



Dave Yost • Auditor of State

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Dave Yost • Auditor of State

To the residents, elected officials, management, and stakeholders of the Howland Local School District,

The Auditor of State's Office selected the Howland Local School District (HLSD or the District) for a performance audit based on its projected financial condition. This performance audit was conducted by the Ohio Performance Team and provides an independent assessment of operations within select functional areas. Where warranted, and supported by detailed analysis, this performance audit report contains recommendations to enhance the District's overall economy, efficiency, and/or effectiveness. This report has been provided to the District and its contents have been discussed with the appropriate elected officials and District management.

The District has been encouraged to use the management information and recommendations contained in the performance audit report. However, the District is also encouraged to perform its own assessment of operations and develop alternative management strategies independent of the performance audit report. The Auditor of State has developed additional resources to help Ohio governments share ideas and practical approaches to improve accountability, efficiency, and effectiveness.

SkinnyOhio.org: This website, accessible at <http://www.skinnyohio.org/>, is a resource for smarter streamlined government. Included are links to previous performance audit reports, information on leading practice approaches, news on recent shared services examples, the Shared Services Idea Center, and other useful resources such as the Local Government Toolkit. The Shared Services Idea Center is a searchable database that allows users to quickly sort through shared services examples across the State. The Local Government Toolkit provides templates, checklists, sample agreements, and other resources that will help local governments more efficiently develop and implement their own strategies to achieve more accountable, efficient, and effective government.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
August 21, 2018

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Executive Summary

Purpose and Scope of the Audit

In consultation with the Ohio Department of Education (ODE), the Auditor of State (AOS) determined that it was appropriate to conduct a performance audit of Howland Local School District (HLSD or the District) pursuant to Ohio Revised Code § 3316.042. The purpose of this performance audit was to improve HLSD's financial condition through an objective assessment of economy, efficiency, and/or effectiveness of the District's operations and management. See **Background** for a full explanation of the District's financial condition.

In consultation with the District, the Ohio Performance Team (OPT) selected the following scope areas for detailed review and analysis: Financial Management, Human Resources, Facilities, Transportation, and Food Service. See **Appendix A: Scope and Objectives** for detailed objectives developed to assess operations and management in each scope area.

Performance Audit Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

The United States Government Accountability Office develops and promulgates Government Auditing Standards that establish a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are commonly referred to as Generally Accepted Government Auditing Standards (GAGAS).

OPT conducted this performance audit in accordance with GAGAS. Those standards require that OPT plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. OPT believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of District operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer districts;
- Industry standards;
- Leading practices;

- Statutes; and
- Policies and procedures.

In consultation with the District, three sets of peer groups were selected for comparisons contained in this report. A “Primary Peers” set was selected for general, District-wide comparisons. This peer set was selected from a pool of demographically similar districts with relatively lower per pupil spending and, on average, higher academic performance. A “Local Peers” set was selected for a comparison of compensation, benefits, and collective bargaining agreements, where applicable. This peer set was selected specifically to provide context for local labor market conditions. Finally, a “Transportation Peers” set was selected for transportation operating and spending comparisons. This peer set was selected specifically for transportation operational comparability and included only those districts with a similar size in square miles and population density; two significant factors that impact transportation efficiency. **Table 1** shows the Ohio school districts included in these peer groups.

Table 1: Peer Group Definitions

Primary Peers
<ul style="list-style-type: none"> • Elida Local School District (Allen County) • Louisville City School District (Stark County) • Marlinton Local School District (Stark County) • Midview Local School District (Lorain County) • New Richmond Exempted Village School District (Clermont County) • Northern Local School District (Perry County) • Tri-Valley Local School District (Muskingum County) • Wapakoneta City School District (Auglaize County)
Local Peers (Compensation, Benefits, and Bargaining Agreements)
<ul style="list-style-type: none"> • Champion Local School District (Trumbull County) • Hubbard Exempted Village School District (Trumbull County) • Lakeview Local School District (Trumbull County) • Liberty Local School District (Trumbull County) • Warren City School District (Trumbull County)
Transportation Peers
<ul style="list-style-type: none"> • Kent City School District (Portage County) • Poland Local School District (Mahoning County) • Springfield Local School District (Lucas County)

Where reasonable and appropriate, peer districts were used for comparison. However, in some operational areas industry standards or leading practices were used for primary comparison. Sources of industry standards or leading practices used in this audit include: American Public Works Association (APWA), American School and University Magazine (AS&U), US Environmental Protection Agency (EPA), Government Finance officers Association (GFOA), National Center for Education (NCES), Ohio Department of Administrative Services (DAS), Ohio Department of Education (ODE), Ohio State Employment Relations Board (SERB), and Society for Human Resource Management (SHRM). District policies and procedures as well as pertinent laws and regulations contained in the Ohio Administrative Code (OAC) and the Ohio Revised Code (ORC) were also assessed.

The performance audit involved information sharing with the District, including drafts of findings and recommendations related to the identified audit areas. Periodic status meetings throughout the engagement informed the District of key issues impacting selected areas, and shared proposed recommendations to improve operations. The District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process.

AOS and OPT express their appreciation to the elected officials, management, and employees of the Howland Local School District for their cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes a noteworthy accomplishment identified during the course of this audit.

- **Financial Communication:** The District's financial communication practices are consistent with leading practices. The District makes multiple sources of financial information available to stakeholders and the public on its website, including links to the five-year forecast and forecast assumptions, monthly revenue and expenditure reports, up-to-date Board minutes, and a link to a press release detailing the terms of the May 2018 levy and the planned cost saving actions. As a result, stakeholders and constituents are poised to be well informed with respect to the District's financial condition and decision-making.

Issues for Further Study

Issues are sometimes identified by AOS that are not related to the objectives of the audit but could yield economy and efficiency if examined in more detail. The following issue for further study was identified during the course of this audit.

- **Building Capacity and Utilization:** The District operates and maintains six school buildings, including four elementary schools (grades K-5),¹ one middle school (grades 6-8), and one high school (grades 9-12). HLSD had an overall utilization rate of 76.2 percent in FY 2017-18, and is projecting enrollment to decline from FY 2018-19 through FY 2022-23 (see **Table B-18** in **Appendix B** for enrollment projection analysis). While current enrollment projections show a declining trend, the District's ability to close a school building within the current five-year forecast period is limited due to the projected grade-level distribution of students and the corresponding number of available classrooms (see **Table B-19** in **Appendix B**). Therefore, the District should continue to monitor its enrollment and building capacity to determine if closing a school building is feasible in the future, especially beyond the current five-year forecast period.

¹ The District's four elementary schools include Howland Springs Primary (grades K-1), Howland Glen Primary (grades K-2), H.C. Mines Elementary (grades 3-4), and North Road Intermediate (grade 5).

Summary of Recommendations

The following table summarizes performance audit recommendations and financial implications, where applicable.

Table 2: Summary of Recommendations

Recommendations		Savings ¹
R.1	Eliminate 9.0 FTE general education teacher positions	\$637,400
R.2	Eliminate 0.5 FTE gifted and talented teacher position	\$35,400
R.3	Eliminate 1.5 FTE career-technical teacher positions	\$106,200
R.4	Eliminate 1.5 FTE K-8 art education teacher positions	\$106,200
R.5	Eliminate 0.5 FTE K-8 music education teacher position	\$35,400
R.6	Eliminate 2.5 FTE K-8 physical education teacher positions	\$177,000
R.7	Eliminate 1.5 FTE counselor positions	\$146,100
R.8	Eliminate 1.0 FTE library staff position	\$56,600
R.9	Eliminate 4.0 FTE nursing staff positions	\$130,700
R.10	Eliminate 2.0 FTE computer operating positions	\$112,900
R.11	Eliminate 3.5 FTE central office clerical positions	\$208,800
R.12	Eliminate 3.5 FTE monitoring positions	\$27,200
R.13	Extend the freeze on certificated base salaries	\$281,800
R.14	Renegotiate collective bargaining agreement provisions	\$287,700
R.15	Reduce employer cost of health insurance	\$1,256,600
R.16	Eliminate 6.5 FTE custodial positions	\$321,400
R.17	Reduce temporary and overtime salary expenditures for buildings and grounds	\$27,700
R.18	Develop a formal facilities preventive maintenance program	N/A
R.19	Develop a formal multi-year capital plan	N/A
R.20	Enhance internal control measures for T-Form Reporting	N/A
R.21	Right-size the active bus fleet	\$145,200
R.22	Develop a formal fleet preventive maintenance plan	N/A
R.23	Develop a data driven bus replacement plan	N/A
R.24	Eliminate 16.8 daily labor hours from the food service operation	\$50,100
Cost Savings Adjustments ²		(\$730,500)
Total Cost Savings from Performance Audit Recommendations		\$3,419,900

¹ Each recommendation's savings is calculated based on the average annual cost savings for each year of implementation during the forecast period.

² Implementation of **R.1, R.2, R.3, R.4, R.5, R.6, R.7, R.8, R.9, R.10, R.11, R.12, R.16, R.21** and **R.24** would reduce the savings achievable in **R.13** and **R.15**.

Table 3 shows the District's ending fund balances as projected in the May 2018 five-year forecast. Included are annual savings identified in this performance audit and the estimated impact that implementation of the recommendations will have on the ending fund balances.

Table 3: Financial Forecast with Performance Audit Recommendations

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Original Results of Operations	(\$1,299,550)	(\$922,517)	(\$2,106,784)	(\$3,421,548)
Original Ending Fund Balance	\$3,056,485	\$2,133,968	\$27,184	(\$3,394,364)
Performance Audit Recommendations	N/A	\$3,217,900	\$3,469,700	\$3,290,600
Cumulative Balance of Performance Audit Recommendations ¹	N/A	\$3,217,900	\$6,687,600	\$9,978,200
Revised Ending Fund Balance	\$3,056,485	\$5,351,868	\$6,714,784	\$6,583,836

Source: HLSD, ODE, and performance audit recommendations

Note: Although the District should seek to implement recommendations as soon as practicable there may be a reasonable delay in doing so. As a result, cost savings have been applied to FY 2019-20 through FY 2021-22 only.

¹ Cumulative savings are based on actual FY 2017-18 costs and are inflated annually to reflect projected increases associated with implementation over the forecast period. Additionally, cost savings for **R.13** are applied to FY 2019-20 and FY 2020-21 only, as the recommended certificated salary freeze is for a two-year period.

As shown in **Table 3**, continued fiscal imbalances cause the District to forecast deficit spending conditions in each year of the five-year forecast and ultimately results in an ending fund balance deficit of approximately \$3.4 million by FY 2021-22. Implementing the performance audit recommendations significantly improves the District's fiscal stability.

