executive summary** for a description of the 10 peer average used as a benchmark throughout this report.

SLSD had formerly been placed in fiscal emergency on February 11, 2000 but was able to submit a financial recovery plan to address its deficit and was fully removed from fiscal emergency effective July 10, 2001. The rapid turn-around in SLSD's finances was chiefly the result of District voters passing renewal levies and a new emergency levy during FY 1999-00. SLSD did not implement most of the recommendations contained in the 2000 Performance Audit (see **Appendix 2-A**), which AOS conducted in response to the District's financial distress. Implementation of the recommendations would have allowed SLSD to address its financial condition over the forecast period without the aid of any new levy funds. Because it did not implement the 2000 Performance Audit recommendations and continued to make expenditures that exceeded its revenues, SLSD has been placed in fiscal emergency for the second time in seven years.

Treasurer's Office Staffing

The Treasurer's Office consists of five full-time equivalent (FTE) employees, including the Treasurer and four account clerks: Accounts Payable, Payroll/Health Benefits/Workers' Compensation/Staff Education Management Information System (EMIS), Student Activity, and Payroll. The Treasurer is primarily responsible for managing and tracking SLSD's revenue and expenditures, developing the annual tax budget, preparing financial statements, and maintaining the five-year forecast. SLSD's Account Clerk (Accounts Payable) is primarily responsible for oversight of the District's purchasing function. The Account Clerk (Payroll/Health Benefits/Workers' Compensation/Staff EMIS) is primarily responsible for maintaining accurate personnel information for all SLSD employees. The Account Clerk (Student Activity) handles all purchases and financial activity of SLSD's student activity funds. The Account Clerk (Payroll) is primarily responsible for preparing SLSD's payroll. In general, the Treasurer's Office organizational structure, span of control, and separation of duties are appropriate and effective for the size of the District.

Financial Condition

SLSD operates with a total tax rate of 45.03 mills². Between May 2006 and August 2007, the District placed a new five-year 9.48 mill emergency levy before the voters five times; however, the voters rejected each new levy request. The financial forecast presented in **Table 2-1** represents the Treasurer's projections of present and future financial conditions at the time of the audit engagement.

² SLSD's millage consists of 5.5 mills inside (un-voted), 24 mills continuing operating, 7 mills current expense with a last year of collection in 2009, 3.18 mills emergency with a last year of collection in 2010, 3.38 mills emergency with a last year of collection in 2009, and 1.97 mills emergency with a last year of collection in 2009. SLSD is at the 20 mill floor.

Table 2-1: SLSD Five-Year Forecast (in 000's)

	Actual			Forecasted				
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Revenues:								
General Property (Real Estate)	\$9,597	\$9,630	\$10,180	\$10,635	\$10,850	\$11,285	\$11,715	\$9,890
Tangible Personal Property Tax	\$2,789	\$2,727	\$2,752	\$2,049	\$1,574	\$1,172	\$0	\$0
Unrestricted Grants-in-Aid	\$8,105	\$8,399	\$8,194	\$8,180	\$8,180	\$8,180	\$8,180	\$8,180
Restricted Grants-in-Aid	\$193	\$224	\$309	\$825	\$825	\$825	\$825	\$825
Property Tax Allocation	\$1,292	\$1,306	\$1,403	\$2,174	\$2,548	\$2,950	\$4,122	\$4,122
All Other Operating Revenue	\$2,865	\$3,112	\$2,669	\$2,795	\$2,700	\$2,700	\$2,700	\$2,700
Total Revenue	\$24,842	\$25,398	\$25,506	\$26,658	\$26,677	\$27,112	\$27,542	\$25,717
Proceeds from Sale of Notes	\$0	\$0	\$0	\$1,667	\$0	\$0	\$0	\$0
Advances-In	\$47	\$170	\$154	\$133	\$130	\$130	\$130	\$130
All Other Financial Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources	\$47	\$171	\$154	\$1,800	\$130	\$130	\$130	\$130
Total Revenues and Other Financing Sources	\$24,889	\$25,569	\$25,660	\$28,458	\$26,807	\$27,242	\$27,672	\$25,847
Expenditures:								
Personnel Services	\$14,350	\$15,275	\$15,723	\$15,734	\$14,670	\$14,674	\$15,278	\$15,582
Employees' Retirement/Insurance Benefits	\$4,515	\$4,927	\$5,289	\$6,410	\$5,975	\$6,175	\$6,375	\$6,575
Purchased Services	\$4,242	\$4,701	\$5,099	\$5,184	\$5,300	\$5,460	\$5,625	\$5,790
Supplies and Materials	\$899	\$850	\$690	\$621	\$600	\$600	\$600	\$600
Capital Outlay	\$94	\$192	\$58	\$60	\$60	\$60	\$60	\$60
Debt Service ¹	\$98	\$98	\$98	\$1,844	\$98	\$98	\$98	\$98
Other Objects	\$673	\$488	\$691	\$738	\$732	\$753	\$776	\$799
Total Expenditures	\$24,871	\$26,532	\$27,648	\$30,591	\$27,435	\$27,820	\$28,812	\$29,503
Operational Transfers – Out	\$25	\$44	\$0	\$0	\$0	\$0	\$0	\$0
Advances – Out	\$170	\$154	\$133	\$130	\$130	\$130	\$130	\$130
Total Other Financing Uses	\$195	\$198	\$133	\$130	\$130	\$130	\$130	\$130
Total Expenditure and Other Financing Uses	\$25,066	\$26,730	\$27,781	\$30,721	\$27,565	\$27,950	\$28,942	\$29,633
Excess Revenue & Other Financing Sources over(under) Expenditures & Other Financing	(\$177)	(\$1,161)	(\$2,121)	(\$2,263)	(\$758)	(\$708)	(\$1,270)	(\$3,786)
Beginning Cash Balance	\$4,152	\$3,975	\$2,813	\$692	(\$1,571)	(\$2,328)	(\$3,036)	(\$4,306)
Ending Cash Balance	\$3,975	\$2,813	\$692	(\$1,571)	(\$2,328)	(\$3,036)	(\$4,306)	(\$8,092)
Outstanding Encumbrances	\$386	\$323	\$258	\$250	\$250	\$250	\$250	\$250
Capital improvements	\$0	\$0	\$0	\$38	\$0	\$0	\$0	\$0
Budget Reserve	\$108	\$108	\$108	\$0	\$0	\$0	\$0	\$0
DPIA	\$18	\$21	\$92	\$53	\$53	\$53	\$53	\$53
Total Reservations	\$126	\$129	\$200	\$91	\$53	\$53	\$53	\$53
Fund Balance June 30 for Certification of Appropriations	\$3,464	\$2,361	\$234	(\$1,912)	(\$2,631)	(\$3,339)	(\$4,609)	(\$8,395)
Property Tax - Renewal or Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,059
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,059
Fund Balance June 30 for Certification of Contracts, Salary Schedule, Other Obligations	\$3,464	\$2,361	\$234	(\$1,912)	(\$2,631)	(\$3,339)	(\$4,609)	(\$6,336)
Unreserved Fund Balance June 30	\$3,464	\$2,361	\$234	(\$1,912)	(\$2,631)	(\$3,339)	(\$4,609)	(\$6,336)

Source: SLSD FY 2006-07 May forecast

Note: Totals may vary due to rounding.

¹ Debt Service includes: principal-notes, House Bill (H.B.) 264 loans, and interest and fiscal charges.

SLSD's financial forecast in **Table 2-1** presents projected revenues, expenditures, and ending fund balances for the General Fund and all other forecast funds for each of the FYs ending June 30, 2007 through June 30, 2011. According to the FY 2006-07 five-year forecast, SLSD's year-end projected deficit as a percentage of the prior year's total operating revenue is 7.5 percent in FY 2006-07 and rises to 30.4 percent by FY 2010-11. This is caused by an accelerating projected operating loss of approximately \$1.9 million in FY 2006-07, \$2.6 million in FY 2007-08, \$3.3 million in FY 2008-09, \$4.6 million in FY 2009-10, and \$6.3 million in FY 2010-11.

By its nature, forecasting requires estimates of future events, and therefore, differences between projected and actual results are common, as circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time the projections are prepared. AOS analyzed historical forecast amounts and determined that SLSD's FY 2006-07 forecast correctly represents the District's revenues and expenditures for the past three FYs. In addition, AOS analyzed several major line items and, in some cases, found that the assumptions, methodology, and projections for these line items presented an unlikely estimate of SLSD's future financial condition. In areas warranting reconsideration, projections were revised and were applied to the adjusted forecast presented in **Table 2-12**. For detailed analysis on these line items see **R2.5** through **R2.9**. In addition, the line item for unrestricted grants-in-aid could not be accurately re-forecasted during the course of the audit as the State per pupil funding formula had not been approved. Therefore, it is discussed in the *subsequent events* contained in the **executive summary**.

Financial Operations

Revenues and Expenditures per Pupil³

SLSD's allocation of resources between the District's various functions is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be continually evaluated and prioritized. Outside of its forecast, which warrants revisions in some areas, SLSD has not engaged in strong strategic planning and management practices. Strategic planning (see **R2.1** and **R2.2**) could increase operational efficiencies and improve the overall accuracy of the forecast. Performance measurement (see **R2.3**) would help SLSD better understand the effects of its resource allocations. Finally, stronger policies and procedures (see **R2.4**) would help it better manage its financial and operational processes.

³ For the purposes of this section of the performance audit, per pupil is based on SLSD's formula average daily membership (ADM) as calculated by ODE and published on the District's FY 2005-06 final SF-3 report. ADM is calculated using SLSD's October headcount information as submitted to ODE.

Table 2-2 compares SLSD's General Fund revenues and expenditures as a percent of total to the peer average. While **Table 2-2** is an analysis of SLSD's General Fund only, the District attempts to maximize non-General Fund program resources through a diverse grant seeking approach. In addition, SLSD charges a facility use fee that reimburses the District for expenses related to non-educational building use.

Table 2-2: FY 2005-06 Revenues and Expenditures as a Percent of Total

	SLSD	Peer Average
Property & Income Tax	50.5%	50.2%
Intergovernmental Revenues	38.5%	40.9%
Other Revenues	11.0%	8.9%
Total Revenue	\$25,389,297	\$16,035,893
Wages	56.6%	58.2%
Fringe Benefits	19.2%	21.4%
Purchased Service	18.5%	12.0%
Supplies & Textbooks	2.5%	2.9%
Capital Outlays	0.2%	0.9%
Miscellaneous	2.5%	2.1%
Other Financing Uses	0.5%	2.4%
Total Expenditures	\$27,580,745	\$15,412,002

Source: SLSD and peers

As shown in **Table 2-2**, SLSD's FY 2005-06 total revenues were weighted toward property and income tax sources and closely mirrored that of the peer average. SLSD's revenue funding source balance indicates that the District is reliant on the passage of levies in order to ensure continued funding stability. **Table 2-3** compares SLSD's revenues and expenditures per pupil to the peer average.

Table 2-3: FY 2005-06 Revenues and Expenditures per Pupil

	SLSD	Peer Average	SLSD to Peer Avg. Difference	SLSD to Peer Avg. Percent Difference
Pupils	2,732	1,963	769	39.2%
Property & Income Tax	\$4,697	\$4,174	\$523	12.5%
Intergovernmental Revenues	\$3,577	\$3,418	\$159	4.7%
Other Revenues	\$1,019	\$807	\$212	26.3%
Total Revenue	\$9,293	\$8,400	\$894	10.6%
Salaries & Wages	\$5,718	\$4,658	\$1,059	22.7%
Fringe Benefits	\$1,936	\$1,714	\$221	12.9%
Purchased Service	\$1,867	\$961	\$905	94.2%
Supplies & Textbooks	\$252	\$237	\$15	6.4%
Capital Outlays	\$21	\$75	(\$54)	(71.5%)
Debt Service	\$0	\$1	(\$1)	(100.0%)
Miscellaneous	\$253	\$168	\$84	50.1%
Other Financing Uses	\$49	\$224	(\$175)	(78.2%)
Total Expenditures	\$10,095	\$8,040	\$2,056	25.6%

Source: SLSD and peers

Note: Totals may vary due to rounding.

As shown by **Table 2-3**, SLSD's total revenue and total expenditures per pupil substantially exceed the peer average. SLSD's total expenditures per pupil exceed total revenues per pupil by approximately \$802 indicating that the District, in its effort to improve academic performance, has not adequately monitored and controlled its expenditures with respect to availability of funds. The following expenditure categories for SLSD were significantly higher than the peer average:

- **Salaries and wages** which are attributed to high levels of compensation offered to District personnel and overstaffing in some areas (see **human resources**).
- **Fringe benefits** which reflect generous insurance coverage and low employee contribution percentages (see **human resources**).

- **Purchased services** which reflect non-discretionary tuition expenditures of about \$2.4 million, natural gas utility costs which were almost double the peer average, and contracted transportation services from Laidlaw International, Inc. in the amount of \$697,000 (see **transportation**).⁴
- **Miscellaneous expenditures** are attributed, in part, to dues and fees in the amount of \$402,000 (\$241 per pupil) for services purchased from the Summit County Educational Service Center (Summit County ESC). An additional \$200,000 in Summit County Auditor and Treasurer fees is also included in this line item.

Governmental Expenditures

Table 2-4 compares SLSD's governmental fund expenditures per pupil by function to the peer average.

⁴ None of the peers contracted for transportation services in FY 2005-06. SLSD has lower capital outlay costs than the peer average because it does not directly purchase buses. Instead it pays for new buses through its transportation contract.

Table 2-4: FY 2005-06 Governmental Expenditures by Function

	SLSD		Peer Average		SLSD to Peer Average Difference	
	\$ Per Pupil	% of Exp.	\$ Per Pupil	% of Exp.	Cost Difference	Percent Difference
Pupils	2,732		1,963		769	
Instructional Expenditures:	\$6,812	63.0%	\$5,206	59.7%	\$1,606	30.8%
Regular Instruction	\$4,510	41.7%	\$4,061	46.6%	\$449	11.1%
Special Instruction	\$1,414	13.1%	\$864	9.9%	\$550	63.7%
Vocational Education	\$184	1.7%	\$90	1.0%	\$94	104.4%
Other Instruction	\$704	6.5%	\$191	2.2%	\$513	268.6%
Support Service Expenditures:	\$3,698	34.2%	\$3,112	35.6%	\$586	18.8%
Pupil Support Services	\$617	5.7%	\$420	4.9%	\$197	46.9%
Instructional Support Services	\$367	3.4%	\$316	3.6%	\$51	16.1%
Board of Education	\$18	0.2%	\$27	0.3%	(\$9)	(33.3%)
Administration	\$693	6.4%	\$696	8.0%	(\$3)	(0.4%)
Fiscal Services	\$220	2.0%	\$258	2.9%	(\$38)	(14.7%)
Business Services	\$41	0.4%	\$21	0.2%	\$20	95.2%
Plant Operation & Maintenance	\$1,039	9.6%	\$939	10.7%	\$100	10.6%
Pupil Transportation	\$672	6.2%	\$379	4.3%	\$293	77.3%
Central Support Services	\$32	0.3%	\$57	0.6%	(\$25)	(43.9%)
Non-Instructional Services Expenditures	\$3	0.0%	\$57	0.7%	(\$54)	(94.7%)
Extracurricular Activities Expenditures	\$304	2.8%	\$350	4.0%	(\$46)	(13.1%)
Total Governmental Fund Operational Expenditures	\$10,817	100.0%	\$8,725	100.0%	\$2,092	24.0%

Source: SLSD and peers

Note: Percentages may vary due to rounding.

As shown in **Table 2-4**, SLSD's governmental fund expenditures exceed the peer average in the major categories of instructional, support, and total expenditures. Within instructional expenditures, SLSD was significantly higher than the peer average for all categories of expenditure. It should be noted that since FY 1999-00, SLSD's local district report cards show a significant improvement in the number of State indicators met and an increase in the performance index score. Within support service expenditures, SLSD was significantly higher than the peer average for pupil support services, instructional support services, business services, plant operation and maintenance, and pupil transportation. The greatest difference was pupil transportation in which SLSD's expenditure per pupil nearly doubled that of the peer average (see **transportation**). In general, **Table 2-4** shows that SLSD tends to allocate funding in an

inefficient manner which could be a result of its lack of a District-wide strategic plan (see **R2.1**). Targeted spending based on a District-wide strategic plan would help SLSD to bring expenditures per pupil more closely in line with the peer average.

Discretionary Expenditures

Table 2-5 compares SLSD's discretionary expenditures per pupil to the peer average. Discretionary expenditures include purchased services, supplies and materials, capital outlay, and other expenditures. As most expenditures related to school operations are governed by collective bargaining agreements and other contracts, the District is able to exercise the most control over the expenditures designated as "discretionary."

Table 2-5: FY 2005-06 Discretionary Expenditures Comparison

Expenditure Category	SLSD		Peer Average		SLSD to Peer Average Difference	
	\$ Per Pupil	% of Exp.	\$ Per Pupil	% of Exp.	Cost Difference	% Difference
Pupils	2,732		1,963		769	
Prof. and Technical Service	\$141	1.4%	\$150	1.9%	(\$8)	(5.6%)
Property Services	\$117	1.2%	\$149	1.8%	(\$32)	(21.3%)
Mileage/Meeting Expense	\$49	0.5%	\$10	0.1%	\$39	369.5%
Communications	\$33	0.3%	\$25	0.3%	\$8	33.9%
Contract, Craft or Trade Service	\$7	0.1%	\$2	0.0%	\$5	224.2%
Pupil Transportation	\$20	0.2%	\$15	0.2%	\$4	26.5%
Other Purchased Services	\$299	3.0%	\$13	0.2%	\$285	2,171.3%
General Supplies	\$81	0.8%	\$89	1.1%	(\$7)	(8.4%)
Textbooks/Reference Materials	\$71	0.7%	\$42	0.5%	\$29	68.9%
Supplies & Materials for Resale	\$0	0.0%	\$2	0.0%	(\$2)	(100.0%)
Plant Maintenance and Repair	\$45	0.5%	\$45	0.6%	\$0	0.1%
Fleet Maintenance and Repair	\$55	0.6%	\$56	0.7%	(\$1)	(1.7%)
Other Supplies & Materials	\$0	0.0%	\$3	0.0%	(\$3)	(98.9%)
Land, Building & Improvements	\$0	0.0%	\$7	0.1%	(\$7)	(100.0%)
Equipment	\$21	0.2%	\$45	0.5%	(\$24)	(52.6%)
Buses/Vehicles	\$0	0.0%	\$21	0.3%	(\$21)	(100.0%)
Other Capital Outlay	\$0	0.0%	\$2	0.0%	(\$2)	(100.0%)
Dues and Fees	\$241	2.4%	\$148	1.8%	\$94	63.3%
Insurance	\$9	0.1%	\$11	0.1%	(\$3)	(22.9%)
Awards and Prizes	\$2	0.0%	\$0	0.0%	\$2	579.7%
Miscellaneous	\$0	0.0%	\$6	0.1%	(\$6)	(100.0%)
Total	\$1,191	11.8%	\$842	10.4%	\$350	41.6%

Source: SLSD and peers

Note: Totals and percentages may vary due to rounding.

As shown by **Table 2-5**, SLSD's discretionary expenditures per pupil were higher than the peer average. There were several items for which SLSD's expenditures were significantly higher than those of the peer average including:

- **Mileage/meeting** – Expenditures for this category are primarily attributed to parity aide purchased services (43 percent of the expenditure category total). In FY 2005-06, parity aide purchased services consisted of a number of professional development services, meeting related expenses, and services contracted from the Summit County ESC.

- **Communications** – Expenditures for this category can be primarily attributed to SLSD’s telephone service expenditures (84 percent of total communications expenditures). SLSD uses internet telephony (see **technology**), an industry recommended system, but it is costing the District more than the peers because of the number of T-1 lines used for this purpose.
- **Contract, Craft, or Trade Service** – Expenditures for this category are attributed to SLSD’s printing expenditures. Total expenditures were approximately \$18,000 in FY 2005-06.
- **Pupil Transportation** – Expenditures for this category can be primarily attributed to student transportation (parents) and transportation services for special education students (see **transportation**).
- **Other Purchased Services** – Expenditures for this category can be primarily attributed to contracted transportation services (see **transportation**).
- **Textbooks/reference materials** – Expenditures for this category reflect SLSD’s required textbook set-aside expenditures.
- **Dues and Fees** – Expenditures in this category include payments to the Summit County ESC (see **human resources**) and Summit County Auditor and Treasurer fees.
- **Awards and Prizes** – Expenditures for this category include scholarship and student award expenditures which are not material to SLSD’s operations.

Performance Audit Follow-up

In 2000, AOS completed a performance audit of SLSD in response to the District's financial condition and placement into fiscal emergency. Shortly after being placed in fiscal emergency, SLSD passed an emergency operating levy and key renewal levies. As a result, it was removed from fiscal emergency after only 15 months.

As a follow-up to the 2000 Performance Audit, this section reviewed the previous recommendations and SLSD's operations during the audit period to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 2-A** with references, where pertinent, throughout the section. Of the nine recommendations contained in the 2000 Performance Audit, SLSD fully implemented two recommendations, partially implemented one recommendation, and did not implement four recommendations.⁵ Five recommendations from the 2000 Performance Audit were re-issued in this performance audit.

⁵ Two recommendations were assessed in **food service**.

Recommendations

R2.1 SLSD should develop a District-wide strategic plan integrating academic program and business operations so that it can better assure long-term stability in areas of critical operations (e.g., academic programming). Strategic planning will help SLSD better prepare for future expenditures and, over time, direct its resources to programs and operations that demonstrate effectiveness. Finally, strategic planning will link District goals with available resources and ensure that expenditures are made in accordance with SLSD's future vision.

SLSD's formal annual planning efforts have been focused on the development of the District's comprehensive continuous improvement plan (CCIP) which is required by ODE. SLSD develops its CCIP using the Continuous Improvement Planning Initiative Summary Report which allows each building's planning team to identify a core committee, type of data reviewed, program strengths, opportunities for improvement (goals), and strategies for reaching those goals. Each building committee is then responsible for creating a plan which is sent to the Director of Curriculum and Instruction for use in creating the District's CCIP.

Although the CCIP helps SLSD direct its resources for its academic programs, the District has not incorporated its business operations, like facility maintenance and transportation, into its strategic plan. The academic emphasis of the CCIP precludes SLSD from incorporating goals, objectives, and action steps for other facets of its operations. For example, Board goals are not included and, in the AOS survey, 26 percent of employees disagreed or strongly disagreed when asked to respond to the statement "I am aware of the Board of Education's achievement goals" (see **Appendix 3-A in human resources**).

Recommended Practice on the Establishment of Strategic Plans (Government Finance Officers Association (GFOA), 2005) suggests that all governments develop a strategic plan in order to provide a long-term perspective for service delivery and budgeting, thus establishing logical links between spending and goals. The focus of the strategic plan should be on aligning organizational resources to bridge the gap between present conditions and the envisioned future. The organization's objectives for a strategic plan will help determine how the resources available can be tied to the future goals. An important complement to the strategic planning process is the preparation of a long-term financial plan (the five-year forecast), prepared concurrently with the strategic plan. Each of these plans should address SLSD's proposed direction for its classroom instruction, staffing, maintenance and operations, transportation, technology, and food service operations over the long-term.

Without a comprehensive strategic plan to tie all program needs together, including budgetary and educational goals, SLSD is not be able to identify and understand the relationship between its spending decisions and program outcomes. Therefore, SLSD might have a greater risk of under or over-funding particular programs relative to other District needs. A single planning document could also have the effect of increasing the efficiency of SLSD's expenditures through tighter budgetary controls.

SLSD would be able to increase efficiency and financial accountability throughout the District with the development of and adherence to a comprehensive strategic plan. The ability to focus limited resources using a District-wide strategic plan and corresponding departmental and program plans should allow for a more efficient and effective use of revenues. In addition to a District-wide strategic plan, AOS has also identified several additional detailed, subordinate plans that SLSD has not developed or implemented (see R2.2).

R2.2 As a component of a District-wide strategic plan, SLSD should develop or update the following planning documents:

- **A comprehensive facilities master plan;**
- **A food service strategic plan;**
- **A preventive maintenance plan;**
- **A technology plan; and**
- **A technology disaster recovery plan.⁶**

Taken together, these plans represent a sub-set of strategic and long-range planning elements. By developing and implementing these planning documents, the District will be better prepared to maintain its capital assets over time. Furthermore, SLSD would be able to forecast expenditures more accurately in its Permanent Improvement and Food Service Funds. Increased planning of expenditures would help SLSD to prioritize its goals and allocate appropriate resources to achieve key objectives.

SLSD has not developed long-range plans in several key areas of operations. Long-range plans address only academic programs and neglect the District's investment in facilities and technology. Likewise, enterprise operations, like the District's food service function, are not included in its planning efforts. Long-range plans serve as a critical building

⁶ Disaster recovery planning is the process an organization uses to prepare for events that disrupt normal operations. A disaster recovery plan, also called a business resumption plan, incorporates the actions an organization anticipates taking when normal operations are disrupted. The main objective of such planning is to help an organization survive a disaster and to guide the organization in resuming normal business operations.

block for the management of District resources. Recommended planning elements in several key operational areas are shown below:

- **Comprehensive facilities master plan:** SLSD should follow *Creating a Successful Facilities Master Plan* (DeJong, 2001) guidelines and develop a facilities master plan containing information on SLSD's five-year capital improvements projects, preventative maintenance projects, and capital improvement expenditures. The facilities master plan should also include continuously updated facilities assessment information to facilitate the maintenance of overall health and safety conditions. Finally, SLSD's facilities master plan should contain an up-to-date enrollment projection and capacity analysis for all District buildings (see **R4.6** in **facilities**). **A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A).**

- **Food service strategic plan:** SLSD should use the Texas School Performance Review suggestions as a model in developing planning documents for its food service operation. Recommended elements include:
 - Food Service strategic plan, mission and goals;
 - Budget planning documents;
 - Management reports; and
 - Survey information.

- **Preventive maintenance plan for facilities operations and food service functions:** SLSD should use the recommendations contained in the Minnesota Office of the Legislative Auditor (OLA) *Preventative Maintenance for Local Government Buildings* (2000) and *School Foodservice Management for the 21st Century* (Pannell-Martin, 1999) to develop its preventive maintenance program. OLA identifies seven critical strategies for developing a preventive maintenance plan:
 - Inventory building components and assess their conditions;
 - Ranking maintenance projects and evaluating the costs;
 - Plan strategically for preventative maintenance in the long- and short-term;
 - Structure a framework for operating a preventative maintenance program;
 - Use tools to optimize the preventative maintenance program;
 - Advance the competence of maintenance workers and managers; and

- Involve appropriate maintenance personnel in decision making and communicating buildings' needs.⁷

Additionally, regular preventative maintenance schedules can make emergency calls rare and can save money for the District in the long run. Without such plans, SLSD is vulnerable to equipment failures and costly replacements (see **R4.10 in facilities**).

- **A technology plan:** SLSD should improve its technology plan by better linking it to the District's annual budget and including technology resource allocation, goals, strategies, and appropriate measures to integrate both the academic and operational aspects of the technology function (see **R7.1 in technology**).
- **A technology disaster recovery plan:** SLSD should use the elements included in *Safeguarding Your Technology* (National Center for Education Statistics (NCES), 1998) to develop its disaster recovery plan. SLSD should approve, implement, and update annually a disaster recovery plan based on the elements of a disaster recovery plan as outlined by NCES.

Development of these strategic and long-term planning documents would allow SLSD to forecast expenditures more accurately in its Permanent Improvement and Food Service Funds. Increased planning of expenditures would help SLSD to prioritize its goals and allocate its resources to achieve key objectives. Ultimately, development of these plans would help direct departmental expenditures in a manner consistent with the District-wide strategic plan while eliminating much of the inefficient use of resources associated with unplanned repair and replacement of equipment.

R2.3 SLSD should develop internal performance measures for all areas of District operations that are consistent with educational and budgetary goals. Progress toward meeting each performance measure should be documented, communicated to all stakeholders, and taken into account when determining District funding priorities. The development and implementation of a system of performance measures should allow SLSD to promote positive program changes while at the same time increasing the District's sense of accountability.

SLSD uses its CCIP to benchmark the District's year-to-year educational programs and operations. SLSD does not formally benchmark or analyze operational expenditures or non-academic program performance against best practices and peer districts. SLSD administrators are aware of how the District compares to the ODE peer districts on a cost

⁷ Food service operations can tailor the above elements to meet the unique needs of the program. Areas for consideration include: exhaust systems, cooking equipment, hot water inspection, grease removal, and refrigeration and sanitation equipment. A record should be kept on each piece of equipment that will track the service calls, the cost of the maintenance, and the overall condition of the piece of equipment.

per pupil basis and how District salaries compare to surrounding districts within Summit County. Furthermore, SLSD contracts for transportation services from Laidlaw International, Inc. but does not evaluate the performance of this contract through the use of benchmarks (see also **transportation**).

Best Practices in Public Budgeting (GFOA, 2000) recommends that a government periodically evaluates the performance of the programs and services it provides. Performance measures, including efficiency and effectiveness, should be presented in basic budget materials, including the operating budget, 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. More formal reviews and documentation of those reviews should be carried out as part of the overall planning, decision-making, and budget process.

Specifically related to contract services, the National State Auditors Association recommends that, once the decision to contract has been made, the agency should develop performance requirements that will hold vendors accountable for the delivery of quality services. The performance requirements should:

- Clearly state the services expected;
- Clearly define performance standards and measurable outcomes;
- Identify how vendor performance will be evaluated;
- Include positive and negative performance incentives;
- Identify the staff who will monitor vendor performance;
- Ensure that sufficient staff resources are available to monitor contract properly; and
- Clearly define the procedures to be followed if, during the course of performance of a service contract, unanticipated work arises during the contract.⁸

Agencies should prepare regular reports of key performance measures, with in-depth evaluations or reviews conducted once every several years. Furthermore, program performance information should be available during the budget process and should be used to guide decisions on resource allocation. Regardless of whether the program is provided by government employees or contracted out, the reporting and evaluation process should be similar.

SLSD's failure to monitor and follow-up on performance analyses has limited its cost effectiveness in several areas. Inefficient and ineffective operations have contributed, in part, to its significant operating deficits. Similarly, evaluating and reporting on program

⁸ *Contracting for Services*, 2003.

performance on a routine basis keeps stakeholders apprised of actual results compared to expectations. Because SLSD has not reported on the performance of its operations, it has raised public skepticism about the efficiency of its operations.

R2.4 SLSD should ensure that it develops and maintains clear policies and procedures in several areas of District operations. Complete and up-to-date policies and procedures help to ensure SLSD’s administration, employees, and extra-organizational stakeholders have a clear understanding of the District’s official position on all operational areas. Furthermore, comprehensive policies and procedures serve as a readily available resource for SLSD’s accepted and approved approach to all day-to-day operations.

Although SLSD has developed and implemented policies and procedures in several operational areas, well defined financial and purchasing policies and procedures have not been implemented. Furthermore, the District has not implemented regimented procedures for several business operations including transportation, food service, and technology. The absence of formal policies and procedures limits the guidance provided to administrators and staff by the Board and increases variability and the likelihood of internal control failures in these areas. Written procedures would help SLSD ensure that critical institutional knowledge is distributed among its employees and preserved for future administrators.

Areas identified as lacking in formal policies and procedures, as well as recommended components and resources, are listed below:

- **A comprehensive set of financial policies** which are tied to organizational goals and which ensure accountability over District resources (*Best Practices in Public Budgeting* (GFOA, 2000)). These policies should include:
 - **A purchasing policies and procedures handbook** describing its purchasing policies and procedures, as well as timelines in the purchasing process (*The Financial Accountability System Resource Guide* (Texas Education Agency, 2004));
 - **A financial forecasting policy** that outlines preparation timetables, forecast assumptions and methodology, and the process for updating an existing forecast. In addition, the forecasting policy should list all participants in the forecasting process and include an outline for how and when those participants should review the forecast for accuracy (*Financial Forecasting in the Budget Preparation Process* (GFOA, 1999));

- **A comprehensive set of budgeting policies** which should be designed to formally gauge and address the District's and community needs; maintain compliance with District financial policies and State requirements; specify budget preparation and adoption procedures and timelines; develop and evaluate financial options; make choices necessary to adopt a budget; monitor, measure, and evaluate performance; and make budget adjustments as needed (*Best Practices in Public Budgeting* (GFOA, 2000)); and
- **An accounting policies and procedures manual** which delineates the authority to authorize transactions and the responsibility for the safekeeping of assets and records (*Documentation of Accounting Policies and Procedures* (GFOA, 2002)).
- **A District-wide ethics policy** that lists a number of general standards for ethical conduct as well as ethics requirements and penalties associated with compliance failure (Ohio Ethics Commission's model ethics policy).
- **Additional Transportation Policies** including:
 - **Transportation service level and hazardous area identification policies** that clearly articulate the level of service to be provided in the District as well as the procedure for identification and evaluation of hazardous areas (National Association of State Directors of Pupils Transportation Services, *Identification and Evaluation of School Bus Route and Hazard Marking Systems*, 1998 and ODE); and
 - **A policy and procedure for completing Transportation forms (T-forms)** that outlines the proper procedure for completing and submitting T-forms in accordance with ODE's *Form T-1 Instructions* (2005) and *Form T-2 Instructions* (2006). Development of this policy will help to ensure that reports are accurate, comply with ODE instructions, and are completed in a timely manner. Moreover, formal procedures will help to ensure that SLSD receives all State reimbursements for which it is eligible.
- **A food service policies and procedures manual** which includes standard operating procedures that communicate critical areas of department operations (The United States Department of Agriculture (USDA) *HACCP-Based Standard Operating Procedures*, 2005). Areas appropriate to include are board policies, cash control, receipt of goods, inventory procedures, food and supply ordering,

production record keeping, sanitation and food safety, employee safety, and emergency safety procedures.

- **A Technology Department policies and procedures manual** including hardware and software standards, formal procedures for purchasing software, equipment donation policy, responsibilities of support staff personnel, data backup and retention, and user responsibilities pertaining to security, internet usage, and email (*Innovative Solutions to Help Address the Issues and Challenges Facing Most Public School Districts* (Texas School Performance Review, 2003). Specific areas to emphasize are as follows:
 - **A technology standardization policy** which includes computer standards, minimum system requirements, supported software, and the District's purchasing policy (*Seven Cost-saving Strategies for the IT Funding Crunch* (Natsu, 2005));
 - **A technology equipment donation policy** outlining the age and minimum operating systems that will be accepted (*Seven Cost-Saving Strategies* (e-School News Online, 2003) and *Technology Support Index* (ISTE, 2005)); and
 - **A technology equipment disposal policy** to ensure that potentially hazardous wastes and sensitive digital records are disposed of properly (*Guide to Computer & Electronics Waste Reduction and Recycling* (Ohio EPA, 2005)).

By developing, approving, and implementing the above policies and procedures, SLSD would enhance its ability to implement performance measurement, planning, and strategic budgeting. In addition, many of these recommended policies and procedures can help to increase efficiency or to strengthen internal controls which can lead to reduced expenditures or more effective resource allocation. Furthermore, implementing recommended formal policies will mitigate some of the risk associated with relying too heavily on the discretion of District administrators and staff. In turn, decreased risk translates into an improved ability to accurately plan and project resource needs as variability is reduced. Finally, established procedures ensure that SLSD employees perform tasks in a manner consistent with the expectations of District administrators.

R2.5 SLSD should reforecast general property tax for all years of the forecast period to include the District's historical average percentage increase and reappraisal.⁹ SLSD has forecasted general property tax to account for the second half of the 2005 update but not for the 2008 reappraisal. By not accounting for reappraisal increases during the forecast period, SLSD has potentially presented an overly conservative estimate of future revenues which is not likely to reflect actual financial conditions. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A).

SLSD's last reappraisal occurred in 2002 and its last update occurred in 2005. The District's property taxes increased \$455,000 due to new construction and the 2005 update. The Treasurer's forecast assumptions state that FY 2006-07 real estate taxes are based on property valuations and effective millage amounts certified by the Summit County Auditor. FYs 2007-08 through 2010-11 show only slight (2 percent) increases in property valuation due to new construction and the 2008 reappraisal.