It is possible that in pursuing the options necessary to balance the budget and achieve fiscal stability, the District could face the unintended consequence of reductions in future federal aid and/or the need to repay federal funds previously received, due to inability to meet federal maintenance of effort (MOE) requirements. Federal funding is designed to supplement local operations within specific program areas such as Title I, Title II, and IDEA Part B. Because this funding is meant to be supplemental, MOE requirements are put into place to ensure that all schools maintain an acceptable level of local spending rather than shifting to an over-reliance on federal funding, also referred to as supplanting.

Federal funds are supplemental to District operations and pursuit of these supplemental funds does not alleviate the obligation to maintain a balanced budget. In exercising the responsibility to maintain a balanced budget, the District will need to critically evaluate the potential impact of planned changes on program expenditures and/or census/enrollment (i.e., the two major inputs used to calculate MOE).

ODE is charged with monitoring school districts' compliance with MOE requirements and is also in a position of working with districts to facilitate seeking a waiver from the US Department of Education, where available within the grant guidelines, when certain conditions are evident.²

Two such conditions specific to Title I include:

- An exceptional or uncontrollable circumstance such as natural disaster; and
- A precipitous decline in financial resources (e.g., due to enrollment or loss of tax revenue).

² IDEA Part B does not have a MOE waiver option.

The District should pursue necessary steps to balance, achieve, and maintain long-term fiscal stability, while working with ODE to minimize any unnecessary, unforeseen consequences, including seeking a waiver of MOE requirements, if available.

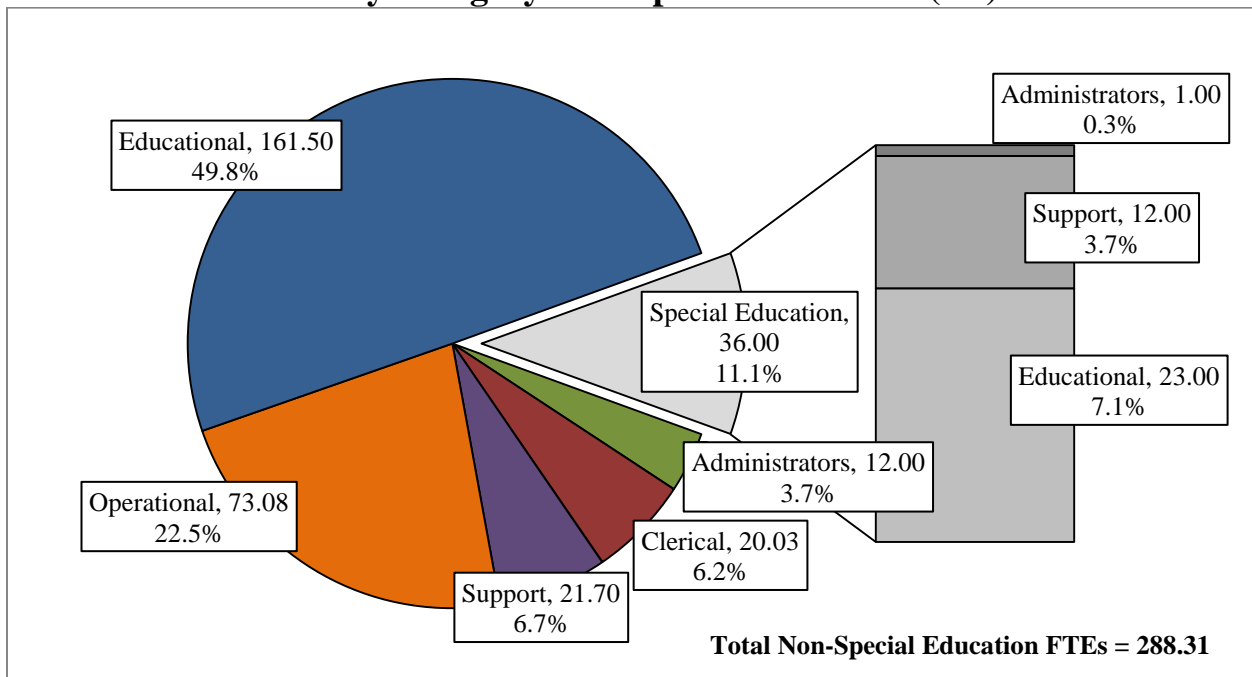
It is important to note that the provision of special education services may have a significant impact on the HLSD's overall operating cost and staffing levels. However, the appropriateness of the District's special education cost and staffing were not evaluated as a part of this performance audit. Where applicable, special education staffing information is included for informational purposes only. All conclusions regarding the relative appropriateness of staffing are based solely on non-special education staff for both the District and the primary peers.

District Staffing Overview

The appropriateness of staffing levels is significant to both the operational and financial conditions within school districts. Operational decisions such as classroom sizes, class offerings, and other non-educational service levels collectively drive the need for overall staffing total. Specifically, personnel costs (i.e., salaries and benefits) accounted for 76.2 percent of HLSD’s General Fund expenditures in FY 2016-17, a significant impact on the District’s budget and financial condition.

Chart 1 and **Chart 2** show HLSD’s FY 2017-18 full-time equivalent (FTE) staffing levels by category³ with special education staffing broken out for informational purpose only.

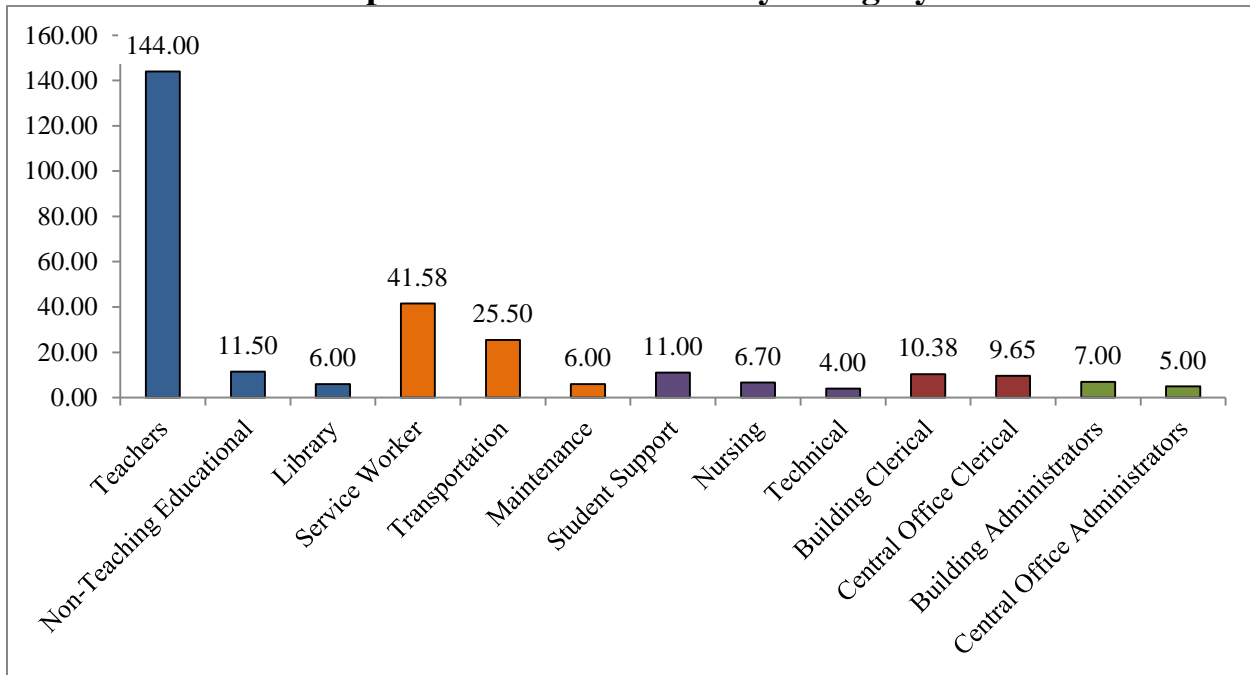
Chart 1: FTEs by Category with Special Education (SE) Breakout



Source: HLSD

³ The individual positions within each staffing category are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

Chart 2: Non-Special Education FTEs by Category and Position



Source: HLSD

As shown in **Chart 1** and **Chart 2**, HLSD employed a total of 324.31 FTEs in FY 2017-18. Of this total, 36.0 FTEs, or 11.1 percent, were specifically dedicated to special education services. The remaining 288.31 non-special education FTEs were evaluated in each of the 13 staffing categories shown in **Chart 2**.

Categories where staffing levels were compared to the primary peer average included administrators (see **Table B-3** and **B-4**), clerical (see **R.11** and **Table B-9**), teachers (see **R.1, R.2, R.3, R.4, R.5, R.6**, and **Table B-5**), non-teaching educational (see **R.7** and **Table B-6**), technical staff (see **R.10** and **Table B-8**), library (see **R.8**), nursing (see **R.9**), and student support (see **R.12, Table B-10** and **Table B-11**). Categories where the District’s staffing level per 1,000 students were higher than the primary peers include educational, technical, clerical, library, nursing and student support. Facilities (see **R.16** and **Table B-17**), transportation (see **R.21**), and food service (see **R.24**) workers were assessed using workload measures and benchmarks, as these positions operate in areas that have industrywide developed gauges of efficiency and effectiveness.

Background

In October 2017, the District released its semi-annual five-year forecast which showed progressively declining year-end fund balances throughout the forecast period. These forecasted financial results served as the primary impetus of the performance audit. **Table 4** shows HLSD's total revenues, total expenditures, results of operations, beginning and ending cash balances, and ending fund balance as projected in the District's October 2017 five-year forecast. This information is an important measure of the financial health of the District and serves as the basis for identification of fiscal distress conditions, possibly leading to formal designation by AOS and ODE.

Table 4: HLSD Financial Condition Overview (October 2017)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$29,115,672	\$29,063,012	\$29,058,127	\$29,355,641	\$29,521,958
Total Expenditure	\$31,825,664	\$32,569,988	\$33,753,884	\$34,950,865	\$36,294,477
Results of Operations	(\$2,709,992)	(\$3,506,976)	(\$4,695,757)	(\$5,595,224)	(\$6,772,519)
Beginning Cash Balance	\$5,751,018	\$3,041,026	(\$465,950)	(\$5,161,707)	(\$10,756,931)
Ending Cash Balance	\$3,041,026	(\$465,950)	(\$5,161,707)	(\$10,756,931)	(\$17,529,450)
Ending Fund Balance	\$3,041,026	(\$465,950)	(\$5,161,707)	(\$10,756,931)	(\$17,529,450)

Source: HLSD and ODE

As shown in **Table 4**, the District's October 2017 five-year forecast projects a deficit of approximately \$466,000 in FY 2018-19. This deficit condition is a direct result of expenditures continuing to outpace revenues and deplete cash balances over the forecast period. Left unaddressed, these conditions are projected to result in a cumulative deficit of over \$17.5 million by FY 2021-22.

In May 2018, voters approved a 5.9 mill operating levy. Collection of the 10-year levy begins in January 2019 and is expected to collect approximately \$1.6 million in the first year. The levy is not expected to reach full collection until FY 2019-20, at which time the District projects it will generate approximately \$3.1 million annually.

Also in May 2018, the District released an updated financial forecast which includes revenue from the operating levy. **Table 5** summarizes this forecast, showing total revenues, total expenditures, results of operations, beginning and ending cash balances, and year-ending fund balances.

Table 5: HLSD Financial Condition Overview (May 2018)

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Total Revenue	\$30,445,269	\$31,041,759	\$32,602,659	\$32,614,170	\$32,641,670
Total Expenditure	\$31,840,252	\$32,341,309	\$33,525,176	\$34,720,954	\$36,063,218
Results of Operations	(\$1,394,983)	(\$1,299,550)	(\$922,517)	(\$2,106,784)	(\$3,421,548)
Beginning Cash Balance	\$5,751,018	\$4,356,035	\$3,056,485	\$2,133,968	\$27,184
Ending Cash Balance	\$4,356,035	\$3,056,485	\$2,133,968	\$27,184	(\$3,394,364)
Ending Fund Balance	\$4,356,035	\$3,056,485	\$2,133,968	\$27,184	(\$3,394,364)

Source: HLSD and ODE

As shown in **Table 5**, the District's projected deficit for FY 2021-22 was reduced from approximately \$17.5 million, as shown in the October 2017 five-year forecast, to approximately \$3.4 million forecasted in May 2018. While the additional revenue from the operating levy significantly improves the HLSD's financial condition over the forecast period, the District's expenditures are still projected to exceed revenue in each year of the forecasted period. Implementing the performance audit recommendations will assist the District in reducing expenditures and achieve fiscal solvency (see **Table 3**).

Recommendations

R.1 Eliminate 9.0 FTE general education teacher positions

General education teachers instruct students in a regular classroom environment. OAC 3301-35-05 requires the District-wide ratio of general education teachers to students be at least 1.0 FTE classroom teacher for every 25 regular students.⁴ The District employs 122.66 FTE general education teachers. This category excludes teaching staff in other areas such as gifted, special education, art, music, and physical education.

Table 6 shows the District’s FY 2017-18 general education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 6: General Education Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
General Education	122.66	46.16	42.61	3.55	9.43

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table 6**, HLSD’s general education teacher staffing is higher than the primary peer average by 9.43 FTEs. The District would need to reduce 9.0 FTE teacher positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.⁵

Financial Implication: Eliminating 9.0 FTE general education teacher positions could save an average of **\$637,400** in salaries and benefits in each year of implementation over the forecasted period.⁶ The value of each FTE is calculated using actual salaries and benefits and projected

⁴ In FY 2016-17, HLSD’s regular student population was 2,393 with a total of 122.66 general education teacher FTEs. This resulted in a District-wide ratio of 19.51 students per general education teacher. If the District were to operate at the State minimum ratio of 25:1, it would need a total of 95.72 FTEs, 26.94 FTEs less than are currently employed.

⁵ The District should consider the class size CBA provision listed in **R.14** before implementing staffing reductions.

⁶ The value of the savings from this recommendation was projected to increase by an average of 8.3 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are

increases of the 15.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.2**, **R.3**, **R.4**, **R.5**, and **R.6**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.2 Eliminate 0.5 FTE gifted and talented teacher position

The District employs 1.5 FTE gifted and talented teacher positions within two of its elementary schools⁷ to provide educational services to gifted students. **Table 7** shows the District’s FY 2017-18 gifted and talented teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 7: Gifted and Talented Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Gifted and Talented	1.50	0.56	0.21	0.35	0.93

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 7 shows that the District’s gifted and talented teacher staffing level is 0.93 FTEs above the primary peer average. The District would need to reduce 0.5 FTE gifted and talented position in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.⁸

Financial Implication: Eliminating 0.5 FTE gifted and talented teacher position could save an average of **\$35,400** in salaries and benefits in each year of implementation over the forecasted period.⁹ The value of each FTE is calculated using actual salaries and benefits and projected increases of the 15.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.1**, **R.3**, **R.4**, **R.5**, and **R.6**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

⁷ 1.0 FTE at H.C. Mines Elementary and 0.5 FTE at North Road Intermediate.

⁸ The District should consider the class size CBA provision listed in **R.14** before implementing staffing reductions.

⁹ The value of the savings from this recommendation was projected to increase by an average of 8.3 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

R.3 Eliminate 1.5 FTE career-technical teacher positions

According to ORC § 3313.90, each city, local, and exempted village school shall provide career technical education to students grades 7-12, either by establishing and maintaining its own education program, becoming a member of a joint vocational school district, or contracting for career-technical education with a joint vocational school district, or another school district, to provide these programs. To provide these services, HLSD contracts with Trumbull Career and Technical Center, a joint vocational school (JVS), located in Warren, Ohio.¹⁰ In addition, HLSD employs 4.22 FTE career-technical programs/career pathways (career-technical) teacher positions.¹¹

Table 8 shows the District’s FY 2017-18 career-technical teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 8: Career-Technical Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
Career-Technical Programs/Career Pathways	4.22	1.59	0.85	0.74	1.97

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 8 shows that the District’s career-technical teacher staffing level is 1.97 FTEs above the primary peer average. The District would need to reduce 1.50 FTE career-technical positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.¹²

Financial Implication: Eliminating 1.5 FTE career-technical teacher positions could save an average of **\$106,200** in salaries and benefits in each year of implementation over the forecasted

¹⁰ Trumbull Career and Technical Center offers over 30 high school programs including auto collision technology, biotechnology, dental assisting, hospitality services, landscape and design technology, marketing education, and public safety. Students spend approximately one half of each day in their chosen program of study while remainder of the day is reserved for academic subjects including math, science and English.

¹¹ The District’s 4.22 FTEs teach classes focused on career preparation to students in grades 7-12. Courses include family and consumer sciences (2.0 FTEs at the high school), career based intervention (1.0 FTE at the high school), career and college readiness (0.22 FTE at the high school) and career connections (1.0 FTE at the middle school).

¹² The District should consider the class size CBA provision listed in **R.14** before implementing staffing reductions.

period.¹³ The value of each FTE is calculated using actual salaries and benefits and projected increases of the 15.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.1**, **R.2**, **R.4**, **R.5**, and **R.6**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.4 Eliminate 1.5 FTE K-8 art education teacher positions

The District employs 4.0 FTE art education teacher positions within its elementary and middle schools.¹⁴ This position historically has been included in the educational service personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers, as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.¹⁵

Table 9 shows the District’s FY 2017-18 K-8 art education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 9: K-8 Art Education Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
K-8 Art Education	4.00	1.51	0.94	0.57	1.51

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 9 shows that the District’s K-8 art education teacher staffing level is 1.51 FTEs above the primary peer average. The District would need to reduce 1.5 FTE K-8 art education positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.¹⁶

¹³ The value of the savings from this recommendation was projected to increase by an average of 8.3 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

¹⁴ 0.5 FTE at Howland Glen Primary, 0.5 FTE at Howland Springs Primary, 1.0 FTE at H.C. Mines Elementary, and 2.0 FTEs at the middle school.

¹⁵ Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision effectively eliminated state-minimum staffing levels for ESP staffing.

¹⁶ The District should consider the class size CBA provision listed in **R.14** before implementing staffing reductions.

Financial Implication: Eliminating 1.5 FTE K-8 art education teacher positions could save an average of **\$106,200** in salaries and benefits in each year of implementation over the forecasted period.¹⁷ The value of each FTE is calculated using actual salaries and benefits and projected increases of the 15.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.1, R.2, R.3, R.5, and R.6**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.5 Eliminate 0.5 FTE K-8 music education teacher position

The District employs 4.8 FTE music education teacher positions within its elementary and middle schools.¹⁸ This position historically has been included in the educational service personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers, as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.¹⁹

Table 10 shows the District’s FY 2017-18 K-8 music education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 10: K-8 Music Education Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
K-8 Music Education	4.80	1.81	1.48	0.33	0.88

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 10 shows that the District’s K-8 music education teacher staffing level is 0.88 FTEs above the primary peer average. The District would need to reduce 0.5 FTE K-8 music education

¹⁷ The value of the savings from this recommendation was projected to increase by an average of 8.3 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

¹⁸ 0.5 FTE at Howland Glen Primary, 0.5 FTE at Howland Springs Primary, 1.0 FTE at H.C Mines Elementary, 0.7 FTE at North Road Intermediate, and 2.1 FTEs at the middle school.

¹⁹ Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision effectively eliminated state-minimum staffing levels for ESP staffing.

position in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.²⁰

Financial Implication: Eliminating 0.5 FTE K-8 music education teacher position could save an average of **\$35,400** in salaries and benefits in each year of implementation over the forecasted period.²¹ The value of each FTE is calculated using actual salaries and benefits and projected increases of the 15.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.1**, **R.2**, **R.3**, **R.4**, and **R.6**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.6 Eliminate 2.5 FTE K-8 physical education teacher positions

The District employs 6.82 FTE physical education teacher positions within its elementary and middle schools.²² This position historically has been included in the educational service personnel (ESP) category, which includes teaching positions such as K-8 art, music, and physical education teachers, as well as counselors, librarians and media specialists, school nurses, social workers, and visiting teachers.²³

Table 11 shows the District's FY 2017-18 K-8 physical education teachers per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

²⁰ The District should consider the class size CBA provision listed in **R.14** before implementing staffing reductions.

²¹ The value of the savings from this recommendation was projected to increase by an average of 8.3 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

²² 1.0 FTE at Howland Glen Primary, 1.0 FTE at Howland Springs Primary, 1.0 FTE at H.C. Mines Elementary, 1.0 FTE at North Road Intermediate, and 2.82 FTEs at the middle school.

²³ Effective April 24, 2015, the Ohio Legislature revised OAC 3301-35-05 to state, "The local board of education shall be responsible for the scope and type of educational services in the district. The district shall employ educational service personnel to enhance the learning opportunities for all students." This revision effectively eliminated state-minimum staffing levels for ESP staffing.