SLSD's forecast projects real estate taxes to increase approximately 4.5 percent from FY 2005-06 to FY 2006-07 (due to the 2005 update) and by an average of approximately 3 percent through the duration of the forecast period. However, SLSD has not completely accounted for the effect of the 2008 reappraisal on the District's FY 2008-09 and FY 2009-10 general property tax revenues.

Technical Bulletin 98-015 (AOS, 1998) states that property tax revenue estimates are usually based on historical growth patterns, including scheduled updates and reappraisals, and are substantiated by information provided for the upcoming fiscal year from the county auditor. Rates of assumed growth should be disclosed as well as update and reappraisal years. The property tax figures should be based on historical collection levels. An analysis of SLSD's historical general property tax revenues including updates and reappraisals determined that the District's historical general property tax revenues have increased by an average of 3.4 percent per year.

Table 2-6 shows SLSD's forecasted general property tax revenues over the duration of the forecast period as well as revised projections using historical trends.

Table 2-6: Revised General Property Tax (Real Estate) Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Original Projections	\$10,635,000	\$10,850,000	\$11,285,000	\$11,715,000	\$11,949,000
Revised Projections	\$10,635,000	\$10,996,590	\$11,370,474	\$11,757,070	\$12,156,811
Difference	NA	\$146,590	\$85,474	\$42,070	\$207,811

Source: SLSD FY 2006-07 Five-Year Forecast, SLSD REVLED and REVSUM reports

⁹ Property tax reappraisals are scheduled every six years with updates scheduled three years after each reappraisal.

The revised amounts result in a positive cumulative effect of \$481,945 and are shown in the financial recovery plan in **Table 2-12**.

R2.6 SLSD should use alternative scenarios when forecasting restricted grants-in-aid to better illustrate the effects of poverty-based assistance (PBA) on its ending fund balance.¹⁰ FY 2006-07 was the first year for which SLSD was eligible to receive PBA based on the District's index calculation and projecting this funding over the forecast period may be an overstatement of non-guaranteed revenues. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A).

In FY 2005-06, SLSD anticipated that it would receive PBA. However, it was not eligible for these funds and the resulting shortfall in revenue contributed substantially to its current financial condition. The District's May 2007 forecast projects restricted grants-in-aid to remain constant over the forecast and includes PBA for all years of the forecast period. Specifically, SLSD projects a significantly higher than historical restricted grants-in-aid amount for FY 2007-08 and beyond. This increase is based on the District's poverty index eligibility and anticipated receipt of approximately \$523,000 in all day kindergarten funding.

As a result of the uncertain nature of PBA funding, SLSD would benefit from developing alternative scenarios—one showing receipt of PBA, the other excluding these funds from the forecast. The District could take a similar approach in its planning documents, detailing programs and personnel that would be contingent on receipt of the funds. **Table 2-7** shows SLSD's original forecasted unrestricted grants-in-aid and the revised projections which exclude PBA.

Table 2-7: Revised Restricted Grants-In-Aid Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Original Projections	\$825,000	\$825,000	\$825,000	\$825,000	\$825,000
Revised Projections¹	\$825,543	\$241,954	\$257,348	\$273,758	\$291,252
Difference	\$543	(\$583,046)	(\$567,652)	(\$551,242)	(\$533,748)

Source: SLSD FY 2006-07 Five-Year Forecast, SLSD six year historical SF-3 reports and REVSUM financial information

Note: Average percentage difference represents FYs 2007-08 through FY 2010-11 only.

¹ SF-3 six-year historical career technical/adult education and poverty based assistance amounts were used as a baseline for the revised projection.

The revised amounts result in a negative cumulative effect of \$2.2 million and are shown in the financial recovery plan in **Table 2-12** to present a more conservative approach to projecting unpredictable revenues.¹¹

¹⁰ PBA is based on a poverty index calculation relative to all other Ohio school districts and is not guaranteed funding.

¹¹ The Treasurer has reported that SLSD will be eligible for PBA in FY 2007-08 as its poverty index increased. The District anticipates it will continue to receive PBA funding due to a decline in its enrollment.

R2.7 SLSD should revise its projections for personal services for all years of the forecast period to incorporate modest negotiated wage increases. SLSD has forecasted personal services to account for step increases only. Without including negotiated wage increases, SLSD is presenting an overly optimistic forecast scenario which is not likely to account for all future personal services obligations. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A). During negotiations, SLSD may wish to generate alternative scenarios to demonstrate the effect of negotiated wage increases on its ending fund balance.

SLSD's personal services expenditures include employees' wages, substitute costs, supplemental contracts, severance pay, and overtime. Personal services represented approximately 56.9 percent of the District's FY 2005-06 general operating expenditures, and are projected to be approximately 51.4 percent of FY 2006-07 general operating expenditures. Personal services increased by an average of 0.7 percent per year from FY 2003-04 to FY 2005-06 and are forecasted to remain relatively constant from FY 2005-06 to FY 2006-07. Thereafter, personal services are expected to decrease, on average, approximately 0.2 percent per year through FY 2010-11.

SLSD's FY 2006-07 forecast assumptions state that FY 2006-07 reflects the negotiated increases per the Board contract with employee groups using the current index and current District employees. FY 2007-08 through FY 2010-11 uses a blended average percentage step increase of approximately 2 percent. However, the May 2007 forecast does not include any negotiated wage increases in projected personal services over the forecast period and therefore does not present a likely estimate of future financial obligations.

In order to ensure that the effect of negotiated agreements is fully reflected, the projections have been revised to reflect a negotiated wage increase in addition to step increases. **Table 2-8** displays the impact on the District's forecast if the District were to maintain its step schedules and provide the same negotiated wage increases that were negotiated in prior bargaining agreements.

Table 2-8: Revised Personal Services Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Original Projections	\$15,734,000	\$14,670,000	\$14,674,000	\$15,278,000	\$15,582,000
Revised Projections ¹	\$15,734,000	\$15,490,703	\$16,321,435	\$17,259,377	\$18,258,310
Difference	N/A	\$820,703	\$1,647,435	\$1,981,377	\$2,676,310

Source: SLSD FY 2006-07 forecast and assumptions, FY 2007-08 personnel tables, and bargaining agreements

¹ Revised projections use SLSD's FY 2006-07 forecast amount as a base.

As shown by **Table 2-8**, step and negotiated wage increases similar to those granted in prior years would result in a negative cumulative effect of \$7.1 million. However, the District's generous salary schedule has contributed significantly to its current financial

difficulties (see **human resources**). Given SLSD's present financial status, it is unlikely the District can support the level of negotiated wage increase that it has given in the past.

In contrast, **Table 2-9** shows SLSD's original forecast projections with an alternative scenario which includes step increases and negotiated wage increases of 0 percent, 1 percent, 1 percent, and 2 percent in FY 2007-08 through FY 2010-11 (see also **R3.7**).

**Table 2-9: Revised Personal Services
Projections Assuming Limited Wage Increases**

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Original Projections	\$15,734,000	\$14,670,000	\$14,674,000	\$15,278,000	\$15,582,000
Revised Projections – Limited Increases¹	\$15,734,000	\$15,041,363	\$15,533,155	\$16,098,783	\$16,838,738
Difference	N/A	\$371,363	\$859,155	\$820,783	\$1,256,738

Source: SLSD FY 2006-07 forecast and assumptions, FY 2007-08 personnel tables, and bargaining agreements

¹Revised projections use SLSD's FY 2006-07 forecast amount as a base.

As shown by **Table 2-9**, revised projections for personal services using the more limited negotiated wage increases would result in a negative cumulative effect of only \$3.3 million, less than half the cumulative increase projected using historical trends. The revised amounts are shown in **Table 2-12** in the financial recovery plan.

R2.8 SLSD should revise its projections for employee retirement and insurance benefits (ERIB) for all years of the forecast period to better reflect historical trends and recent decreases in staffing levels. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A).

ERIB includes the cost of employee health insurance, retirement, Medicare, workers' compensation, life insurance, and dental insurance. ERIB represented approximately 19.1 percent of SLSD's FY 2005-06 general operating expenditures, and is projected to be approximately 21.0 percent of FY 2006-07 general operating expenditures. ERIB increased by an average of 8.2 percent from FY 2003-04 to FY 2005-06 and is forecasted to increase 21.2 percent in FY 2006-07. Thereafter, ERIB is projected to increase by an average 0.7 percent per year through FY 2010-11.

Although trend analysis suggests that 7 percent is an appropriate annual increase, staffing reductions have a considerable impact on ERIB amounts. SLSD's FY 2006-07 forecast assumptions state that, ERIB shows a 9 percent increase in State Teachers Retirement System, State Employees Retirement System, Medicare, Workers' Compensation and unemployment expenditures to reflect the step increases shown in salaries. A 15 percent increase was taken each year on hospitalization insurance. The District had two premium holidays in FY 2005-06 but anticipates no premium holiday in FY 2006-07. However, the

forecast only projects an increase of an average of 0.7 percent, reflecting lower than anticipated personnel expenditures.

Table 2-10 shows SLSD's original forecasted ERIB over the duration of the forecast period as well as a revised projection based on a 7 percent annual increase, but using remaining staff only.

Table 2-10: Revised ERIB Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Original Projections	\$6,410,000	\$5,975,000	\$6,175,000	\$6,375,000	\$6,575,000
Revised Projections ¹	\$6,410,000	\$5,385,007	\$5,745,577	\$6,006,468	\$6,536,566
Difference	N/A	(\$589,993)	(\$429,423)	(\$368,532)	(\$38,434)

Source: SLSD FY 2006-07 forecast and assumptions, FY 2007-08 personnel tables, and bargaining agreements

¹ AOS projections use SLSD's FY 2006-07 forecast amount as a base.

Using current staff and a higher annual increase to project forecast amounts results in a positive cumulative effect of \$1.4 million. These revised projections are shown in **Table 2-12**.

R2.9 SLSD should reforecast purchased services for all years over the forecast period to include the District's historical average percentage increase. SLSD has forecasted purchased services to account for a rate of increase which is lower than that which the District has actually experienced from FY 2001-02 through FY 2005-06. Therefore, SLSD is presenting an overly optimistic forecast which is not likely to account for all future purchased services obligations. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A).

Purchased services includes professional and technical services, property services, travel mileage and meeting expense, communications, electricity, water and sewage, gas, contract craft or trade services, tuition, pupil transportation, and other purchased services. In FY 2005-06, purchased services represented approximately 18.4 percent of SLSD's general operating expenditures, and are projected to be approximately 16.9 percent of FY 2006-07 general operating expenditures. The forecast assumes that FY 2006-07 purchased services will increase 3 percent based on prior inflationary increases.

Although SLSD assumes a 3 percent annual increase in purchased services, the District's actual historical percentage increase has been significantly higher. From FY 2001-02 through FY 2005-06, SLSD's purchased services have increased by an average of 11.4 percent per year. However, SLSD's FY 2006-07 purchased services are projected to increase by 1.7 percent from their FY 2005-06 levels. Factoring in this lower average increase brings SLSD's purchased services average increase to approximately 9.5 percent per year which is still significantly higher than the District's projected increase.

Table 2-11 shows SLSD's actual forecasted purchased services expenditures over the duration of the forecast period as well as revised projections based on a conservative 5 percent annual increase, assuming the District continues to control its spending.

Table 2-11: Revised Purchased Services Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Original Projections	\$5,184,000	\$5,300,000	\$5,460,000	\$5,625,000	\$5,790,000
Revised Projections ¹	\$5,184,000	\$5,443,200	\$5,715,360	\$6,001,128	\$6,301,184
Difference	N/A	\$143,200	\$255,360	\$376,128	\$511,184

Source: SLSD FY 2006-07 forecast and AOS revised percentage increase.

¹ AOS projections use SLSD's FY 2006-07 forecast amount as a base.

Using a conservative 5 percent annual increase, the revised projected forecast amounts results in a negative cumulative effect of \$1.3 million. These revised projections are shown in **Table 2-12**.

R2.10 SLSD should establish an audit committee to ensure a greater level of independent review and oversight of SLSD's financial reporting processes and internal controls. The audit committee should also be responsible for ensuring the resolution of financial audit and management letter citations. When determining the composition of the audit committee, SLSD should consider recruiting members from outside the District's employ as this composition would ensure a greater degree of independence.

SLSD does not have an audit committee, but the Treasurer indicated that if the District was issued a financial audit citation, he would be responsible for addressing the condition. *The Ohio Auditor of State's Best Practices* (AOS, 2005) recommends that audit committees include between three and seven members. The size of the audit committee should be commensurate with the size and complexity of the government. Similarly, the composition should include members external to the government. For example, the Columbus Public Schools (CPS) Audit Committee consists includes two community members: one is a business person; the other a partner with a certified public accountant firm with expertise in the governmental sector.

The GFOA notes that an audit committee is a practical means for a governing body to provide much needed independent review and oversight of the government's financial reporting processes, internal controls, and independent auditors. An audit committee also provides a forum separate from management, in which auditors and other interested parties can candidly discuss concerns. By effectively carrying out its functions and responsibilities, an audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to

objectively assess management's practices, and that the independent auditors, through their own review, objectively assess the government's financial reporting practices. Specifically, *Recommended Practice: Audit Committee* (GFOA, 2006) advises that:

- The governing body of every state and local government should establish an audit committee. The establishing resolution should prescribe the scope of the committee's responsibilities, as well as its structure, processes, and membership requirements. The audit committee should be adequately funded and should be authorized to engage the services of financial experts, legal counsel, and other appropriate specialist, as necessary to fulfill its responsibilities.
- The audit committee has a responsibility to provide independent review and oversight of a government's financial reporting processes, internal controls, and independent auditors. The audit committee should present annually to the full governing body, a written report of how it has discharged its duties and met its responsibilities. It is further recommended that this report be made public and be accompanied by the audit committee's establishing documentation.
- The audit committee should establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- The audit committee's effectiveness is dependent solely on the knowledge, skills, and abilities of its members. All audit committee members should possess or obtain a basic understanding of governmental financial reporting and auditing. Members of the audit committee should be educated regarding both the role of the audit committee and their personal responsibility as members, including their duty to exercise an appropriate degree of professional skepticism.

The GFOA recommends that all members of the audit committee should be members of the governing body. Further, no member who exercises managerial responsibilities that fall within the scope of the audit should serve as a member of the audit committee. In contrast, the *Treadway Report* (National Commission on Fraudulent Financial Reporting, 1985) recommends that the audit committee consist of members who are independent of the organization. SLSD would be well suited to blend the two member composition recommendations and convene an audit committee consisting of non-management District employees in addition to local community and business leaders. In doing so, the District would have a better opportunity to drawing on a pre-existing knowledge base.

Without a formal audit committee responsible for addressing financial audit citations and implementing the accompanying recommendations, SLSD may not be able to effectively address financial management and reporting issues. Establishing an audit committee

would allow SLSD to strengthen the District’s internal control environment and promote an independent and objective review of all District financial reporting.

R2.11 SLSD should develop a business partner program and manual and should engage this program on an ongoing basis instead of only at times when the District is seeking to pass a levy. If SLSD were to successfully develop and implement a business partner program, the District could increase community awareness of its needs and resources; open a dialogue between it and community or business groups; and better demonstrate the effectiveness of its educational programs.

Although SLSD’s primary communication forum is its Board meetings, it uses a variety of other methods to communicate with its community including the following:

- Televising Board meetings;
- Ensuring a discussion of financial matters at Board meetings;
- Using the local newspaper, *The Suburbanite*, to advertise about District matters;
- Hosting a school showcase; and
- Holding “State of the Schools” addresses.

SLSD also relies on a “very important person” community group, about 400 people who have expressed an interest in the District or who have proven to be influential community members, to support its levies and other community oriented programs.

Despite these efforts, SLSD administrators indicated that businesses have not been highly responsive to the District. The Treasurer indicated that SLSD has tried to get businesses to support it during levy campaigns, but there is no ongoing effort to generate the support of local business owners. The Board does not have a standing committee for the purposes of communicating with local business interests.

Brevard County School District (Florida) developed a *Business Partner Program Manual* which governs its business partnership program. It describes a business and education partnership as a collaborative effort between a school, or school district, and a business or organization. The partners commit themselves to specific goals and activities designed to enhance the educational experiences of students. For schools, partnerships bring new resources to enrich the curriculum and keep them up-to-date. Partnerships allow schools to undertake special programs that would not be possible without outside resources and funding.

For its business partner program, Brevard CSD defines the following specific purposes:

- Provide greater awareness and understanding of the needs and resources of the schools and community;
- Provide a continuous dialogue between schools and the community; and
- Work together to improve and enhance educational programs responsive to the needs of the students, the community and our society.

In addition, Brevard CSD has identified five levels of partnerships including; incentives, donations, volunteers, sponsorships, and instructional support.

Although SLSD disseminates a wide variety of information to community members, there are no formalized programs to promote partnerships with local businesses. As SLSD's communication efforts are largely restricted to the time periods in which the District is seeking to pass levies, it has not been successful in implementing a strong school business partnership program. Without an ongoing effort to cultivate local community and business interests, SLSD is unable to achieve the community business partnership it desires.

R2.12 SLSD should reconcile historical payroll records in order to verify the accuracy of the overall payroll system. Verifying the accuracy of past information will allow SLSD to increase its internal controls over the payroll function. Although no areas of concern are evident, the accountability of SLSD's current payroll function could be improved through increased internal controls.

SLSD does not review past payroll runs unless someone finds an error and calls the Treasurer's Office. SLSD's biweekly payroll system is exception-based, whereby information is automatically input based on the salary schedule and hours worked for each employee. Any additional information is added to modify this base for absences, leave use, and overtime accrual. Once the payroll process is started, exceptions are added and the total payments are automatically calculated for each group of employees. The Account Clerk (Payroll) reconciles the various computer outputs and sends the aggregated form to the Treasurer and Superintendent for signature. The Account Clerk (Payroll) does not feel that there is enough time to review past payrolls and maintain her current duties.

According to the University of California, San Diego (UCSD), government agencies promote principles of accountability by authorizing, reviewing, and ensuring that payroll entries follow written policy. UCSD identifies several recommended practices including:

- Periodically reviewing and updating signature authorizations;
- Obtaining pre-approval for changes made to timekeeping records;

- Reviewing attendance records for accuracy and compliance to policy; and
- Reconciling ledgers monthly for accuracy of recorded transactions.

SLSD's payroll process allows for supervisory review and subsequent signature authorization which reflects its policy of pre-approval for all leave use. In addition, the payroll process allows for review of accuracy and policy compliance at multiple levels, including the department level and within the Treasurer's Office. However, SLSD does not have a process in place for a historical review of payroll records. Without a review of previously approved payroll, preferably by the Treasurer, SLSD may be unaware of inaccurate entries or deliberate misreporting which could ultimately impact its control of District finances.

R2.13 SLSD should negotiate to require all employees to participate in the direct deposit program. Requiring 100 percent direct deposit will allow SLSD to eliminate efficiencies associated with the traditional paycheck process. In addition, direct deposit would offer the increased benefit that paychecks will always be deposited automatically with no effort on the part of the employees. Automatic deposit also eliminates the need to produce duplicate checks to replace lost or destroyed paychecks.

About 80 percent of SLSD's employees use direct deposit. Many of the classified employees are required to use direct deposit but it is still optional for teachers and bus garage employees. Analysis of SLSD's April payroll showed that a total of 442 employees received pay from the District, of which 366 employees received direct deposit and 76 employees received paper checks.

Payroll Best Practices (Bragg, 2005) notes that issuing payments directly to employee accounts can produce two positive benefits: reduced paperwork and time associated with issuing paychecks; and allowing employees immediate access to their pay. In addition, the National Automated Clearing House Association estimates that per payment savings can be as much as \$1.25 by switching to direct deposit in lieu of paper checks.

While SLSD has a large percentage of its employees using the direct deposit system, the District still encounters some inefficiency associated with the remaining employees who are not participating. If SLSD were able to attain 100 percent participation, the District could expect to see increased efficiency and additional cost savings over the current payroll process.

Financial Implication: Based on 76 employees, 26 pay-periods per year, and savings of \$1.25 per paycheck; total savings for FY 2007-08 would be approximately \$2,470. Total savings over the forecast period would be approximately \$9,880. An additional savings

would be realized through the complete elimination of the paper-based paycheck process and employee time related to processing check but this could not be calculated.

R2.14 SLSD should implement the performance audit recommendations contained in this and other report sections. Implementation of the performance audit recommendations would offset projected deficits and allow SLSD to maintain a positive year-end fund balance through FY 2010-11. Enhancing general operating revenue and/or identifying additional savings beyond those included in this performance audit would allow SLSD to make less severe reductions in staff. In addition, the Financial Planning and Supervision Commission should use the financial recovery plan to evaluate the performance audit recommendations and to determine their impact on SLSD's financial condition. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 2-A).

In order to alleviate the projected deficit, SLSD must make substantial reductions in its staff and program operations. Reductions of this magnitude will likely have a negative effect on student performance and impact SLSD's ability to provide some specialized programs to its students. Many reductions take staffing to levels below those of the peer average. In addition, some of the recommendations require collective bargaining between the District and its collective bargaining units. However, by implementing the performance audit recommendations SLSD can maintain a positive fund balance through FY 2010-11. **Table 2-12** demonstrates the affect on the five-year forecast and ending fund balances, assuming that all recommendations contained in this audit are implemented. Full implementation of performance audit recommendations is projected to result in a positive fund balance in FY 2010-11 of approximately \$5.3 million.

Table 2-12: Revised Five-year Forecast (in 000's)

	Actual			Forecasted				
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Revenues:								
<i>General Property (Real Estate)</i>	\$9,597	\$9,630	\$10,180	\$10,635	\$10,997	\$11,370	\$11,370	\$9,698
Tangible Personal Property Tax	\$2,789	\$2,727	\$2,752	\$2,049	\$1,574	\$1,172	\$0	\$0
Unrestricted Grants-in-Aid	\$8,105	\$8,399	\$8,194	\$8,180	\$8,180	\$8,180	\$8,180	\$8,180
<i>Restricted Grants-in-Aid</i>	\$193	\$224	\$309	\$826	\$242	\$257	\$274	\$291
Property Tax Allocation	\$1,292	\$1,306	\$1,403	\$2,174	\$2,548	\$2,950	\$4,122	\$4,122
All Other Operating Revenue	\$2,865	\$3,112	\$2,669	\$2,795	\$2,700	\$2,700	\$2,700	\$2,700
Total Revenue	\$24,842	\$25,398	\$25,506	\$26,659	\$26,241	\$26,630	\$26,646	\$24,991
Proceeds from Sale of Notes	\$0	\$0	\$0	\$1,667	\$0	\$0	\$0	\$0
Advances-In	\$47	\$170	\$154	\$133	\$130	\$130	\$130	\$130
All Other Financial Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Financing Sources	\$47	\$171	\$154	\$1,800	\$130	\$130	\$130	\$130
Total Revenues and Other Financing Sources	\$24,889	\$25,569	\$25,660	\$28,459	\$26,371	\$26,760	\$26,776	\$25,121
Expenditures:								
<i>Personnel Services</i>	\$14,350	\$15,275	\$15,723	\$15,734	\$15,041	\$15,533	\$16,099	\$16,839
<i>Employees' Retirement/Insurance Benefits</i>	\$4,515	\$4,927	\$5,289	\$6,410	\$5,342	\$5,623	\$5,833	\$6,315
<i>Purchased Services</i>	\$4,242	\$4,701	\$5,099	\$5,184	\$5,443	\$5,715	\$6,001	\$6,301
Supplies and Materials	\$899	\$850	\$690	\$621	\$600	\$600	\$600	\$600
Capital Outlay	\$94	\$192	\$58	\$60	\$60	\$60	\$60	\$60
Debt Service ¹	\$98	\$98	\$98	\$1,844	\$98	\$98	\$98	\$98
Other Objects	\$673	\$488	\$691	\$738	\$732	\$753	\$776	\$799
Total Expenditures	\$24,871	\$26,532	\$27,648	\$30,591	\$27,316	\$28,382	\$29,466	\$31,012
Operational Transfers – Out	\$25	\$44	\$0	\$0	\$0	\$0	\$0	\$0
Advances – Out	\$170	\$154	\$133	\$130	\$130	\$130	\$130	\$130
Total Other Financing Uses	\$195	\$198	\$133	\$130	\$130	\$130	\$130	\$130
Total Expenditure and Other Financing Uses	\$25,066	\$26,730	\$27,781	\$30,721	\$27,446	\$28,512	\$29,596	\$31,142
<i>Result of SLSD Actions</i>	NA	NA	NA	NA	\$524	\$531	\$539	\$548
<i>Performance Audit Recommendations</i>	NA	NA	NA	NA	\$2,718	\$3,816	\$4,003	\$4,201
Result of Operations (Net)	(\$177)	(\$1,161)	(\$2,121)	(\$2,262)	\$2,166	\$2,595	\$1,722	(\$1,272)
Beginning Cash Balance	\$4,152	\$3,975	\$2,813	\$692	(\$1,570)	\$596	\$3,191	\$4,913
Ending Cash Balance	\$3,975	\$2,813	\$692	(\$1,570)	\$596	\$3,191	\$4,913	\$3,641
Outstanding Encumbrances	\$386	\$323	\$258	\$250	\$250	\$250	\$250	\$250
<i>Capital improvements</i>	\$0	\$0	\$0	\$38	\$102	\$102	\$102	\$102
Budget Reserve	\$108	\$108	\$108	\$0	\$0	\$0	\$0	\$0
DPIA	\$18	\$21	\$92	\$53	\$53	\$53	\$53	\$53
Total Reservations	\$126	\$129	\$200	\$91	\$155	\$155	\$155	\$155
Fund Balance June 30 for Certification of	\$3,464	\$2,361	\$234	(\$1,911)	\$191	\$2,786	\$4,508	\$3,236
Property Tax - Renewal or Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,059
Cumulative Balance of Replacement/Renewal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,059
Fund Balance June 30 for Certification of	\$3,464	\$2,361	\$234	(\$1,911)	\$191	\$2,786	\$4,508	\$5,295
Unreserved Fund Balance June 30	\$3,464	\$2,361	\$234	(\$1,911)	\$191	\$2,786	\$4,508	\$5,295
Forecast Including Full PBA								
Restricted Grants-in-Aid including additional	NA	NA	NA	NA	\$638	\$640	\$641	\$642
Unreserved fund balance including full PBA	NA	NA	NA	NA	\$828	\$3,426	\$5,150	\$5,937

Source: SLSD and AOS

¹ Debt Service includes: principal-notes, House Bill (H.B.) 264 loans, and interest and fiscal charges.

Table 2-13 summarizes the performance audit recommendations reflected in the revised five-year forecast. Recommendations are divided into two categories, those requiring negotiation and those not subject to negotiation. With the implementation of these recommendations, it is projected that SLSD could maintain a positive fund balance through FY 2010-11.

Table 2-13: Summary of Performance Audit Recommendations (in 000s)

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Recommendations Not Subject to Negotiations				
R2.13 Require all employees to participate in direct deposit.	\$2	\$2	\$2	\$2
R3.2 Reduce regular teaching staff by 22 FTEs.	\$680	\$1,419	\$1,481	\$1,545
R3.3 Reduce teaching aides by 10 FTEs.	\$232	\$242	\$253	\$264
R3.4 Reduce ESP staff by 8 FTEs.	\$241	\$502	\$524	\$546
R3.5 Reduce clerical staffing by 8 FTEs.	\$406	\$424	\$442	\$461
R3.6 Reduce special instruction cost per pupil to a level in line with the peer districts.	\$600	\$638	\$679	\$723
R3.12 Reduce the substitute costs by reducing sick leave taken by employees.	\$15	\$15	\$15	\$15
R4.3 Implement an energy conservation education program.	\$62	\$68	\$75	\$83
R4.4 Sell or lease unused buildings.	\$60	\$66	\$73	\$80
R4.9 Eliminate weekend building inspections and associated overtime.	\$20	\$20	\$20	\$20
R5.4 Reduce the bus fleet by an additional three buses.	\$120	\$124	\$127	\$131
Subtotal Not Subject to Negotiations	\$2,438	\$3,520	\$3,691	\$3,870
Recommendations Subject to Negotiations				
R3.7 Negotiate a more reasonable step schedule for certificated employees.	\$76	\$79	\$82	\$85
R3.7 Negotiate a base salary comparable to the peer average for beginning teachers.	\$23	\$23	\$23	\$24
R3.8 Negotiate an increase in employee premium contributions from 5 to 10 percent.	\$181	\$194	\$207	\$222
Subtotal Subject to Negotiations	\$280	\$296	\$313	\$331
Total Cost Savings from Performance Audit Recommendations	\$2,718	\$3,816	\$4,003	\$4,201
Implementation Cost				
R4.7 Implement a replacement cycle for technology equipment.	\$102	\$102	\$102	\$102
Total Implementation Cost ¹	\$102	\$102	\$102	\$102

Source: AOS Recommendations

Note: AOS assumes 50 percent implementation in FY 2007-08 for reductions in regular education teachers and ESP.

¹ Technology replacement cycle costs are included in the revised forecast (see **Table 2-12**) as adjustments to the capital improvements line item.

Appendix 2-A: 2000 Performance Audit Recommendations and Implementation Status

Table 2-14 shows a summarized version of the 2000 Performance Audit recommendation as well as the status of that recommendation; implemented, partially implemented, not implemented, or no longer applicable.

Table 2-14: 2000 Performance Audit Recommendation Status

Recommendation	Implementation Status
<p>R2.1 SLSD should use the format of the AOS financial forecast which presents an accurate picture of the financial condition the District is likely to encounter. In addition, the forecast should include detailed assumptions. Finally SLSD should make the forecast available to the public.</p>	<p>This recommendation has been partially implemented and a similar recommendation was reissued during the course of the performance audit (see 2007 R2.5 through 2007 R2.9).</p>
<p>R2.2 The commission should use the financial recovery plan to evaluate the performance audit recommendations and to determine their impact on SLSD's financial condition.</p>	<p>This recommendation had been implemented but is again applicable given SLSD's financial condition and sitting budget commission (see 2007 R2.14).</p>
<p>R2.3 SLSD should create a comprehensive capital plan which addresses the District's need for ongoing repairs and maintenance. The plan should be Board approved, updated annually, and should be tied to the District's five-year forecast.</p>	<p>This recommendation has not been implemented and a similar recommendation was reissued during the course of the performance audit (see 2007 R2.2).</p>
<p>R2.4 SLSD should implement procedures to make the food service enterprise self supporting. The following options should be considered:</p> <ul style="list-style-type: none"> • Evaluate expenditures to determine where cost savings could be implemented without significantly decreasing food quality. In addition, SLSD should establish a planning committee to help control high food costs; • Increase the price per meal; • Implement a central kitchen concept similar to that of Salem CSD (Columbiana County); and • Consider contracting with an outside organization for food services. 	<p>This recommendation is addressed in food service.</p>
<p>R2.5 SLSD's food service division should increase the amount of items purchased through the HPS consortium.</p>	<p>This recommendation is addressed in food service.</p>

Recommendation	Implementation Status
R2.6 SLSD should begin making effective use of its budget by managing its expenditures to stay within the District's total revenues.	This recommendation has not been implemented and a similar recommendation was reissued during the course of the performance audit (see 2007 R2.1 and 2007 R2.14).
R2.7 SLSD should develop a coordinated grants program that provides District employees with training and grants search materials.	This recommendation has been implemented.
R2.8 SLSD should use the performance audit recommendations to assist in the identification of support service expenditures which could be shifted to instructional support.	This recommendation has not been implemented and a similar recommendation was reissued during the course of the performance audit (see 2007 R2.14).
R2.9 SLSD may have excess staffing in the Treasurer's Office. If SLSD chooses not to reduce staffing, the District should consider preparing GAAP basis financial reports in-house.	This recommendation has not been implemented. In addition, an analysis of office/clerical staffing performed in human resources indicated that SLSD could potentially reduce staffing for this classification (see 2007 R3.5).

Source: AOS Performance Audit recommendations

This page intentionally left blank.

Human Resources

Background

This section of the performance audit focuses on the human resource functions of the Springfield Local School District (SLSD or the District). **Appendix 1-A** provides a summary of the audit objectives for this section. Operations were evaluated against best practices, industry benchmarks, operational standards, and the average of ten peer districts¹ for the purpose of developing recommendations to improve efficiency and business practices. Recommendations also identify potential cost savings to assist the District in its efforts to address projected deficits. Best practices and industry standards were drawn from various sources, such as the Society for Human Resource Management (SHRM), the State Employment Relations Board (SERB), the Kaiser Family Foundation (Kaiser), the Ohio Education Association (OEA), the American Society of Public Administration (ASPA), the State Council of Professional Educators (SCOPE), the National Education Association (NEA), the Ohio School Boards Association (OSBA), and the National School Boards Association (NSBA). In addition, the Auditor of State (AOS) administered a survey of SLSD's employees regarding human resources issues and the results are used in the report (see **Appendix 3-A**).

Organizational Structure

SLSD does not have a separate department dedicated to performing human resource functions. Individuals responsible for human resource functions include a variety of administrators, as well as the principals at each school building who assist in developing staffing plans and conduct performance evaluations for teachers. The Superintendent oversees the administrative and certified staff while the Business Manager is responsible for the supervision and management of the District's classified staff (including custodians, maintenance workers, bus drivers, mechanics, and food service staff). Duties such as administering payroll and benefits are the responsibility of four clerical employees within the Treasurer's Office. The District has a Local Professional Development Committee that monitors course work for certified staff, makes decisions regarding professional development activities, and monitors that staff are up to date with licensure requirements. The District also contracts with the Summit County Educational Service Center (Summit County ESC) for staff development services.

¹ See the **executive summary** for a description of the 10 peer district average used as a benchmark throughout this report.

Staffing

Table 3-1 illustrates the full-time equivalent (FTE) staffing levels at SLSD and the average of the peer districts as reported to the Ohio Department of Education (ODE) through the Education Management Information System (EMIS). Peer data is from FY 2005-06 while SLSD's staffing data has been adjusted to reflect SLSD Board of Education (the Board) approved reductions as of May 21, 2007, which become effective in FY 2007-08. The FTEs in **Table 3-1** have been presented on a per 1,000 students basis because the staffing levels will be partially dependent on the number of students served. Presenting staffing data in this manner eliminates variances attributable to the size of the peer districts. Detail is shown only for those categories in which SLSD is staffed higher on a per 1,000 basis and that are further analyzed in this section.

Table 3-1: FTE Staffing Level Comparison (per 1,000 students)

	SLSD		Peer Average		Variance	
	Total FTEs ¹	Per 1,000 Students	Total FTEs ²	Per 1,000 Students	Total FTEs	Per 1,000 Students
Administrators:	15.50	5.55	12.52	6.50	2.98	(0.95)
Educational Staff:	198.04	70.89	137.39	68.77	60.65	2.12
Curriculum Specialist	0.00	-	0.30	0.14	(0.30)	(0.14)
Counselors	7.30	2.61	4.05	2.14	3.25	0.47
Librarian / Media	1.00	0.36	1.36	0.82	(0.36)	(0.46)
Remedial Specialists	3.00	1.07	3.05	1.33	(0.05)	(0.26)
Regular Teachers	123.75	44.30	95.22	47.32	28.53	(3.02)
Special Education Teachers	33.45	11.97	12.19	6.01	21.26	5.96
Vocational Teachers	5.00	1.79	2.16	0.95	2.84	0.84
Tutor/Small Group Instructors	1.00	0.36	5.89	3.00	(4.89)	(2.64)
Educational Service Personnel (ESP) Teachers	13.10	4.69	8.60	4.74	4.50	(0.05)
Supplemental Special Education Teachers	10.44	3.74	3.36	1.83	7.08	1.91
Professional Staff:	4.00	1.43	4.31	1.78	(0.31)	(0.35)
Technical Staff:	3.92	1.40	4.24	1.94	(0.32)	(0.54)
Office / Clerical Staff:	45.89	16.43	21.97	9.59	23.92	6.84
Clerical	17.73	6.35	10.56	4.97	7.17	1.38
Teaching Aides	23.16	8.29	9.87	3.86	13.29	4.43
All Other Office / Clerical	5.00	1.79	1.55	0.75	3.45	1.04
Maintenance Workers	6.00	2.15	2.90	1.15	3.10	1.00
Custodians/Groundskeepers	15.00	5.37	15.70	7.00	(0.70)	(1.63)
Bus Drivers	13.99	5.01	14.70	6.51	(0.71)	(1.50)
Food Service Workers	17.18	6.15	14.47	6.45	2.71	(0.30)
All Other Personnel³	10.05	3.60	5.51	2.07	4.54	1.53
Total FTE Reported	329.57	117.97	233.72	111.75	95.85	6.22

Source: SLSD FY 2006-07 staffing data with adjustments and peer district FY 2005-06 EMIS staffing data as reported to ODE.