Table 11: K-8 Physical Education Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
K-8 Physical Education	6.82	2.57	1.49	1.08	2.87

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 11 shows that the District’s K-8 physical education teacher staffing level is 2.87 FTEs above the primary peer average. The District would need to reduce 2.5 FTE K-8 physical education positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.²⁴

Financial Implication: Eliminating 2.5 FTE K-8 physical education teacher positions could save an average of **\$177,000** in salaries and benefits in each year of implementation over the forecasted period.²⁵ The value of each FTE is calculated using actual salaries and benefits and projected increases of the 15.5 FTE least tenured teaching positions that are recommended for elimination within this performance audit (also see **R.1, R.2, R.3, R.4, and R.5**). Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.7 Eliminate 1.5 FTE counselor positions

The District employs 6.0 FTE counseling positions, of which 3.0 FTEs are assigned to the high school, 1.5 FTE is assigned to the middle school, and 1.5 FTE is split between the four elementary schools. These staff assist students in making personal plans and decisions for their education, career, and personal development.

Table 12 shows the District’s FY 2017-18 counseling staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

²⁴ The District should consider the class size CBA provision listed in **R.14** before implementing staffing reductions.
²⁵ The value of the savings from this recommendation was projected to increase by an average of 8.3 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

Table 12: Counselor Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Counseling	6.00	2.26	1.64	0.62	1.65

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 12 shows that the District’s counseling staffing level is 1.65 FTEs above the primary peer average. The District would need to reduce 1.5 FTE counselor positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.²⁶

Financial Implication: Eliminating 1.5 FTE counselor positions could save an average of **\$146,100** in salaries and benefits in each year of implementation over the forecasted period.²⁷ The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured counseling positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.8 Eliminate 1.0 FTE library staff position

HLSD employs 6.0 FTE library staff positions, 1.0 FTE in each of the District’s six buildings. Librarian/media assignment staff develop plans for teaching and learning resources, while library aides assist librarians. **Table 13** shows the District’s FY 2017-18 library staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing library staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

²⁶ The certified CBA limits the number of students assigned to each counselor. The District should consider this, and other certified CBA provisions, before implementing staffing reductions.

²⁷ The value of the savings from this recommendation was projected to increase by an average of 2.1 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

Table 13: Library Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Librarian/Media	1.00	0.38	0.28	0.10	0.27
Library Aide	5.00	1.88	1.55	0.33	0.88
Total	6.00	2.26	1.83	0.43	1.14

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 13 shows that the District’s library staffing level is 1.14 FTEs above the primary peer average. The District would need to reduce 1.0 FTE library positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.²⁸

Financial Implication: Eliminating 1.0 FTE library position could save an average of **\$56,600** in salaries and benefits in each year of implementation over the forecasted period.²⁹ The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured library position. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.9 Eliminate 4.0 FTE nursing staff positions

The District employs 6.7 FTE nursing positions that provide observation, care, and counsel of ill and injured students and illness prevention to students District-wide.

Table 14 shows the District’s FY 2017-18 nursing staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing nursing staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

²⁸ The District should consider certified CBA provisions before implementing staffing reductions.

²⁹ The value of the savings from this recommendation was projected to increase by an average of 7.2 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

Table 14: Nursing Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Registered Nursing	2.00	0.75	0.45	0.30	0.79
Practical Nursing	4.70	1.77	0.24	1.53	4.07
Total	6.70	2.52	0.69	1.83	4.86

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 14 shows that the District’s nursing staffing level is 4.86 FTEs above the primary peer average. The District would need to reduce 4.5 FTE nursing positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.³⁰ However, because 0.70 FTE nursing position serves nonpublic schools and is paid through auxiliary funds³¹, which does not impact the five-year forecast, reducing 4.0 FTE nursing positions would bring the District further in line with the primary peer average per 1,000 students while allowing for savings to the five-year forecast.

Financial Implication: Eliminating 4.0 FTE nursing positions could save an average of **\$130,700** in salaries and benefits in each year of implementation over the forecasted period.³² The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured nursing positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.10 Eliminate 2.0 FTE computer operating positions

The District employs 4.0 FTE computer operating positions consisting of 3.0 FTE technology assistants and 1.0 FTE supervisor of educational technology and communications. Computer operators work with computers and related peripheral equipment. **Table 15** shows the District’s

³⁰ The certified CBA requires that only nurses perform routine or non-routine medical procedures related to students. The District should consider this, and other certified CBA provisions, before implementing staffing reductions.

³¹ Public school districts provide personnel services, materials, and equipment to non-public schools within their respective districts, upon request by a non-public school. Auxiliary services and funds are authorized under ORC §3317.06, ORC §3317.062, and ORC §3317.024. Auxiliary funds are provided by the State to cover the expenses of such services.

³² The value of the savings from this recommendation was projected to increase by an average of 5.8 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

FY 2017-18 computer operating staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing computer operating staff in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 15: Computer Operating Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Computer Operating	4.00	1.51	0.64	0.87	2.31

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 15 shows that the District’s computer operating staffing level is 2.31 FTEs above the primary peer average. The District would need to reduce 2.0 FTE computer operating positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 2.0 FTE computer operating positions could save an average of **\$112,900** in salaries and benefits in each year of implementation over the forecasted period.³³ The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured computer operating positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.11 Eliminate 3.5 FTE central office clerical positions

HLSD employs a total of 9.65 FTE central office clerical positions. These positions include 7.38 FTE clerical positions (1.0 FTE Superintendent Secretary, 1.0 FTE Treasurer Secretary, 1.0 FTE Activities Director Secretary, 1.0 FTE Business Office Secretary, 1.0 FTE Support Service Secretary, 0.38 FTE Auxiliary Service Secretary³⁴, 1.0 FTE Payroll Fiscal Specialist, and 1.0 FTE Budgetary Fiscal Specialist), 1.27 FTE telephone operator positions (1.0 FTE Front Desk

³³ The value of the savings from this recommendation was projected to increase by an average of 5.4 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

³⁴ Public school districts provide personnel services, materials, and equipment to non-public schools within their respective districts, upon request by a non-public school. Auxiliary services and funds are authorized under ORC §3317.06, ORC §3317.062, and ORC §3317.024. Auxiliary funds are provided by the State to cover the expenses of such services.

Receptionist and 0.27 FTE Front Desk Relief Receptionist), and 1.0 FTE other office/clerical position (Curriculum/EMIS Secretary).

Table 16 shows the District’s FY 2017-18 central office clerical staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 16: Central Office Clerical Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Clerical	7.38	2.78	1.67	1.11	2.95
Bookkeeping	0.00	0.00	0.24	(0.24)	(0.64)
Records Managing	0.00	0.00	0.09	(0.09)	(0.24)
Telephone Operator	1.27	0.48	0.00	0.48	1.28
Other Office/Clerical	1.00	0.38	0.14	0.24	0.64
Total	9.65	3.64	2.14	1.50	3.99

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 16 shows that the District’s central office clerical staffing level is 3.99 FTEs above the primary peer average. The District would need to reduce 3.5 FTE central office clerical positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students. Furthermore, because 0.38 FTE central office clerical position serves nonpublic schools and is paid through auxiliary funds³⁵, which does not impact the five-year forecast, reducing 3.5 FTE central office clerical positions would bring the District in line with the primary peer average per 1,000 students while allowing for savings to the five-year forecast.

Financial Implication: Eliminating 3.5 FTE central office clerical positions could save an average of **\$208,800** in salaries and benefits in each year of implementation over the forecasted period.³⁶ The value of each FTE is calculated using actual salaries and benefits and projected

³⁵ Public school districts provide personnel services, materials, and equipment to non-public schools within their respective districts, upon request by a non-public school. Auxiliary services and funds are authorized under ORC §3317.06, ORC §3317.062, and ORC §3317.024. Auxiliary funds are provided by the State to cover the expenses of such services.

³⁶ The value of the savings from this recommendation was projected to increase by an average of 6.1 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are

increases of the least tenured central office clerical positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.12 Eliminate 3.5 FTE monitoring positions

The District employs 11.0 FTE monitoring positions that help to keep order on the playground and in lunchrooms. These 11.0 FTEs are comprised of 11 individual employees, each working 1.5 hours in the monitoring position. For eight of the 11 employees, this is their only duty for the District. The remaining three employees are also employed as bus drivers. **Table 17** shows the District’s FY 2017-18 monitoring staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing monitor staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table 17: Monitoring Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Monitoring	11.00	4.14	2.66	1.48	3.93

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

Table 17 shows that the District’s monitor staffing level is 3.93 FTEs above the primary peer average. Six of the primary peers employ monitors while the remaining two primary peers do not have employees in this position. The responsibilities of monitoring students in the cafeteria and on playgrounds can be covered using a teacher rotation process rather than having these duties assigned to specific classified employees. The District would need to reduce 3.5 FTE monitor positions in order to achieve a staffing ratio in line with the primary peer average per 1,000 students.

Financial Implication: Eliminating 3.5 FTE monitor positions could save an average of **\$27,200** in salaries and benefits in each year of implementation over the forecasted period.³⁷ This was calculated using actual salaries and benefits and projected increases of the least tenured monitor

included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

³⁷ The value of the savings from this recommendation was projected to increase by an average of 7.7 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.13 Extend the freeze on certificated base salaries

HLSD salary schedules for certificated employees were compared to the local peer average for FY 2017-18. **Table 18** shows the District's career compensation for certificated employees on the Bachelors, Bachelors plus 150 Semester Hours (150 SEM HRS), and Masters salary schedules compared to the local peer average over the course of a 30-year career. Comparing career compensation to the local peer average takes into account regional variations in the labor market.