Note: Employees contracted through the Summit County ESC are not included in this analysis. SLSD contracts for three employees through the Summit County ESC including 1.0 FTE Technical Specialist, 0.9 FTE Psychologist, and 1.0 FTE Special Education Teacher.

¹ Reflects updated FTE employees confirmed by the District and approved by the Board.

² Reflects FY 2005-06 unadjusted and unconfirmed FTE employees reported by the peers.

³ All other personnel is not a single category in EMIS. This grouping includes categories such as dispatcher, monitor, guard/watchman, other vehicle operator, etc. As there is significant variance in staffing in these areas, AOS analyzed them as one category.

As illustrated in **Table 3-1**, SLSD total FTEs per 1,000 students exceeds the peer average by 5.6 percent. The primary categories of administrators, professional staff, technical staff, custodians/groundskeepers, bus drivers, and food service workers are staffed lower than the peer average. SLSD's staffing is higher on a per 1,000 student basis when compared to the peer average in the following categories:

- **Educational Staff:** SLSD is 2.12 FTEs per 1,000 students higher than the peer average, primarily because of the significantly higher number of special education teachers at the District. See **R3.6** for an analysis of special education costs. Additionally, SLSD reported 0.84 FTE higher vocational teachers per 1,000 students than the peer average. SLSD proposed reducing 3.5 FTEs from its vocational teaching staff by eliminating the Career Based Intervention program at the District.² This reduction would bring SLSD's vocational staffing per 1,000 students below the peer average. SLSD students attend the Portage Lakes Career Center for other vocational courses. Lastly, SLSD employs 0.47 more counselor FTEs per 1,000 students than the peer average. The counselor position is recognized as part of the educational service personnel (ESP) staff by the Ohio Revised Code (ORC) § 3317.32. A separate analysis was performed to include ORC defined ESP staff (see **R3.4**).
- **Office/Clerical Staff:** SLSD employs 6.84 FTEs more office/clerical staff per 1,000 students than the peer average. AOS conducted a separate analysis that includes peer comparisons of clerical FTE staff per district building and employees per clerical FTE staff (see **R3.5**).
- **Maintenance Workers:** SLSD employs 1 maintenance worker FTE higher than the peer average per 1,000 students. A detailed analysis of this classification was conducted in another section of the report to capture specific industry benchmarks and workload measures that are unique to the functional area (see **facilities**).
- **All Other Personnel:** SLSD is 1.53 FTEs per 1,000 students higher than the peer average in the category of all other personnel. SLSD reported 10.05 FTEs in this category, which included 8.87 FTEs in the classification of monitoring and 1.18 in the classification of guard/watchman. SLSD employs 3.38 FTE monitors that are strictly dedicated to monitoring children on special needs buses (see **transportation**). The other employees in the monitoring category assist with classroom reading programs and supervise children in libraries, on playgrounds, and in the cafeterias. During the course of this audit, SLSD reduced staffing levels in this category by 1.68 FTEs, bringing it more in line with the peer average.

Compensation

Table 3-2 compares SLSD salaries by EMIS classification to the peer average. These salaries do not include retirement contribution pick up or benefit costs paid for employees. SLSD offered fringe benefit pick up for retirement contributions to its Superintendent and Treasurer. In FY

² SLSD Superintendent proposed this reduction in vocational staff; at the time of this analysis, the reduction had not yet been approved by the SLSD Board of Education. As of August 31, 2007, the District indicated it had reduced 2.5 vocational staff FTEs; this reduction brings the District to slightly below the peer average for this classification.

2005-06, the District spent an additional 33.6 percent for benefits such as retirement contributions and health care expenses.

Table 3-2: SLSD to Peer Average Salary Comparison FY 2005-06

Classification	SLSD Average	Peer Average	Percent Variance
Administrative Staff	\$80,888	\$63,562	27.3%
Educational Staff	\$52,389	\$46,373	13.0%
Professional Staff	\$57,180	\$47,087	21.4%
Technical Staff	\$16,923	\$17,711	(4.4%)
Office / Clerical Staff	\$22,476	\$22,190	1.3%
Maintenance Staff	\$41,938	\$39,103	7.3%
Operative Staff	\$22,099	\$15,555	42.1%
Service Staff	\$23,231	\$20,625	12.6%
Total Average Reported Salary	\$43,457	\$39,041	11.3%

Source: ODE EMIS reported FY 2005-06 average salaries for SLSD and the peer districts

As shown in **Table 3-2**, SLSD exceeds the peer average in every classification except technical staff. This can be attributed to higher beginning salary levels and generous step increases (see **R3.7**).

In addition to comparing salaries reported through EMIS, AOS examined retirement contributions and substitute teacher rates. The State Teachers Retirement System (STRS) and the Ohio Public Employees Retirement System (OPERS) require employees to contribute 10 percent and employers to contribute 14 percent of gross salaries. SLSD offers fringe benefit pick-up only to the Treasurer and Superintendent. Other District employees contribute through salary reductions. Additionally, SLSD offers a substitute rate of \$75 per day which is in line with the rates offered by the Summit County ESC and the other surrounding school districts. The survey conducted by AOS indicated that the majority of participating employees felt that the District's system effectively places substitutes and that the substitutes are qualified and effective (see **Appendix 3-A**).

Benefits

SLSD's health insurance plan provides medical, dental, prescription drug, and vision benefits to eligible employees. SLSD is self-insured and the benefits are administered by the District in accordance with the provisions of the group insurance contract issued by Medical Mutual. The District also uses a third party underwriter to prepare actuarial reports and monthly summaries of insurance claims. The District uses these reports to help with decisions regarding premiums and coverage.

The District recognizes that co-insurance for services outlined in its insurance plan is generous in that most services are covered at 100 percent (see **R3.9**). The District pays 95 percent of health insurance premiums for most full-time employees. The Superintendent indicated that the District

is trying to renegotiate a higher percentage of employee premiums contribution for covered medical services (see **R3.8**). Assessments regarding dental, vision, and life insurance indicated that SLSD's premiums are below SERB and OEA benchmarks.

AOS determined that SLSD's workers' compensation costs are high. However, the District recently began participating in the Bureau of Workers' Compensation (BWC) Premium Discount Program Plus to reduce premium costs. Participation in these programs will allow SLSD to create a safer workplace environment and could also help the District to reduce its current premium amount.

*Negotiated Agreements*³

SLSD's certified and classified employees are covered under the following collective bargaining agreements:

- **Springfield Local Association of Classroom Teachers and the Springfield Local Board of Education:** Membership in this collective bargaining unit includes all teachers and other professional certified personnel including tutors, counselors, and media specialists. The term of this contract is August 21, 2004 through August 20, 2007.
- **Ohio Association of Public School Employees/AFSCME-AFL-CIO Local #179 and Springfield Local Board of Education:** Membership in this collective bargaining unit for classified personnel includes maintenance and custodial staff, clerical staff, paraprofessionals, switchboard operators, and food service employees. The term of this contract is July 1, 2005 through June 30, 2008. The contract includes a re-opener for negotiating wages, stipends, and insurance items scheduled July 1, 2007.
- **Ohio Association of Public School Employees/AFSCME-AFL-CIO Local #530 and Springfield Local Board of Education:** Membership in this collective bargaining unit includes transportation personnel. The term of this contract is August 1, 2005 through August 1, 2010. The contract includes a re-opener for the purpose of discussing salaries and benefits schedules to begin August 1, 2007.

As part of the performance audit, certain contractual and employment issues were reviewed and compared to State law and industry benchmarks. Areas of analysis included common contractual provisions such as maximum sick leave accrual and payout at retirement, vacation, and the number of paid holidays (see **R3.11**).

³ After completion of the performance audit fieldwork, SLSD negotiated a new contract with the Springfield Local Association of Classroom Teachers and the term for this new contract ends in 2008. SLSD also negotiated a new contract for Local #179 which runs through 2010.

Performance Audit Follow-up

In 2000, AOS completed a performance audit of SLSD in response to the District's financial condition and placement into fiscal emergency. Shortly after being placed in fiscal emergency, SLSD passed an emergency operating levy and key renewal levies. As a result, it was removed from fiscal emergency after 15 months.

As a follow-up to the 2000 Performance Audit of SLSD's human resource functions, this section reviewed the previous recommendations and SLSD's operations during the audit period to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 3-B** with references, where pertinent, throughout the section. Of the 24 recommendations contained in the 2000 Performance Audit, SLSD fully implemented 8 recommendations, partially implemented 1 recommendation, and did not implement 13 recommendations.⁴ Fourteen recommendations from the 2000 Performance Audit were re-issued in this performance audit.

⁴ Two recommendations were deemed no longer applicable (see **Appendix 3-B**).

Recommendations

Staffing

- R3.1 SLSD should develop a formal staffing plan to address current and future staffing needs of the District. Similar to the plans used by leading school districts,⁵ SLSD should consider establishing staffing allocations for administrative, certified, and classified personnel to help ensure the District proactively addresses its staffing needs. The staffing plan should be linked to a District-wide strategic plan (see R2.1). By developing a formal staffing plan, SLSD can ensure that it is in compliance with State requirements, and is aware of the impact current and future staffing levels have on its budget. A similar recommendation was issued in the 2000 Performance Audit (See Appendix 3-B).**

SLSD does not follow a formal plan for determining future employment levels or assessing the composition of its workforce. Instead, the Superintendent conducts an annual assessment of staffing levels by building. The Superintendent meets with the building principals to determine the following year's requirements by examining the current year's staffing and enrollment. The principals fill out a detailed form by grade level which illustrates class type, number of students, and number of teachers per class (whether or not a tutor is present, etc.). The secondary building forms are much more complex as they separate each class (math, science, etc.) by grade level and the number of students. This allows the Superintendent to view staffing requirements by subject, grade level, and building for the following year. The Superintendent's process has assisted in determining areas appropriate for staffing reductions as well as movement for District personnel. This assessment is conducted every January so that it allows enough time to inform staff of the District's plans for the following year. The analysis was not conducted in January 2007 for FY 2007-08 because of the reductions in staffing levels required by the District's financial condition. However, this staffing process may not continue in FY 2007-08 under SLSD's new superintendent.

Minimum staffing levels for classroom teachers, ESP, principals, as well as instructors and aides involved in the delivery of services for students with special needs, are governed by Ohio Administrative Code (OAC) § 3301-35-05 and OAC § 3301-51-09.

Strategic Staffing Plans (SHRM, June 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. Strategic staffing plans form an infrastructure to support effective decision-making in an organization. SHRM elaborated on the effect of strategic staffing plans on organizations

⁵ Examples include Tulsa Public Schools (TPS) in Oklahoma and Lakota Local School District (LLSD) in Butler County, Ohio.

in *Staffing Strategy Over the Business Cycle* (June 2005). In detailing how organizations may react to changes in the business cycle, SHRM noted that reductions in staffing to meet declining labor needs often did not result in anticipated savings for 12 to 18 months. As a result, staffing plans tied to strategic plans and organizational needs can help organizations better meet the constraints of their operating environments.

Tulsa Public Schools (TPS) in Tulsa, Oklahoma has established a recognized best practice staffing plan that incorporates state and federal regulations, workload measures, and industry benchmarks, as well as staffing levels determined by its administration. The plan outlines the allocation of regular and special education, administrative, other instructional, clerical, custodial, and food service staff. For example, food service staffing is determined using minimum target meals per labor hour calculation established by TPS. The plan bases custodial staffing levels on a calculation using the number of teachers, students and rooms and the total area of the buildings. The plan is used as a guide to determine staffing levels and allows TPS to ensure compliance as well as provide staffing numbers to efficiently meet the its needs. Additionally, some Ohio schools developed staffing plans that meet best practice criteria. For example, Lakota Local School District (Butler County) has a staffing plan similar to TPS in that it guides staffing decisions using an assortment of variables and formulas.

SLSD's Superintendent has relied on the practice of meeting with building principals to assess future staffing at the District. The District has not developed a formal staffing plan in writing because it feels the current practice is sufficient.

In FY 2005-06, SLSD attributed 76 percent of its General Fund expenditures to salaries and benefits. Because a majority of the District's expenditures are allocated to personal services, the District should be particularly cognizant of any changes that could affect its staffing levels. Without a formal staffing plan that incorporates staffing requirements and District benchmarks, SLSD may not be applying the most effective means to financially plan for future staffing adjustments or to ensure that the District is consistent in meeting State requirements. Development of a formal staffing plan, followed by yearly reviews, will help ensure that SLSD allocates personnel in an appropriate and cost effective manner.

- R3.2 SLSD should consider making additional reductions in its regular teaching staff to avoid projected deficits. The District could reduce regular teaching staff by 22 FTEs and remain approximately 15 percent above State minimum requirements as set forth by OAC § 3301-35-05. As salary and benefit expenditures comprised 76.0 percent of expenditures in FY 2005-06 and were projected at approximately 72.4 percent in FY 2006-07, additional reductions are needed to avoid projected deficits at SLSD. If a portion of the recommendations contained in this report cannot be implemented, SLSD may need to reduce up to 35 classroom teaching positions to**

regain financial solvency, taking the District to State minimum standards. However, prior to making such substantial reductions in classroom teaching positions, SLSD should consider the potential impact on student achievement and look for alternative ways to address its deficit situation.

Table 3-3 compares SLSD's regular classroom teacher staffing levels to the peer average and State minimum standards.

Table 3-3: SLSD Regular Classroom Teachers Comparison

	SLSD ¹	Peer Average ²	Variance
Regular Classroom Teachers (FTE)	123.8	95.2	28.6
Regular Student Population	2,206	1,707	499.0
Regular Students to Regular Teacher Ratio	17.8	18.0	(1.1%)
Above/(Below) Peer Average ³			1.2
Comparison to State Minimum Requirements			FTE Teachers
Regular Classroom Teachers Employed			123.8
State Minimum Required Classroom Teachers			88.2
Teachers Above/Below State Minimum Requirement			35.6

Source: SLSD FY 2006-07 FTEs and FY 2005-06 peer average EMIS data as reported to ODE, SLSD interviews and Board approved staffing changes

¹ SLSD staffing data has been adjusted to reflect Board approved changes as of May 21, 2007. These changes will be effective FY 2007-08.

² Reflects FY 2005-06 unadjusted and unconfirmed FTE employees reported by the peers.

³ Calculated by dividing SLSD regular population by the peer regular students to regular teacher ratio. This number is subtracted from SLSD total regular teacher FTE to arrive at the number that if added or subtracted would bring the number of employees per 1,000 students in line with the peer average.

OAC § 3301-35-05 requires districts to maintain district-wide student-to-teacher ratios of at least 1 FTE classroom teacher for each 25 students in the regular student population as defined in ORC § 3317.023. Classroom teachers are licensed employees who provide direct instruction to pupils, excluding teachers funded from money paid to the District from federal sources; ESP; and vocational and special education teachers. Regular student population is calculated from average daily membership (ADM) but does not include students spending time in other classes such as vocational or special education. SLSD maintains a regular education teacher staffing level approximately 1.2 FTEs higher than the peer average and 35 FTEs higher than the State minimum requirement. Reducing regular education staffing levels would reduce expenditures and the projected budget deficit.

Financial Implication: The reduction of 22 FTE regular classroom teaching positions (15 percent above State minimums) could save SLSD approximately \$1,360,000 in salaries and benefits in FY 2007-08. This estimate of savings will increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

R3.3 SLSD should consider reducing its teaching aide positions by 10.0 FTEs to a level more comparable to the peer average. A reduction in personnel would save the District in salaries and benefits and help to alleviate the projected deficit in the General Fund.

Table 3-4 compares SLSD's non-certified educational support staffing levels to the peer average.

Table 3-4: SLSD and Peer Non-Certified Educational Support Staff

	SLSD ²		Peer Average	
	FTE Employees	Per 1,000 Students	FTE Employees	Per 1,000 Students
Students Educated ¹	2,793.72		2,011.78	
Teaching Aides	23.2	8.3	9.9	3.9
Instructional Paraprofessionals	0	0	1.1	0.6
Total	23.2	8.3	11.0	4.4
Educational Support Staff Above Peer Average	10.90			

Source: SLSD FY 2006-07 FTEs and FY 2005-06 peer average EMIS data as reported to ODE

Note: Teaching Aide Assignment is an assignment to assist a teacher with routine activities associated with teaching, such as monitoring, conducting repetitive exercises, operating equipment, and clerking. Instructional Paraprofessional is an assignment to provide instructional assistance in one or more of the following ways: (1) one-on-one tutoring, (2) classroom management, (3) instructional assistance in a computer laboratory, (4) instructional support in a library or media center, or (5) instructional support services under the direct supervision of a teacher.

¹ Students educated equals FTE students receiving educational services from the districts and excludes the percent of time students are receiving educational services outside the district.

² SLSD staffing data has been adjusted to reflect Board approved changes as of May 21, 2007. These changes will be effective FY 2007-08.

As illustrated in **Table 3-4**, SLSD employs 3.9 more FTEs per 1,000 students in this category because of the high number of teaching aides at the District. In order for SLSD to be in line with the peer average, the District would need to reduce its teaching aide staff by at least 10 FTEs.

Twenty-eight teaching assistants working either 6.5 or 7.0 hours per day make up these 23.2 FTEs. All of the positions are coded as special education with three of these employees being federally funded. With more than 19 percent of student population having individualized education programs (IEPs), SLSD would need to consider the impact on IEPs when preparing to reduce its teaching assistants (see **R3.6**).

Financial Implication: By reducing its teaching aide staff by 10 FTEs, SLSD would save approximately \$232,000 in salaries and benefits in FY 2007-08. This estimate of savings will increase if the reduction occurs through retirement or voluntary separation of more experienced or higher salaried staff.

R3.4 SLSD should consider reducing ESP positions to a level at, or close to, the State minimum requirements. SLSD could reduce 8.0 FTEs and still be 20 percent above the State minimum standard. Although the District's ESP staffing level is below the peer average, its financial condition may require additional reductions to avoid projected deficits. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 3-B).

Table 3-5 compares SLSD's ESP staffing levels to the peer average and to State minimum standards.

Table 3-5: SLSD ESP Staffing Comparison

	SLSD ¹	Peer Average	Difference
ESP Teachers ²	13.1	8.6	4.5
Counselors	7.3	4.1	3.2
Librarian / Media Specialist	1.0	1.4	(0.4)
School Nurses	0.0	1.3	(1.3)
Social Workers	0.0	0.4	(0.4)
Total Education Service Personnel (FTE)	21.4	15.7	5.7
Regular Student Population	2,206	1,707	499
Total ESP per 1,000 Regular Students	9.7	10.0	(0.3)
ESP Above/(Below) Peer Average ³			(0.7)
Comparison to State Minimum Requirements			
Total ESP			21.4
State Minimum Required ESP			11.0
ESP Above State Minimum Requirement			10.4

Source: SLSD FY 2006-07 FTEs and FY 2005-06 peer average EMIS data as reported to ODE

¹ SLSD staffing data has been adjusted to reflect Board approved changes as of May 21, 2007. These changes will be effective FY 2007-08.

² ESP teachers include K-8 art, music, and physical education teachers.

³ Calculated by multiplying the difference per 1,000 regular students by the district's regular student population. Represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer average.

According to **Table 3-5**, SLSD's ESP staffing levels fall below the peer average but exceed State minimum standards. SLSD employs 10.4 FTEs more than required by ORC § 3317.023, which states a minimum of 5.0 FTEs shall be employed district-wide for every 1,000 students in the regular student population. ESP shall be assigned to at least five of the eight following areas: counselor, library media specialist, school nurse, visiting teacher, social worker, and elementary art, music and physical education. SLSD's forecasted operating deficit may require the District to make additional ESP staffing reductions to balance the budget.

Financial Implication: Based on a reduction of 8 FTE ESP staffing positions, SLSD would be operating 20 percent above State minimums and could save approximately \$481,000 in FY 2007-08.

R3.5 SLSD should consider reducing clerical staffing positions by 8.0 FTEs. This reduction would bring the District to a level comparable with the peer average and reduce its salary and benefit costs. Reductions in salary and benefit expenditures are needed to avoid projected deficits at SLSD. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 3-B).

Table 3-6 compares SLSD and the peer average for reported clerical staff, which includes those employees performing duties of a clerk or secretary.

Table 3-6: SLSD and Peer District Clerical Staffing Comparison

	SLSD ¹	Peer Average	Variance
Total Clerical Staff	23.9	12.1	11.8
Number of Students	2,794	1,707	1,087
Clerical Staff per 1,000 Students	8.6	5.7	2.9
School Buildings	7.0	4.3	2.7
Clerical Staff per School Building	3.4	2.5	0.9
Total FTE Employees (Exclude Clerical)	305.7	221.6	84.1
Employees per Clerical Staff	12.8	19.7	(6.9)
Clerical Staff Above/(Below) Peer Average			8.1

Source: SLSD FY 2006-07 EMIS, updated District staffing numbers, and FY 2005-06 peer data reported to EMIS

Note: SLSD includes 3.85 educational assistant FTEs in its clerical category. Totals may not sum due to rounding.

¹ SLSD staffing data has been adjusted to reflect Board approved changes as of May 21, 2007. These changes will be effective FY 2007-08.

According to **Table 3-6**, SLSD employs more clerical FTEs than the peer average. SLSD has 6.9 more clerical staff per employee, and 0.9 more per school building than the peer average. When compared on a per 1,000 student basis, SLSD has 8.6 FTEs, 2.9 more FTEs than the peer average.

Because of the forecasted operating deficit, clerical staffing reductions will be required to avoid future deficits. SLSD should seek to reduce personnel in non-instructional areas, like clerical staff, prior to implementing reductions in regular education, ESP, and tutoring personnel. In order for SLSD to be in line with the peer average clerical staff per 1,000 students, it would need to reduce staff by approximately 8.0 FTEs.

Financial Implication: By reducing clerical staffing by 8.0 FTE, SLSD would save approximately \$406,000 in salaries and benefits in FY 2007-08.

Special Education

R3.6 SLSD should reduce special instruction costs per pupil to a level that is in line with the peer average. In an effort to contain special education expenditures, SLSD should continually work with ODE's Office for Exceptional Children to ensure that the District staffs its special education program at the optimal level while providing effective service to its special education students.

Table 3-7 illustrates a comparison between SLSD and the peer average instructional expenditures per student.

Table 3-7: FY 2005-06 SLSD and Peer District Instructional Costs per Pupil

	SLSD		Peer Average		Variance	
	\$ Per Pupil	% of Exp.	\$ Per Pupil	% of Exp.	Cost Variance Per Pupil	Percent Variance
Pupils	2,732		1,963		769	
Instructional Expenditures:	\$6,812	63.0%	\$5,206	59.7%	\$1,606	30.8%
Regular Instruction	\$4,510	41.7%	\$4,061	46.6%	\$449	11.1%
Special Instruction	\$1,414	13.1%	\$864	9.9%	\$550	63.7%
Vocational Instruction	\$184	1.7%	\$90	1.0%	\$94	104.4%
Other Instruction	\$704	6.5%	\$191	2.2%	\$513	268.6%

Source: SLSD and peer district FY 2006 4502 reports

Note: Per pupil used here is defined as the SF-3 formula ADM count.

As illustrated in Table 3-7, SLSD's cost per pupil for special instruction was 63.7 percent higher than the peer average. In addition to costs per pupil, AOS also examined special education staffing.

With its 464 reported special education students, not including speech and language, and 42.9 special education teacher FTEs, SLSD's special education student-to-teacher ratio is 10.8 to 1. This is 32.1 percent lower than the peer average ratio of 15.9 to 1. Additionally, SLSD special education staffing exceeds State minimum standards based on OAC guidelines. According to these guidelines, SLSD could serve its special education student population with 32.8 FTEs, a reduction of 10.1 FTEs. However, the size of the District, make up of the program, and the IEPs dictate the staffing needed to service its children with special needs.

According to SLSD, the District is overstaffed in special education due to the large percentage of students with IEPs and the number of those students requiring individualized attention. SLSD hired assistants for the high school because the teaching staff did not want to be responsible for administering medicines (see R3.3). Ensuring

program efficiency by strengthening the scrutiny of the IEP process and special education instructor supervision may allow SLSD to reduce the staff needed for special education. The District should consider providing additional training on IEP development, service models, and special education funding.

There are other possibilities to reduce special education costs other than staffing reductions. The *Special Report of the 2003 Joint Annual Conference* (Illinois Association of School Boards, 2004)⁶ provides examples of ways schools could attempt to increase efficiency and control special education costs which include:

- Monitoring student progress frequently;
- Using interventions in the regular education classrooms for at-risk students;
- Providing the least restrictive environment;
- Increasing curricular flexibility;
- Hiring flexible teachers;
- Complying with state and federal regulations;
- Looking for prevention interventions; and
- Providing high quality early education programs.

SLSD is operating its special education program with more teachers than the peer average and OAC guidelines. However, because the IEPs regulate the specific needs of children, SLSD should ensure it is meeting these needs before reducing staffing levels. Continually reviewing its IEPs for appropriateness, examining the State minimums in relation to its special education population, and working to increase operational efficiency may allow SLSD to reduce staffing and bring costs per pupil more in line with peer averages.

Financial Implication: If SLSD could reduce special instruction expenditures per pupil to a level in line with the three peers with the highest spending per student in special education (Canton LSD, Columbiana EVSD, and Weathersfield LSD), it could result in annual savings of over \$600,000.

Compensation

R3.7 SLSD should attempt to renegotiate salary schedules through the forecasted period in order to alleviate the projected deficit in its General Fund. While SLSD has different scenarios available for adjusting step schedules and decreasing the negotiated wage increases for its employees, the District should attempt to negotiate

⁶ The Joint Annual Conference of the Illinois Association of School Boards, Illinois Association of School Administrators, and Illinois Association of School Business Officials is the state's largest annual meeting of public school leaders and features discussions about a wide array of school leadership topics.

a wage schedule with no increases in FY 2007-08, 1 percent increase in FY 2008-09 and FY 2009-10, and 2 percent increase in FY 2010-11 (see also R2.7). Additionally, SLSD should consider implementing more cost conscious salary schedules to avoid future deficits. SLSD should focus on the certified salary schedule, as step increases for these employees exceed identified benchmarks and beginning teachers' salaries significantly exceed the peer average. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 3-B).

During the performance audit, SLSD negotiated a new one-year bargaining agreement with its certified staff that includes zero-percent negotiated wage increase.

SLSD's collective bargaining agreements for certified, classified, and transportation employees include salary schedules with 3.25 percent negotiated wage increase each year in the contract term as well as step increases by years of experience. Lakota Local School District (LLSD) in Butler County and Chardon Local School District (CLSD) in Geauga County are high performing low cost school districts that have demonstrated the ability to effectively manage personnel costs. In addition to the peer districts, these two districts are used as comparisons in the salary schedule analysis. **Table 3-8** compares FY 2007-08 certified step increases between SLSD and LLSD.

Table 3-8: SLSD and LLSD Certified Employees Step Increases

Step	SLSD BA	LLSD BA	BA Variance	SLSD MA	LLSD MA	MA Variance
0 to 1	6.13%	4.00%	2.13%	5.46%	4.97%	0.49%
1 to 2	5.79%	3.84%	1.94%	5.18%	4.74%	0.44%
2 to 3	5.46%	3.71%	1.75%	4.93%	4.53%	0.41%
3 to 4	5.18%	3.57%	1.61%	4.69%	4.33%	0.36%
4 to 5	4.93%	3.45%	1.48%	4.48%	4.15%	0.33%
5 to 6	4.69%	3.33%	1.36%	4.29%	3.98%	0.31%
6 to 7	4.48%	3.23%	1.25%	4.11%	3.83%	0.28%
7 to 8	4.30%	3.12%	1.17%	3.95%	3.69%	0.26%
8 to 9	4.11%	3.03%	1.08%	3.81%	3.56%	0.25%
9 to 10	3.95%	2.94%	1.01%	3.66%	3.44%	0.22%
10 to 11	3.81%	2.86%	0.95%	3.53%	3.32%	0.21%
11 to 12	3.66%	N/A	N/A	3.42%	3.22%	0.20%
12 to 13	3.53%	N/A	N/A	3.30%	3.12%	0.18%
19 to 20	3.42%	N/A	N/A	3.19%	1.38%	1.81%
24 to 25	3.30%	N/A	N/A	3.10%	1.30%	1.80%

Source: SLSD and LLSD FY 2007-08 salary schedules.

Note: Those steps that no employee receives an increase at either district are not illustrated in the table. The bachelor's and masters' salary schedules were included in this comparison.

As illustrated in **Table 3-8**, SLSD step increases are generous when compared to LLSD at each level of the salary schedule. SLSD teachers receive step increases each year for the first 13 years of service beginning at 6.13 percent. Considering SLSD's certified step increases and the 3.25 percent negotiated wage increase, beginning teachers receive an increase of more than 9 percent after one year.

Table 3-8 also shows that SLSD offers all certified employees step increases each year up to step 13 and then again at steps 20 and 25. Other Ohio school districts have more reasonable step schedules in that they do not offer percentage increases after a certain year. For example, CLSD does not offer certified employees increases after step 14 for bachelors' degrees and after step 16 for employees with masters' degrees or a Ph.D.

Table 3-9 illustrates a comparison between SLSD, the peer districts, and Summit County school districts regarding experience and beginning salaries for teachers.

Table 3-9: SLSD to Peer Classroom Teacher Salaries FY 2004-05¹

	SLSD	Peer Average	Summit County Average ²	Peer Variance	County Variance
Percent of Teachers with 10+ years Experience	48.3%	62.8%	54.2%	(14.5%)	(5.9%)
Beginning Salary (Bachelor)	\$31,280	\$27,371	\$30,732	14.3%	1.8%
Beginning Salary (Masters)	\$35,118	\$29,982	\$33,546	17.1%	4.7%

Source: ODE's Classroom Teacher Salaries report for SLSD, the peer districts, and Summit County districts

¹ FY 2005-06 ODE salary information was not available when the comparisons were made.

² Includes Summit County city and local school districts.

According to ODE, only 48.3 percent of SLSD regular teachers had 10 or more years experience in FY 2004-05. This was significantly lower than the peer average of 62.8 percent, as well as the Summit County average of 54.2 percent. SLSD's beginning teachers' salaries are also higher than peer and County averages.

Generous step increases and 3.25 percent negotiated wage increases reflect a lack of effort to control salary expenses, which accounted for 56.9 percent of total costs in FY 2005-06 and approximately 51.4 percent in FY 2006-07. SLSD should diligently work to renegotiate salary schedules, negotiated wage increases and step increases, for all employees to help alleviate projected deficits and place the District on more solid future financial footing. Failure to renegotiate a freeze or a reduction in salary increases may force SLSD to reduce staffing and programs to the State minimums in order to support itself and avoid financial failure. Failure to control salary expenditures after the 2000 Performance Audit has had a direct impact on SLSD reentering fiscal oversight in 2006.

Financial Implication: If SLSD renegotiated its certified and classified salary schedules similar to those of LLSD, it would save approximately \$76,000 in FY 2007-08. Total

savings over the forecasted period would be approximately \$312,000. If SLSD renegotiated its certified base salary to an amount similar to the peer average, it would save approximately \$23,000 annually⁷ based on the 2004-05 beginning salary comparison. Additional cost savings from reducing the negotiated wage increases are reflected in **financial systems**.

Benefits

R3.8 SLSD should renegotiate employee health care contributions with the goal of increasing single and family contributions from 5 percent to 10 percent – a percentage in line with the peer average. Increasing employee contributions would result in savings for SLSD by lowering insurance costs while maintaining a contribution percentage comparable to benchmark standards. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 3-B).

SLSD's collective bargaining agreements, like most school district bargaining agreements, include language regarding health insurance and the cost responsibilities of the Board and employees. The conditions are described below:

- **Certified Employees:** SLSD's certified bargaining agreement stipulates that the Board will finance 95 percent of the premium and the bargaining unit member will pay the remaining 5 percent of the premium. Deductibles are \$125 and \$200 for single and family coverage, respectively.
- **Classified Employees:** SLSD's classified bargaining agreement stipulates that full-time classified employees are entitled to hospitalization, prescription, dental, and vision coverage. The Board will finance 95 percent of the premium for all employees holding a position working at least five hours a day in one position. All other employees are eligible for benefits by paying 50 percent of the premium. Deductibles are \$125 and \$200 for single and family coverage, respectively.
- **Bus Drivers and Mechanics:** The collective bargaining agreement for SLSD's transportation personnel (bus drivers and mechanics) stipulates that all employees shall be entitled to hospitalization, dental, prescription and vision that is the same as the certified staff. The Board pays 95 percent of the premiums for employees who work at least 4 hours per day that were hired before October 1993. Employees hired after October 1993 must work at least 5 hours to receive the 95 percent paid premiums. Employees who work four to five hours per day are

⁷ The savings from renegotiating certified beginning salary is based on the average number of teachers SLSD hires at the beginning salary. During the past five years, SLSD has annually averaged hiring six teachers at the beginning salary.

eligible to receive 75 percent Board paid premiums on single coverage and 67 percent Board paid premiums on family coverage⁸. Deductibles are \$125 and \$200 for single and family coverage, respectively.

- **Administrative Employees:** Although SLSD's administrators, as a group, do not have a binding contract, it is the District's practice to cover 100 percent of the cost of premiums for the Treasurer, Superintendent, Business Manager, and Technology Director. The remaining 12 administrators consist of principals and program directors, of which the Board pays 95 percent of the cost of premiums.

In order to better control health insurance cost increases and limit their impact on SLSD finances, the District should strive to be comparable to industry standards for employee contribution percentages. The average employee contributions for SLSD were compared to various industry benchmarks including the Kaiser Family Foundation (Kaiser) and the State Employment Relations Board (SERB) as illustrated below:

- **Average Percent of Employee Contributions:** For 2006, the Kaiser average was 16 percent for single and 27 percent for family coverage, while SERB reported 7.9 percent for single and 9.6 percent for family medical coverage.
- **Average Employee Contributions by School Districts (per ADM):** For FY 2005-06, SERB reports districts with an ADM of 2,500 to 9,999 average employees' premium contributions were 7.7 percent for single and 9.1 percent for family.
- **Average Monthly Premiums and Employee Contributions (by covered employees):** SERB reported average contribution (medical only) amounts of 7.8 percent for single and 9.6 percent for family in FY 2005-06 for districts covering 250-499 employees.

Financial Implication: Increasing employee contributions from 5 percent to 10 percent for both single and family coverage would save the District approximately \$181,000 in FY 2007-08.

R3.9 SLSD should consider modifying its insurance plan benefits to better capture potential savings. This can be accomplished by reorganizing benefits offered to a level more in line with Kaiser and the Ohio Education Association (OEA) benchmarks. Specifically, the District should focus on co-insurance and co-payment

⁸ SLSD's Board pays 95 percent of medical premiums for 14 of the 30 covered bus driver/mechanics. The Board pays a prorated amount for the remaining 13 employees working less than 5 hours (75 percent for 3 employees and 67 percent for 13 employees).

amounts. If these areas were adjusted to the industry benchmarks, SLSD could reduce the claim amounts it pays for employee coverage.

During the performance audit, the District implemented a new pharmacy benefits program that includes preferred formulary brands, and SLSD estimates that the annual savings from the new plan will be \$125,000.

The District realizes that its insurance plan's benefits are generous, specifically in the area of co-insurance for covered services. In FY 2006-07, health insurance costs were approximately 29 percent of personal services and benefits. In comparison to benchmark averages from Kaiser and OEA, SLSD's plan design was determined to be more generous than the average plan with cost sharing amounts below the norm. Notable differences were identified in the following areas:

- **Co-payments for physician visits:** SLSD's insurance plan requires a \$10 co-payment for PPO Network Provider services. The Kaiser majority population for co-payments for PPOs (35 percent) requires a \$20 co-payment.
- **Co-insurance for physician visits (percentage paid):** SLSD's insurance plan covers inpatient consultations, routine preventive care, routine physical exams and second surgical opinion services at 100 percent. Therefore, the covered employee is not required to participate in cost sharing for physician visits. Kaiser reports that 68 percent of respondents offer a 20 or 25 percent co-insurance for PPO Network physician visits.
- **Multi-tier Drug Plan Co-payments:** SLSD has a two-tier prescription drug plan. The District co-payments are \$7 for generic and \$12 for name brand for retail 30-day supply. Co-payments for home delivery 90-day supply prescription are \$5 for generic and \$15 for name brand. Kaiser reported co-payments of \$11 for generic, \$24 for preferred, and \$38 for non-preferred. OEA reported co-payments of \$10 for generic, \$15 for formulary, and \$30 for non-formulary (30-day supply). Mail order is reported as \$10 generic, \$30 brand name, and \$40 brand name non-formulary (90-day supply).
- **Average Annual Deductible:** SLSD's annual deductible is \$125 for single coverage and \$200 for family. Kaiser reported an average of \$473 for single in network and \$1,034 for family in network. OEA reported single in/out of network \$100/\$200 and family \$200/\$400.

- **Average Cost for Hospital Visits:** SLSD covers these services 100 percent for the first 120 days. After 120 days, the co-insurance is 20/80 percent share between the employee and SLSD, respectfully. Kaiser reported an average 17 percent for co-insurance and no period of full coverage.
- **Average Cost sharing for Outpatient Surgery:** SLSD covers outpatient surgery 100 percent compared to the Kaiser reported average 17 percent for PPO co-insurance.
- **Annual Out-of-Pocket Maximums:** SLSD's maximum out of pocket expense for individual coverage is \$500 for network and \$1,000 for non-PPO network. The maximum out of pocket expense for family coverage is \$1,000 for network and \$2,000 for non-PPO network. Kaiser reported the majority (23 percent) of respondents' with single coverage average \$1,500-\$1,999 and the majority (25 percent) of family coverage average \$3,000-\$3,999. OEA reported \$600/\$1,200 for single and family network and \$1,200/\$2,400 for single and family non-network.

SLSD is not effectively using co-payments and co-insurance to contain costs for its insurance benefits. The District offers a more costly health care plan than the industry benchmarks by offering coverage provisions that exceed Kaiser and OEA averages. Adjusting certain health care benefits can be difficult because provisions are specified in the collective bargaining agreements. If successful, however, certain adjustments would help SLSD reduce costs.

Offering generous coverage, such as 100 percent covered services, can be risky for a self-funded entity. If a significant number of employees receive services, the reserve fund may not be able to support the claims. Redesigning its insurance plan will help the District ensure it can support the reserve fund and possibly allow the District to lower premiums. Although the District is below benchmark averages in total premium costs, modifying its insurance plan may reduce costs and allow the District to dedicate more funds to direct instruction.

Negotiated Agreements

R3.10 SLSD should ensure that all bargaining team members have the opportunity to develop negotiating skills by providing access to collective bargaining training opportunities. Training, like that offered by SERB, should provide SLSD's bargaining team members with an understanding of the bargaining process, which in turn, can advance their skills and help the team reach the collective bargaining goals of the District.

Near the end of FY 2006-07, SLSD began negotiating its employee bargaining agreements. SLSD's certified bargaining team consists of the Superintendent, Treasurer, Curriculum Instructor, and one elementary principal. The District's classified bargaining team consists of the Superintendent, Treasurer, and the Business Manager. The Superintendent has participated in training regarding effective collective bargaining, but not while at SLSD. The Superintendent was not aware if the other bargaining members had been to trainings in the past, but the team has not participated in training as a group while he has been employed at SLSD.

SERB's Research and Training Section is responsible for training representatives of employee organizations and public employers in the rules and techniques of collective bargaining. SERB offers collective bargaining training specifically designed to introduce public-sector collective bargaining and provide information on how Ohio law governs labor relations in the public sector. The training offered by SERB does include a registration fee, which was approximately \$300 in 2006.

SLSD involves administrators such as the Superintendent and Treasurer in the collective bargaining process because these positions carry the most authority and experience within the District. However, because it does not ensure that employees participating on the collective bargaining team have had the necessary training, SLSD is not engaging in effective bargaining, as evidenced by the highlighted elements of the salary schedule and bargaining agreements in **R2.7**, **R3.7**, and **R3.11**. By using better trained negotiating team members, SLSD may be able to negotiate significant cost savings.

Financial Implication: Participation in the SERB training by all five individuals on the District's two bargaining teams would result in a one time cost of \$1,500. The District would experience recurring costs to implement this recommendation as SLSD experiences turnover in these positions.

R3.11 SLSD should attempt to renegotiate provisions within its employee bargaining agreements that exceed industry standards and State minimums. These provisions are costly and successful renegotiations would allow SLSD to save money and reduce the District's projected financial deficit. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 3-B).

As a component of the performance audit, certain provisions within the SLSD certified and classified agreements were compared to State minimum standards and best practices. The following areas in SLSD's certified and classified contracts exceeded benchmark provisions:

- **Maximum number of sick days accrued:** SLSD's agreements allow District employees to accrue sick days in excess of the State minimum requirement of 120 days. SLSD's certified and classified agreements permit employees to accumulate unlimited sick leave. Provisions allowing employees to accrue sick days in excess of State minimums represents a potential for increased financial liability when accrued sick leave is paid out to retiring employees.
- **Doctor's notice required:** SLSD does not require employees to furnish a doctor's notice for extended sick leave. However, the District requests a doctor's notice for its classified employees. The Agreement between the State of Ohio and SCOPE OEA/NEA states that in the case of a condition exceeding seven consecutive calendar days, a physician's statement specifying the employee's inability to report to work and the probable date of recovery is routinely required. Provisions requiring employees to furnish a doctor's notice for extended sick leave may help the District to control the use of sick leave (see **R3.12**).
- **Maximum sick leave payout:** Because of the provisions allowing employees to accrue unlimited sick leave, SLSD's bargaining agreements allow for a maximum sick leave payout which is also in excess of State minimums. The State standard for sick leave payout is 25 percent of accrued but unused sick leave up to a maximum of 30 days. SLSD's certified agreement allows an additional 24 days (54 days total). Its classified agreement allows for an additional 15 days for employees leaving with 10 or more years of service and 25 additional days for employees retiring from active service. SLSD's excess days represent an increased financial responsibility which the District will incur as its employees retire.

The following two provisions are unique to SLSD's classified agreement and were identified as exceeding State minimum requirements.

- **Paid holidays:** SLSD's classified agreement allows employees a total number of paid holidays in excess of State minimums as defined by the number of days worked during the year. All 12 month employees are allowed 14 paid holidays which is 7 more days than the State minimum. Employees working 9 or 10 months are entitled to 7 paid holidays which 1 day more than the State minimum. Paid holidays in excess of State minimums represent a potential for decreased operational efficiency.
- **Vacation:** SLSD's classified agreement allows employees vacation in excess of State minimums as defined by the years of service at the District. According to ORC § 3318.084, non-teaching school employees are entitled to 2 weeks vacation for 1 to 9 years of service, 3 weeks after 10 years of service, and 4 weeks after 20 years. SLSD's classified employees receive 2 weeks of vacation after 1 year of

service, 3 weeks after 8 years of service, 4 weeks after 14 years of service, and 5 weeks after 21 years of service, and 6 weeks after 27 years. Paid vacation in excess of State minimums represents a potential for decreased operational efficiency.

Adjusting certain provisions can be difficult because they are specified in the contracts and need to be agreed upon within negotiations with the respective bargaining members. However, if successful, certain adjustments would help SLSD save money and reduce the District's projected financial deficit.

R3.12 SLSD should implement formal sick leave policies with the goal of reducing the amount of sick leave used by employees. Sick leave abuse policies should clearly define what SLSD will consider as a pattern of abuse and should indicate that if an employee engages in a pattern of abuse, the employee may be subject to discipline. These policies will help ensure that employees are not abusing leave and can increase the productivity of employees. In addition to strengthening its policies, SLSD should consider following the American Society for Public Administration's (ASPA's) suggestions for effectively managing sick leave abuse. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 3-B).

AOS survey results indicated that SLSD's employees did not feel that the District's sick leave policy is too lenient (**Appendix 3-A**). However, the comparison to benchmarks set by the Ohio Department of Administrative Services (DAS) indicated that SLSD's sick leave usage exceeds the average for certified and classified employees.

SLSD certified and classified employees, on average, incurred more sick leave per employee than the DAS average in FY 2005-06. Certified employees used an average of 7.66 days per employee, 0.95 days more than the DAS average. SLSD classified employees averaged 8.61 days, 1.58 days more than the DAS average.

In addition to exceeding the DAS average in FY 2005-06, SLSD average sick leave per employee increased from FY 2003-04 to FY 2005-06. The average leave for certified employees increased 8.64 percent from FY 2003-04 to FY 2005-06 and the classified employees' average leave increased 14.9 percent over the three years.

SLSD has an absence form that employees must submit when they have missed a day. This absence report documents the reason for the absence, and contains the employee and appropriate building principal's signatures. While SLSD has forms that employees are required to submit when requesting personal or professional leave, employees are not required to request sick leave in advance for non-emergency situations such as a doctor's appointment.

The State has collective bargaining agreements with the State Council of Professional Educators (SCOPE) and the Ohio Civil Service Employees Association (OCSEA), Local 11. Both collective bargaining agreements contain provisions for disciplining employees for sick leave abuse and provisions for pattern abuse, 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.

According to *Sick Leave Abuse: A Chronic Workplace Ill?* (ASPA Times, 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.

The District indicated that it does not monitor sick leave because employees have the right to use their leave as they choose. Because the collective bargaining agreements do not stipulate specifications regarding sick leave abuse, the District does not feel that it can interfere with when and how employees decide to use sick leave.

Deciding not to monitor employee sick leave usage can lead to employees taking advantage of leave and cause the District to experience higher than average leave usage. High amounts of sick leave can result in decreased productivity and can cause SLSD to experience additional substitute costs. Sick leave abuse is costly to SLSD; such costs include; overtime pay for other employees, hiring substitutes, missed deadlines, sinking morale, and lower productivity.

Financial Implication: If SLSD strengthens its sick leave policy and takes other steps to reduce its leave use to the industry averages, the District could save approximately \$15,000 in annual substitute costs for its certified staff.

Board of Education

R3.13 SLSD should ensure that it follows its policy and provides member orientation packets to all newly elected Board members. These packets should include all relevant information on school community relationships and general responsibilities, school finance, curriculum and instruction, administration and staff, and school facilities. The use of a formal new member orientation packet will help Board members adapt to their new role more quickly and, as a result the Board will operate in a more efficient manner.

According to Board bylaws, the Board believes that the preparation of each member for performance of duties is essential to the effectiveness of the Board's functioning. The bylaws stipulate that the Board shall encourage each new member to understand the functions of the Board, acquire knowledge of matter related to the operation of the schools, and learn Board procedures. The bylaws further stipulate that each member will receive, no later than his/her first regular meeting, a copy of the Ohio Ethics Law required by ORC § 102.09, the Board policy manual, copies of current negotiated agreements, the current budget statement, a copy of the Annual Progress Report, and Ohio School Board Association's (OSBA) *Boardmanship*.

According to SLSD Board members, there is no formal training orientation for new members. When new members are elected, they meet with the Superintendent and existing Board members. Some members indicated that they have not received policy manuals, labor contracts, and other important documents.

New members are encouraged to attend OSBA's new board member training at the District's expense. Some members have also attended the Capital Conference in Columbus, Ohio and the OSBA training for the corresponding region. Furthermore, the Board President is aware of, and encourages, participation in the online trainings offered by OSBA. SLSD also has subscriptions to *School Management News* publication, and *The Briefcase*, a semi-monthly newsletter containing information pertaining to boards, current news, and legislative reports.

According to *Becoming a Better Board Member* (National School Boards Association, 2006), orientation and reference material should be made available to new board members. Information from each of the following five areas should be included in the form of an orientation packet:

- School-community relationships and general responsibilities;
- School finance;
- Curriculum and instruction;
- Administration and staff; and
- School district facilities.

Additionally, OSBA offers a variety of training courses and seminars for board members. Many of the trainings are offered online and are free of charge. Seminars are scheduled for various locations and dates and there is usually a fee for attendance. For example, OSBA offers a full day workshop for board presidents for a fee of \$100.

While SLSD's Bylaws section within its Board Policies meets best practice criteria for newly elected Board members, the District may not be following its policy by failing to provide all new members with orientation packets. In addition to training, SLSD should ensure that all relevant information is provided to Board members as early as possible.

R3.14 In addition to ensuring that its Superintendent and Treasurer receive effective annual evaluations, SLSD's Board should develop a method of self-evaluation. Self-evaluations would allow the Board to formally evaluate the past and future goals and achievements of the District. Self-evaluations could also assist the Board in improving internal communication and strengthening the process of acting as the governing voice of SLSD, ultimately improving its service to the District. In developing the evaluation tool, the Board should consider the standards set by the National School Boards Association (NSBA).

As stated in the District's Board Policy Guidelines, it is essential to evaluate the Superintendent and the Treasurer's performance in order to assist the Board, Superintendent, and the Treasurer in the proper discharge of their responsibilities and to enable the Board to provide the District with the best possible leadership. These evaluations are to occur at least annually. While District Board members confirmed that it is the practice to evaluate the Superintendent and Treasurer annually, SLSD's Board does not have a formal method in place to monitor its own progress and performance.

According to *Becoming a Better Board Member* (NSBA, 2006), board members need to engage in regular self-evaluations to ensure that they continue to exercise the most effective leadership possible. While there is no one correct method of a board evaluation, *Becoming a Better Board Member* provides standards that school board veterans see as essential evaluation elements and outcomes. These standards recommend the evaluation cover the whole board (not individuals), assess both strengths and weaknesses, be based on Board goal achievement, and include actions for improving Board performance. Board evaluations should occur annually.

Conducting self-evaluations would allow the Board to monitor its own performance and set goals to strengthen the responsibilities it has to the District. With internal issues that may arise on any school board, such as personality conflicts, leadership issues, and communication problems, a self-evaluation may allow the Board to find effective ways to work together and improve its service to the District.

R3.15 SLSD should consider implementing additional recommendations that were issued in the 2000 Performance Audit and have not been fully implemented by the District or addressed in this section. These recommendations, while not key to SLSD's HR function, could have a beneficial effect on the District's overall operations.

Some operational items reviewed in the 2007 Performance Audit differ from those reviewed in the 2000 Performance Audit. While the following areas were not reviewed in 2007, the recommendations were determined to be still relevant and, if implemented, could result in positive District improvements or enhanced human resource management efficiency and effectiveness.

- **R3.1 Develop formal reporting policies:** The District should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to ODE. In addition, there should be a review process by a person that is independent of the data gathering process to ensure the policies and procedures are followed and accurate numbers are reported to ODE.
- **R3.11 Prorated benefits:** SLSD should further revise its graduated benefits scale for those employees who work between five hours per day and what is considered a full day (7 ½ to 8 hours). Expanding the graduated benefits scale would decrease the District's premium costs.
- **R3.16 Association Reimbursement:** SLSD should require the Springfield Local Association of Classroom Teachers (SLA) to reimburse the District for the cost of providing substitute teachers to cover employees on association leave.

Financial Implications Summary

The following table summarizes the estimated financial implications associated with the recommendations in this section. Implementation of those recommendations subject to negotiation requires agreement from the affected bargaining units.

Summary of Financial Implications for Human Resources

Recommendation	Annual Cost Savings	One-time Implementation Cost
R3.2 Reduce regular teaching staff by 22 FTEs	\$1,360,000	
R3.3 Reduce teaching aides by 10 FTEs	\$232,000	
R3.4 Reduce ESP staffing by 8 FTEs	\$481,000	
R3.5 Reduce Clerical staffing by 8 FTE	\$406,000	
R3.6 Reduce special instruction costs per pupil to a level in line with peer districts	\$600,000	
R3.7 Negotiate a more reasonable step schedule for certified employees	\$76,000	
R3.7 Negotiate a base salary comparable to the peer average for beginning teachers	\$23,000	
R3.8 Negotiate an increase in employee premium contributions from 5 to 10 percent	\$181,000	
R3.10 Attend SERB's collective bargaining training		\$1,500
R3.12 Reduce the substitute costs by reducing sick leave taken by certified employees	\$15,000	
Total Financial Implication	\$3,374,000	\$1,500

Source: AOS Recommendations

Appendix 3-A: Human Resources Survey

AOS administered an employee survey to SLSD's approximately 436 employees to obtain feedback and perceptions concerning human resource issues. The survey was completed by 241 employees, 222 (92 percent) of which completed the human resource section of the survey. The overall participation rate for the AOS survey was approximately 55 percent. Survey responses were made on a scale of 1 to 5: 1 = Strongly Agree; 2 = Agree; 3 = Neutral; 4 = Disagree; 5 = Strongly Disagree. **Table 3-10** illustrates the results.

Table 3-10: SLSD Human Resources Survey Results ¹

Survey Questions	Survey Results
Job Description	
1.) I am aware of the duties required in my job description. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	70% 27% 1% 1% 0% 0%
2.) My job description accurately reflects my actual daily routine. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	46% 36% 9% 8% 1% 0%
3.) Staff Training is effective in my department. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	 21% 49% 12% 8% 7% 3%
4.) Cross training has been implemented by my department. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	 7% 22% 29% 22% 5% 16%

Survey Questions	Survey Results
Performance	
5.) Our department could effectively maintain productivity in the event of a short-term absence. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	24% 37% 14% 13% 8% 4%
6.) The Board of Education monitors its performance and achievement of its goals. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	9% 24% 39% 12% 4% 13%
7.) I am aware of the Board of Education's achievement goals. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	11% 28% 28% 21% 5% 6%
Evaluation	
8.) I am evaluated annually. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	28% 32% 12% 18% 4% 6%
9.) The evaluation process provides timely and relevant feedback. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	25% 41% 15% 8% 5% 6%
10.) Evaluations are done in accordance with collective bargaining contracts. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	31% 43% 10% 4% 2% 10%

Survey Questions	Survey Results
11.) The evaluation form used is relevant to my job duties. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	24% 49% 12% 5% 4% 7%
12.) Management responds and acts on recommendations made in evaluation sessions. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	13% 34% 29% 5% 5% 13%
Sick Leave/Substitutes	
13.) The District’s employee’s sick leave policy is too lenient. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	7% 3% 14% 40% 33% 3%
14.) The District’s employee substitutes are qualified and effective. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	4% 32% 34% 14% 10% 5%
15.) Current substitute system is effective in placing substitutes. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	6% 53% 17% 9% 8% 7%
Certification	
16.) I am aware of few lapses in certificate/licenses due to lack of management oversight. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	13% 14% 21% 14% 16% 21%

Survey Questions	Survey Results
Human Resources	
17.) I am satisfied with how human resources activities are managed in the District. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	5% 32% 31% 12% 6% 14%
18.) I am satisfied with the overall effectiveness of Human Resources management policies and procedures. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	6% 34% 29% 13% 6% 13%
19.) I am informed of changes in District policies and procedures. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	15% 51% 14% 10% 6% 4%
20.) The District’s overall recruitment process is effective. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	5% 29% 33% 12% 4% 17%
21.) The District’s procedures regarding job posting and hiring is effective. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	9% 55% 22% 7% 2% 4%
22.) I am satisfied with procedures regarding health benefits. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	22% 54% 11% 5% 3% 5%

Survey Questions	Survey Results
<p>23.) Current grievance procedures are fair and effective.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>8%</p> <p>48%</p> <p>23%</p> <p>4%</p> <p>4%</p> <p>13%</p>
<p>24.) Current discipline procedures are fair and effective.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>6%</p> <p>37%</p> <p>25%</p> <p>15%</p> <p>6%</p> <p>10%</p>
<p>25.) I feel overall District employee's satisfaction and morale is positive.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>3%</p> <p>25%</p> <p>27%</p> <p>24%</p> <p>20%</p> <p>2%</p>

Source: SLSD employee responses to the AOS survey conducted during the course of the audit

¹Total respondents for the human resource section will not match the total for the AOS survey due to some respondents skipping this section.

Appendix 3-B: 2000 Performance Audit Recommendations and Implementation Status

Table 3-11 shows a summarized version of the 2000 Performance Audit recommendation as well as the status of that recommendation; implemented, partially implemented, not implemented, or no longer applicable.

Table 3-11: 2000 Performance Audit Recommendation Status

Recommendation	Implementation Status
R3.1 The District should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to ODE and EMIS.	This recommendation has been partially implemented (see 2007 R3.15).
R3.2 Because of the current financial situation, the District should analyze all operations for potential cost savings. One area where savings may be able to be achieved is the staffing level in the other professional education classification. A reduction of two to four FTEs would reduce the other professional education classification to a level comparable to the peer average. Furthermore, it will allow the District to maintain the minimum requirement of 5.0 FTE per 1,000 students enrolled for education service personnel as required by Ohio Administrative Code (OAC) 3301-35-03.	This recommendation has not been implemented and a similar recommendation was reissued to reduce ESP personnel (see 2007 R3.4).
R3.3 Between the treasurer's office and the phone operators, SLSD should reduce its other office/clerical classification by two to three positions. A reduction of two to three positions would lower the FTEs per 1,000 students in this classification to a level comparable with the peer average.	This recommendation has not been implemented and a similar recommendation was reissued to reduce clerical personnel (see 2007 R3.5).
R3.4 SLSD should continually monitor enrollment, and staffing levels should be adjusted accordingly. The significant increases in staffing levels from FY 1995-96 to FY 1997-98 and the high average salaries appear to be a contributing factor to the financial problems the District is currently encountering.	This recommendation has not been implemented. Similar recommendations were made (see 2007 R3.1 and 2007 R3.7).
R3.5 In an effort to rectify SLSD's current financial difficulties, there must be a shared sacrifice among all employees. Therefore, the District and the unions should negotiate low cost of living increases for all employees until the District recovers from its fiscal emergency status. The District has the highest average teacher's salary compared to the peer district. In addition, SLSD has a high average salary compared to the peer average in 7 of 11 classifications and a historical pattern of high average salaries for teachers and classified employees.	This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.7).

Recommendation	Implementation Status
<p>R3.6 SLSD should analyze the supplemental contract payment schedule to determine if savings can be generated. The supplemental average of eight common supplemental contracts, reveals that SLSD has the largest average supplemental contract (\$3,658) and also the highest average supplemental contract when compared to the peer average (\$3,054).</p>	<p>This recommendation has been implemented.</p>
<p>R3.7 SLSD spent \$142,566 on substitute teacher payments during FY 1998-99. Contributing to this expense were sick days utilized by teachers. If SLSD would reduce the number of sick leave days taken per teacher, it would eliminate additional administrative time, enhance the quality of education by minimizing the interruptions in the flow of teachers' curriculum and would reduce the overall substitute costs incurred.</p>	<p>This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.12).</p>
<p>R3.8 In order to increase the District's pool of substitutes, SLSD should consider running advertisements in area newspapers and on television. During FY 1999-00, Massillon City School District ran advertisements in area newspapers and on television and was able to increase its pool by approximately 30 substitutes.</p>	<p>This recommendation is no longer applicable.</p>
<p>R3.9 SLSD should seek methods to reduce the use of sick leave days among classified employees. The District spent approximately \$56,147 on classified employee substitute payments during FY 1998-99. Contributing to this expense were sick days utilized by classified employees. The classified employee population averaged 9.1 sick days per person in FY 1998-99 which is 4.6 days higher than the average taken by full-time governmental workers as reported by the Bureau of Labor Statistics. If SLSD would reduce the amount of sick leave taken, it would eliminate additional administrative time, enhance the quality of education by eliminating interruptions in the flow of work and reduce the overall substitute and overtime cost incurred.</p>	<p>This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.12).</p>

Recommendation	Implementation Status
<p>R3.10 Because of the excessive amount of sick leave taken per employee (between 7.1 and 12.4 days) and the costs associated with obtaining substitutes to cover absences, SLSD should consider implementing additional policies to assist with reducing sick leave usage. Potential policies include:</p> <ul style="list-style-type: none"> • Implement a sick leave abuse policy such as a rolling year occurrence policy where employees are held accountable for the number of times taken off rather than the length of time actually taken. • Implement an attendance incentive where employees are rewarded for perfect attendance. Barberton City Schools has an attendance incentive and their classified employees only averaged 5.5 sick days per person. • Require sick leave taken to be used as a component of the employee's evaluation. <p>In order for sick leave management to be effective, all administrators should complete initial and on-going training to ensure complete understanding of the policies and consistent implementation of such policies.</p>	<p>This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.12).</p>
<p>R3.11 SLSD should further revise its graduated benefits scale for those employees who work between five hours per day and what is considered a full day (7 ½ to 8 hours). The District might consider using a prorated schedule based upon the actual number of hours worked in a day. Currently, an employee who works 5 ½ hours per day would only be responsible to pay five percent of his or her monthly premiums even though they are only working 69 percent of an eight hour work day. If the District were to utilize a prorated schedule, an employee working 5 ½ hours per day would have to contribute 31 percent of the monthly premium. Expanding the graduated benefits scale would decrease the premium costs which the District would have to incur. A financial implication is unable to be determined due to a lack of information available.</p>	<p>This recommendation has not been implemented (see 2007 R3.15).</p>
<p>R3.12 During FY 2000-01, SLSD should reassess the amount of funding deemed necessary to be maintained in the self-insurance fund and only maintain balances necessary to cover the costs of the estimated claims. Because of the financial problems which the District is currently experiencing, SLSD should seek to increase the available resources in the general fund and decrease the amount of restricted monies in other funds. Decreasing funding levels in the self-insurance fund to \$700,000 does not result in additional revenue. However, it does decrease the amount of restricted monies in the self-insurance fund which will increase general fund resources available for other expenditures.</p>	<p>This recommendation has been implemented.</p>

Recommendation	Implementation Status
<p>R3.13 SLSD should consider reassessing the amount of the monthly premiums for the benefits which they offer. Reassessing the monthly premiums could potentially allow the District to free up general fund resources rather than over-restricting monies in the self-insurance account. In addition, the internal service fund is not designed to accumulate significant reserve balances. Therefore, the monthly premium amounts should only be assessed at a level deemed necessary to cover the estimated expenditures each month and provide a reasonable balance for unanticipated claims. If the District lowered the monthly premiums beginning in FY 2000-01, based upon the internal service fund expenditures from FY 1999-00, the estimated average monthly premium costs would be \$403.75. In FY 1998-99, the weighted average monthly premium actually charged by the District was \$422.01. Every year after FY 2000-01, the District could increase the rates at the estimated increase of five percent per year to offset the effect of inflation. However, SLSD should periodically reassess the adjusted monthly premium costs to determine if other adjustments need to be made to meet the estimated expenditures and unanticipated claims.</p>	<p>This recommendation has been implemented.</p>
<p>R3.14 In order to further reduce the cost of insurance benefits to the District, SLSD should consider requiring full-time employees to contribute a higher percentage towards the monthly premium costs. If SLSD were to require contribution percentages of 10, 15 or 20 percent, the overall insurance expenses would be reduced as shown in Table 3-39.</p>	<p>This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.8).</p>
<p>R3.15 An unlimited personal leave policy can be beneficial to both employees and the District if properly monitored. Akron City School District (Akron) in Summit County also has an unlimited personal leave policy. A review of the performance audit on Akron City School District revealed that certificated employees averaged 0.3 personal days per employee and classified employees averaged 0.4 personal days. The District should work with the employees to determine if an unlimited personal leave policy can be beneficial at SLSD.</p> <p>However, if the relationship between employees and the District officials can not be reconciled to support an unlimited personal leave policy, SLSD should negotiate to remove the unlimited personal leave language from the contract and limit the total number of personal leave days per employee to no more than three days per year. This will continue to reduce substitute costs by establishing a formal and written limit on the number of personal days and employee can use.</p>	<p>This recommendation has been implemented.</p>

Recommendation	Implementation Status
<p>R3.16 At a minimum, SLSD should require the SLA to reimburse the District for the cost of providing substitute teachers to cover employees on association leave. Additionally, SLSD should consider negotiating a provision by which the SLA is responsible for providing the employee's salaries and benefits when on association leave.</p>	<p>This recommendation has not been implemented (see 2007 R3.15).</p>
<p>R3.17 Before offering ERIs in future contracts, the District should conduct thorough studies assessing both the costs and the benefits. Although ERIs may generate savings for districts, they oftentimes require significant cash outlays at times when districts can least afford them. This is evidenced by the fact that while SLSD is in fiscal emergency, the District must incur additional costs of approximately \$ 2.3 million for the ERI which ended December 31, 1999, excluding interest. See the Financial Systems for more information.</p>	<p>This recommendation is no longer applicable.</p>
<p>R3.18 The District should implement an informal step to its grievance process. This process should allow the grievant to talk with the person at the lowest possible level who has the authority to resolve the problem. An informal process minimizes the administrative time spent in meetings and writing reports and eliminates the need for all grievance procedures to go through a formal process.</p>	<p>This recommendation has been implemented.</p>
<p>R3.19 In order to more accurately identify staffing needs for the following school year, SLSD should establish a policy that requires employees to notify the District by a Board established date of their intentions to retire for the following school year. A possible option the District could consider would be to reduce the amount of severance pay if the employee does not notify the District by the established date.</p>	<p>This recommendation has been implemented.</p>
<p>R3.20 The payout of severance has a significant effect on the District's overall budget. To lessen the financial burden on the District, SLSD should consider renegotiating its severance policy to standards identified by ORC § 124.39 which provides for a payout of 25 percent of accrued but unused sick leave credit, upon retirement, up to 120 days (30 day payout), for persons with 10 or more years of service. The law permits districts to provide for more than 25 percent (but not less) and the number of years to be less than 10 (but not more).</p>	<p>This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.11).</p>

Recommendation	Implementation Status
<p>R3.21 SLSD should implement a probationary period. A probationary period allows management to determine whether a newly hired employee conforms to the requirements of the position and permits release of that employee. A performance audit conducted on Middletown- Monroe City School District indicates that they have successfully negotiated with the classified staff to establish a probationary period of 180 days. By formally implementing a probationary period to a time frame similar to the Middletown-Monroe City School District, SLSD would have additional time to assess the potential employee and enhance the ability of the board to employ qualified, dedicated and hard-working personnel.</p>	<p>This recommendation has been implemented.</p>
<p>R3.22 Evaluations for all classified employees should be conducted at least once a year. Frequent evaluations are important to:</p> <ul style="list-style-type: none"> • Ensure that employees receive clear feedback on areas for improvement and to surface and document disciplinary problems; • Improve the quality of instruction provided to the students and bring about professional improvement of the employee; • Provide evidence about the quality of the employee's professional performance; • Improve efficiency and effectiveness of the employees in carrying out the duties of their job descriptions; • Improve employee morale; and • Monitor the success and progress of an employee. 	<p>This recommendation has been implemented.</p>
<p>R3.23 The number of paid holidays provided to 12-month classified employees should be reconsidered in future negotiations. More specifically, SLSD should consider eliminating the two additional days after New Year's Day and one additional day after Christmas Day.</p>	<p>This recommendation has not been implemented and a similar recommendation was issued (see 2007 R3.11).</p>
<p>R3.24 The District should reassess the vacation schedule for classified employees and consider decreasing the number of vacation days allowed. Providing an excessive number of vacation days increases the amount of overtime and substitute costs and potentially decreases the productivity of District employees.</p>	<p>This recommendation has not been implemented and a similar recommendation was issued (see 2007 R3.11).</p>

Facilities

Background

The facilities section focuses on custodial and maintenance staffing, operations, expenditures, and building utilization in the Springfield Local School District (SLSD or the District). **Appendix 1-A** provides a summary of the audit objectives for this section. Throughout this section, SLSD's operations are evaluated against best practices and operational standards including, the American School and University Magazine (AS&U), the National Center for Education Statistics (NCES), the International Sanitary Supply Association (ISSA), the Government Finance Officers Association (GFOA), the Minnesota Office of the Legislative Auditor (OLA), and the Brevard County Schools (Brevard CS), Florida. Comparisons were made for the purpose of developing recommendations to improve efficiencies and business practices. In addition, audit staff administered a survey to SLSD's employees regarding custodial and maintenance services and those results have been used in the report. Survey questions and results can be found in **Appendix 4-A** at the end of this section.

Summary of Operations

In FY 2006-07, SLSD consisted of 7 school buildings: a kindergarten center, 3 elementary schools (grades 1 through 4), an intermediate school (grades 5 and 6), a junior high school (grades 7 and 8), and a high school (grades 9 through 12). SLSD also has one administrative office building, one transportation facility, and two unused elementary buildings. The average age of SLSD's buildings and additions is 51 years. SLSD closed the Boyer Kindergarten Center at the end of FY 2006-07 and distributed the students to the other elementary schools. After the closure of this building, the capacity utilization of all schools in the District is at the recommended level of 85 percent.

SLSD has equally distributed maintenance and custodial staffing across District buildings. The District employs six head custodians, one for each school building, and eight custodians.¹ The head custodians report directly to the principal of their building and are responsible for the day-to-day leadership of the custodial staff in their respective buildings. Head custodians are responsible for mowing, snow removal, and some routine maintenance. SLSD employs three maintenance employees who report to the Maintenance Supervisor. The Maintenance Supervisor delegates work orders to the maintenance staff, plans preventive maintenance activities, and

¹ Reflects staffing after closure of Boyer Kindergarten Center; the custodial staff positions in Boyer were eliminated with the closure.

controls the District's energy management system.² To ensure high levels of productivity, each staff member is evaluated annually by their direct supervisor in accordance with SLSD Board of Education (Board) policy. The evaluation forms are linked to the staff member's job description.

Although SLSD has a formal work order process, it does not ensure equitable maintenance of all buildings (see **R4.6**). In particular, the system does not track the costs associated with repair and maintenance of the buildings. In addition, SLSD does not have a District-wide facilities master plan (see **R4.1**). SLSD has formed a voluntary Community Advisory Committee (CAC) to discuss a District-wide facilities master plan; however, the CAC has delayed this work due to the District's adverse financial condition.

Key Statistics

Key statistics related to SLSD's FY 2005-06 maintenance and operations (M&O) are presented in **Table 4-1**. Also included in **Table 4-1** and throughout the report are the results of the *35th Maintenance & Operations Cost Study* (AS&U, 2006).³ In addition, **Table 4-1** draws on the *Planning Guide for Maintaining School Facilities* (NCES, 2003). This publication serves as a benchmark for custodial effort, measured by square footage per FTE custodian.

² The energy management system operates the heating, ventilating, and air conditioning (HVAC) systems in the District's buildings and is set at 68 degrees in the winter and 74 degrees in the summer.

³ The annual AS&U cost study is developed using a specific survey methodology. The methodology consists of a detailed questionnaire that is sent to chief business officials at the nation's public school districts asking them to document M&O costs, including salary/payroll, outside contract labor, utilities, gas, electricity, trash collection/disposal, maintenance and grounds equipment and supplies, and other costs as well as various maintenance practices. The data is then broken out on a national level by district enrollment, identifying budgeted expenditures for M&O per student and per square foot for the fiscal school year.