Table 18: Certified Career Compensation Comparison

	HLSD	Local Peer Average	Difference	% Difference
Bachelors	\$1,643,413	\$1,541,476	\$101,937	6.6%
150 SEM HRS ¹	\$1,715,023	\$1,588,908	\$126,115	7.9%
Masters	\$1,862,505	\$1,729,606	\$132,899	7.7%

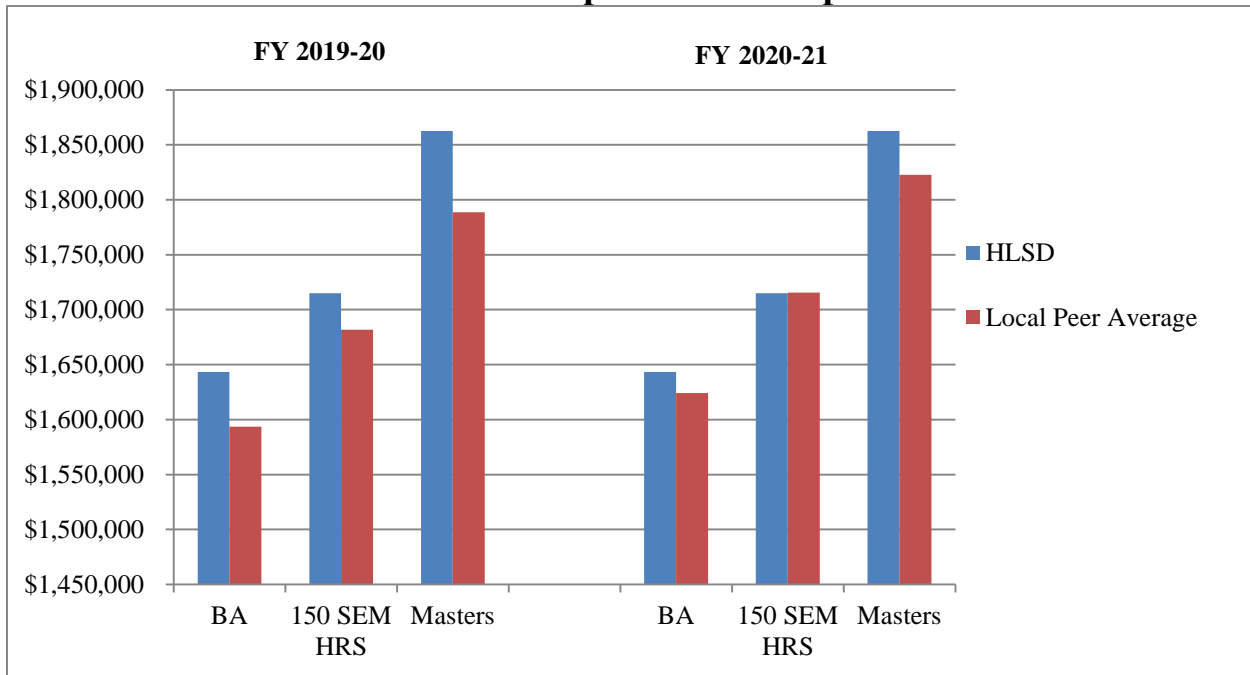
Source: HLSD and local peers

¹Liberty LSD, Hubbard EVSD, Lakeview LSD, and Warren CSD are excluded from 150 SEM HRS due to no comparable pay scale.

As shown in **Table 18**, compensation for certificated employees on the Bachelors, Bachelors plus 150 Semester Hours, and Masters salary schedules were higher than the local peer average over the course of a 30-year career. See **Charts B-1** through **B-3** in **Appendix B** for detailed comparisons of each position type.

The District's certificated and classified CBAs included a provision stipulating a wage reopener in FY 2018-19, the final year of the agreements. In May 2018, the District negotiated a base wage freeze for FY 2018-19. Extending the base wage freeze through FY 2020-21 would help to bring the certificated salary levels in line with the local peers. **Chart 3** shows the certificated career compensation levels in FY 2019-20 and FY 2020-21, assuming no base wage increase, compared to the local peer average for the same time period. This is important as it illustrates the effect of a base wage freeze relative to local peer compensation over time.

Chart 3: Certificated Career Compensation Comparison with Base Freeze



Source: HLSD and local peers

¹Liberty LSD, Hubbard EVSD, Lakeview LSD, and Warren CSD are excluded from 150 SEM HRS due to no comparable pay scale.

As shown in **Chart 3**, extending the base wage freeze for certificated employees through FY 2020-21 would result in salaries that are more closely aligned with the local peer average.

Table 19 shows potential savings for the District as a result of extending the certificated salary freeze through FY 2020-21. This analysis provides an indication of the annual and cumulative effect of freezing salaries.

Table 19: Certificated Salary Base Freeze Savings Comparison

	FY 2019-20	FY 2020-21
Projected Salaries & Benefits	\$14,718,851	\$15,056,557
Salaries & Benefits with Proposed Freeze	\$14,504,114	\$14,707,508
Difference	\$214,737	\$349,049
Two-Year Savings		\$563,786
Average Annual Savings		\$281,893

Source: HLSD

Note: Savings includes benefits that would be impacted by a change in salaries. These benefits include Medicare (1.45 percent), retirement (14.0 percent), and workers' compensation (0.64 percent).

As shown in **Table 19**, implementing a base wage freeze for certificated staff for FY 2019-20 through FY 2020-21 could save the District a total of \$563,786.

Financial Implication: Implementing a base wage freeze for certificated wages for FY 2019-20 through FY 2020-21 would save an average of **\$281,800** in salaries and benefits in each year of implementation over the forecasted period.

R.14 Renegotiate collective bargaining agreement provisions

HLSD has collective bargaining agreements (CBAs) with the Howland Classroom Teachers' Association (certificated CBA) and the Ohio Association of Public School Employees (classified CBA), both effective through June 30, 2019. An analysis of the certificated CBA and the classified CBA identified certain provisions that exceeded State minimum standards, as set forth in the Ohio Revised Code (ORC) and Ohio Administrative Code (OAC), and/or provisions in the local peer district contracts.

Provisions with Long-Term Impact

- **Vacation Accrual:** Under the classified CBA, 11-month and 12-month employees are entitled to annual vacation accrual whereby they can earn 529 vacation days over the course of a 30-year career.³⁸ Although this amount is lower than the local peer average of 532 days, it exceeds the ORC § 3319.084 minimum of 460 days established for full-time employees.³⁹ Providing employees with more vacation days than the ORC minimum could increase substitute and overtime costs. Direct savings from reducing the vacation schedule could not be quantified; however, renegotiating vacation accrual to a level closer to the State minimum requirement would increase the number of available work hours, at no additional cost to the District.
- **Paid Holidays:** Under the classified CBA, 11-month and 12-month employees are entitled to 12 paid holidays while 9-month and 10-month employees are entitled to seven paid holidays. The local peers provide an average of nine holidays for 9-month and 10-month employees and 12 holidays for 11-month and 12-month employees.⁴⁰ While the District's paid holidays are lower than the local peer averages, they are higher than what is required by the ORC. ORC § 3319.087 states 11-month and 12-month employees are entitled to seven paid holidays, while 9-month and 10-month employees are entitled to six paid holidays. Direct savings from reducing the number of holidays could not be quantified; however, a reduction would increase the number of available work hours at no additional cost to the District.
- **Sick Leave Accumulation and Severance Payout:** Under the certificated and classified CBAs, HLSD employees are entitled to accumulate an unlimited amount of sick leave. ORC § 3319.141 details sick leave accumulation and specifies that unused sick leave shall be cumulative to 120 days. In comparison, all of the local peer districts' certificated and classified CBAs entitle employees to accrue sick leave to an unlimited amount. Although the District is in line with the local peers, providing accumulation in excess of

³⁸ This amount includes birthdays as a paid vacation day for employees with twelve years or more of service.

³⁹ Champion LSD was excluded from all classified comparisons due to an expired classified CBA. Hubbard EVSD includes the vacation schedule for 12-month employees only. 11-month employees are entitled to two weeks of vacation until the 20th year of service when it's increased to four weeks. Lakeview LSD, Liberty LSD, and Warren CSD 12-month employees are eligible for vacation.

⁴⁰ Liberty LSD 11-month secretaries do not receive the Fourth of July. Hubbard EVSD cleaners and secretaries receive the same 12-month holidays except for the Fourth of July. Warren CSD's holidays were averaged. In addition, President's Day and Easter Monday are not holidays for certain employees if they occur when school is in session, and some employees only receive the Fourth of July if they work during the summer.

State minimum levels represents the potential for increased liability when sick leave is paid out to retiring employees.

The District's CBAs also entitle certificated and classified employees to be paid for accumulated sick leave upon retirement. Specifically, certificated employees are entitled to payouts as follows:

- 10 to 15 years of service: 30 days;
- 16 to 20 years of service: 33 days;
- 21 to 25 years of service: 38 days; and
- 26 years and over: 45 days.

Classified employees are entitled to the following payouts:

- 10 years of service: 25 days;
- 11 to 15 years of service: 35 days;
- 16 to 20 years of service: 38 days;
- 21 to 25 years of service: 41 days; and
- 26 years and over: 45 days.

In addition, certificated and classified employees are paid for 10 percent of the remaining accrued sick leave balance. Similar to HLSD, two of the local peers offer severance payments based on a maximum number of sick days plus an additional amount beyond the maximum.⁴¹ However, the District's payout is more generous than the minimum established by ORC § 124.39, which allows employees to be paid for 25 percent of unused sick leave at retirement, up to a maximum of 30 days. While the District's payouts are similar to the local peers, providing employees with payouts in excess of State minimums becomes costly at employee retirements (see **Table B-13** in **Appendix B**).

Provisions with Immediate Impact

- **Salary Stipend:** Under the certificated CBA, employees who do not receive a step increase in salary receive an \$800 stipend payment for FY 2016-17 and a \$550 stipend payment for FY 2017-18. In addition, employees who do receive a step increase in salary receive a \$400 stipend for FY 2016-17 and a \$350 stipend for FY 2017-18. One local peer, Hubbard EVSD, offers a similar provision, while the other local peers do not.⁴² Neither the ORC, nor the OAC, require additional salary stipends. Eliminating the salary stipend would offer the District an average annual savings of \$90,700, based on amounts

⁴¹ Liberty LSD pays out 65 days and 100 days in excess of 300. Warren CSD pays out 30 days and one-eighth of days in excess of 120. Champion LSD pays certificated employees twenty percent of unused sick leave, not to exceed 325 days. Lakeview LSD pays out a maximum of 85 days. Hubbard EVSD pays a maximum of 100 days to all employees and offers a retirement enhancement to classified employees, with over 20 years of service, in the amount of \$2,000.

⁴² Hubbard EVSD offers a stipend for FY 2017-18, FY 2018-19, and FY 2019-20 in the amounts of \$1,800, \$1,300, and \$800, respectively, to employees who do not vertically step.

from FY 2016-17 through FY 2017-18, while also bringing the District in line with local peers.⁴³

- **Class Size:** Under the certificated CBA, the District has established class size limits for regular classes and elementary music, art, and physical education classes, as follows:⁴⁴
 - Grades K-2: 23 students;
 - Grades 3-5: 25 students; and
 - Grades 6-12: 28 students.

Furthermore, specialized classes in the middle and high schools have class limits as follows:

- English language arts (grades 6-8): 18 students;
- Academically talented: 22 students;
- Special academic achievers: 18 students;
- Art: 25 students;
- Graphics: 18 students;
- Physical education: 35 students;
- Study hall: 50 students
- Music: 30 students⁴⁵
- Work and family life (high school): 25 students
- Work and family life (middle school): 30 students; and
- English 11 and 12: 22 students.