Table 4-1: Key Statistics and Indicators

Number of School Buildings	6
Elementary Schools (includes Schrop Intermediate)	4
Middle School	1
High School	1
Total Square Feet Cleaned	426,886
Elementary Schools (includes Schrop Intermediate)	173,743
Middle School	70,579
High School (includes Board offices)	182,564
Square Feet Cleaned per Custodial FTE (13.50 FTE)	31,621
Elementary Schools (6.50 FTE)	26,730
Middle School (2.00 FTE)	35,290
High School (5.00 FTE)	36,513
NCES Planning Guide ¹	29,500
Square Feet per Maintenance FTE (3.65 FTE) ²	122,863
AS&U 35th Annual Cost Survey National Median per maintenance worker (1,000-3,500 students)	116,272
Acres per Grounds Keeper FTE (1.00 FTE)	83
AS&U 35th Annual Cost Survey National Median (1,000-3,500 students)	43

Source: SLSD reported building square footages, staffing levels, year-end financial record for FY 2005-06; the *Planning Guide for Maintaining School Facilities*; and the *35th Maintenance & Operations Cost Study*.

Note: Totals may vary due to rounding.

¹ According to the *Planning Guide for Maintaining School Facilities*, 28,000 to 31,000 square feet per FTE custodian is the benchmark range for most school facilities. Therefore, a benchmark of 29,500 square feet per FTE custodian will be applied in the analysis. This benchmark is acceptable to most stakeholders and does not pose any health issues.

² The total square feet used for this analysis is 448,451 and includes Boyer Kindergarten Center as the building will have to be maintained by the District until it is sold or leased.

Table 4-1 shows that SLSD custodians, maintenance workers, and its grounds keeper maintain higher square footage areas than the industry benchmarks. This indicates that SLSD's M&O activities may be understaffed. As a result, the District should continue to carefully monitor its ability to adequately maintain its facilities and grounds. If SLSD finds that there is deterioration in these areas, it may need to reevaluate its staffing levels once the District achieves financial stability.

Financial Data

Table 4-2 presents a three-year history of SLSD's M&O General Fund expenditures.

Table 4-2: SLSD Three-Year M&O Expenditure History

	FY 2003-04	FY 2004-05	Percentage Change	FY 2005-06	Percentage Change
Salaries/Wages	\$1,004,072	\$1,066,073	6.2%	\$1,041,803	(2.3%)
Benefits	\$330,834	\$327,783	(0.9%)	\$371,734	13.4%
Purchased Services	\$337,980	\$370,455	9.6% ¹	\$370,548	0.0%
Utilities ²	\$672,797	\$767,375	14.1%	\$912,037	18.9%
Supplies/Materials ³	\$151,364	\$197,164	30.3%	\$139,614	(29.2%)
Other	\$1,757	\$1,757	0.0%	\$1,757	0.0%
Total General Fund	\$2,498,804	\$2,730,607	9.3%	\$2,837,493	3.9%

Source: SLSD

Note: Totals may vary due to rounding.

¹ Increase in purchased services due to an increase in the services provided by SLSD's garbage contractor and the addition of a telephone maintenance system that was recommended by the District's Technology Director.

² Does not include telephone expenditures.

³ Changes in supplies and materials relate to preventive maintenance for buildings and grounds projects completed by the District.

Table 4-2 shows that SLSD has slowed the rate of M&O-related expenditure growth in several cost areas, but continues to see significant increases in benefits and utilities. In terms of benefit costs, the District was put in a high risk classification for workers' compensation in FY 2005-06 (see **human resources**). Utilities increased significantly due to annual increases in the price of natural gas. The Treasurer expects these costs to be more stable in the future as a result of the District negotiating a price-lock through a consortium. However, the District does not have a formal energy conservation policy (see **R4.4**).

SLSD has a permanent improvement levy that generates approximately \$385,000 in annual revenue. This funding is used to complete needed repairs to the District's facilities. According to the Business Manager, the District maintains a budget reserve of approximately \$100,000 for emergency purchases.

The AS&U has established benchmark criteria for key expenditure categories. **Table 4-3** compares SLSD's M&O expenditures per square foot to the national median of districts serving 1,000-3,499 students.

Table 4-3: M&O Expenditures per Square Foot Comparison

Cost Area	SLSD FY 2004-05 ¹	SLSD FY 2005-06	AS&U Median 1,000 to 3,499 Students FY 2004-05
District Square Footage	448,451	448,451	N/A
Salaries/Benefits	\$1,393,856	\$1,413,537	
Per Square Foot	\$3.11	\$3.15	\$2.14
Purchased Services	\$370,455	\$370,548	
Per Square Foot	\$0.83	\$0.83	\$0.16
Utilities ²	\$830,936	\$987,992	
Per Square Foot	\$1.85	\$2.20	\$1.16
Supplies/Materials	\$197,164	\$139,614	
Per Square Foot	\$0.44	\$0.31	\$0.34
Other	\$1,757	\$1,757	
Per Square Foot	\$0.00	\$0.00	\$0.14
Total General Fund Expenditures	\$2,794,168	\$2,913,448	
Per Square Foot	\$6.23	\$6.50	\$3.94

Source: SLSD and AS&U

Note: Totals may vary due to rounding.

¹ SLSD FY 2004-05 year-end financial data was used to be consistent with data in the AS&U cost study. In addition, the AS&U does not include capital outlay; therefore, capital outlay was not included in SLSD's expenditures.

² Telephone expenditures are included in the analysis.

As shown in **Table 4-3**, SLSD's FY 2004-05 total General Fund expenditures per square foot were higher than the AS&U benchmark in all of the areas except "other" expenditures. Significant variances appear in the salaries/benefits, purchased services, and utilities line items. SLSD's average salaries for maintenance employees and service employees⁴ are 7.3 percent and 12.6 percent, respectively, higher than the peers. (See **Table 3-2** and **R3.7** in **human resources** for analysis of salaries and wages and benefits.) Expenditures in excess of the AS&U median are indicators of operational inefficiencies and may represent opportunities for the District to target cost reduction efforts. Analysis of SLSD's operations in comparison to high-performing national and local benchmarks could also serve as a basis for the District's internal performance benchmarking and evaluation processes (see **R4.5**).

⁴ Service employees include custodial, grounds keeping, food service, and other personnel.

Performance Audit Follow-up

In 2000, AOS completed a performance audit of SLSD in response to the District's financial condition and placement into fiscal emergency. Shortly after being placed in fiscal emergency, SLSD passed an emergency operating levy and key renewal levies. As a result, it was removed from fiscal emergency after 15 months.

As a follow-up to the 2000 Performance Audit of SLSD's facilities management, this section reviewed the previous recommendations and SLSD's operations during the audit period to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 4-B** with references, where pertinent, throughout the section. Of the 17 recommendations contained in the 2000 Performance Audit, SLSD fully implemented 6 recommendations, partially implemented 3 recommendations, and did not implement 7 recommendations.⁵ Seven recommendations from the 2000 Performance Audit were re-issued in this performance audit.

⁵ One recommendation is no longer applicable.

Recommendations

- R4.1 Using prior assessments as a starting point, SLSD should develop a comprehensive facilities master plan. The plan should reflect current building configurations and needs and should contain other key elements such as enrollment projections and capacity analyses. The plan should serve as a road map for addressing future facility needs and planned educational programs, and be linked to the District's overall strategic plan (see R2.1).**

SLSD has a number of planning documents related to its M&O function; however, these documents have not been updated consistently or linked together in a manner to facilitate an effective facilities master plan. SLSD had an Ohio School Facilities Commission (OSFC) assessment completed in 2001 which was updated by Buehrer Group Architecture and Engineering, Inc. (BGAE) in 2005. In addition, SLSD had an enrollment projection completed in 2005 by DeJong and Associates, Inc. (DeJong). The Business Manager noted that although the creation of a facilities master plan was started, completion of the plan was put on hold until the District's financial condition improves. SLSD also does not have procedures in place to review or update facilities information on a routine basis.

According to *Creating a Successful Facilities Master Plan* (DeJong, 2001), school districts should develop a long-term facilities master plan, which will serve as a road map for addressing the District's facility needs. The plan should contain information on capital improvement and financing, preventive maintenance/work orders, overall safety and condition of buildings, enrollment projections, and capacity analysis. The plan should be developed on a foundation of sound data and community input. A facilities master plan, if developed appropriately, has the potential of having a significant effect on the quality of education in a school district. As a road map, this plan should specify the projects that have been identified, the timing and sequence of the projects, and their estimated costs. A district-wide facility master plan is typically a 10-year plan. A facilities master plan should be updated periodically to incorporate improvements that have been made and changes in demographics or other educational directives.

According to DeJong, information in the long-term plan provides a base for a capital improvement program. A capital improvement program is a schedule of capital improvements, listed in priority order, over a number of years (usually five or more). The capital improvement program's time span typically coincides with the long-range plan. In contrast to the long-range plan, the capital improvement program is a set of proposed actions for specific projects to meet the needs identified in the long-range plan. If the long-range plan offers a range of alternatives, the capital improvement program identifies a specific course of action the district intends to take. Capital improvement programs

typically include remodeling and new construction, as well as major maintenance projects.

Without a comprehensive facilities master plan, SLSD is not in an optimal position to accurately plan for long-term trends in District enrollment and financial conditions. As such, SLSD may be investing funds in a manner that is not conducive to effective facilities management or may not meet the needs of the District and its residents. Without this planning tool, the District risks basing important facility-related decisions on incomplete or inaccurate information.

- R4.2 SLSD should use the building assessment summaries from the OSFC and BGAE to initiate an audit of its facilities. The District should audit its facilities annually to ensure accurate information for short-and long-term decisions, including preventive maintenance and replacement of aging equipment. Furthermore, the District should develop a formal method of retaining the information collected through facilities audits, OSFC and BGAE reports, and completed work orders. Retention of these records can be implemented by maintenance personnel using spreadsheet programs, which can be updated periodically as the condition or nature of District facilities change. The District should then use this information during the facilities planning process to ensure that individual building maintenance needs are addressed (see R4.1).**

The District does not formally track maintenance completed at any of its buildings. The OSFC assessment includes summaries for each building that outline basic information regarding the location, age, acreage, number of classrooms, and total square footage. The OSFC assessment also includes a calculation of the cost to renovate buildings and compares the cost percentage to renovate a building versus rebuilding it. The BGAE assessment builds on the OSFC assessment by summarizing all the key elements of the building (heating system, roofing, ventilation/air conditioning, etc.).

SLSD uses a “Check Sheet for Repair and Maintenance Needs” form that is completed at the end of the school year by the building principals. Projects listed on this form typically are those that the M&O personnel cannot complete without disrupting class work or would be unsafe to complete while school is in session. SLSD does not have a preventive maintenance schedule (see **R4.3**); however, the Maintenance Supervisor keeps a daily maintenance journal that summarizes the work completed.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), an effective facility data management system should document the current status of the major systems and components in every school building; the capital and maintenance needs of every school building; and the short and long-term needs of the district. NCES explains that a facility audit (or inventory) is a comprehensive review of a facility’s

assets. Facility audits are a standard method for establishing baseline information about the components, policies, and procedures of a new or existing facility. An audit is a way of determining the status of the facility at a given time – that is, it provides a snapshot of how the various systems and components are operating. A primary objective of a facility audit is to measure the value of an aging asset relative to the cost of replacing that asset. Thus, facilities audits are a tool for projecting future maintenance costs. Facilities audits are accomplished by assessing buildings, grounds, and equipment, documenting the findings, and recommending service options to increase efficiency, reduce waste, and save money. A facilities audit provides the landscape against which all facilities maintenance efforts and planning occur.

Cleveland Heights-University Heights City School District (CHUH CSD) developed its capital plan based on a facilities audit. The plan included priorities and timeframes for each project. The District’s capital plan prioritization was based on a series of facilities studies which analyzed its major facility components (i.e. window and roof evaluations). These studies resulted in a ratings system for each facilities component with a corresponding prioritization and maintenance timeline. Using this type of system allowed CHUH CSD to focus on safety issues first, then on more aesthetically-related repair and improvement items as funding allowed.

Facility audits should be a routine part of the facilities maintenance program. However, they are often precipitated by the information needs of upper management, taxpayers and voters, and legislative or regulatory bodies. By integrating the findings of annual audits over time, planners can ascertain realized (versus expected) product life cycles, the impact of various maintenance strategies and efforts on product life cycles, and the future demands the aging process might place on the infrastructure of a school district. This information can be used to increase the efficiency and cost-effectiveness of facility use and maintenance efforts in the future.

- R4.3 SLSD should develop and implement a formal preventive maintenance program that addresses all routine, cyclical, and planned building maintenance functions and shows in detail what needs to be completed on a daily, weekly, monthly and yearly basis. Regular preventive maintenance ensures equipment reliability, reduces operating costs, and increases the life expectancy of facilities and equipment. Finally, SLSD should incorporate the formal preventive maintenance program into a comprehensive facilities management system.**

The District has not implemented a formal preventive maintenance program or a comprehensive facilities management system. According to SLSD’s Business Manager, the District’s financial condition has limited preventive maintenance activities; however, the Maintenance Supervisor noted that 50 percent of the maintenance staff’s time is spent on preventative maintenance while the other 50 percent is spent meeting the emergency

needs of the District. The District does not have manuals or guidelines for preventive maintenance other than the maintenance specified for the boilers during summer break. All vehicle, building, and mower maintenance scheduling is directed by the Maintenance Supervisor.

According to the *Preventative Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor (OLA)), preventive maintenance means the regularly scheduled repair and maintenance needed to keep a building component operating at peak efficiency and extend its useful life. It includes scheduled activities intended to prevent breakdowns, such as periodic inspections, lubrication, calibrations, and replacement of equipment. Because prolonging the life of major building systems requires periodic replacement of equipment, preventative maintenance typically requires both capital and operating expenditures. The OLA identifies five key goals of preventive maintenance which are as follows:

- Preserve taxpayers' investments in public buildings;
- Help buildings function as they were intended and operate at peak efficiency, including minimizing energy consumption;
- Prevent failures of building systems that would interrupt occupants' activities and the delivery of public services;
- Sustain a safe and healthful environment by keeping buildings and their components in good repair and structurally sound; and
- Perform cost effective maintenance.

The OLA also identifies seven best practices which are necessary for successful preventive maintenance. The OLA warns that without the following practices, a preventive maintenance program may not fulfill its goals. The seven practices include:

- Inventory building components and assess their conditions;
- Build the capacity for ranking maintenance projects and evaluating the costs;
- Plan strategically for preventative maintenance in the long- and short-term;
- Structure a framework for operating a preventative maintenance program;
- Use tools to optimize the preventative maintenance program;
- Advance the competence of maintenance workers and managers; and
- Involve appropriate maintenance personnel in decision making and communicating buildings' needs.

SLSD does not have a formal system in place to ensure that all necessary preventive maintenance is completed. This is due not only to a lack of funds at the District but also to the Maintenance Supervisor's perception that this does not need to be in writing. The compilation and completion of routine preventive maintenance plans should allow SLSD

to operate safely, efficiently, and effectively while preserving equipment investment and reducing the occurrence of interruptive building equipment failures. Planned preventive maintenance should become a priority for M&O personnel.

R4.4 SLSD should establish a formal energy conservation policy. The energy conservation policy should be Board-approved, should contain specific language on what types of energy consumption are approved, and should include a focus on the areas emphasized by the United States Department of Energy (DOE). In addition, after the formal policies are in place, SLSD should follow the *Planning Guide for Maintaining School Facilities* (NCES, 2003) best practice guidelines by assigning a top-level administrator to monitor District-wide and building-level energy consumption.

SLSD should also develop an energy conservation education program, based on the District's policies, which communicates the rationale behind energy conservation techniques. The conservation education program should include students through the development of participation oriented programs such as those described by the Texas School Performance Review (TSPR) and identified in other Ohio districts. A similar recommendation was also issued in the 2000 Performance Audit (see Appendix 4-B).

SLSD does not have a District-wide energy conservation policy or energy conservation education program. SLSD has used a remote energy management system since FY 1991-92 to monitor building temperatures and boiler functioning. The District's energy management system is controlled by the Maintenance Supervisor. While the District uses its energy management system to monitor its facilities, building walkthroughs are also conducted on a limited basis (see **R4.9**). In 1999, SLSD used funding available through House Bill 264 to upgrade lighting and heating systems, and to upgrade its energy management system. More recently, in an effort to reduce utility costs, SLSD sent out a memo to all staff in June 2005 requiring that all extra appliances needed to be removed before summer cleaning or the custodians would dispose of them.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), energy cost is a major item in any school budget (see **Table 4-2**). Thus, school planners should embrace ideas that can lead to reduced energy costs. The following guidelines will help a school district to accomplish more efficient energy management:

- Establish an energy policy with specific goals and objectives;
- Assign someone to be responsible for the district's energy management program, and give this energy manager access to top-level administrators; and
- Monitor each building's energy use.

According to *School Operations and Maintenance: Best Practices for Controlling Energy Costs* (DOE, 2004), a district can focus on several potential areas to reduce excess energy consumption. These areas include:

- Lighting strategies;
- Computers and office equipment;
- The building envelope;
- HVAC;
- Water heating;
- Kitchens; and
- Vending machines.

Spring Independent School District (Spring ISD) outside of Houston, Texas achieved energy savings by developing policies and programs to promote and reward student and staff participation in energy conservation. Spring ISD developed a rebate program that rewards each school for efficient energy use by sharing savings with any school that reduces its usage below the budgeted amount. The school receives a check for 50 percent of the savings amount. Spring ISD's Office of Construction and Energy reviews actual energy costs against budgeted amounts and sends a monthly report to each school. Principals encourage students and staff to participate in activities such as turning off lights and closing doors when leaving a room to retain conditioned air in the classrooms. Some principals have encouraged operational staff by sharing cost savings with them. The district saved 7 to 14 percent per year for the five years of the rebate program.

Also, over 2,000 Texas schools are participating in the State Energy Conservation Office's Watt Watchers and WATTEAM Programs. Student teams patrol assigned areas of their school, checking for lights left on in unoccupied rooms. "Tickets" or thank you notes are left for the occupants to remind them to turn off lights when they are not needed. This hands-on energy education program for students can actually save up to 30 percent on utility costs.

A similar example of a cost saving energy conservation education program in a local district is an information and reminder program in place at Lakota Local School District's (LLSD) Union Elementary School. Union Elementary has an energy conservation education program which consists of lists of energy conservation reminders being placed on or near all office equipment and energy consuming items. In addition, Union Elementary reiterates these reminders to student, parents, and community members through their continued inclusion in the building's community newsletters. These energy conservation education measures were observed as producing savings for Union Elementary of approximately 21 percent relative to LLSD's average elementary building.

SLSD's lack of a formal energy conservation policy has prevented SLSD from realizing significant cost savings based on common use reduction techniques. While SLSD has used energy conservation memos, this practice does not guarantee success. Conservation measures should be formalized through Board approval, and should be posted throughout SLSD as a reminder to all students, staff, and administrators. Without readily available reminders, SLSD's facility users may not be aware that such policies exist.

Financial Implication: By implementing an aggressive energy conservation education program, SLSD should be able to realize savings comparable to those observed at LLSLSD. Initially, SLSD should be able to save at least 10 percent of current gas and electric expenditures or about \$62,000 annually.

R4.5 SLSD should continue to seek to reduce overall maintenance and operations expenditures by disposing of excess properties that are not being used for instructional purposes. This would eliminate the costs associated with retaining ownership of the properties, such as insurance, maintenance, and utility costs.

During the performance audit, the District indicated it was taking steps to auction the Sawyerwood and Milroy buildings and was in negotiations to lease the Boyer building.

SLSD owns three buildings (Sawyerwood, Milroy, and Boyer)⁶ which are not in use by the District. Sawyerwood and Milroy have approximately 48,000 square feet that must be heated and maintained by the District. The expenditures for heating fuel and electricity amounted to approximately \$60,000 in FY 2005-06. In addition, there are other costs associated with the ownership and maintenance of these properties, such as insurance and needed repairs.

A Guide for the Adaptive Use of Surplus Schools (Giljahn & Matheny, 1981) notes that although a number of districts are experiencing declining enrollment, there has not been a corresponding decline in facilities expenditures per pupil. In fact, the cost of operating half-empty schools is particularly wasteful as many of the basic expenses at these schools continue as if the buildings were fully occupied. Almost as many teachers and custodial workers are required to staff a partially used school, and neither utility bills nor debt service charges decrease along with enrollment.

Faced with the aforementioned scenario, many school administrators have generally recommended the closing of surplus facilities as the simplest and most inexpensive

⁶ Boyer was vacated at end of FY 2006-07 so the costs for maintaining this as an empty building are not included in this analysis.

immediate solution. Consolidation of students and educational resources has immediate benefits including:

- Balancing of class sizes;
- Sharing of educational materials;
- Staff reductions;
- Better use of specialists;
- Easier supervision of the program; and
- Fewer dollars spent on fuel, maintenance, and personnel.

Giljahn and Matheny identify three strategies, aside from demolition, which districts may pursue in order to recognize the abovementioned benefits. These strategies include: mothballing, lease, and sale.

- **Mothballing** – This option allows a district to retain unused property until the space is needed again or the buildings’ future disposition can be determined. There are some initial costs to this option, typically for securing the facility, as well as ongoing costs for maintenance, utilities, security, and repair.
- **Leasing** – This option allows a district to rent a facility to another entity, typically government or non-profit, while still retaining ownership of that facility in the event that future increasing enrollments would necessitate the district use. Advantages of leasing include: facilities may be reclaimed thus hedging against future enrollment increases; the community may benefit from services provided by a local non-profit or government agency; and income is obtained from otherwise unused space. Disadvantages include: many ownership costs, such as maintenance, continue; though not used as a school, the property does not generate tax revenue; and district administrators are typically not prepared to act as property managers.
- **Selling** – This option allows a district to transfer unused facilities to the private sector, often with a guarantee that the facility will be rehabilitated for a specific use. As selling is a permanent option, a district must be careful to ensure that it has enough excess space to accommodate fluctuations in enrollment. Advantages of selling include: upkeep costs are eliminated; the property is returned to community tax rolls; building preservation may be ensured which could also have a positive impact on the community; and the district will obtain a financial return on otherwise unused space. Disadvantages include: school buildings may have low market value and limited zoning designation; the district may have planned poorly and will need the building again which could lead to unnecessary construction; and the district may be unable to determine the sales impact on the community.

If SLSD were able to successfully dispose of excess property, the District would reduce or eliminate its financial obligation associated with retention of the unused properties. While sale of the buildings would produce the greatest cost savings for SLSD, the District should evaluate this option with careful regard to projected enrollment, facility use, and program offerings as defined by the District-wide strategic plan. SLSD should include plans for unused buildings in its facility master plan (see **R4.1**).

Financial Implication: Sale of the District's unused buildings would result in an immediate reduction of SLSD's associated gas and electricity expenditures for annual savings of approximately \$60,000.

R4.6 SLSD should enhance its current performance measurement processes to improve facilities management. When selecting benchmarks, SLSD should identify those that would track the areas with the greatest potential to yield cost savings for the District. In addition, SLSD should evaluate facility expenditures annually against the nationally recognized cost per square foot benchmarks contained in the AS&U M&O Cost Study.

SLSD has not established benchmark productivity standards, and the District does not evaluate its M&O expenditures relative to industry standards. The District indicated that it had used the benchmarks contained in the 2000 Performance audit in terms of establishing staffing levels; however, the District had never implemented the staffing cuts recommended in the 2000 audit report to bring it to the recommended benchmark levels. In January 2007, the District reduced 4 custodial positions (3 FTEs) to achieve costs savings. This reduction brings the District below recommended staffing levels (see **Table 4-1**). The impact of this reduction was noted in the AOS survey as 37 percent of respondents either disagreed or strongly disagreed that the SLSD facilities are properly cleaned and 49 percent disagreed or strongly disagreed that there appears to be a sufficient number of custodians in their building (see **R4.8** and **Appendix 4-A**).

The GFOA, in *Best Practices in Public Budgeting* (2000), recommends that organizations should develop and utilize performance measures for functions, programs, and/or activities. Performance measures should be linked to specific program goals and objectives. The measures should be valid, reliable, and verifiable. Whenever feasible, they should be expressed in quantifiable terms. Measures should be reported in periodic reviews of functions and programs and should be integral to resource allocation decisions.

There are two nationally accepted sources for M&O criteria that can be used to develop performance measures for facility management. The first of these criteria sources is the AS&U maintenance and cost study. The second criteria source is the *Planning Guide for Maintaining School Facilities* (NCES, 2003). The annual M&O Cost Study offers many

tables and charts that can help districts benchmark their M&O expenditures while the NCES provides cost saving principals for facilities management as well as staffing benchmarks for custodial effort as shown in **Table 4-1**.

While SLSD's custodial, maintenance, and grounds staffing levels did not warrant recommendation during the course of this performance audit, the District has not taken the necessary steps to continually evaluate and update classified staffing levels relative to national benchmarks and suggested staffing ratios. Lack of policies and procedures for evaluating staffing could lead to excess or inefficient staffing which would have a negative impact on the SLSD future financial condition. Furthermore, SLSD has not evaluated M&O expenditures relative to national benchmarks or industry standards. As a result, SLSD's expenditures per square foot are higher than the national median as displayed in **Table 4-3**. The proactive use of benchmarks would have allowed SLSD to identify significant variances and take the proper steps to maintain these expenditures in a more efficient manner.

- R4.7 SLSD should develop and implement a mechanism for tracking supply and labor costs for work orders on a per-building or per-task basis. Capturing and tracking costs in this manner would result in a more accurate determination of the annual cost of building maintenance. Furthermore, the District should formalize procedures for its work-order system to enable the District to streamline and standardize the method in which work orders are prioritized and completed. By formalizing work order procedures, SLSD can better ensure that all work is being assigned in the most effective and efficient manner. Furthermore, tracking labor costs and hours will facilitate improved staff evaluations. This recommendation was also issued in the 2000 Performance Audit (see Appendix 4-B).**

SLSD uses a paper-based work order system for the completion of all District maintenance work. The staff person making the request completes a work order form indicating the date, building and room/area, and description of the problem. The work order is subsequently delivered to the principal for approval. If the work order cannot be completed by the building custodian, it is forwarded to maintenance or grounds keeping staff.

After the work order is submitted, the individual who requested it is not informed of the status, nor are they informed upon the completion of the project. The status could range anywhere from complete, ongoing, or even denied. Approximately 39 percent of respondents to the AOS survey (see **Appendix 4-A**) either disagree or strongly disagree that work orders were responded to in a timely manner.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), work order systems help school districts register and acknowledge work requests, assign tasks

to staff, confirm that work was done, and track the cost of parts and labor. 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, entry user (the person requesting the work), person assigned to the job, supply and labor costs for the job, and job completion date/time. Upon completion of work, the craftsman records all labor and parts needed to complete the job. The work order is then submitted to the maintenance office for close-out. However, the supervisor must determine that the quality of the work meets or exceeds departmental standards. Upon closing out a work order, all information about the request should be placed in a database for future historical and analytical use (determining the yearly cost of building maintenance).

SLSD's work order system does not meet all NCES work order system criteria. SLSD's maintenance work order form and processes do not facilitate a tracking number, status communication, priority, supervisor and assigned craftsperson, supply and labor cost, and work completion date. The lack of information has led to inaccurate budget estimates and a reduced ability to plan for M&O expenditures. The District could begin to capture cost data through existing resources by using a spreadsheet. However, when SLSD's financial constraints have been eliminated, the District should research the feasibility of work order system software.

R4.8 SLSD should create a formal feedback mechanism to gauge the level of satisfaction with M&O services. This formal mechanism should exist in the form of a yearly maintenance and custodial satisfaction survey. The survey should be given to all facilities users and should contain a series of general statements along with a rating system similar to the example contained in the *Planning Guide for Maintaining School Facilities* (NCES, 2003). The survey should collect user feedback and should be compiled, analyzed, and documented in order to facilitate monitoring of performance satisfaction over time.

Twenty six percent of respondents to the SLSD employee survey administered by AOS (see **Appendix 4-A**) either disagree or strongly disagree that custodial and maintenance employees deliver quality services. One primary cause of the negative opinion of some respondents could be the fact that SLSD does not obtain or use customer feedback to identify and implement program improvements. The only formal feedback the District seeks is during annual building walkthroughs when the principal and custodian make a list of all the tasks that need to be completed during the summer break. The lack of a formal feedback mechanism leaves District administrators and M&O personnel unaware of areas perceived to be in need of improvement.

According to the *Planning Guide for Maintaining School Facilities*, many of the day-to-day activities or systems used to plan and operate a maintenance program also generate

the types of information needed to evaluate the program's effectiveness. These can include user feedback/customer satisfaction surveys. There are many ways to gather information from users/customers (i.e., the people who benefit from the maintenance activities), including conducting satisfaction surveys and convening advisory committees of stakeholders.

Although District administrators and M&O staff may feel that employee performance and service delivery are evaluated objectively, there may be issues which are important to the facility users that are being overlooked. The absence of facility user surveys may also give the impression that the District is not concerned about the quality of services provided.

- R4.9 SLSD should reduce non-fee-related overtime. This could be accomplished by eliminating Sunday building walkthroughs that are conducted by the District when the temperature is below 30 degrees. Furthermore, SLSD should use its energy management software to monitor the buildings from a remote location. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 4-B).**

During the performance audit, the District reduced the minimum hours paid for weekend walkthroughs.

On weekends during which the outside temperature is below 30 degrees, SLSD's Maintenance Supervisor closely monitors each building to ensure that the low temperature does not cause damage to the buildings. On Saturdays, the Maintenance Supervisor will monitor the buildings remotely using the District's energy management system. On Sundays, because the system does not monitor water lines or ensure appropriate room temperature, a maintenance worker will walk through the building to ensure all rooms are heated and no water lines have burst. The District indicated that the weekend building walkthroughs help to avoid significant heating or water line problem occurring during the weekend. The maintenance staff conducting the building walkthroughs receives a minimum of four hours of pay. As such, these walkthroughs are costly for the District as they necessitate the use of overtime.

Table 4-4 presents a history of SLSD salary and overtime expenditures.

Table 4-4: SLSD Salary and Overtime Expenditure History

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07 (Estimated)
Total Salaries	\$725,840	\$754,609	\$793,366	\$826,000
Total Overtime	\$54,666	\$43,552	\$38,313	\$44,500
Overtime as a Percent of Salaries	7.5%	5.8%	4.8%	5.4%

Source: SLSD

Table 4-4 shows that SLSD's overtime expenditures as a percentage of salaries have declined each year for the last three fiscal years; however, the District estimates that overtime will increase slightly in FY 2006-07. To help offset the cost of overtime, the District charges for the use of facilities. This fee schedule covers all the costs necessary to maintain and clean the facilities during and after an event.

According to *Best Practices: Maximizing Maintenance* (FacilitiesNet, 2006), maintenance departments should ensure that overtime is less than 2 percent of total maintenance hours. SLSD is not relying on its ability to remotely monitor building temperatures and is instead continuing the practice of completing Sunday building walkthroughs when the temperature is below 30 degrees. This duty was implemented prior to the availability of computer monitoring and, what was once a common practice is no longer necessary to efficiently monitor unoccupied building conditions.

Financial Implication: If SLSD eliminated unnecessary overtime as well as overtime associated with weekend building checks, the District could bring total M&O related overtime to a level comparable to the 2 percent of salaries benchmark, saving approximately \$20,000 per year.

R4.10 SLSD should develop comprehensive maintenance and custodial handbooks. These handbooks should include policies that guide employee decision-making and clearly guide the staff on procedures to be followed. Once completed, the handbooks should be reviewed and, if necessary, updated on an annual basis. The handbooks should also be readily available to all M&O personnel, facility users, and community stakeholders. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 4-B).

SLSD's Board Policies encourage the maintenance of fixed assets, and the Maintenance Supervisor noted that the maintenance on all lawn mowers and trucks for M&O was done in accordance to the manufacturer's recommendations. In addition, the District uses a check sheet for repair and maintenance needs that is completed by the custodian and

building principal at the end of the school year. Any area in the building that may need extra attention over the summer recess is noted on this form. The District also has a summer building maintenance checklist that outlines all tasks to be completed in the following sections:

- Boiler rooms;
- Kitchens;
- Restrooms;
- Classrooms;
- Rooftops;
- Gymnasiums;
- Auditoriums; and
- Lobby areas.

Although SLSD has checklists for summer maintenance, the District has no formal schedules or maintenance records and has not developed a handbook. As a result, SLSD's maintenance and custodial staff may not be aware of all relevant information pertaining to their jobs or to the department. As a result there may be inconsistencies in the way that work is performed and there may be different quality standards applied in each building. AOS survey results show that 26 percent of facility users disagree or strongly disagree that the custodial staff deliver quality service (see **Appendix 4-A**).

Brevard County School District (Florida) has a custodial procedures manual which is considered an industry standard. The custodial procedures manual includes specific cleaning procedures that cover all areas recommended by the International Sanitary Supply Association (ISSA), including:

- Supplies;
- Basic office cleaning;
- Restroom cleaning and sanitation;
- Hard surface floor maintenance, including:
 - Daily dust mopping;
 - Mopping;
 - Scrubbing;
 - Stripping and finishing; and
 - High speed burnishing.
- Classroom and corridor cleaning; and
- Basic carpet care.

Lack of written guidelines may have a negative impact on the District's overall ability to complete M&O work in a timely manner and maintain equipment to prevent costly repairs. Because SLSD's maintenance and custodial staff do not have the advantage of readily accessible information, the District may be experiencing unnecessary ambiguity of verbal instruction.

R4.11 SLSD should routinely provide training to its custodial and maintenance employees when cleaning or maintenance standards are changed due to the introduction of new equipment, technology, or procedures. To reduce training costs, the District should, whenever possible, use manufacturer training programs to acquaint employees with new processes and equipment. Also, SLSD should routinely document the completion of training programs for new employees and ongoing training programs for veteran employees. Formally documenting the completion of these programs will provide evidence to ensure that all employees have received the most up-to-date training available and help to ensure the overall effectiveness and efficiency of staff. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 4-B).

According to the AOS survey, 38 percent of respondents disagreed or strongly disagreed that the regular cleaning schedule appeared to be appropriate and 32 percent of the respondents disagreed or strongly disagreed that the custodians' tasks are completed efficiently (see **Appendix 4-A**). One primary reason for the negative feedback could be that the District has not developed a program to train all custodial and maintenance employees as new equipment, technology, or procedures are introduced. SLSD reported that it had cleaning chemical providers train staff on how to use their chemicals; however, the District was unable to provide documentation of this training activity. SLSD has not provided training on a regular basis as the District believes that the M&O staff has sufficient experience in their respective positions, and no problems have been brought to the District's attention. The District indicated that the reported dissatisfaction in the AOS survey is due to reductions in the number of custodial staff.

As stated in the classified agreement, SLSD hires substitute custodians as full-time employees when vacancies occur. In addition, the District conducts a brief shadowing program as a form of new M&O employee orientation. SLSD's uses these two procedures in lieu of a formal new employee training program.

The *Planning Guide for Maintaining School Facilities* (NCES, 2003), emphasizes that even if an employee has been taught how to perform a specialized task, that individual may not be able to perform that task in the future, especially if the task is not a regular part of his or her routine. Preparing staff to get their work done properly, efficiently, and safely is cost-effective in the long run. The publication identifies the parties who should provide the training as:

- Other staff who have demonstrated expertise with the equipment or performing the task;
- Managers who will supervise and evaluate the work;
- District trainers (in large organizations);
- Product vendors and equipment manufacturers; and
- Vocational education staff.

NCES also suggests that newly hired employees have special training needs and should receive the following types of training as soon as possible after joining the organization:

- Orientation of the organization's facilities;
- Orientation of the employees' work area;
- Equipment instructions;
- Task-oriented lessons;
- Expectations; and
- Evaluation information.

As a result of the lack of regular training for M&O staff, some or all staff members may be completing routine tasks in an inefficient or ineffective manner. This may negatively impact overtime costs and increase the risk of work-related injury.

Financial Implications Summary

The following table summarizes the estimated annual cost savings associated with the recommendations presented in this section.

Summary of Financial Implications for Facilities

Recommendation	Annual Cost Savings
R4.4 Implement an energy conservation education program	\$62,000
R4.5 Sell or lease unused buildings	\$60,000
R4.9 Reduce overtime	\$20,000
Total Financial Implication	\$142,000

Source: AOS recommendations

Appendix 4-A: Facilities Survey

AOS administered an employee survey to SLSD's approximately 440 employees to obtain feedback and perceptions concerning facilities issues. The survey was completed by 241 employees, 221 (92 percent) of which completed the facilities section of the survey. The overall participation rate for the AOS survey was approximately 55 percent. Survey responses were made on a scale of 5 to 1: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree. **Table 4-5** illustrates the results.

Table 4-5: AOS Facilities Survey Results ¹

Survey Questions	Survey Results
1.) Work orders are responded to in a timely manner. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">5%</p> <p style="text-align: right;">31%</p> <p style="text-align: right;">18%</p> <p style="text-align: right;">29%</p> <p style="text-align: right;">10%</p> <p style="text-align: right;">6%</p>
2.) Custodial and maintenance employees deliver quality services. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">8%</p> <p style="text-align: right;">41%</p> <p style="text-align: right;">24%</p> <p style="text-align: right;">17%</p> <p style="text-align: right;">9%</p> <p style="text-align: right;">2%</p>
3.) Emergency work orders are given top priority. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">13%</p> <p style="text-align: right;">33%</p> <p style="text-align: right;">25%</p> <p style="text-align: right;">9%</p> <p style="text-align: right;">4%</p> <p style="text-align: right;">16%</p>
4.) Schools are notified in advance of work to be performed. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">4%</p> <p style="text-align: right;">19%</p> <p style="text-align: right;">32%</p> <p style="text-align: right;">17%</p> <p style="text-align: right;">6%</p> <p style="text-align: right;">22%</p>

Survey Questions	Survey Results
5.) Schools are advised of incomplete work orders. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">1%</p> <p style="text-align: right;">12%</p> <p style="text-align: right;">33%</p> <p style="text-align: right;">16%</p> <p style="text-align: right;">7%</p> <p style="text-align: right;">31%</p>
6.) Work is scheduled so it's not disruptive. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">7%</p> <p style="text-align: right;">38%</p> <p style="text-align: right;">23%</p> <p style="text-align: right;">15%</p> <p style="text-align: right;">9%</p> <p style="text-align: right;">8%</p>
7.) Workers are careful near children. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">18%</p> <p style="text-align: right;">57%</p> <p style="text-align: right;">13%</p> <p style="text-align: right;">2%</p> <p style="text-align: right;">2%</p> <p style="text-align: right;">9%</p>
8.) Overall, I am satisfied with the maintenance department. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">10%</p> <p style="text-align: right;">36%</p> <p style="text-align: right;">28%</p> <p style="text-align: right;">14%</p> <p style="text-align: right;">8%</p> <p style="text-align: right;">4%</p>
9.) The regular cleaning schedule appears to be appropriate. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">8%</p> <p style="text-align: right;">35%</p> <p style="text-align: right;">17%</p> <p style="text-align: right;">25%</p> <p style="text-align: right;">13%</p> <p style="text-align: right;">2%</p>
10.) Custodial tasks are completed efficiently. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">9%</p> <p style="text-align: right;">34%</p> <p style="text-align: right;">22%</p> <p style="text-align: right;">21%</p> <p style="text-align: right;">11%</p> <p style="text-align: right;">3%</p>
11.) Facilities are properly cleaned. <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">8%</p> <p style="text-align: right;">35%</p> <p style="text-align: right;">18%</p> <p style="text-align: right;">24%</p> <p style="text-align: right;">13%</p> <p style="text-align: right;">2%</p>

Survey Questions	Survey Results
<p>12.) Custodians are polite and have a good work ethic and attitude.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>18%</p> <p>49%</p> <p>19%</p> <p>9%</p> <p>4%</p> <p>1%</p>
<p>13.) There appears to be a sufficient number of custodians in my building.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>5%</p> <p>27%</p> <p>15%</p> <p>30%</p> <p>19%</p> <p>3%</p>
<p>14.) School grounds are properly maintained.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>7%</p> <p>38%</p> <p>26%</p> <p>18%</p> <p>9%</p> <p>2%</p>
<p>15.) Custodial staff cooperates with other staff regarding safety of equipment on school grounds.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>12%</p> <p>53%</p> <p>15%</p> <p>5%</p> <p>5%</p> <p>10%</p>
<p>16.) Work appears to be scheduled according to priorities.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>5%</p> <p>39%</p> <p>26%</p> <p>11%</p> <p>5%</p> <p>14%</p>
<p>17.) Workers show respect for school property.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p>19%</p> <p>58%</p> <p>15%</p> <p>2%</p> <p>2%</p> <p>3%</p>

Survey Questions	Survey Results
<p>18.) Playground equipment is properly maintained.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">5%</p> <p style="text-align: right;">31%</p> <p style="text-align: right;">27%</p> <p style="text-align: right;">8%</p> <p style="text-align: right;">3%</p> <p style="text-align: right;">25%</p>
<p>19.) Overall, I am satisfied with the custodial staff’s work.</p> <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree • No Opinion 	<p style="text-align: right;">8%</p> <p style="text-align: right;">48%</p> <p style="text-align: right;">20%</p> <p style="text-align: right;">12%</p> <p style="text-align: right;">10%</p> <p style="text-align: right;">1%</p>

Source: SLSD employee responses as recorded by the AOS survey

¹ Total respondents for the facilities section will not match the total for the AOS survey because some respondents skipped this section.

Appendix 4-B: 2000 Performance Audit Recommendations and Implementation Status

Table 4-6 summarizes the 2000 Performance Audit recommendations and the implementation status of those recommendations. Each recommendation was categorized as implemented, partially implemented, not implemented, or no longer applicable.

Table 4-6: 2000 Performance Audit Recommendation Status

Recommendation	Implementation Status
R4.1 Reduce two custodial staff at elementary school.	This recommendation was not implemented following the 2000 report. However, in FY 2006-07, the District did reduce 4 positions due to its present financial situation and has now fully implemented the recommendation. The District's custodial staffing level is below the industry benchmarks.
R4.2 Implement new employee training and ongoing trainings by position. Development of a maintenance manual which outlines the daily, weekly, monthly, seasonal and annual tasks to be performed by the custodial staff.	This recommendation has not been implemented and a similar recommendation was re-issued (see 2007 R4.10 and 2007 R4.11).
R4.3 Eliminate the boiler license for custodial employees.	This recommendation has not been implemented, but as this practice does not involve significant costs to the District, the recommendation was not re-issued.
R4.4 Purchase and implement a comprehensive automated work order system.	This recommendation has not been implemented and a similar recommendation was re-issued (see 2007 R4.5).
R4.5 Monitor and control the use of maintenance overtime. Develop a fee schedule for the use of District facilities.	This recommendation has been partially implemented and a similar recommendation was re-issued (see 2007 R4.9).
R4.6 "Call in" time should result in two hours of work. Change calamity days to regular work days.	This recommendation has been partially implemented.
R4.7 Custodians should report to one supervisor.	This recommendation has not been implemented; however, the supervisory structure was found to meet the District's needs.
R4.8 Performance evaluations should be made on a timely and routine basis and linked to job description.	This recommendation has been fully implemented.
R4.9 Permanent improvement funds should be linked to capital plan.	This recommendation has not been implemented and a similar recommendation was re-issued (see 2007 R4.1).
R4.10 Create a facilities committee.	This recommendation has been fully implemented.
R4.11 Create a comprehensive capital plan.	This recommendation has not been implemented and a similar recommendation was re-issued (see 2007 R4.1).
R4.12 Pursue grants through the OSFC and private non-profit funding.	This recommendation is no longer applicable.

Recommendation	Implementation Status
R4.13 Adopt a standard method for projecting enrollment.	This recommendation has been fully implemented.
R4.14 Should consider closing one elementary school.	This recommendation has been fully implemented. The District closed Boyer Kindergarten Center.
R4.15 Consider selling its vacant elementary school buildings.	This recommendation has not been implemented and a similar recommendation was re-issued (see 2007 R4.4). After completion of audit fieldwork, the District indicated it was taking steps to auction vacant elementary school buildings.
R4.16 Have an independent third party monitor and report energy consumption and cost savings.	This recommendation had been fully implemented but was discontinued due to the cost.
R4.17 Energy management program.	This recommendation has been partially implemented and a similar recommendation on energy conservation methods was re-issued (see 2007 R4.3).

Source: AOS 2000 SLSD Performance Audit

This page intentionally left blank.

Transportation

Background

This section of the performance audit assesses the Springfield Local School District's (SLSD or the District) transportation operations. The overall purpose is to analyze and compare key operational areas and, where appropriate, develop recommendations for improvements and possible reductions in expenditures. **Appendix 1-A** provides a summary of the audit objectives for this section. Throughout this section, SLSD's operations are evaluated against leading practices and operational standards from the Ohio Department of Education (ODE), the Ohio Administrative Code (OAC) and Ohio Revised Code (ORC), the National State Auditors Association (NSAA), the National Association of State Directors of Pupil Transportation Services (NASDPTS), and peer districts.¹ Furthermore, the Auditor of State (AOS) administered a telephone survey to SLSD's parents regarding transportation services and the results of the survey were used in this report.

ORC § 3327.01 requires that, at a minimum, school districts provide transportation to and from school to all students in grades kindergarten through eight who live more than two miles from their assigned school. Districts are also required to provide transportation to community school and non-public school students on the same basis as is provided to public school students. In addition, school districts must provide transportation to disabled students who are unable to walk to school regardless of the distance. Finally, when required by an individualized education program (IEP), school districts must provide specialized, door-to-door transportation to special needs students based on the unique needs of each child.

Beginning in November 2006, SLSD has provided busing services at the State minimum level as described by ORC § 3327.01. Prior to November, the District provided full-service busing to students K-12 who lived more than one mile from their school. State minimum busing was implemented due to the failure of the District's November tax levy. In order to reduce expenditures, only students in grades K-8 living more than two miles from their school received transportation services. However, SLSD Board policies do not address several policy areas including service levels, exceptions to State minimum busing, the identification of hazardous areas, and special needs transportation (see **R2.4**).

SLSD has contracted with a private contractor (Laidlaw or the Contractor) to provide its transportation services since FY 1991-92. The Laidlaw contract was most recently renewed in

¹ See the **executive summary** for a description of the 10 peer district average used as a benchmark throughout this report.

March 2005 and extends through FY 2007-08. Per the Contract, Laidlaw provides a Transportation Manager and Dispatcher to oversee daily operations. Laidlaw is also responsible for planning all routes, stops, and schedules, and ensuring that SLSD transportation employees receive proper training, evaluation, testing, and supervision. Laidlaw provides all buses and vans, as well as the necessary tools, equipment, parts, and supplies for vehicle maintenance. Liability insurance for the vehicles is also provided. Laidlaw pays the District a monthly rent of \$1,000 for use of its bus garages.²

In return for the above services, SLSD pays Laidlaw a daily rate based on the number of buses and vans used each day. For FY 2006-07, the District paid the following rates:

- \$108.49 per bus (daily);
- \$92.33 per van (daily);
- \$26.83 per midday route (daily); and
- \$0.49 per mile for field trips.

Bus drivers, monitors, and mechanics are all employees of SLSD under a collective bargaining agreement.³ As such, salaries and benefits for these employees are the responsibility of the District. SLSD is also responsible for all fuel purchases for District related transportation operations. The District's fuel pump is located at the bus garage, and is accessed by the bus drivers with a key that is kept in the garage, which is an adequate security measure.

Students Transported

School districts in Ohio are required to submit Transportation Forms (T-forms) to ODE to report ridership and cost data. SLSD does submit the required reports to ODE; however, SLSD does not have a formal procedure to ensure that T-forms are properly filled out and submitted (see **R2.4**). SLSD's data was determined to be reliable. **Table 5-1** displays SLSD's ridership statistics for FY 2005-06 and FY 2006-07 in comparison to the peer average.

² Laidlaw also provides its own long distance telephone service and is responsible for its water and waste water treatment costs.

³ The Ohio Supreme Court ruled in 2001 that the bus drivers and mechanics were entitled to a collective bargaining agreement with the District. This law suit was filed in response to the District's decision to terminate the employees and use Laidlaw employees.

Table 5-1: Key Operational Statistics¹

	SLSD FY 2005-06	SLSD FY 2006-07 ²	Percent Change	Peer Average FY 2005-06	Percent Variance FY 2005-06
Total Riders	2,553	1,190	(53.4%)	1,448.6	76.2%
• Type I and II Regular Needs	2,459	1,092	(55.6%)	1,428.4	72.2%
• Type I and II Special Needs	94	98	4.3%	38.4	144.8%
• Type IA	0	0	0.0%	5	(100.0%)
Total Buses	41	33	(19.5%)	22.2	84.7%
• Active	36	26	(27.8%)	17.7	103.4%
• Spare	5	7	(40.0%)	4.5	11.1%
• Spare Buses as Percentage of Fleet	12.2%	21.2%	73.9%	23.4%	(47.9%)
• Special Needs Buses	7	7	0.0%	2.5	180.0%
• Special Needs Buses as Percent of Active Buses	19.4%	26.9%	38.5%	10.0%	93.5%
• Riders Per Active Bus	70.9	45.8	(35.5%)	93.6	(24.2%)
• Students per Regular Bus	84.8	57.5	(32.2%)	96.7	(12.3%)
• Students per Special Needs Bus	13.4	14	4.3%	13.8	(2.3%)
Total Miles	383,133			197,204	94.3%
• Routine Miles	361,440			174,816	106.8%
• Non Routine Miles	21,693			22,388	(3.1%)
• Total Miles per Bus	9,345			9,230	1.2%
• Non-Routine Percent of Total Miles	5.7%			13.6%	(58.5%)

Source: ODE transportation reports

¹ Totals may vary due to rounding.

² SLSD filed an amended T-form in January, 2007 to reflect its service level change to State minimum service levels.

As **Table 5-1** illustrates, the number of students receiving transportation services decreased by 53.4 percent in FY 2006-07 as a result of the District's decision to provide State minimum transportation service. This allowed the District to reduce expenditures through the elimination of 10 bus routes and the corresponding bus driver salaries and benefits, and the fuel costs associated with each route. While the District was able to reduce expenditures, the number of students transported by each bus also decreased. After the move to State minimum service levels, efficiency decreased as SLSD transported an average of 57.5 students per regular bus⁴ or 32.2 percent less than the prior year (see **R5.1**). Compared to the peer average, SLSD used more buses and bused fewer students per bus. SLSD attributes its low ridership to the District's use of neighborhood elementary schools and SLSD's declining enrollment.

SLSD also reported 94.3 percent more total miles than the peer average because it used more buses and had more total riders than the peers. However, SLSD reported fewer non-routine miles

⁴ In FY 2006-07, SLSD operated a two-tiered routing schedule where each driver has two routes in the morning and two routes in the evening. In FY 2007-08 the District will operate a three-tiered routing schedule.

than the peer average as it has reduced non-routine miles (which include field trips and extracurricular activities) to reduce nonessential expenditures.

Operational Statistics and Cost Ratios

Table 5-2 shows SLSD's transportation-related expenditures over the past three years. Expenses are separated into Type I costs, which are costs the District reports and Type II expenditures, which are costs reported by Laidlaw and paid by SLSD through its daily rate.

Table 5-2: SLSD Three Year Cost Allocation Comparison

	FY 2003-04	FY 2004-05	FY 2005-06	Three-Year Change
Type I Expenditures				
Regular Driver Salaries	\$414,124	\$376,216	\$435,687	5.2%
Substitute Driver Salaries	\$35,416	\$50,997	\$44,266	25.0%
Bus Attendant Salaries	\$56,515	\$75,431	\$76,882	36.0%
Mechanic Salaries	\$78,331	\$78,208	\$78,440	0.1%
Retirement	\$66,129	\$47,922	\$45,101	(31.8%)
Workers' Compensation	\$3,865	\$4,400	\$8,303	114.8%
Employee Insurance	\$137,003	\$186,857	\$183,740	34.1%
Personnel Subtotal	\$791,383	\$820,031	\$893,488	12.9%
Fuel	\$69,691	\$94,260	\$121,480	74.3%
Bus Insurance	\$24,213	\$23,729	\$21,069	(13.0%)
Maintenance Supplies	\$5,080	\$3,184	\$1,186	(76.7%)
General Operations Subtotal	\$98,984	\$121,173	\$122,666	23.9%
Total Type I Expenditures	\$890,367	\$941,204	\$1,016,154	14.1%
Type II Expenditures				
Personnel Subtotal	\$125,900	\$196,129	\$216,265	71.8%
General Operations Subtotal	\$393,879	\$522,165	\$459,588	16.7%
Total Type II Expenditures	\$519,779	\$718,294	\$675,853	30.0%
Grand Total Expenditures	\$1,410,146	\$1,659,498	\$1,692,007	20.0%
Total Expenditures Per Rider	\$566	\$638	\$663	17.1%

Source: SLSD

As **Table 5-2** indicates, transportation operation costs have increased in each of the past three years. During this time, Type I personnel costs have increased 12.9 percent due to an increase in the use of substitute drivers and the hiring of an additional bus attendant. SLSD attributes the increase in higher substitute driver costs to increased turnover at the District as its bus drivers often seek positions at other districts which provide more hours. Total Type II costs reported by Laidlaw increased 30.0 percent, causing total expenditures to increase 20.0 percent in the same time period. SLSD's cost per student also increased by 17.1 percent between FY 2003-04 and FY 2005-06.

In FY 2004-05, the District conducted a cost/benefit study on its contracted transportation service. It determined that it was cost prohibitive to return to a District-operated transportation service because of the large capital outlay required to purchase new buses. Additional salary, maintenance, and operational costs, as well as the loss of revenue for the garage rental also contributed to SLSD's conclusion. However, according to *Student Transportation Funding in Ohio* (Legislative Office of Educational Oversight, 2003), districts contracting for transportation services spent, on average, 60.0 percent more per pupil than districts operating their own buses. In prior performance audits, AOS has also noted that districts using contracted transportation spend considerably more than their peers. In the districts studied by the Legislative Office of Educational Oversight, higher operating costs were attributed to salaries, maintenance costs, capital outlay for buses, and contractor profit.

Tables 5-1 and 5-2 report student riders and the costs associated with transportation services provided by SLSD and Laidlaw. However, SLSD incurs additional transportation costs for special needs students whose parents receive payment to transport them to school (see **R5.4**) and students that attend non-public schools. Students residing in the District attend 25 different community and parochial schools. For these 78 students, SLSD provides payment-in-lieu of transportation services at a cost to the District of \$11,416 (about \$146 per student).

Table 5-3 displays SLSD's FY 2005-06 transportation expenditures by type—per rider, per bus, and per routine mile—in comparison to the peer average. It is important to note that none of the peer districts reported using contracted transportation services.

Table 5-3: and Peer Average FY 2005-06 Expenditures by Type

	SLSD	Peer Average	Percent Variance
Personnel¹	\$1,109,753	\$508,559	118.2%
• Per Rider	\$435	\$334	30.1%
• Per Bus	\$27,067	\$22,759	18.9%
• Per Routine Mile	\$3.07	\$2.95	4.0%
Fuel	\$121,480	\$82,626	47.0%
• Per Rider	\$48	\$55	(12.7%)
• Per Bus	\$2,963	\$3,670	(19.3%)
• Per Routine Mile	\$0.34	\$0.47	(28.4%)
Total Expenditures²	\$1,692,007	\$674,175	151.0%
• Per Rider	\$663	\$441	50.4%
• Per Bus	\$41,268	\$30,041	37.4%
• Per Routine Mile	\$4.68	\$3.91	19.8%

Source: ODE

Note: Numbers may vary due to rounding.

¹ Includes salaries, retirement, employee insurance, physical exams, drug tests, certification/licensing, and training for both SLSD and Laidlaw employees.

² Includes maintenance repairs and supplies, tires and tubes, bus insurance, and additional miscellaneous expenditures.

Table 5-3 shows that SLSD's personnel and total expenditures were substantially greater than the peer averages. While much of this variance is attributable to the number of students the District transported in FY 2005-06, SLSD still has much higher costs per rider, per bus, and per routine mile. SLSD's higher costs are caused, in part, by the four hour guarantee for drivers (see *issues for further study* in the **executive summary**), the use of monitors on all special education buses (see **human resources** section), the larger population being transported on special education buses (see **R5.4**), and, most importantly, the low number of riders per bus (see **R5.1**). By contracting for transportation, SLSD has received benefits such as newer and more reliable buses, improved employee training, and improved rider safety. However, these benefits translate into transportation costs that are significantly higher than the peer districts.

Fuel expenditures in FY 2005-06 were 19.3 percent lower than the peer average on a per bus basis and 28.4 percent lower per routine mile. Lower fuel expenditures can be credited to bulk fuel purchases and purchasing fuel through a consortium. It is important to note that SLSD transportation expenditures for FY 2006-07 will differ greatly from FY 2005-06 levels displayed above due to the reduction in service levels.

Performance Audit Follow-up

In 2000, AOS completed a performance audit of SLSD and one of the key areas of assessment was the District's transportation function. As a follow-up to the 2000 Performance Audit, this section reviewed the previous recommendations and current District operations to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 5-A** with references, where relevant, throughout the section. Of the 10 recommendations contained in the 2000 Performance Audit, SLSD fully implemented 3 recommendations, partially implemented 2 recommendations, and did not implement 3 recommendations.⁵ Three recommendations from the 2000 Performance Audit were re-issued in this performance audit.

⁵ Two recommendations are no longer applicable.

Recommendations

R5.1 SLSD and its contractor should take steps to increase the number of riders per bus. The District should continually assess routes, and request monthly counts of the students who ride the bus. Increasing the number of riders on each bus will help to reduce costs by eliminating routes and the costs associated with routes, such as the daily rate paid to Laidlaw and District personnel costs. Also, by changing bell schedules (start and release times), the District would have more time per route to transport students to school. Additionally, the Board should annually approve transportation routes.⁶

During the performance audit, the District indicated it increased bus ridership by providing transportation services to approximately 400 additional students beginning October 1, 2007.

In FY 2005-06, SLSD spent \$663 per rider, 50.4 percent more than the peer average. According to the Contract, Laidlaw is obligated to plan all routes, stops, and schedules of buses in accordance with laws, administrative regulations, Board policies, and the collective bargaining agreement. The Contract also states that Laidlaw may propose more efficient routing to the District. Laidlaw uses VersaTrans as its routing program and the Transportation Manager, along with the Dispatcher and the Safety Director, work to improve the routes generated by the computer routing software. Although the Contract requires the Board to annually approve bus routes, a review of Board meeting minutes determined that the last time the approval of the bus routes occurred was in November 2003.

In FY 2006-07, the District operated a two-tiered routing schedule, with the Spring Hill Junior High School (SHJHS) and Springfield High School (SHS) routes in the first tier, and the elementary and intermediate school routes in the second tier. Laidlaw stated that it works to balance the ridership on each bus with the time a student spends on the bus. With the two-tiered routing, students are not on the bus for more than 35 minutes to allow for buses to pick up students on the next route.

AOS observation of ridership during the audit found that routing was not optimized and ridership was precipitously low on several routes. At SHJHS, all 13 regular yellow buses had less than 25 students on each bus. One bus was observed with only two riders. The AOS survey of parents corroborated these observations of low bus utilization. Several respondents noted that buses can be seen driving past the houses of students who no

⁶ In lieu of the Board approving transportation routes, the Board could approve a policy delegating this contract responsibility to the Business Manager.

longer receive transportation services. Moreover, parents noted that some of the buses only carry one or two students.

According to the Business Manager, ridership averages 24 students on each junior high route and 41 students on each K-6 route for a total of 65 students on a two tiered system. However, the T-form data displayed in **Table 5-1** indicates that the District is transporting an average of 58 students per bus; significantly fewer students per bus than the peer average. Even before the District reduced transportation services in FY 2006-07, the average riders per active bus was less than the peer average. The cause of the low ridership is the combination of several factors including constraints of the Contract, guaranteed hours, and the bell schedule.

According to the American Association of School Administrators, effective pupil-to-bus ratios should average at least 100 pupils on a double-routed, two-tiered system. The Texas School Performance Review also found that the coordination of bell times to allow multiple trips greatly improves the productivity of each bus route, lowering the cost of service. Coordinated bell times allow buses to serve one school and have time to return to another school.

During the course of the audit, the Board approved moving to a three-tiered routing schedule in FY 2007-08 to increase ridership and decrease the number of buses the District requires. In order for SLSD to move to a three-tiered routing schedule, the District intends to shorten the school day at the elementary schools, Schrop Intermediate School, and SHJHS. The result of this service change will allow the District to eliminate six more buses. The District estimates that this change will result in a \$240,000 cost savings in salaries, benefits, fuel, and payments to Laidlaw. In FY 2007-08, the District intends to transport approximately 1,092 students on 12 buses.

Austintown LSD (Mahoning County) implemented a three-tiered routing system and was able to transport 128 students per regular needs bus. Using 128 students per bus as a benchmark, SLSD could reduce its operating fleet to nine regular education buses, a reduction of three additional buses.

SLSD has a history of moving to State minimums during times of financial distress. However, this exacting measure of moving from full-service busing to State minimum busing may not be necessary. While the current financial condition of the District necessitates a further reduction of buses, in the future, strategies, such as cluster stops and staggered bell times, would assist the District in running a more efficient operation. If the District achieves greater efficiency (about 128 students per bus), it could transport 1,536 students on 12 buses. Therefore, an additional 444 students could be provided transportation services.

Improving bus utilization and efficiency should be an ongoing priority, not solely during periods of financial hardship. The District can maintain State minimum busing services and improve efficiency by reducing the number of buses or it can maintain its planned FY 2007-08 fleet and provide busing services to a larger population. While a cost savings would not be realized with this option, the District will improve the level of safety for children attending its schools.⁷ With either option, SLSD should continue to improve efficiency and design routes to maximize bus utilization.

Financial Implication: Increasing the utilization rate to 128 students per bus would enable SLSD to eliminate an additional three buses and would save the District approximately \$120,000 annually based on the District's FY 2005-06 costs per bus.

R5.2 In conjunction with increasing utilization rates, SLSD should formally assign the responsibilities of coordinating and monitoring the Contract to the Business Manager and ensure active District oversight. More formal oversight would help to ensure compliance with contract terms, aid in the identification and resolution of problems, and ensure process improvement. The Business Manager's job description should be updated to reflect the responsibilities and expectations of the position and the District should follow the provisions outlined by the National State Auditors Association (NSAA). A similar recommendation was made in the 2000 Performance Audit (see Appendix 5-A).

As a component of improved monitoring, SLSD should exercise its right to request reports from Laidlaw pursuant to the Contract. Requiring monthly reports will allow SLSD to measure Laidlaw's operational efficiency and compliance with the Contract to ensure optimal service for students.

The transportation operation falls under the purview of the Business Manager, who estimates that 20 percent of his time is spent on transportation related issues. He has daily interaction with the Transportation Manager, although, this interaction is informal in nature. According to the job description, the Business Manager is responsible for managing and directing the District's transportation system and bus fleet.⁸ However, with a management contract in place, the Business Manager is more accurately in charge of monitoring the management contract.

A provision in the Contract allows for the District to request reports and records in order to evaluate Laidlaw's performance. However, Laidlaw does not provide the District with

⁷ It should be noted that there are no sidewalks in many areas of the District where students walk to school. Also, major thoroughfares run through the District, making it dangerous for students to walk to school. While on site, auditors confirmed that students walk to school on these roads.

⁸ The Business Manager's transportation-related activities including monitoring routes, mileage, safety infractions, safety meeting dates, field trips, and evaluations.

periodic reports beyond cost information in the invoices. The Business Manger acknowledges that the District does not request reports from Laidlaw, instead, it evaluates Laidlaw's performance on an informal basis. Additionally, the Contract contains provisions for meetings between SLSD and Laidlaw to discuss the efficiency of the transportation operation. However, neither the Business Manager nor the Transportation Manager was able to identify when these meetings had been held.

According to the NSAA, contract monitoring is an essential part of the contracting process. Monitoring should ensure that contractors comply with contract terms, performance expectations are achieved, and that any problems are identified and resolved. Without a sound monitoring process, the contracting agency does not have adequate assurance it receives the services for which it contracted. To properly monitor contracts, agencies should:

- Assign a contract manager that has the authority, resources, and time to monitor the contract;
- Ensure that the contract manager possesses adequate skills and has the necessary training to properly manage the contract;
- Track budgets, compare invoices, and track changes to contract terms and conditions;
- Retain documentation supporting charges against the contract; and
- Evaluate the vendor's performance after contract completion according to a standard, pre-established set of criteria and then retain the record for future use to help in the RFP process.

According to the *Contract Management Manual*, (Voinovich Center for Leadership and Public Affairs, 2001), routine performance measurement lies at the core of contract management. The following three types of vendor reports are recommended:

- **Fiscal Performance** – provides monthly comparison of projected billing amounts per the contract to actual billing based on invoices, including year to date amounts and detailed explanations for variances.
- **Service Delivery Performance** – provides monthly reporting to measure the efficiency of the vendor's efforts by reviewing the quantity, i.e., number of students transported, and quality, i.e., percentage of courteous and timely pick ups of the District's students.
- **Output-Effectiveness Performance** – provides monthly reporting to measure effectiveness of the service results by reviewing the quantity and quality of outputs.

The Business Manager, as the District administrator in charge of monitoring the Contract, should follow these provisions to ensure Laidlaw is performing according to the Contract and operating an efficient operation. The Board of Education should evaluate the Business Manager in these contract management activities.

Without a sound monitoring process, the contracting agency does not have adequate assurance it receives the services for which it contracted. By operating on an informal basis, and not regularly requesting updates from Laidlaw, SLSD runs the risk of incurring additional costs for inefficient transportation services. Furthermore, the absence of documentation related to contract monitoring limits the District's ability to control its transportation costs.

Obtaining and evaluating reports from Laidlaw will allow SLSD to more efficiently monitor contract performance. Invoices and informal meetings are not sufficient to truly examine Laidlaw's performance on a timely basis. Requiring monthly reports would provide a means to monitor how the contracted service is actually being implemented. The reports should include, at a minimum, routes ran, field trip runs, miles driven, safety infractions, scheduled safety meeting dates, and evaluations. By routinely assessing performance and adherence to the Contract throughout the year, SLSD may be able to identify inefficiencies earlier in the process and implement measures to resolve these issues in a timely manner.

R5.3 The District should consider realigning the contractual compensation to match the District's transportation goals and objectives while still acknowledging the Contractor's profit motives. Aligning Laidlaw's compensation with operational goals and objectives, such as in the area of maintenance and replacement, will help ensure a more efficient and effective transportation operation. A similar recommendation was made in the 2000 performance audit (see Appendix 5-A).

Amounts paid by SLSD to Laidlaw are calculated on a daily (per bus) basis. For this daily rate, Laidlaw provides all maintenance, supplies, and insurance for the fleet. The preventive maintenance schedule ensures that vehicles are serviced at least every three months, regardless of the condition of the bus. **Table 5-4** displays the cost incurred by Laidlaw and the District for maintenance.

Table 5-4: District/Laidlaw Maintenance Expenses FY 2005-06

	SLSD	Peer Average	Percent Variance
Maintenance & Repairs¹	\$112,666	\$45,378	148.3%
• Per Rider	\$44	\$32	39.9%
• Per Bus	\$2,747	\$2,144	28.2%
• Per Routine Mile	\$0.31	\$0.28	10.8%

Source: ODE

Note: Numbers may vary due to rounding.

¹ Includes maintenance, repairs, maintenance supplies, tires, and tubes.

As **Table 5-4** illustrates, SLSD exceeded the peer average in every ratio. Moreover, the Contract provides for at least one third of the fleet used by the District to be less than three years old. The District required that the fleet have no vehicles over 11 years old and that all replacement buses be new. Additionally, the Contract stipulates that no buses will exceed 150,000 miles. As of March 1, 2007, the District fleet had an average of 50,003 miles per bus.

According to the National Association of State Directors of Pupil Transportation Services (NASDPTS), the vehicle age at which the total operating costs of an older bus versus a newer bus becomes intolerable is not an exact science. However, studies show that after 12 years of use the annual operating costs of conventional and transit style buses increase significantly. Studies by NASDPTS also suggest 250,000 miles as a reasonable benchmark for replacement.

Using a newer fleet and ensuring rigorous preventive maintenance leads to a well maintained fleet in top condition. However, while the District is not paying directly for maintenance and is not regularly purchasing buses, the cost of a new fleet and regular maintenance is passed down to the District in the form of the daily rate that is charged per bus.

Provisions like these and all provisions outlined by the Contract should be evaluated by the District when developing future Requests for Proposal and evaluating bids from private contractors. Taking into consideration the financial condition of the District as well as the substantial reduction in service levels, the interests of the District should be closely aligned with any contract provisions.

A financial implication cannot be calculated for changes in bus replacement provisions or preventive maintenance, as these services are bundled together as part of the District's daily rate.

R5.4 SLSD should actively explore all options to help reduce the costs associated with special needs transportation. SLSD should revise its individualized education program (IEP) development process to include the involvement of transportation personnel. This would allow the District to ensure the safest and most economically feasible transportation service is provided for special needs students who require specialized transportation. Furthermore, the involvement of transportation personnel would help make certain the District complies with OAC § 3301-51-10 (C) (2).

Transportation decisions regarding special needs students are routinely made by the parents and the Special Services Coordinator without input from the Transportation Department. Rather than being a part of the service planning process, the Business Manager is informed by the Special Services Coordinator when a student is approved for special busing.

The District is required to provide special busing for a student who's IEP deems special busing necessary. Students with special needs are transported on regular buses, designated special education buses, or through private contracts with parents. While SLSD has reduced service to the State minimum, this does not apply to students with special needs who live within two miles from the school and who's IEPs designate a need for special busing. The Special Services Coordinator stated SLSD maintains private contracts to provide transportation for students who are considered medically fragile or have orthopedic handicaps and cannot be transported by bus. In 2006-07, the District maintained 12 private contracts with parents and provided transportation for one student through a taxi company.

In FY 2005-06, SLSD spent an average of \$4,326 per special needs students to be transported to school. Total special needs expenditures in FY 2005-06 were \$441,253. For the eight students the Board declared unable to transport, SLSD also paid an average of \$5,243 per private contract for a total cost of \$41,943. For students who rode on the Laidlaw-provided special needs buses, the cost per student in FY 2005-06 was \$4,057 for a total cost of \$381,310.

Separate special needs transportation may be required based on OAC §3301-51-10 (C) (2) which stipulates that transportation personnel be consulted in the preparation of the IEP when the IEP requires transportation. According to *Sharing Student Health and Medical Information with School Transporters* (Burns, 2003), it is appropriate to have a person with expertise in transportation at the IEP meeting when determining whether to include transportation in a child's IEP and whether the child needs to receive transportation as a related service. Therefore, school transportation managers are essential participants in the decision as to whether transportation as a related service be provided for a particular child.

Cuyahoga Falls City School District (CFCSD) includes transportation personnel in IEP meetings when transportation is a concern of parents or members of the IEP team. CFCSD also had an efficient special needs transportation operation with a cost per student of \$2,654. The following strategies may help to reduce the cost of special needs transportation:

- Include transportation personnel in IEP meetings;
- Educate IEP teams on the costs of private contracts and special needs busing;
- Annually assess if special needs students continue to require special needs transportation;
- Negotiate private contracts on a per mile basis rather than providing a flat rate;
- Work to efficiently route special needs students; and
- Mainstream special needs students where feasible.

Because the Business Manager is not directly involved in IEP transportation decisions, there has not been a concerted effort to reduce special education transportation expenses. There is disconnect between the manner in which IEPs are developed to include special needs transportation and the costs associated with the transportation of each special needs student. Including the input of transportation managers helps to ensure the safety and well-being of the child, that the proposed mode of transportation is acceptable, and that it is the most economical means to meet the child's needs.

Although a cost savings may be realized through a greater level of involvement by transportation personnel in the IEP process, this amount could not be quantified as it is dependent on the IEP.