There is a maximum of seven classes per day for elementary art, music, physical education, and technology teachers. The maximum number of students for high school teachers on a daily basis is 150, and the maximum for middle school teachers is 160.⁴⁶ In comparison, three local peers, Hubbard EVSD, Liberty LSD, and Lakeview LSD do not stipulate class size maximums in their respective CBAs while two peers do.⁴⁷ Warren CSD recognizes a district-wide ratio of at least one full-time teacher per 25 students, with a maximum of 30 students for high school classes and 40 in physical education.⁴⁸ Champion LSD maintains class limits of 25 students for K-2, 27 students for grades 3-5,

⁴³ The District recently had a planned wage reopener for FY 2018-19 to discuss potential salary increases and the salary stipend. The District negotiated to exclude the salary stipend for FY 2018-19, which is the final year of the current CBA.

⁴⁴ The District's class size limits related to special education are excluded.

⁴⁵ This excludes bands, orchestras, and choirs.

⁴⁶ If a high school teacher has a sixth class, the number of students, per day, increases to 165.

⁴⁷ Hubbard EVSD establishes class limits based on an effective educational program. If a teacher has more than 150 students on average, per day, a clerical day will be provided at the end of the semester. Liberty LSD tries to maintain class sizes within state law. In addition, the District tries to keep the number of students in study hall practical any time the class size exceeds 35. Lakeview LSD strives to maintain desirable class sizes of 24 students for K-2, 25 students for grades 3-4, and 28 students for grades 5-12. Exceptions include physical education, study hall, instrumental music, vocal music, and media center and lunch room duties. For grades 5-12, the desired teaching load, per day, is 170 students.

⁴⁸ Grades 6-8 are limited to 170 students, per day, and high school is limited to 180 students, per day.

28 students for grades 6-12, and 31 students for physical education.⁴⁹ Neither the OAC, nor the ORC, require maximum individual class size limits. Furthermore, including maximum class size provisions in the CBA limits the District's ability to adjust class sizes in order to efficiently operate based on the District's financial position.⁵⁰

- **Planning Time:** Under the certificated CBA, elementary school teachers are entitled to 275 minutes of planning time per week while secondary while secondary teachers⁵¹ are entitled to one period per day.⁵² OAC § 3301-35-05 requires that teachers be provided with 200 minutes of planning time per week. In comparison, two local peers provide 200 minutes, per week, of planning time, one local peer provides 250 minutes, one peer provides 225 minutes, and one peer provides one period a day for middle and high school.⁵³ The District's planning time for its elementary and secondary teachers exceeds the OAC minimum and two peers. Direct savings from reducing the amount of planning time to a level consistent with the OAC minimum could not be quantified; however, providing teachers with additional planning time reduces the amount of time they are available to teach students, which may require the District to employ additional teachers.
- **Paid Lunch:** Under the classified CBA, employees who work more than five hours per day are entitled to a thirty-minute paid lunch during the workday. When school is not in session, the paid lunch period increases to one hour. Paid lunch is not a requirement under ORC or OAC for classified employees, and one local peer, Warren City School District, does not offer a paid lunch to classified staff.⁵⁴ Eliminating paid lunch would increase the number of available work hours at no additional cost to the District.
- **Class Load Compensation:** Under the certificated CBA, high school teachers are entitled to receive additional compensation for teaching more than the standard 25 teaching periods, per week. Teachers receive compensation in the amount of eight percent of the base salary for carrying additional periods. None of the local peers offer a similar provision to certificated employees and neither the ORC, nor the OAC require additional class load compensation. Eliminating the additional class load compensation would offer the District an average annual savings of \$11,600, based on actual payments to high school teachers from FY 2015-16 through FY 2017-18, while also bringing the District in line with local peers.⁵⁵

⁴⁹ The class limits don't apply to band, choir, and orchestra.

⁵⁰ This District should consider the class size provision before implementing staffing recommendations in **R.1, R.2, R.3, R.4, R.5, and R.6.**

⁵¹ Secondary teachers include grades 6-12.

⁵² Instructional periods are 47 minutes for high school and 48 minutes for middle school, equally 235 and 240 minutes of planning time each week, respectively.

⁵³ Champion LSD and Hubbard EVSD provide 200 minutes, per week, of planning time. Lakeview LSD provides 250 minutes and Warren CSD provides 225 minutes. Liberty LSD does not specify planning time for elementary but provides one period, per day, for middle school and high school.

⁵⁴ Lakeview LSD offers employees a thirty minute paid lunch period for eight-hour employees, while Hubbard EVSD and Liberty LSD offer paid lunch to employees required to be on duty during their lunch period.

⁵⁵ The second class load payment for FY 2017-18 was scheduled to be paid at the end of the school year and, therefore, is not included in the average annual savings.

- **Insurance Stipend:** Under the classified CBA, employees contracted for 25 or more hours per week are eligible for all insurance benefits. Employees who do not qualify for health insurance benefits are entitled to receive a stipend in the amount of \$75 per contracted hour. None of the local peers offer a similar provision to classified employees and neither the ORC, nor the OAC, require stipends for employees who are not eligible for health insurance. Eliminating the insurance stipend would offer the District an average annual savings of \$5,800, based on amounts from FY 2015-16 through FY 2017-18, while also bringing the District in line with local peers.
- **Post Master's Degree Tuition Reimbursement:** Under the certificated CBA, teachers are entitled to receive a tuition reimbursement of \$100 for every additional semester hour, or \$60 for every additional quarter hour, of graduate-level coursework completed beyond the attainment of a master's degree. As written, this level of tuition reimbursement is less than the local peer average of \$262 per semester hour of post-master's degree coursework.⁵⁶ Post-master's degree tuition reimbursement is not required by ORC.

Although a direct reading of the post master's degree tuition reimbursement provision does not identify that it is overly generous in comparison to the local peers, it is important to note that the District's payment of the provision appears to differ from what is explicitly agreed upon and is significantly more costly. Specifically, rather than a tuition reimbursement tied to additional education completed in a given year, the \$100 per semester hour payment is taking the form of an annual stipend, received each year after the additional semester hours are attained.⁵⁷ Further, the stipend is additive, meaning that the stipend can continue to increase in value as additional semester hours are completed and that increased value is carried forward in payment each year thereafter.

In FY 2017-18, the District paid a total of \$215,400 in post-master's degree stipends. However, had the District simply reimbursed at \$100 per semester hour, with 358 semester hours of post-master's degree coursework completed by HLSD teachers in FY 2017-18, it would have paid \$35,800. Paying the provision as a one-time reimbursement rather than an ongoing annual stipend could save the District approximately \$179,600 annually, based on the actual stipend amounts paid in FY 2017-18.

Financial Implication: Eliminating the salary stipend could save the District an average of **\$90,700** in each year of implementation over the forecasted period, based on amounts from FY 2016-17 through FY 2017-18; eliminating the additional class load compensation for teachers could save the District an average of **\$11,600** in each year of implementation over the forecasted period, based on amounts from FY 2015-16 through FY 2017-18; eliminating the insurance stipend could save the District an average of **\$5,800** in each year of implementation over the forecasted period, based on amounts from FY 2015-16 through FY 2017-18; paying the post

⁵⁶ The local peer average includes only the post-master's degree reimbursement rates per semester hour for Champion LSD and Hubbard EVSD. Tuition reimbursement plans for Lakeview LSD, Liberty LSD, and Warren CSD are based on capped, annual per employee maximums, as opposed to defined rates per coursework hours completed, and were therefore excluded from the analysis.

⁵⁷ In FY 2016-17 and FY 2017-18, the District did not record any stipend payments for quarter hour coursework completed. All tuition stipends were paid based on semester hour coursework.

master's degree tuition provision as a one-time reimbursement rather than an ongoing annual stipend could save the District approximately **\$179,600** in each year of implementation over the forecasted period, based on the actual stipend amounts paid in FY 2017-18.

R.15 Reduce employer cost of health insurance

HLSD became fully insured through the Ohio School Benefits Cooperative and Medical Mutual of Ohio beginning May 1, 2016. The District offers single, single with child, single with spouse, single with spouse with surcharge, family, and family with surcharge plans⁵⁸ for medical/prescription drug (health), dental, and vision insurance coverage to eligible employees⁵⁹. The District's insurance coverage, plan components, and employer/employee contribution levels are included in the collective bargaining agreements. As of March 2018, 278 employees were enrolled in District health insurance plans.

In gauging the relative cost of insurance it is important to compare to other entities in the geographical area. The Ohio State Employment Relations Board (SERB) surveys public sector entities concerning medical, dental, and vision insurance costs and publishes this information annually in *Health Insurance: The Cost of Health Insurance in Ohio's Public Sector* (State Employment Relations Board (SERB), 2017).⁶⁰ This data was used in the following charts.

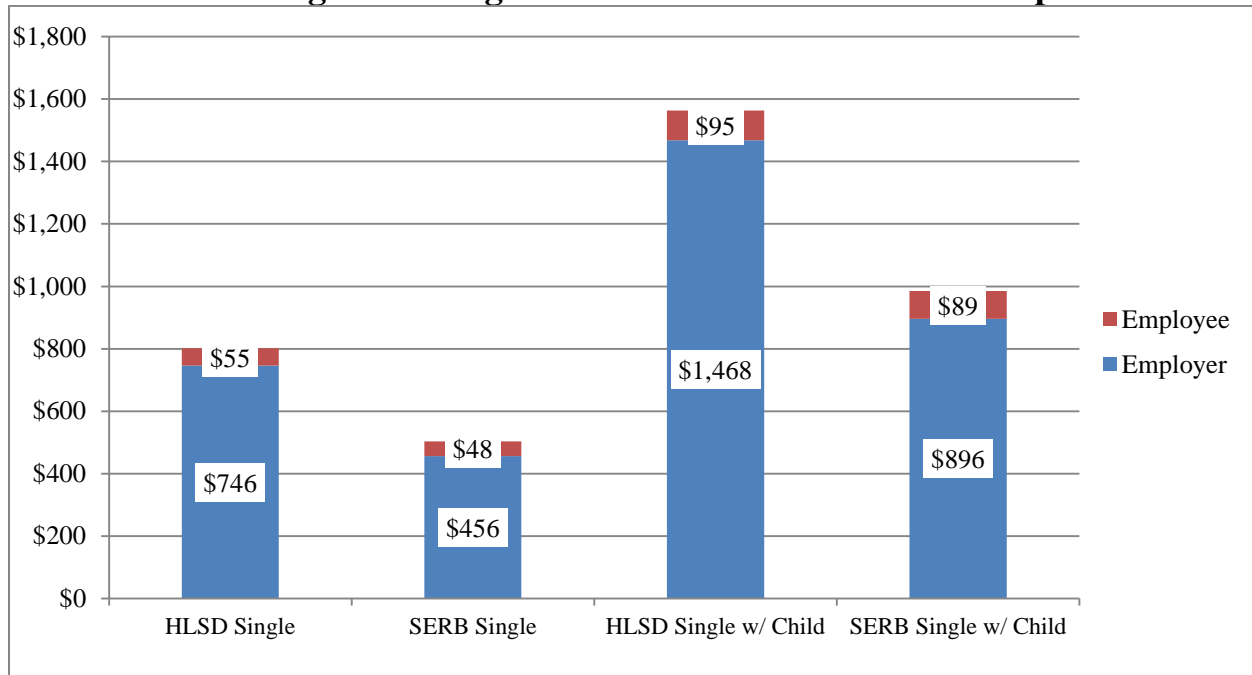
Charts 4-6 show HLSD's monthly health insurance premiums and contributions for FY 2017-18 as compared to the FY 2016-17 Trumbull County average for other fully-insured plans. This is important as it highlights the appropriateness of each individual plan premium in comparison to other entities in the region.