R5.5 SLSD should update its website with essential transportation operational information that includes, but is not limited to, bus stop locations and times, department policies and procedures (see R2.4), and related forms and information pertaining to transportation operations. A well devised method to communicate transportation-related information will help increase the efficiency of the operations (by reducing the volume of routine questions) and increase user satisfaction with transportations services.

SLSD does not have a system to keep the parents and the community informed about transportation-related issues on a regular basis. SLSD's website does not provide access to essential transportation information such as the District transportation policies. The website identifies the Transportation Manager and Dispatcher, includes the e-mail address of the Transportation Manager, and displays the bus routes for each school. However, the bus routes contained on the SLSD website were never updated to reflect the change in routes that occurred in November 2006 when the District moved to State minimum busing.

Additionally, the District posted a presentation explaining the District's move to State minimum busing. According to the Business Manager, the community was provided several opportunities to discuss the change in operations at Board meetings prior to the District's move to State minimum busing. However, he also stated that while there used to be community reaction to reductions to State minimum transportation, the community has adjusted to the necessity to reduce transportation costs. In fact, the District has made this change 4 times during the last 20 years. All parents received a letter indicating if and how the transportation of their child would change by moving to State minimum busing.

AOS conducted a telephone survey of SLSD parents to inquire about their satisfaction and opinions of the transportation operation. In total, AOS contacted 20 parents/guardians of students who used to receive transportation services before the reduction to State minimum busing, and 20 parents/guardians of students who continue to receive transportation services. Results showed that, while the community may have grown accustomed to SLSD moving to State minimum busing, the majority of those interviewed do not agree with the appropriateness of this decision. Of those interviewed only 45 percent of respondents felt that the reduction in busing services was appropriate when considering the financial condition of the District. Of the parents whose children do not receive transportation, only 25 percent felt it was an appropriate. Moreover, some respondents voiced concerns over the manner in which the reductions were announced.

Additionally, 55 percent of parents were concerned about the safety of their children traveling to and from school. The increase in traffic at the schools as well as an increase in students walking to school is of major concern to parents. The absence of sidewalks at the District is a major source of these concerns. Parents interviewed expressed their opinion that the District did not take into consideration the age of the children or the dangerous conditions of the roads in the District when making its decision to reduce transportation services.

According to the Iowa Department of Education, safe efficient transportation services require open, direct communication and positive relationships between students, parents, teachers, school staff, drivers, and supervisors. Communicating effectively also helps promote a positive view of the school as well as school transportation services. Lakota Local School District (LLSD) in Butler County provides a link on its homepage to a webpage strictly dedicated to the transportation department. The website gives information about the bus stops for public and non-public students, bus stop appeals, and registration forms. LLSD also includes information on student safety information, consequences of misbehavior, general transportation policies, and contact information.

Clear communication by transportation personnel with students and parents concerning the operation of transportation at SLSD would help to ensure a safe and effective transportation program. Improved communication would increase parents' awareness of changes in transportation policies and decrease the volume of routine inquiries about transportation services.

Financial Implications Summary

The following table summarizes the estimated annual cost savings identified in the recommendations presented in this section.

Summary of Financial Implications for Transportation

Recommendation	Estimated Annual Cost Savings
R5.1 Reduce fleet by an additional three buses	\$120,000
Total	\$120,000

Source: AOS Recommendations

Appendix 5-A: 2000 Performance Audit Recommendations and Implementation Status

Table 5-5 summarizes the 2000 Performance Audit recommendations and the implementation status of each. Each recommendation was categorized as implemented, partially implemented, not implemented, or no longer applicable.

Table 5-5: 2000 Performance Audit Recommendation Status

Recommendation	Implementation Status
R5.1 Transport students at State minimums.	This recommendation was implemented.
R5.2 Negotiate a rate for addition/deletion of buses.	This recommendation is no longer applicable.
R5.3 Ensure accuracy of T-forms.	This recommendation was not implemented and a similar recommendation was issued (see 2007 R2.4).
R5.4 Negotiate lower rates for special needs buses and promote parent/guardian contracts for special needs transportation.	This recommendation was partially implemented.
R5.5 Negotiate bus replacement at 200,000 miles or 12 years instead of 120,000 miles or 10 years.	This recommendation was not implemented and a similar recommendation was issued (see 2007 R5.3).
R5.6 Negotiate that private company purchase fuel.	This recommendation is no longer applicable.
R5.7 Optimize routes to maximize efficiency.	This recommendation was implemented.
R5.8 Advertise and solicit more vendors for busing contracts.	This recommendation was partially implemented.
R5.9 Name a District official to monitor contract compliance.	This recommendation was not implemented and a similar recommendation was issued (see 2007 R5.2).
R5.10 Remove contract language requiring 178 days of service.	This recommendation was implemented.

Source: SLSD 2000 Performance Audit, 2005 Laidlaw Management Contract, SLSD Business Manager

Food Service

Background

This section focuses on the food service operations in the Springfield Local School District (SLSD or the District). The purpose of this section is to analyze the current and future financial condition of the District's food service operations, develop recommendations for improvements, and identify opportunities to increase efficiency. **Appendix 1-A** provides a summary of the audit objectives for this section. The District's operations have been evaluated against best practices and operational standards including the National Food Service Management Institute (NFSMI), the United States Department of Agriculture (USDA), the Government Finance Officers Association (GFOA), the National Registry for Food Safety Professionals, and the peer districts.¹

Organizational Structure and Function

SLSD's Food Service Department consists of 35 employees, including the Business Manager, the Administrative Assistant to the Business Manager, 7 cafeteria managers, and 26 cafeteria employees who serve as line cooks and cashiers. The Business Manager is responsible for the general operation of the food service program and uses performance measures, such as food costs per meal, labor costs per meal, and operating profits/losses, to manage and monitor the food service operations. The Administrative Assistant to the Business Manager is responsible for clerical duties, such as claims submissions for meal reimbursement and the processing of all food orders. As these two employees are also responsible for the District's transportation, custodial, and maintenance services and the general business operations of the District, only 15 percent of the Business Manager's compensation and 50 percent of the Administrative Assistant's compensation is charged to the Food Service Fund, which reflects time spent on food service related duties.

The food service staff prepares and serves breakfast and lunch at the District's seven school buildings. All food is prepared at the building in which it is served. In FY 2005-06, 62.9 percent of SLSD students participated in the school lunch program. These meals are reimbursed by the National School Lunch Program in the form of federal grants-in-aid. The percentage of SLSD students who purchased/received reimbursable lunches was 3.0 percent higher than the peer average. When a la carte sales are included, which are not reimbursable through the National School Lunch Program, 70.7 percent of the District's students participated in SLSD's lunch program which is 5.6 percent below the peer average. The use of a customer satisfaction survey (see **R6.5**), direct certification (see **R6.7**), and the implementation of a point-of-sale system (see **R6.6**) are practices the District should consider to increase participation and revenues.

¹ See **executive summary** for description of the 10 peer district average used as benchmark throughout this report.

The seven cafeteria managers are responsible for menu planning, supply purchasing, data collecting for claims submission, and cash handling. Managers supervise between one and eight employees; staffing varies by building depending on the number of students who are served at each school. The District adjusts staffing levels in the cafeterias to cover peak times, and uses two-hour, five-hour, and seven hour positions to optimize staffing. SLSD employees are required to work more than five hours per day to receive health insurance benefits. As a result, only 10 of the District's food service employees receive these benefits.

The District does not have a strategic plan or a procedure manual related to food service operations (see **R2.2** and **R2.4**). Instead food service operations are governed by informal procedures. Specifically, the District does not have formalized procedures for ordering food and supplies; food safety and sanitation; and record keeping. Additionally, SLSD does not have a formal preventive maintenance plan for the food service operation (see **R2.2**).

Financial Condition

The Food Service Department is organized as an enterprise operation, which is intended to be self-funded, relying on charges for services to support the costs of operation.² The federal reimbursements (federal Grants-in-Aid) SLSD receives are determined by the number of breakfasts and lunches that are served to students. Using the online Claims Reimbursement and Reporting System, the District submits claim reimbursements to the Ohio Department of Education (ODE) within 60 days, as required.

In FY 2005-06, the District increased meal prices following an analysis of the prices of 13 surrounding districts. This was done in an effort to provide financial solvency to the food service operation and bring meal prices in line with other Districts in the region.

Table 6-1 illustrates SLSD's financial performance for FY 2003-04 through FY 2005-06.

² However, ORC § 3313.81 stipulates that food service operations may not be used to make a profit.

Table 6-1: SLSD Food Service Fund, FY 2003-04 through FY 2005-06

	FY 2003-04	FY 2004-05	FY 2004-05 % Change	FY 2005-06	FY2005-06 % Change	3 year % Change
Operating Revenue						
Student Charges	\$398,516	\$407,912	2.4%	\$401,272	(1.6%)	0.7%
Non-Operating Revenue						
Earnings on Investments	\$146	\$145	(1.1%)	\$287	98.5%	96.2%
State Grants-in-Aid ¹	\$40,623	\$17,158	(57.9%)	\$19,807	15.4%	(51.2%)
Federal Grants-in-Aid ¹	\$307,527	\$443,879	44.3%	\$419,348	(5.5%)	36%
Total Revenue	\$746,812	\$869,094	16.4%	\$840,714	(3.3%)	12.6%
Operating Expenditures						
Personal Services - Salaries	\$349,957	\$387,796	10.8%	\$392,907	1.3%	12.3%
Employees Retirement and Insurance	\$155,446	\$184,536	18.7%	\$193,375	4.8%	24.4%
Purchased Services	\$14,341	\$11,662	(18.7%)	\$11,628	(0.3%)	(18.9%)
Supplies and Materials	\$278,111	\$294,036	5.7%	\$300,291	2.1%	8.0%
Capital Outlay	\$702	\$0	(100.0%)	\$0	0%	(100%)
Non- Operating Expenditures						
Total Expenditures	\$798,557	\$878,029	10.0%	\$898,200	2.3%	12.5%
Revenues Over (Under) Expenses	(\$51,745)	(\$8,936)	(82.7%)	(\$57,486)	543.3%	11.1%
Transfers/Advances						
Transfers-In	\$25,000	\$40,000	60.0%	\$0	(100.0%)	(100.0%)
Advances-In	\$40,000	\$0	(100.0%)	\$60,000	N/A	50.0%
Advances-Out	\$0	(\$40,000)	N/A	\$0	(100.0%)	0.0%
Net Transfers/Advances	\$65,000	\$0	(100.0%)	\$60,000	N/A	(7.7%)
Revenues Over (Under) Expenses (Including Transfers)	\$13,256	(\$8,936)	(167.4%)	\$2,514	(128.1%)	(81.0%)
Beginning Fund Balance	\$25,930	\$39,185	51.1%	\$30,250	(22.8%)	16.7%
Ending Fund Balance	\$39,185	\$30,250	(22.8%)	\$32,764	8.3%	(16.4%)

Source: SLSD FY 2003-04 through 2005-06 4502 reports

¹ State Grants-in-Aid and Federal Grants-in-Aid show a variance from FY 2003-04 to 2004-05 due to a miscoding of funds between the two line items.

As **Table 6-1** indicates, food service expenditures at SLSD exceeded revenues for all three fiscal years displayed. As a result, the District transferred/advanced a total of \$65,000 from the General Fund to the Food Service Fund in FY 2003-04 and FY 2004-05. In FY 2005-06, the District was required to advance funds because federal reimbursements for May were not received until after the close of the fiscal year. Taking this into account, the District ended FY 2005-06 with a positive ending fund balance of \$2,514. The District's five-year financial forecast does not project the need to transfer funds from the General Fund to the Food Service Fund for FY 2007-08 through FY 2010-11 (see **Table 2-1** in **financial systems**).

The profitability of SLSD's food service operations is affected by several factors. For example, negotiated wage increases and step increases defined by the District's collective bargaining agreement caused personal services - salaries to increase 10.8 percent from FY 2003-04 to FY 2004-05. A reduction in 2.41 FTEs reduced the rate of increase from FY 2004-05 to FY 2005-06. Over the three year period, the personal services line item increased 12.3 percent. As discussed in **human resources**, District salaries are above the peer average. Specifically, food service employees made an average of \$19,052 compared to the peer average of \$13,834 in FY 2005-06. On average, the District's food service employees earned 37.7 percent more than the peer average. Likewise, employee retirement and insurance expenditures increased primarily because of rising health insurance costs. Finally, purchased services decreased nearly 19 percent, attributable in part to the fact that the District does not charge utilities costs to the Food Service Fund (see **R6.1**).

Operating Statistics

Table 6-2 compares revenues and expenditures at SLSD to the peer average on a meal equivalent basis.

Table 6-2: FY 2005-06 Operating Statistics Comparison

	SLSD	Peer Average	Variance
Total Meals Served	369,594	255,589	44.6%
Revenues per Meal Equivalent			
Operating Revenue	\$1.09	\$1.47	(26.2%)
Non-Operating Revenue ¹	\$1.35	\$0.95	41.8%
Total Revenue per Meal Equivalent	\$2.44	\$2.42	0.6%
Expenditures per Meal Equivalent			
Salaries	\$1.06	\$0.85	25.3%
Fringe Benefits	\$0.52	\$0.42	24.6%
Purchased Services	\$0.03	\$0.04	(14.0%)
Supplies and Materials	\$0.81	\$0.91	(10.7%)
Capital Outlay	\$0.00	\$0.04	(100.0%)
Other	\$0.00	\$0.03	(100.0%)
Total Expenditure per Meal	\$2.43	\$2.29	6.3%
Total Gain or (Loss) per Meal	<\$0.01²	\$0.14	(95.6%)

Source: SLSD FY 2005-06 4502 reports, ODE Management Reports, and peer data

¹ Non-operating revenue includes the \$60,000 in federal reimbursements the District received in FY 2006-07 for meals served in FY 2005-06.

² SLSD sees a \$0.006 gain per meal.

As **Table 6-2** displays, SLSD relies more heavily on non-operating revenue than the peer districts. Non-operating revenue includes federal reimbursements and State grants-in-aid. Operating revenue in the Food Service Fund is composed of student charges for meals and a la carte sales. While operating revenue (student charges) is below the peer average on a per meal basis, the District is in line with the meal prices that are charged by surrounding districts.³

Additionally, the District spent 25.3 percent more for salaries and 24.6 percent more for fringe benefits on a per meal basis. This can be attributed to overstaffing (see **R6.3**), higher than average starting salaries, as well as generous employee contributions for health insurance premiums (see **human resources**). Finally, SLSD spends 10.7 percent less per meal equivalent for supplies and materials due to its membership in a purchasing consortium.

Performance Audit Follow-up

In 2000, the Auditor of State (AOS) completed a performance audit of SLSD in response to the District's financial condition and placement into fiscal emergency. Shortly after being placed in fiscal emergency, SLSD passed an emergency operating levy and key renewal levies. As a result, it was removed from fiscal emergency after 15 months.

As a follow-up to the 2000 Performance Audit of SLSD's food service operations,⁴ this section reviewed the previous recommendations and SLSD's operations during the audit period to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 6-A** with references, where pertinent, throughout the section. Of the two recommendations contained in the 2000 Performance Audit, SLSD partially implemented one recommendation.⁵

³ Lake LSD (Stark County), Green LSD (Summit County), and Coventry LSD (Summit County) meal prices were used for AOS's comparison.

⁴ Food service operations were originally performed as a component of **financial systems**.

⁵ One recommendation was deemed not applicable.

Recommendations

Financial Operations

R6.1 The District should develop a five-year forecast for the Food Service Fund and incorporate this into a District-wide strategic plan (see R2.2). This will enable proactive management decision making and provide a long-range planning tool to help integrate food service operational goals and objectives. The Business Manager and Treasurer should ensure that all food service-related expenses, such as utilities, are charged to the Food Service Fund. By correctly allocating all food service expenses, a more accurate financial picture will be available and allow for improved decision-making related to revenue and program adjustments.

SLSD prepares an annual budget for the Food Service Fund using a modified approach to incremental budgeting (the Treasurer estimates food service costs based on the expenditures of the previous year and allows for a small increase in costs). Salary and benefit costs of each employee are included in the budget. The District does not prepare a five-year forecast specifically for the Food Service Fund. However, as **Table 6-1** shows, SLSD has transferred funds into the Food Service Fund for two of the past three fiscal years.

According to *School Foodservice Management for the 21st Century, Fifth Edition* (Pannell-Martin, 1999), forecasting revenue and expenditures over a five-year period is recommended for long-range planning. This can give an organization's administration sufficient notice of emerging issues so that corrective action can be taken. With increases in labor costs and the rising costs of fringe benefits, lunch price increases and cost saving measures need to be evaluated annually. Furthermore, some of the factors to be considered in making revenue projections and expenditure estimates are:

- Historical data;
- Goals and plans;
- Economic indicators;
- Demographic changes;
- Projected enrollment;
- Effects of menu changes;
- Changes in operating procedures;
- Changes in food and labor costs;
- Meal price changes; and
- Operational changes.

Efforts to create a five-year forecast specific to the food service operations have been hampered by a lack of supporting operational information. The District's incremental budgeting approach does not evaluate future operating realities nor does it seek to alter those conditions, primarily because of the budget's short-term outlook. While employee salaries and benefits are used in developing the budget, the District does not take into consideration other factors, such as changes in enrollment. With an incremental budgeting approach, these factors may not be given adequate consideration. Without providing the necessary budgeting and revenue and expenditure forecasting information, food service operations may continue to experience the difficulties which have resulted in past transfers to the Food Service Fund. A five-year forecast of the Food Service Fund could increase awareness of the issues and challenges that face food service staff and aid the District administration to be proactive in addressing any issues.

Part of developing an accurate forecast is including all appropriate costs. The GFOA suggests that governments should measure the full costs of their services.⁶ In FY 2005-06, the District attributed \$11,628 of expenditures to the purchased services line item in the Food Service Fund. Utilities, such as electricity and natural gas, are not allocated to the Food Service Fund by SLSD. Rather, these expenditures are paid from the General Fund. Ohio Revised Code (ORC) § 3313.81 requires the Food Service Fund to be kept separate from all other funds, including the General Fund. All receipts and disbursements in connection with the operation of food service for school food service purposes and the maintenance, improvement, and purchase of equipment for school food service purposes are to be paid directly into and disbursed from the Food Service Fund. Therefore, SLSD should allocate a portion of total electricity and natural gas expenditures to the food Service Fund.

One method of allocating costs to the Food Service Fund is to calculate the percentage of square footage used by the food service operation and then to apply that percentage to a cost category. For example, applying the 5.6 percent of SLSD's facilities occupied by the food service operation to utility expenditures for FY 2005-06 would have resulted in additional food service costs of approximately \$43,000. This figure includes the portion the food service operations should have paid for purchased services, such as electricity, gas, water/sewage, trash services, and custodial supplies, on a per square foot basis.

By not accounting for all program-related expenditures, the District may communicate an inaccurate understanding of its financial position. Using the General Fund to support SLSD's food service operations reduces the funds budgeted for educational and instructional purposes at the District. Accurately capturing all costs in the Food Service Fund will allow SLSD to evaluate the efficiency and performance of its food service

⁶ The full cost of a service encompasses all direct and indirect costs related to that service. Direct costs include the salaries, wages, and benefits of employees while they are exclusively working on the delivery of the service, as well as the materials and supplies, and other associated operating costs such as utilities and rent, training and travel.

operations and effectively plan for future needs. This, in turn, will provide SLSD with a more accurate cost of the food service operation and aid in the development of the District's five-year forecast.

Financial Implication: Based on the actual operating expenditures for gas and electric utilities in FY 2005-06, about \$43,000 in program-related expenses could be charged to the Food Service Fund. This would alleviate this cost within the General Fund and positively impact the District's General Fund balance.

R6.2 The District should periodically explore the benefits and costs of contracting for food services by implementing a competitive request for proposal (RFP) process. Once multiple RFPs are obtained from providers, the District should analyze the proposals to determine whether contracting for food services would reduce costs and improve, or at least maintain, service quality. Additionally, as part of its strategic plan (see R2.2), the District should include a section that evaluates the competitiveness of the District's food service operations as compared to the cost of alternative delivery methods. A similar recommendation was issued in the 2000 Performance Audit (see Appendix 6-A).

The District does not solicit bids from private food service providers to evaluate the costs and benefits of food service privatization. While the District outsourced its food service operation in 1988, it was determined that it was more economical to operate the food service operation in-house and these operations were reinstated in 1992. The District has not pursued outsourcing the food service operation since this occurred.

According to *Best Practices in Public Budgeting* (GFOA, 2000), entities should evaluate alternative delivery mechanisms to ensure the best approach is selected for delivering a service. A government should institute a process to review existing service delivery methods in the context of how well they meet programmatic and operating policies and plans. The process should include an examination of how a government traditionally provides the service versus whether the service could be delivered more effectively or more efficiently if provided in a different way, either by the government itself or by entities outside of the government. Considerations in evaluating service delivery mechanisms, whether provided directly by a government or contracted out, include:

- **Cost of service:** including short and long-term direct costs, costs to administer and oversee the service, impact on rates and charges, and impact on costs of other government services.

- **Service quality and control:** including safety and reliability, ability to control service levels and who receives the service, ability of the government to make internal changes to improve its own performance, ability to change the delivery mechanism in the future, and risk of contractual nonperformance and default.
- **Management issues:** including the quality of monitoring, reporting, and performance evaluation systems, public access to information, and the ability to generate or sustain competition in service delivery.
- **Financial issues:** including the impact on outstanding debt and grant eligibility.
- **Impact on stakeholders:** including government employees, customers, and taxpayers.
- **Statutory and regulatory issues:** including the impact on federal and state legal and regulatory requirements and liability.

Issuing an RFP⁷ every two years will allow the District to evaluate the cost-effectiveness of continuing to operate food services in-house. Other Ohio school districts, such as Dublin CSD (Franklin County), have contracted out food service operations with success. According to *The Privatization Decision* (Donahue, 1991), privatization can be a success if competition and accountability is fostered and performance is measured with District goals in mind. Although privatization is not always the solution for improved efficiency, continued evaluation and creation of competition among contractors and internally with staff can reduce cost increases in food service operations by compelling internal service providers to achieve greater levels of efficiency. This recommendation could be implemented at no additional cost to the District.

Staffing

R6.3 SLSD should consider reducing the number of daily labor hours used for food service operations with the goal of improving the District’s meals per labor hour (MPLH). Reducing 13 labor hours would bring the District in line with the national MPLH benchmark set forth by the National Food Service Management Institute (NFSMI). A similar recommendation was made in the 2000 Performance Audit (see Appendix 6-A).

⁷ An RFP will typically include general information, functional or general specifications, statement of work, proposal instructions, and evaluation and ranking criteria.

MPLH is a performance measure that provides an indicator of a food service operation productivity and efficiency.⁸ The measurement can be calculated by dividing the total labor hours worked at each operation by the total meal equivalents (breakfast, lunch, and a la carte) served per day by each school. The more meal equivalents served per day, the higher the operations efficiency rating.

Table 6-3 provides an estimate of the District's efficiency in each of its school buildings for FY 2007-08.⁹

Table 6-3: Projected Meals per Labor Hour

Building	Total Meal Equivalents Served per Day ¹	Total Labor Hours per Building	Projected MPLH	National Standard ²	Over / (Under) National Standard	Equivalent Labor Hours Over/(Under) National Standard
Springfield High	558	38.00	14.7	19	(4.3)	8.6
Spring Hill Junior High	354	24.00	14.7	18	(3.3)	4.4
Schrop Intermediate	323	20.00	16.2	18	(1.8)	2.0
Lakemore Elementary	258	13.00	19.9	16	3.9	(3.2)
Roosevelt Elementary	318	18.00	17.7	18	(0.3)	0.3
Young Elementary	272	18.00	15.1	16	(0.9)	1.0
Total	2,085	131.0	N/A	N/A	(6.7)	13.1

Source: ODE Management Reports, Springfield LSD, *School Foodservice Management for the 21st Century*

¹ Beginning in FY 2007-08, SLSD will close Boyer Kindergarten Center and eliminate the food service positions at Boyer. For this analysis, total meal equivalents served at Boyer Kindergarten Center were distributed evenly between Lakemore, Roosevelt, and Young Elementary schools. The closure of Boyer will positively impact on the MPLH rates at three elementary schools, which will see an increase in students. However, efficiency at the intermediate, junior high school, and high school will not improve from this reorganization.

² The national standard is based on a convenience system, high productivity level.

Table 6-3 shows that, in all buildings except Lakemore Elementary, SLSD food service operations are projected to perform below the national benchmark. Similarly, in FY 2005-06, the peer average MPLH of 16.5, was 1.6 meals per hour higher than SLSD. Lakemore Elementary School operated slightly above the NFSMI standard for efficient operations in FY 2005-06 and is projected to further exceed those standards in FY 2007-08. Lakemore Elementary achieved such efficiencies by not replacing retiring staff to accommodate enrollment declines. If the District were to bring MPLH in line with the national benchmark, it could reduce 13 Food Service Department labor hours.

⁸ MPLH is a standard used to measure the efficiency of school districts, hospitals, restaurants, and other food services operations. Many school districts use MPLH as a tool to develop strategies to control labor costs. The industry standards for meal equivalent conversions are used to convert meals served to meal equivalents.

⁹ Labor hours and data submitted by the District to ODE's online reporting system from FY 2005-06 were used to conduct this analysis.

Table 6-4: Conversion of Meal Equivalents

Type of meal	Industry Meal Equivalent Standards
Lunch	1 Lunch = one meal equivalent
Breakfast	3 Breakfasts = two meal equivalents
	A la Carte Sales
A la Carte Meal Equivalents	Free Lunch Reimbursement + Commodity Value per Meal

Source: NFSMI Financial Management Information System

If the District cannot implement these staffing reductions with the current on-site configuration, another option is to implement a central kitchen model, where all meals are prepared centrally at the high school and then transported and served at the satellite schools. A similar recommendation to implement a central kitchen was issued in the 2000 Performance Audit (see **Appendix 6-A**); however, SLSD implemented the recommendation for only one year.

While SLSD has been reluctant to implement a central kitchen model, the District may be able to more feasibly achieve an MPLH that is in line with identified benchmarks. The time and cost savings associated with implementing a central kitchen include the centralized purchasing and preparation, and the ability to reduce food and material costs. Moreover, SLSD may see a decrease in utility expenses associated with the central preparation of food. While these benefits may result from the centralized configuration, the savings to the District cannot be quantified and the implementation of a central kitchen is simply an option available to the District. Many other districts, including Salem LSD (Columbiana County) and Chardon LSD (Geauga County), have implemented a centralized kitchen with success.

The effect of overstaffing in the food service operations is evident in the District's personnel expenditures. In FY 2005-06, SLSD spent 25.3 percent more than the peer average for salaries and 24.6 percent more than the peer average for fringe benefits, on a per meal basis (see **Table 6-2**). A reduction in labor hours may help to bring expenditures more in line with the peer average and allow SLSD to cease providing subsidies to the Food Service Fund.

Financial Implication: By reducing 13 labor hours, the District could save approximately \$26,400 in salaries plus an additional \$4,000 in fringe benefits in the first year, for an annual net savings of \$30,400.

R6.4 The District should implement a formal training program for food service staff. A formal training program will enhance the knowledge of food service staff and ensure that all staff members are fully aware of their job tasks and any regulations that they must follow. SLSD may also be able to enhance productivity through regular training.

The District does not have a formal training process in place for the Food Service Department and there is no formal handbook or written guide for training purposes. The Business Manager indicated that the majority of the training for the Food Service Department is completed through on-the-job training. Moreover, Food Service Department vacancies are generally filled by substitutes who are already familiar with the District's food service operations.

According to *School Foodservice Management for the 21st Century* (Pannel-Martin, 1999), training is the key to a strong successful school foods service program. Training must be an ongoing process and should take place not only when a new employee is hired, but also when new equipment is purchased, when government regulations or other procedures are changed, and when the need arises for retraining. The use of "hands-on" experience should be provided as much as possible for maximum retention of learning. Additionally, food service managers may need training in the area of cost-effectiveness, quality food production, and compliance with federal regulations. The National Registry of Food Safety Professionals recommends the following topical areas be included in training: food safety, food protection, receiving and storing food and supplies, and preparing and serving foods.

Without a comprehensive training program, SLSD food service workers may not have the full information needed to effectively perform their jobs. A formal training program that includes the aspects mentioned above will help to ensure that all employees understand the scope of their responsibilities and performance expectations. Training will also serve to update skills and knowledge necessary to effectively and efficiently carry out duties in the Food Service Department. While SLSD uses an informal method of training new employees, this process could be enhanced by developing a formal, official training plan to follow when hiring new employees and providing ongoing training to employees.

Participation

R6.5 The District should develop formal methods of periodically soliciting input from students and other relevant stakeholders. One method to solicit input is to develop an online survey on the District's website. As the food service staff administers subsequent surveys, it should track progress in addressing the issues identified and incorporate survey results in its strategic plan (see R2.2).

The District does not have a formal method to obtain and address stakeholder concerns and feedback. The Business Manager indicated that it is the responsibility of the kitchen managers to monitor student satisfaction and that they are provided the latitude to develop their own menus. While each school is able to cater to the likes and dislikes of students, there is no formal mechanism for evaluating the satisfaction of stakeholders. Rather, feedback from students is solicited through conversation with students on an

informal basis. Potential barriers to higher meal participation rates, such as the time it takes to purchase a meal, the friendliness of the food service employees, and the affordability of meals are not being formally evaluated. In FY 2005-06, the average percent of SLSD's students who purchased a lunch or a la carte item was 70.7 percent. However, the average participation rate for the peers was 76.2 percent, a difference of 5.6 percent.

According to *Recipes for Practical Research in Child Nutrition Programs* (NFSMI, 1998), school food service programs should seek customer feedback from students and parents. Surveys are one method for gathering information from a large group of people in a short period at moderate cost. Valid and reliable data gathered from students should be the basis for developing enhancements in school food service and nutrition programs. By evaluating customer feedback and working to continually improve operations, the school food service and nutrition program will ensure a sound customer base and financial stability.

As food service operations contain a fixed cost component, it is important that the District maintain a high participation rate in the school breakfast and lunch program. This will help to ensure a low cost per meal. By soliciting stakeholder input through online surveys, the Food Service Department will be better positioned to raise or at least maintain participation rates and improve revenue consistency. This will help the District communicate food service-related issues while improving the fiscal solvency of the Food Service Fund.

R6.6 The District should implement a point-of-sale (POS) system. By implementing POS technology, the District will have the means to collect operational and financial data that can be used for both developing a five-year Food Service Fund forecast (see R6.1) and submitting claims reimbursements to ODE. In addition, the District may be able to reduce the impact of social stigmas associated with free and reduced lunch programs.

The District is not tracking food service data electronically with POS technology. Rather, in order to maintain records for accurate reporting for claims reimbursements, the District uses a manual data collection method to keep a daily record of the number of students who purchase reimbursable meals and a la carte items.

The District examined purchasing a POS system in FY 2003-04; however, it was determined to be cost prohibitive. As a result, the manual data collection process has been maintained. Under the manual data collection method, the District is able to record the sale of a paid, free or reduced meal with a cash register. The cash register totals these figures which allows for the cafeteria managers to fill out a daily report sheet which takes approximately thirty minutes to complete. At the end of the month, these reports are

totalled and submitted to the Administrative Assistant to the Business Manager who checks the reports and submits the information to ODE. Over the course of a year, the District incurred approximately \$10,000 in salary costs to manually process these claims.

According to the *School Foodservice Management for the 21st Century* (Pannell-Martin, 1999), food service departments benefit from computerization that meets strict standards of accountability and produce various types of reports and detailed technical analyses for efficient management. The information needed to run a successful school food service program is extensive and varied. Some of the benefits of a well-thought-out computerized system with “checks and balances” and accurate data entry are:

- Increased efficiency and greater speed of data handling;
- More reliable, accurate information;
- More timely report processing;
- Improved inventory control;
- Improved reporting such as comprehensive management reports and analyses, and nutritional analysis of meals served;
- Reduced food and labor costs; and
- Improved standardization.

An ideal POS system tracks history, customer count by day and by menu, the number of customers served by each station (line or server), and sales by lunch period. Speed, accuracy, and the computer memory space required should be three important features of a POS system a district purchases. Additional features of computerization include:

- Speed of transaction;
- Data accuracy;
- Limited space requirement;
- Touch screens;
- Photo identifications;
- Wireless remote;
- Biometric or bar code readers;
- Minimum key strokes; and
- Student keypad entry.

Districts can opt to develop in-house systems rather than buying a POS from an outside vendor. Marion CSD (Marion County), achieved savings by developing its own POS system in-house. This system included the following functions:

- Tracking free, reduced, full price, adult, or others;
- Charging second, adult meal, and grade sensitive price;

- Itemizing federally reimbursable meals;
- Supporting unlimited eligibility categories and classes;
- Displaying messages, notes, and dietetic information;
- Allowing an unlimited amount of menu items to be added; and
- Allowing students to be transferred between schools centrally.

With the development of an in-house program, the cost for a POS system may become more manageable. Because of its fiscal constraints, SLSD should consider this option. However, the District should carefully evaluate its capacity to develop such a program prior to initiating such an effort. Building a program in-house could serve to improve the food service program while increasing revenues in the Food Service Fund.

By implementing a POS system, the District will be better equipped to track food service operational data that can be used as a planning tool for creating menus, bulk purchasing, and meal preparation. This will then allow for a better channel of financial information between cafeteria managers, the Business Manager, and the Treasurer. Moreover, the system can collect and sort information by student, building, or meal type. Should the need arise, a POS system would allow the District to quickly provide parents with specific data concerning their child's spending habits.

Additionally, under the POS system, the process of manual data collection would be eliminated. A POS system will be of significant benefit by reducing the time required to prepare, check, and submit data to ODE's online reporting system. SLSD might find that they are able to reduce staffing levels beyond the levels recommended in **R6.3**. Moreover, by keeping accurate records, the District could ensure that it will receive its full entitlement from the National School Lunch Program. The majority of SLSD's food service revenue comes from State and federal reimbursements. The impact of reporting errors and omissions could have large implications in the level of funding the District receives.

Financial Implication: The use of customer satisfaction surveys (see **R6.5**), implementation of direct certification (see **R6.7**), and development of a POS system may help to increase participation rates at the District. While SLSD serves more breakfasts than the peers, they are 5 percent below the peer average for lunch and a la carte participation rates. Based on SLSD's FY 2005-06 revenues and costs per meal, the District may be able to increase revenues in the Food Service Fund by \$20,000 if it achieves a participation rate similar to the peers.

R6.7 SLSD should implement direct certification of free and reduced lunch applicants by using the Ohio Department of Job and Family Services (ODJFS) eligibility rolls, available through ODE. Using these eligibility rolls will improve participation rates and reduce the labor required to determine eligibility.

SLSD does not employ direct certification in verifying eligibility of students in the free and reduced lunch program. Rather, building principals are responsible for receiving applications and approving students for free or reduced lunches. The Business Manager verifies eligibility for a sample of applications. While this process meets eligibility verification standards, the District is not check its applications against ODJFS's eligibility rolls.

The U.S. Department of Agriculture (USDA) introduced direct certification for free meals in the late 1980s. Under direct certification, information from the state food stamp or welfare agency is used to directly certify children receiving benefits without requiring them to complete certification applications. Direct certification was designed primarily to improve program access and administrative efficiency. If existing data from state food stamp or welfare offices were used to directly certify children, a greater number of eligible children may become certified for free meals. Promoting program access among this group could increase the proportion of certified students eligible for the level of benefits received as public welfare recipients are, by definition, eligible for free meals. If the number of applications processed by District officials were reduced, administrative costs could also be reduced.

The use of direct certification will simplify the process of certifying eligible students and reduce the likelihood that any student eligible will fail to become certified. Moreover, in FY 2008-09, ODE will require all districts to use the direct certification method. Not using direct certification when verifying applicant eligibility for free and reduced meals results in unnecessary paperwork and an overall cumbersome manual process, and prevents the District from identifying all students qualifying for free and reduced meals.