⁵⁸ Single with spouse with surcharge and family with surcharge plans include an additional charge for employees insuring spouses who are otherwise eligible for insurance coverage at their own respective workplaces but who elect primary insurance through the District.

⁵⁹ Per the certificated CBA, employees contracted for 20 or more hours per week are eligible for all insurance benefits; per the classified CBA, employees contracted for 25 or more hours per week are eligible for all insurance benefits.

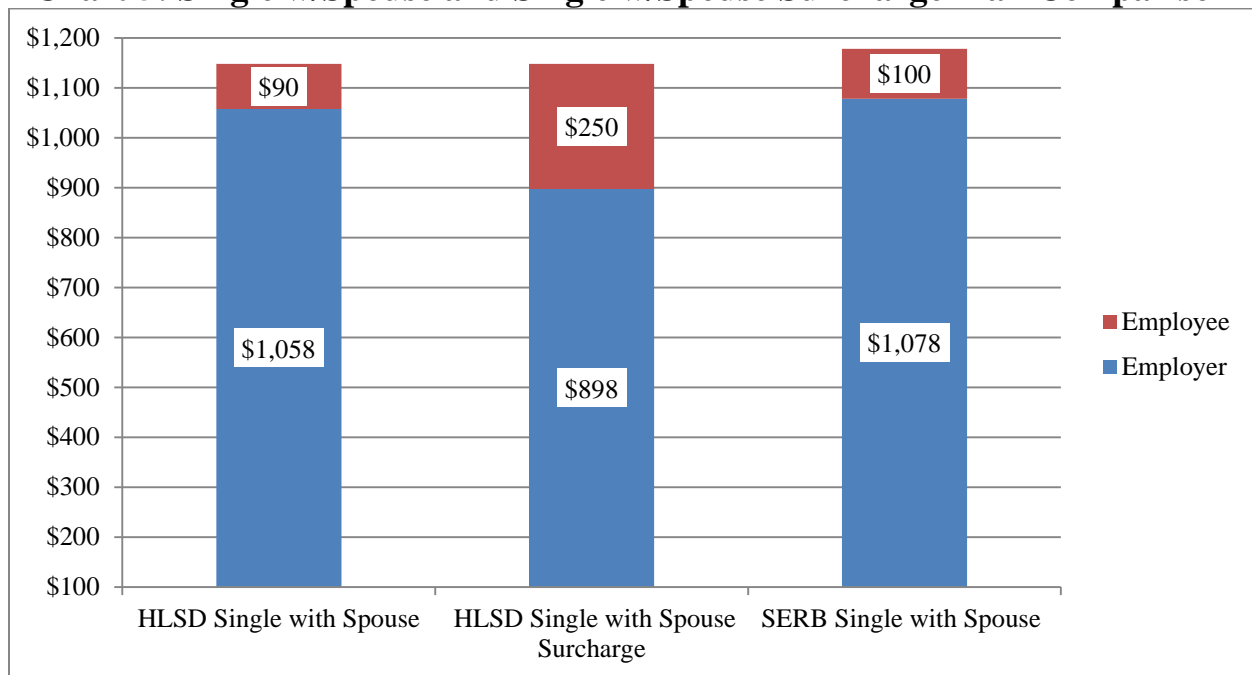
⁶⁰ SERB does not publish inflationary information that is directly calculable for vision insurance. Therefore, no inflationary factor is included in this analysis.

Chart 4: Single and Single with Child Plan Premium Comparison



Source: HLSD and SERB

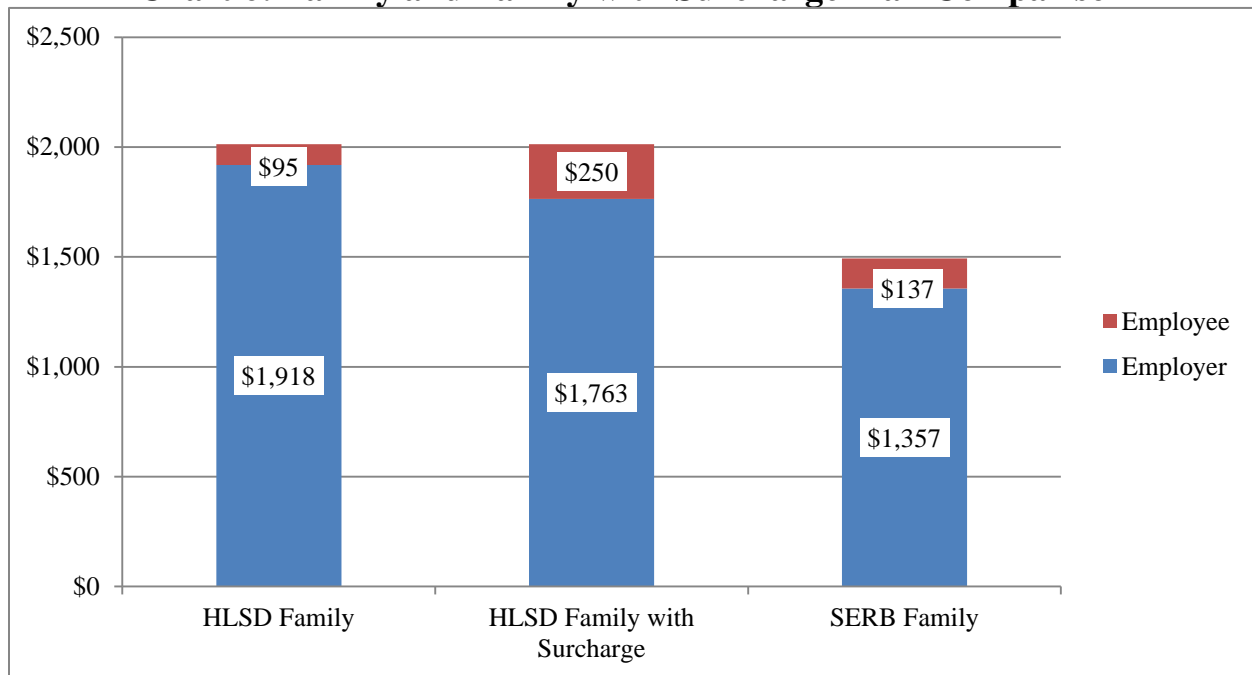
Chart 5: Single w/Spouse and Single w/Spouse Surcharge Plan Comparison



Source: HLSD and SERB

Note: Single with Spouse and Family Plan numbers include employees who pay a surcharge for insuring spouses who are otherwise eligible for insurance coverage at their own respective workplaces but who elect primary insurance through the District.

Chart 6: Family and Family with Surcharge Plan Comparison



Source: HLSD and SERB

Note: Single with Spouse and Family Plan numbers include employees who pay a surcharge for insuring spouses who are otherwise eligible for insurance coverage at their own respective workplaces but who elect primary insurance through the District.

As shown in **Chart 4** and **Chart 6**, HLSD’s single, single with child, and family plan monthly health insurance premiums are significantly more costly than the Trumbull County average for fully-insured entities. Furthermore, the District’s share of the respective monthly health premiums (employer cost) alone are significantly more costly than the Trumbull County average full premium cost for other fully-insured entities. While the aforementioned plans are more costly relative to the County, **Chart 5** shows that HLSD’s single with spouse plans are generally consistent with the County.

Table 20 shows HLSD’s key health insurance plan design elements, by plan type, as compared to the Trumbull County average. This comparison is important as insurance costs are recognized as sensitive to local conditions, and other comparable plans in the county provide the most appropriate benchmarks for relative price competitiveness.

Table 20: Health Insurance Plan Design Comparison

	HLSD	SERB Fully Insured	Difference
Copayments			
Office Visit	\$10	\$20	(\$10)
Urgent Care Visit	\$25	\$35	(\$10)
Emergency Room Visit	\$50	\$175	(\$125)
Deductible			
In-Network			
Family	\$0	\$3,500	(\$3,500)
Single	\$0	\$1,700	(\$1,700)
Out-of-Network			
Family	\$400	\$4,000	(\$3,600)
Single	\$200	\$2,000	(\$1,800)
Out-of-Pocket Maximum			
In-Network			
Family	\$900	\$7,300	(\$6,400)
Single	\$350	\$4,400	(\$4,050)
Out-of--Network			
Family	\$1,300	\$16,000	(\$14,700)
Single	\$650	\$6,000	(\$5,350)
Coinsurance			
In-Network	\$100	\$90	\$10
Out-of--Network	\$80	\$60	\$20

Source: HLSD and SERB

As shown in **Table 20**, HLSD’s single and family, in-network and out-of-network copays are less than the Trumbull County averages. The District also has no in-network deductible, compared to Trumbull County peers who have deductibles for single coverage ranging from \$100 to \$5,500, with the average amount being \$1,700. Family deductibles range from \$200 to \$11,000, with the average deductible amount being \$3,500. Additionally, the District’s out-of-pocket maximums for both in-network and out-of-network are significantly lower than the Trumbull County averages. The average County out-of-pocket maximums are \$7,300 and \$4,400 for family and single coverage, respectively, compared to \$900 and \$350 for the District’s plan. These significantly lower than average out-of-pocket maximums can dramatically increase the District’s cost of health insurance services. A less generous plan design, specifically focusing on increased out-of-pocket maximums and comparable deductibles, would decrease employer cost by shifting some of the financial responsibilities to employees.