Financial Implications Summary

The following table summarizes the estimated financial implications associated with the recommendations in this section.

Summary of Financial Implications for Food Service

Recommendation	Estimated Annual Cost Savings	Estimated Annual Implementation Costs
R6.1 Use cost allocation to account for all expenses of the food service operation.		\$43,000
R6.3 Reduce labor hours in accordance with NFSMI.	\$30,400	
R6.6 Implement a POS system and increase meal participation rate	\$20,000	
Total	\$50,400	\$43,000

Source: AOS Recommendations

Appendix 6-A: 2000 Performance Audit Recommendations and Implementation Status

Table 6-4 summarizes the 2000 Performance Audit recommendations and the implementation status of those recommendations. Each recommendation was categorized as implemented, partially implemented, not implemented, or no longer applicable.

Table 6-4: 2000 Performance Audit Recommendation Status

Recommendation	Implementation Status
<p>R2.4 SLSD should implement procedures to make the food service enterprise self supporting. The following options should be considered:</p> <ul style="list-style-type: none"> • Evaluate expenditures to determine where cost savings could be implemented without significantly decreasing food quality. In addition, SLSD should establish a planning committee to help control high food costs; • Increase the price per meal; • Implement a central kitchen concept similar to that of Salem City School District; and • Consider contracting with an outside organization for food services. 	<p>This recommendation was partially implemented.</p> <ul style="list-style-type: none"> • The District has reduced food costs without the use of a planning committee. • The District has increased meal prices. • The District briefly operated with a central kitchen concept but abandoned the arrangement after only one year. A similar recommendation was issued again (see 2007 R6.3). • Finally, the District has not evaluated privatization and a similar recommendation was issued again (see 2007 R6.2).
<p>R2.5 SLSD should increase the amount of items purchased through the HPS consortium.</p>	<p>This recommendation is no longer applicable.</p>

Source: AOS and SLSD

Technology

Background

This section focuses on technology functions in the Springfield Local School District (SLSD or the District). The purpose of this section is to assess the efficiency and effectiveness of the Technology Department. The technology function was not evaluated in the 2000 Performance Audit of SLSD. A complete list of objectives is included in **Appendix 1-A**. Technology utilization practices and best practice information from relevant sources are used for comparisons throughout this section of the report. These sources include Ohio's 2006-07 Biennial Educational Technology Assessment (BETA) survey, the International Society for Technology in Education (ISTE), the National Center for Education Statistics (NCES), and the National School Boards Foundation (NSBF). In addition, the Auditor of State's Office (AOS) administered a survey of SLSD's employees regarding technology services and those results have been used throughout this report (see **Appendix 7-A**).

Organization and Staffing

Technology implementation and support is managed by the District's technology staff. In FY 2006-07, the Department consisted of 2.45 full time equivalent (FTE) employees. The Technology Director (1.0 FTE) reports to the Superintendent and is responsible for coordinating professional development for staff, maintaining the District website, purchasing hardware and software, providing technical support, writing grants, and overseeing the District's internet telephony (I/P telephony) system. The Network Administrator (1.0 FTE) provides technical support, prioritizes work orders and maintains the District's computer inventory. The Network Administrator began working for the District as a student in the Technical Work Experience (TWE) Program, which provided students with formal technical training. This program is no longer in use (see **R7.2**). The Technician (0.45 FTE) is contracted through a third party vendor and provides technical support services on site three days a week. The Network Administrator and Technician report to the Technology Director.

SLSD technology staff support the District's instructional and administrative technology needs by implementing the District's technology plan (see also **R7.1**), planning technology-related professional development opportunities, implementing and planning for hardware and software, and providing hardware, software, and network maintenance and technical support for faculty, administrators, and students (see also **R7.2**). The Technology Department conducts an annual survey of faculty in order to determine its effectiveness and to gather information about user confidence and technology usage at SLSD. The Technology Department uses survey feedback to plan professional development opportunities for District faculty. In FY 2005-06, the Technology

Director coordinated 13 internal training programs focusing on software use (both administrative and instructional) with an average of 23 participants per training session while in FY 2006-07, the Technology Director provided teachers with 11 technology-related professional development opportunities; an average of 26 teachers attended each training session.

The District has a Technology Planning Committee (TPC), which consists of principals, teachers, parents, high school students, and community representatives. The TPC is responsible for setting, evaluating, and revising technology-related goals annually. The Technology Director works closely with the TPC in developing and updating the District's technology plan.

Summary of Operations

SLSD has over 3,300 users accessing the network, including all District students and staff. The District maintains a student to computer ratio of 2.6 to 1, which exceeds the recommend average of five students per computer, indicating that students have ample access to computers.

SLSD employs a number of best practices in its day-to-day operations. The District uses remote management capabilities to troubleshoot technical difficulties and employs an electronic trouble-ticketing system to prioritize work requests and to document technical support. This system enables faculty to request technical support through the District's intranet and for technology staff to prioritize the requests in a timely fashion. Moreover, all computers – both instructional and administrative – are networked to laser printers in centrally located labs. The District does not have any ink jet printers for instructional use, which tend to be more costly than the laser printers.

SLSD receives technical support from the Northeast Ohio Network for Technology (NEOnet), the District's Information Technology Center (ITC). The software and support functions accessed from NEOnet include the following:

- Internet connectivity and network maintenance and support;
- Electronic grade book and other student-support software programs; and
- State support software for human resources and fiscal reporting (i.e. EMIS,¹ USAS,² and USPS³).

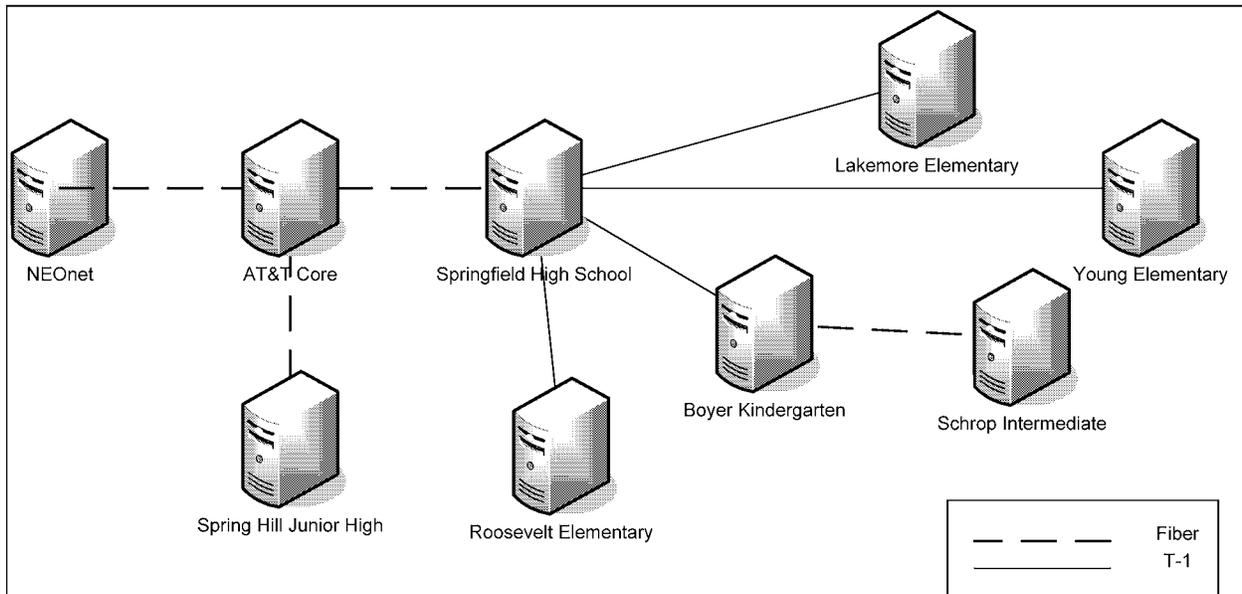
Chart 7-1 illustrates SLSD's Wide Area Network (WAN).

¹ The Educational Management Information System (EMIS) is a State-wide data collection system for primary and secondary schools and captures information about attendance, courses, demographics, financial data, and test results.

² The Uniform School Accounting System (USAS) is used to process and track the accounting activity within a school district.

³ The Uniform School Payroll System (USPS) is used to perform three primary functions including payroll processing, internal reporting (including generating personnel records used by human resources, attendance records, and setting up new employees), and generating EMIS reports for staff reporting.

Chart 7-1: SLSD Wide-Area Network



Source: SLSD

In FY 2005-06, SLSD connected four of its buildings to Springfield High School using T-1 lines. Springfield High School is connected to the District's technology support site by a fiber optic line. Schrop Intermediate is connected with a fiber optic line to the Boyer Kindergarten Center, which was closed at the end of FY 2006-07. The District plans to maintain the network infrastructure unless the Boyer Kindergarten Center is sold. If this occurs, the District plans to re-route the T-1 line to maintain connectivity to Schrop Intermediate.

The District uses web technologies including email, Internet, intranet, and I/P telephony to communicate with staff and stakeholders. The Technology Director is responsible for updating the website, which includes information about events at the District, minutes from Board meetings, and contact information for faculty and staff. The District uses email listservs to communicate with faculty and staff. The District's I/P telephony system enhances internal communication as it allows an administrator to send out a building-wide message that teachers and staff can listen to at their convenience.

SLSD has acceptable use policies for students and staff, but lacks technology related policies in the areas of purchasing or procurement, donations, equipment disposal, and unified hardware and software. The District also does not have a disaster recovery plan. SLSD follows sound process in the Technology Department; however, the District has not formalized these into a written format. See **R2.2** and **R2.4** in **financial systems** for recommendations regarding technology-related plans, policies, and procedures.

Recommendations

R7.1 SLSD should improve its technology plan by linking it to the District's annual budget. Periodic assessments should be completed by the Technology Planning Committee to formally update the plan to reflect any unexpected funding and expenditure changes. The technology plan should also be approved by the Board to ensure that it is aligned with the overall goals of the District (R2.1).

In FY 2006-07, the District developed a technology plan, which consists of five sections: pre-planning; curriculum alignment and instructional integration; technology policy, leadership and administration; infrastructure, management and support; and budget and planning.⁴ In developing the plan, the Technology Director solicited stakeholder input from the Technology Planning Committee (TPC). It should be noted that the technology plan was not subject to SLSD Board of Education approval.

The District, however, has not fully implemented each phase of the technology plan. For instance, phase five requires SLSD to determine a budget and identify funding sources. The Technology Director indicated that the budget was developed to fulfill eTech requirements and, in her judgment, determine the amount of revenue that would allow the District to upgrade and replace its existing computer systems. However, the Technology Director believes that the amount spent on technology during the budgeted time period will be significantly less as a result of budget constraints at SLSD. Aside from the budget information submitted for phase five of SLSD's eTech plan, the District does not have a formal technology budget and technology expenditures are not tracked (**R7.3**). As a result, the District is unlikely to achieve goals outlined within the technology plan.

According to *Critical Issue: Developing a School or District Technology Plan* (North Central Regional Educational Laboratory, 1998) a district should develop a technology budget, earmarking funding not only to acquire technology and design the infrastructure but also to ensure successful plan implementation by means of professional development for school staff and adherence to rules of thumb for professional development.

While eTech requires each Ohio school district to create a technology plan, eTech does not require Board approval of the plan. In addition, due to the District's financial status, the administration has placed a low priority on achieving the goals and objectives outlined in the technology plan. As a result, implementation of the plan is inconsistent and lacks dedicated financial resources. Without a firm commitment of resources, SLSD remains unclear on its commitment to fulfilling the technology plan.

⁴ The plan is organized based on eTech standards.

R7.2 SLSD should pursue low-cost options to provide additional resources to the technology support function. In particular, the District should consider reestablishing the Technical Work Experience (TWE) program which could help bring technology workload ratios in line with recommended levels and ensure technical service needs continue to be met in a timely fashion. The District should be cognizant of opportunities to integrate technical student-support programs into existing courses.

SLSD has not allocated sufficient resources to the technology support function. The Technology Department allocates 1.4 FTEs to provide technical support for approximately 1,133 instructional computers. In effect, the District maintains a ratio of 798 computers per technical staff FTE. In contrast, the Consortium of School Networking recommends a technician to computer ratio of 1:500 in a closely managed network environment. According to *Taking TCO to the Classroom: A School Administrators Guide to Planning for the Total Cost of New Technology* (Consortium for School Networking, 2001), a closely managed network is defined as one in which a centralized help desk exists, software is deployed remotely, and imaging software is used. The District's technology staff maintains almost 300 more computers per FTE than the 1:500 ratio. As a result, the Department staff is working overtime in order to provide effective and efficient service.

The high technician-to-computer ratio has, in part, been caused by the District reducing technology staffing levels. Prior to August 2006, a teacher in each District building was given a stipend to serve as the building contact and provide minimal technology support and on-site assistance. In addition, prior to November 2006, the District employed 1.5 student FTEs as part of the TWE program. This program was part of a Challenge Grant awarded to the Summit County Educational Service Center as part of the All Student System Interns Supporting Technology (ASSIST) program. SLSD was one of thirty schools awarded a grant in 1996 to develop and implement a student support program. During the school year, students worked two hours after school, two or three days each week, and received training one day each week. The students worked in pairs and were compensated for their work. This program was terminated as a cost reduction effort by the District.

Despite the low staffing levels in the Technology Department, service levels have been rated highly by staff in both the 2006 Beta Survey and in the AOS survey (see **Appendix 7-A**) conducted during this performance audit. **Table 7-1** illustrates the average time it takes to resolve technology issues as identified in the 2006 Beta Survey.

Table 7-1: Number of Days to Receive Technical Support

	SLSD	Comparable Districts	State Average
Same day	41%	22%	26%
Next day	37%	25%	23%
2-3 working days	17%	28%	25%
4-5 working days	1%	11%	9%
More than 5 working days	1%	12%	13%
Does not apply to me	2%	2%	3%

Source: 2006 BETA Survey

As illustrated by **Table 7-1**, the wait for SLSD staff to receive technical support is shorter compared to the comparable districts and the State average. Likewise the AOS survey found that 73 percent of staff agree or strongly agree that computer repair requests are answered in a timely manner. Moreover, 58 percent of staff indicated they are satisfied with the technical assistance provided by the District.

While it appears that the Department provides technical support in a timely manner, the FTE allocation figures do not adequately illustrate the actual hours used to meet user needs. The Department relies on a remote management system to respond to consumer needs within the same day. Moreover, the technology staff routinely works more than 8 hours per day, and frequently performs work at home and on the weekends. This additional work is often performed without additional compensation. In the AOS survey, 37 percent of the staff responded negatively when asked if the number of technology personnel is adequate to provide support.

According to the *Technology Support Index* (ISTE, 2006), school districts should design curricular programs to train students in technical support by allowing them to provide peripheral support. In a 2002 National School Boards Foundation survey, more than half of school leaders reported that students are providing technical support in their districts by performing technical maintenance, setting up equipment and wiring, and troubleshooting problems. These school leaders also reported that they provide formal support training to students.

The *Ohio SchoolNet ASSIST Project Final Report* (Metiri Group, 2002) explains that through student support programs, students experience working in situations that demand a range of skills, particularly strong communication and problem-solving skills that transfer to a variety of higher-level working environments. Through student support programs, student participants:

- Acquire technical skills in networking, programming, technical support, and system design;

- Work in teams, negotiate with adults and people with authority, and communicate verbally and in writing; and
- Prioritize complex tasks and learn self-direction and how to adapt.

Moreover, *A Guide to Student Technology Intern Programs in K-12 Schools* (Managing to Support Educational Achievement, May 2004) suggests there are a number of models that support viable student support technology programs. One model is based on volunteer student technology workers. For these volunteers, work sessions are scheduled during a study hall period, during an open portion of their school day, or after regular school hours. Another model suggests compensation be provided to more experienced and productive students who may be employed seasonally or after school.

With the District planning additional staffing reductions in FY 2007-08,⁵ fewer technicians may result in teachers seeking assistance from sources outside the Department. One of the dangers associated with an individual providing ad hoc support is that the individual may not be proficient with the technology. This could compound the problem and make the jobs of technical staff more difficult and time consuming.

Training students in technical support provides a mutually beneficial program for the District and its students. It prepares students for careers in technology and educates them in technology support and deployment. Furthermore, it allows the District to use low-cost resources for some of its technology support needs while creating an opportunity for the District and students to work toward mutual goals within the venue of technology use and support activities. Over time, a student technical support program would make SLSD students more marketable after graduation by providing experience and technical training that students would not receive through the core curriculum. For SLSD, a volunteer, student-based technical support program would serve to provide competent technical support with minimal labor costs.

Financial Implication: If the District were to pursue a student technical support program, students could provide technical support for no cost and training could be integrated into the District's educational program. The District might incur costs for training materials, but these costs would vary based on the program the District chose to implement.

R7.3 SLSD should develop and implement procedures to track the total cost of ownership (TCO) related to its technology expenditures. The District should consider that the initial purchase price of hardware and software is only a minor portion of expenditures. Therefore, the technology plan should include the estimated costs of professional development, maintenance, operations and administration, upgrades,

⁵ In May 2007, the SLSD Board of Education approved a reduction of the 0.45 FTE technician. As a result, the staffing level in the Technology Department will be reduced to 2 FTEs for FY 2007-08.

and retrofitting. SLSD should use TCO estimates to calculate the long-term costs incurred over the lifecycle of an asset in order to make decisions about the purchase and replacement of equipment based on a cost/benefit analysis of ongoing maintenance costs versus an analysis of capital outlay costs. In order to measure total technology costs, the District should track technology expenditures through the Uniform School Accounting System (USAS) by creating a District-assigned special cost center to technology expenditures.

The District's technology planning process does not account for its equipment's TCO, the direct and indirect costs incurred throughout the lifecycle of an asset. In addition, the District does not have a replacement policy (see **R7.4**). The Technology Director considers this low priority because the District does not have funding to purchase new equipment.

Technology's Real Costs (Fitzgerald, 1999) explains that school leaders can better understand the costs involved in implementing technology using TCO. After a District invests in hardware, the major components of TCO are professional development, software, support, and the cost of replacing computers and peripherals after a few years of use. Retrofitting older buildings for technology installation is another cost that is often overlooked or under-budgeted.

As illustrated in **Table 7-2**, *Taking TCO to the Classroom: A School Administrators Guide to Planning for the Total Cost of New Technology* (Consortium for School Networking, 2001) provides a sample checklist for technology budgeting and highlights key TCO practices.

Table 7-2: Total Cost of Ownership Practices

	“TCO Savvy” District	“Doing the Best We Can”	“Worry About it Tomorrow”
Replacement Costs	Budgets to replace computers on a regular schedule, usually every 5 years, whether leased or purchased.	Plans to replace computers when they no longer can be repaired.	Assumes that when computers are purchased with 20-year bonds that they will last forever.
Retrofitting	Considers technology improvements needed when schools are built or renovated.	Understands minimum and recommended requirements for electrical and other infrastructure improvements and incorporates them when funding is available.	Pulls the wires and then blows the fuses.
Connectivity and Integration of Equipment	Plans its network to provide connections that provide enough bandwidth to manage current and future needs, especially multi-media applications.	Has the bandwidth it needs today, but has no plan for scaling it upward as demand grows.	A phone and a modem, what more do you need?
Software	Recognizes the greater diversity of software packages, the more support will be required. Provisions are made for regular upgrading of software packages.	Utilizes centralized software purchasing, but choice of application and respective support left to individual schools and staff members.	Expects support personnel to manage whatever software happens to be installed on a district computer.
Support	Provides computer support at a ratio of at least one support person for every 50 to 70 computers or one person for every 500 computers in a closely managed network environment.	Relies on a patchwork of teachers, students, and overworked district staff to maintain network and fix problems. Does not track the amount of time the network is down or computers are not in use.	Relies on the “hey Joe” sort of informal support.
Professional Development	Allocates 15 to 30 percent of its budget to staff development.	Provides some staff training, but not at times that are convenient or when staff is ready to put the lessons to work.	Assumes that teachers and staff will learn on the job.

Source: *Taking TCO to the Classroom: A School Administrators Guide to Planning for the Total Cost of New Technology* (2001)

A “TCO Savvy” district refers to the best practice, while a “Doing the Best We Can” district refers to areas in need of improvement. A “Worry about it Tomorrow” district does not have a clear understanding of technology budgeting and the cost of upkeep in a high performing system. For the most part, SLSD is a “Doing the Best We Can” district, but is “TCO Savvy” in the areas of connectivity and integration of equipment and software. The lack of a technology budget (see **R7.1**) prevents the Technology

Department from budgeting to replace computers on a regular basis (**R7.4**) and dedicating a percentage of the budget to professional development (see **R7.6**).

By not considering TCO, SLSD cannot effectively budget for all explicit and implicit costs, which may negatively impact the District's technology-related needs assessment and computer replacement processes. By tracking expenditure information, District officials could have an accurate understanding of all technology costs. While there is not a USAS function code for technology related expenditures, USAS can be used to track expenditures of a similar nature that do not have a dedicated code through the creation of a special cost center. According to the USAS Users Manual, a special cost center tracks receipts and expenditures associated with individual activities that are part of a multi-purpose program and that are time or event dependent. The assignment of special cost centers is the responsibility of each Ohio school district.

This information could be used to create an accurate technology budget (**R7.1**) and to track technology expenditures. Because the District does not calculate TCO, purchasing decisions may be made without adequate consideration of long-term costs. Moreover, the District is unable to budget effectively because it cannot track past costs. Last, without considering TCO in its budget, the District is unable to plan for future technology expenses and proactively plan for resource allocations necessary to achieve District goals or maintain its level of connectivity and equipment and software integration.

R7.4 SLSD should implement a systematic five-year replacement cycle (consistent with its goals for student access to computers) to upgrade technology equipment. Implementing a replacement cycle will require SLSD to annually set aside funds for technology purchases; however, purchases would be dependent on available funding. A systematic five-year replacement cycle should help to improve the operational performance of computers, ensure that students and staff have up-to-date hardware, and that older, higher-maintenance machines are replaced in a timely manner. Additionally, a replacement cycle will allow the District to better communicate the costs of long-term technology maintenance to District residents, administrators, and the Board.

SLSD has not implemented a formal replacement cycle for upgrading its computers and has historically replaced equipment when funding is available. According to Technology Department staff, failure to replace the computers on a regular schedule results from fluctuations in available funding.

According to the 2006 BETA survey, the District does not have any computers that are considered old (pre-Pentium III and Macintosh pre-G3) by eTech standards. However, 44 percent of SLSD's computers are considered aging, a higher percentage than the peer average (39 percent) or the State-wide average (33 percent). The 2006 BETA survey

defines aging computers as Pentium III and Macintosh G3. Additionally these aging computers may not have the capability to run the most current educational software programs as Macintosh released the G3 computer in 1998. The lack of a formally adopted replacement cycle could result in a drain on the District budget as the District would be supporting equipment with high maintenance and technical support costs. Because of SLSD's financial condition, substantial replacement expenditures may not be feasible at this time; however, the development of a replacement cycle will assist the District in better communicating the costs of long-term technology maintenance to District residents, administrators, and the Board and then accommodating these expenditures in periods of limited resources.

The *Technology Support Index* (ISTE, 2002) recommends that school districts replace equipment according to a three to five-year cycle, either by leasing or purchasing equipment. Furthermore, *Taking TCO to the Classroom: A School Administrator's Guide to Planning for the Total Cost of New Technology* (Consortium for School Networking, 2001) recommends a five-year replacement cycle for school districts. The lack of a formal replacement cycle may result in equipment becoming obsolete and an increase in staff time and costs for troubleshooting and support.

SLSD maintains approximately 1,100 computers for instructional use by approximately 2,900 students. This yields a student-to-computer ratio of 2.6 students per computer. Through its replacement cycle, the District should plan to retire and replace computers at a rate that will bring the student to computer ratio in line with the industry standard ratio of 5:1. To achieve this ratio, the District should replace 580 workstations over a five-year period at a cost of approximately \$880 per workstation. A similar number of computers could be retired each year if maintenance costs prove prohibitive. Because of its current financial condition, the District may need to delay implementation of a five-year replacement cycle.

Financial Implication: Implementing a five-year replacement cycle for the District would require an annual replacement cost of approximately \$102,000. However, this cost may be reduced if SLSD determines that it desires a higher student to computer ratio and, therefore, replaces fewer computers than it retires.

- R7.5 SLSD should adopt security measures to ensure its technical equipment is safeguarded against potential theft and destruction. Physical security practices should address the vulnerabilities of older buildings as related to intentional acts of violence. When possible, the Department should store physical assets in secure locations (i.e. the Technology Department Office). The District should pursue alternative security measures including anti-theft cabling and motion detectors.**

The District has substantial problems with the physical security of its equipment. The Technology Director indicated that many buildings within the District lack security systems. The District has experienced problems with theft. Three years ago, students broke into a building and stole a cart full of laptop computers. In January 2007, six laptops were stolen from a building.

Section 7440 of the Board Policy Manual requires that the Superintendent develop and supervise a program for the security of the school buildings, school grounds, and school equipment pursuant to statute and rules of the State. Such a program may include video surveillance equipment in appropriate public areas in and around the schools and other District facilities. The Board policy guidelines stipulate that, in order to be properly protected against theft, classroom doors should be kept locked when the classroom is empty, and prior to leaving school each day, staff members must close windows and lock the doors to their rooms.

Safeguarding Your Technology (NCES, 1998) suggests building sites be safeguarded in a way that minimizes the risk of resource theft and destruction. The physical structure must be satisfactorily secured to prevent those people who are not authorized to enter the site and use equipment from doing so. Well-conceived plans to secure a building can be initiated without adding undue burden on staff.

Several countermeasures can be used to mitigate breaches in physical security. These strategies include:

- Minimizing external access through two or fewer doors and small windows;
- Securing the facility by locking doors and windows; and
- Pursuing alternate means of security including anti-theft cabling, magnetic key cards, and motion detectors.

Furthermore, a district should house equipment in a place where it can not be seen or reached from a window and door openings. Workstations that do not routinely display sensitive information should be stored in open, visible spaces to prevent covert use. To discourage theft, a district should identify equipment by permanently marking it in a way that is easily identifiable and that cannot be easily removed (e.g., using bright paint to mark keyboards, monitors, and computer bodies). Additionally, districts should identify equipment by labeling the inside with the organization's name and contact information.

Without proper security, the District is unable to ensure the physical security of its assets. The cost for implementing this recommendation is contingent on the measures implemented by the District and, depending on the option selected, could be significant.

R7.6 The District’s technology staff should attend professional development programs on a regular basis in order to stay current with ever-changing technology. Ongoing professional development will enable SLSD technology staff to meet the needs of the District and serve its users and students more proficiently. Furthermore, it would help technology staff obtain certification to maintain critical District systems.

The District does not require technology staff to participate in professional development programs. Prior to FY 2006-07, technology staff attended the annual eTech conference in Columbus and, over the summer, attended the National Education Computer Conference (NECC). However, for FY 2006-07, the District cut all professional development for technology staff due to budget constraints. The Technology Director indicated that attending conferences helped her learn about grant opportunities and provided the District with software programs to sample. Furthermore, the Technology Director learned techniques to enhance her grant writing skills. Attending NECC also provided the Technology Director the opportunity identify improvements that could be implemented at SLSD.

Consortium for School Networking suggests that “TCO Savvy” districts allocate 15 to 30 percent of their budget to staff development. According to the *Technology Support Index* (ISTE, 2006), certification of technical staff is outstanding if most technical staff receives ample training as a normal part of their employment. Technical staff should receive consistent training around emergent issues and have district-sponsored opportunities for advanced training. E-School News provides a list of online professional development courses on its website the District could consider.

Regardless of the technology staff’s qualifications, ongoing training is required to maintain proficiency with current technologies. This may also be a mitigating strategy to address current gaps in skill sets. Requiring ongoing professional development within the Department ensures technology employees are better able to meet the needs of the District, service its users and students, and be more effective and efficient with additional knowledge of ongoing technology advancements.

Financial Implication: Based on the registration costs for the eTech and NECC conferences, the annual registration costs to the District would be approximately \$500. While conference registration fees are quantifiable, the cost of lodging and travel associated with attendance at such trainings varies.

Financial Implications Summary

The following table summarizes the estimated annual implementation costs identified in recommendations presented in this section of the report.

Summary of Financial Implications for Technology

Recommendation	Estimated Annual Implementation Costs
R7.4 Implement replacement cycle for technology equipment	\$102,000
R7.6 Attend professional development programs	\$500
Total	\$102,500

Source: AOS Recommendations

Appendix 7-A: SLSD Employee Survey Responses

AOS administered an employee survey to SLSD's approximately 440 employees to obtain feedback and perceptions concerning technology issues. The survey was completed by 241 employees, 214 (89 percent) of which completed the technology section of the survey. The overall participation rate for the AOS survey was approximately 55 percent. Survey responses were made on a scale of 5 to 1: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree. **Table 7-3** illustrates the results.

Table 7-3: AOS Technology Survey Results

Survey Questions	Survey Results
Administrative Software	
1.) Users know all major software functions in their departments	
<ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	9% 28% 18% 13% 2%
2.) Software meets user needs	
<ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	9% 39% 14% 7% 1%
3.) Software is used effectively and efficiently	
<ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	10% 34% 28% 5% 2%
4.) Users get help when needed	
<ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	18% 34% 15% 3% 0%
Instructional Software	
5.) Users know all major software functions in their departments	
<ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	11% 36% 15% 13% 4%

Survey Questions	Survey Results
6.) Software meets user needs <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">14%</p> <p style="text-align: right;">36%</p> <p style="text-align: right;">19%</p> <p style="text-align: right;">7%</p> <p style="text-align: right;">2%</p>
7.) Software is used effectively & efficiently <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">10%</p> <p style="text-align: right;">35%</p> <p style="text-align: right;">22%</p> <p style="text-align: right;">9%</p> <p style="text-align: right;">4%</p>
8.) Users get help when needed <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">20%</p> <p style="text-align: right;">39%</p> <p style="text-align: right;">16%</p> <p style="text-align: right;">3%</p> <p style="text-align: right;">3%</p>
All Users – Software Training	
9.) Administrative/office software training meets user needs <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">11%</p> <p style="text-align: right;">37%</p> <p style="text-align: right;">21%</p> <p style="text-align: right;">5%</p> <p style="text-align: right;">1%</p>
10.) Instructional/classroom software training meets user needs <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">11%</p> <p style="text-align: right;">42%</p> <p style="text-align: right;">21%</p> <p style="text-align: right;">6%</p> <p style="text-align: right;">2%</p>
11.) Training facilities meet user needs <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">12%</p> <p style="text-align: right;">50%</p> <p style="text-align: right;">15%</p> <p style="text-align: right;">7%</p> <p style="text-align: right;">1%</p>
12.) Training programs are useful <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">13%</p> <p style="text-align: right;">55%</p> <p style="text-align: right;">14%</p> <p style="text-align: right;">4%</p> <p style="text-align: right;">0%</p>
13.) Users feel more training is needed <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">11%</p> <p style="text-align: right;">37%</p> <p style="text-align: right;">29%</p> <p style="text-align: right;">9%</p> <p style="text-align: right;">1%</p>

Survey Questions	Survey Results
General Computer Operation/Data	
14.) Computer systems are reliable	
• Strongly Agree	4%
• Agree	32%
• Neutral	20%
• Disagree	25%
• Strongly Disagree	9%
15.) Speed of data processing is satisfactory	
• Strongly Agree	6%
• Agree	43%
• Neutral	19%
• Disagree	13%
• Strongly Disagree	7%
16.) Access to printer is adequate	
• Strongly Agree	11%
• Agree	49%
• Neutral	10%
• Disagree	14%
• Strongly Disagree	6%
17.) Systems contain compete and accurate data	
• Strongly Agree	8%
• Agree	54%
• Neutral	18%
• Disagree	5%
• Strongly Disagree	1%
18.) Data from computer systems is useful for decision-making or monitoring	
• Strongly Agree	11%
• Agree	49%
• Neutral	21%
• Disagree	2%
• Strongly Disagree	2%
Technical Assistance	
19.) Technical assistance is easily accessible	
• Strongly Agree	23%
• Agree	45%
• Neutral	12%
• Disagree	6%
• Strongly Disagree	2%
20.) Requests for assistance are answered in a timely manner	
• Strongly Agree	25%
• Agree	48%
• Neutral	10%
• Disagree	5%
• Strongly Disagree	1%
21.) Computer repair services are easily accessible	
• Strongly Agree	20%
• Agree	48%
• Neutral	11%
• Disagree	7%
• Strongly Disagree	2%

Survey Questions	Survey Results
22.) Computer repair requests are answered in a timely manner <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">21%</p> <p style="text-align: right;">47%</p> <p style="text-align: right;">13%</p> <p style="text-align: right;">6%</p> <p style="text-align: right;">1%</p>
23.) Technology staff is able to resolve hardware problems <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">23%</p> <p style="text-align: right;">47%</p> <p style="text-align: right;">11%</p> <p style="text-align: right;">5%</p> <p style="text-align: right;">0%</p>
24.) Number of technology personnel is adequate to provide support <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">11%</p> <p style="text-align: right;">25%</p> <p style="text-align: right;">16%</p> <p style="text-align: right;">25%</p> <p style="text-align: right;">12%</p>
25.) I am satisfied with technical assistance provided by the District <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">18%</p> <p style="text-align: right;">40%</p> <p style="text-align: right;">17%</p> <p style="text-align: right;">10%</p> <p style="text-align: right;">4%</p>
26.) Electronic mail is widely used <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">38%</p> <p style="text-align: right;">37%</p> <p style="text-align: right;">8%</p> <p style="text-align: right;">3%</p> <p style="text-align: right;">2%</p>
27.) Internet is used to access information <ul style="list-style-type: none"> • Strongly Agree • Agree • Neutral • Disagree • Strongly Disagree 	<p style="text-align: right;">44%</p> <p style="text-align: right;">36%</p> <p style="text-align: right;">7%</p> <p style="text-align: right;">2%</p> <p style="text-align: right;">0%</p>

Source: AOS survey of SLSD employees

Note: Percentages may not equal 100 due to rounding.

District Response

The letter that follows is the SLSD's official response 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 the District disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.

Springfield Local Schools

BOARD OF EDUCATION

2960 Sanitarium Road * Akron, Ohio 44312 * (330)798-1111 * (330)798-1161
www.springfieldspartans.org

William Stauffer
Superintendent

Donald J. Gambal
Treasurer

Daniel E. Laskos
Business Manager

November 19, 2007

Auditor of State
Mary Taylor, CPA
88 East Broad Street, 5th Floor
Columbus, OH 43215

Dear Auditor Taylor:

As you are aware, on March 16, 2007, the Auditor of State placed the Springfield Local School District in fiscal emergency. At the time our school system was placed in fiscal emergency, our deficit was approximately \$1.9 million. A performance audit was begun in February 2007 and concluded in June. Initial recommendations were made in August. We appreciate your assistance and have enjoyed working with your team of performance auditors.

The Springfield Local Board of Education has taken many of the recommendations made in the performance audit and implemented them. These recommendations became the basis of our recovery plan developed in conjunction with the Financial Planning and Supervision Commission. Implemented reductions include the following:

- 0.50 FTE Social Studies Teacher
- 1.50 Assistant Principals
- 0.50 Athletic Director
- 2.00 Guidance Counselors
- 6.00 Teaching Assistants
- 1.00 Maintenance
- 5.00 Clerical Staff
- Reduction of 13 hours per day in the cafeteria

We are also now charging all food related expenses (utilities) to the cafeteria. We have also extended our busing limits and are busing more students. We will look at our staffing this spring and make further reductions for the 2008-09 school year.

The Springfield Local Board of Education appreciates the hard work done by the auditors. We plan to thoroughly examine each recommendation and implement as many as possible. We believe this will help lead our district out of Fiscal Emergency.

Once again, thank you for your time and assistance.

Sincerely,



William Stauffer
Superintendent



**Auditor of State
Mary Taylor, CPA**

**Office of the Auditor of State of Ohio
88 E. Broad Street
Columbus, Ohio 43215
(800) 282-0370
www.auditor.state.oh.us**