HLSD could also attempt to reduce health insurance claims, and overall cost, through the creation of an employee wellness program. According to *Managing Health Care Costs* (Society for Human Resource Management (SHRM), 2017), wellness benefits can take many forms, and can be as simple or as complex as an organization desires. Some wellness benefits help employees deal with preventable and chronic conditions such as obesity, high glucose and elevated cholesterol. Other wellness benefits are incentive programs designed to motivate employees to complete certain health and wellness activities such as annual health risk assessments, smoking-cessation programs or weight-reduction programs. SHRM continues, stating “about three-quarters of Human Resource professionals said their organizations offered

some type of wellness program in 2014, and more than two-thirds of respondents from organizations that offered wellness initiatives indicated these efforts were "somewhat effective" or "very effective" in reducing the costs of health care."

The final component of plan design is employer/employee cost sharing. If HLSD is unable to adequately reduce the employer cost of insurance through the aforementioned plan design changes and restrictions, it may be necessary to increase the employee cost portion of the premium to fully offset the District's significantly higher employer cost of health insurance (see **Charts 4-6**).

Table 21 shows HLSD's total employer cost of health insurance for FY 2017-18 as compared to the Trumbull County average for other fully-insured plans. This is important as it provides context for the potential savings available through bringing total employer cost in line with the Trumbull County average.

Table 21: Medical Insurance Employer Cost Comparison

HLSD Employees Enrolled by Type		
Single		63
Single with Child		34
Single with Spouse		43
Family		138
Plan Type	HLSD Annual Employer Costs ¹	Trumbull County Avg. Fully Insured Entities
Single	\$564,225.48	\$344,459.27
Single with Child	\$599,029.68	\$365,498.31
Single with Spouse	\$524,617.08	\$556,396.63
Family	\$3,082,043.52	\$2,246,947.42
Single Plan Annual Difference per Employee		\$3,488.35
Single with Child Plan Annual Difference per Employee		\$6,868.57
Single with Spouse Plan Annual Difference Per Employee		(\$739.06)
Family Plan Combined Annual Difference per Employee		\$6,051.42
Single Plan Annual Total Cost Savings		\$219,766.21
Single with Child Plan Annual Total Cost Savings		\$233,531.37
Single with Spouse Plan Annual Total Cost Savings		(\$31,779.55)
Family Plan Annual Total Cost Savings		\$835,096.10
Total Annual Cost Savings		\$1,256,614.13

Source: HLSD and SERB

¹ Reflects the number of enrolled employees multiplied by the portion of the premium paid by the District.

Note: Single with Spouse and Family Plan numbers include employees who pay a surcharge for insuring spouses who are otherwise eligible for insurance coverage at their own respective workplaces but who elect primary insurance through the District. There are 11 employees under Single with Spouse and 51 employees under Family who pay the monthly surcharge of \$250. The monthly premium is included in the surcharge. These surcharges were factored into the Employer cost numbers.

As shown in **Table 21**, HLSD's annual employer cost of health insurance is significantly higher than the Trumbull County average for fully-insured entities.

Financial Implication: Bringing the employer cost of health insurance in line with the Trumbull County average for fully-insured entities could save the District an average of **\$1,256,600** in each year of implementation over the forecasted period.⁶¹

R.16 Eliminate 6.5 FTE custodial positions

HLSD employs 24.3 custodial FTEs. These employees are responsible for cleaning the District's six school buildings; the high school, middle school, and four elementary schools. The bus garage restrooms are also cleaned by custodial staff.

Table 22 shows the District's FY 2017-18 custodial staffing compared to a benchmark established in the *Planning Guide for Maintaining School Facilities* (NCES, 2003). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

Table 22: Custodial Staffing Comparison

Custodial FTEs	24.3
Square Footage Cleaned	512,482
Square Footage Cleaned per FTE	21,090
NCES Benchmark - Square Footage per FTE ¹	29,500
Difference Above/(Below)	8,410
Benchmarked Staffing Need	17.4
Custodial FTEs Above/(Below) Benchmark	6.9

Source: HLSD and NCES

As shown in **Table 22**, HLSD's custodial personnel clean 8,410, or 39.9 percent, fewer square feet per FTE compared to the NCES benchmark. In order to achieve a staffing level that is consistent with this benchmark, the District would need to reduce 6.5 custodial FTEs.

Financial Implication: Eliminating 6.5 FTE custodial positions could save the District an average of **\$321,400** in salaries and benefits in each year of implementation over the forecasted period.⁶² The value of each FTE is calculated using actual salaries and benefits and projected increases of the least tenured custodial positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

⁶¹ The District forecasts a 12.0 percent increase in insurance costs annually. As such, cost savings applied to the five-year-forecast are also inflated by 12.0 percent annually to be consistent with the assumptions.

⁶² The value of the savings from this recommendation was projected to increase by an average of 4.0 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

R.17 Reduce temporary and overtime salary expenditures for buildings and grounds

Under the classified CBA, the District must fill absences for custodial staff. Prior to assigning work to a substitute, the District is required to offer the assignment to current custodians based on seniority, effectively creating higher overtime expenses.

Table 23 shows the District's regular and non-regular salaries and wages as a percent of total salaries and wages compared to the primary peer average for buildings and grounds employees (custodians, facility maintenance staff, and groundskeepers). Comparing expenditures as a percent of the total normalizes the effect of district sizes on expenditure totals.

Table 23: Buildings & Grounds Salaries & Wages Comparison

Salary & Wages Category	HLSD	Primary Peer Average	Difference
Regular	86.49%	88.46%	(1.97%)
Non-Regular			
Temporary	3.16%	9.07%	(5.91%)
Supplemental	0.37%	0.00%	0.37%
Overtime	9.98%	2.53%	7.45%
Other	0.00%	(0.06%)	0.06%
Non-Regular As % of Total Salaries & Wages	13.51%	11.54%	1.97%

Source: HLSD and primary peers

As shown in **Table 23**, the District's non-regular salaries and wages as a percent of total salaries and wages was 13.5 percent compared to the primary peer average of 11.5 percent. HLSD's overtime expenditures are the primary driver of its higher than average non-regular salaries and wages and further review showed that the District's custodial overtime was the primary cause. While utilizing overtime may allow a district to avoid the need to hire additional staff, this does not appear to be the case at HLSD, as regular custodial staff exceed industry benchmarks (see **R.16**).

For additional comparison, a review of CBAs and policies for the local peers was conducted in order to determine if the District's custodial overtime provisions were regionally appropriate.⁶³ This review found that:

- all four local peers can assign substitutes before offering internal overtime;
- three out of four local peers are not required to fill custodial absences; and
- two out of four local peers can absorb custodial absences without creating overtime.

The District's CBA provisions requiring custodial absences to be filled and requiring the District to first offer the assignment to current staff ultimately is costing the District more in overtime expenditures than the primary peers. Eliminating this requirement and adopting policies that mirror local peers could help the District reduce its buildings and grounds temporary and overtime salary expenditures to a level consistent with the primary peers.

⁶³ AOS was unable to verify policies for Warren CSD and was therefore excluded.

Financial Implication: Reducing temporary and overtime salary expenditures for buildings and grounds to a level consistent with the primary peers could save the District an average of **\$27,700** in each year of implementation over the forecasted period. Savings is calculated using actual temporary and overtime salary expenditures incurred in FY 2016-17.

R.18 Develop a formal facilities preventive maintenance program

The District does not have a formal preventive maintenance program that encompasses all equipment. Instead, the majority of repairs are conducted in a reactionary manner under the direction of the Operations Supervisor.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), a comprehensive facility maintenance program is a school district's foremost tool for protecting its investment in school facilities. An effective preventive maintenance program begins with an audit of the buildings, grounds, and equipment. Once facilities data has been assembled, structural items and pieces of equipment can be selected for preventive maintenance. After completing the audit, planners must decide on the frequency and type of inspections. After assembling this information, it must be formatted so that preventive maintenance tasks can be scheduled easily. Ideally, scheduling should be handled by a computerized maintenance management program; however, tasks can be efficiently managed using a manual system as well.

According to *Public Works Management Practices Manual* (APWA, 2014), a formal preventive maintenance program that includes scheduling, recording performance, and monitoring should be developed for all equipment. Planning preventive maintenance activities includes:

- Defining work to be performed;
- Diagnosing work to be performed prior to scheduling;
- Estimating labor hours, materials, shop space and time; and
- Documenting support maintenance action.

The District should develop a formal preventive maintenance program. The absence of such a program limits the transparency of the maintenance necessary to keep the District's facilities operating efficiently and effectively. Developing and implementing an effective preventive maintenance program would ensure that the District receives the maximum useful life of its assets and properly allocates resources for maintenance and replacement.

R.19 Develop a formal multi-year capital plan

HLSD has a continuous, 1.0 mill permanent improvement levy that generates an average of approximately \$528,000 annually for unrestricted use in providing general permanent improvements. In accordance with ORC § 5705.01, "permanent improvement" is defined as, "any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more." This levy was last renewed in March 2016 and changed from a five-year renewal cycle to a continuing period of time. It was initially passed in November 2001 and had been renewed every five years since that time.

HLSD accounts for the revenue and expenses associated with the permanent improvement levy in the Permanent Improvement Fund (PI Fund). In FY 2016-17, HLSD used the PI Fund to purchase furnishings for its new kindergarten classrooms, a box truck for band equipment and facilities maintenance, school bus camera recording equipment, construction of new security vestibules and the installation of corresponding alarm systems, a scoreboard for the middle school field, and miscellaneous equipment, furniture, and computer equipment. While the District uses the PI Fund when needed, it has not developed a multi-year capital plan to guide long-term decision making and spending.

According to *Multi-Year Capital Planning: Best Practice* (GFOA, 2006), public entities that allocate capital outlay or permanent improvement funding should prepare and adopt multi-year capital plans. A properly prepared capital plan is essential to the future of the financial health of an organization and its continued delivery to its constituents and stakeholders. An adequate capital plan should:

- Identify and prioritize expected needs based on the entity's strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources; and
- Project future operating maintenance costs.

HLSD should develop a multi-year capital plan for all of its capital assets, including its bus fleet (see **R.22**). Doing so would help to ensure that capital assets are effectively planned for and prioritized based on a comprehensive view of District needs.

R.20 Enhance internal control measures for T-Form Reporting

In accordance with ORC § 3327.012 and OAC 3301-83-01, school districts in Ohio are required to submit annual T-1 and T-2 Forms to ODE. School districts are required to complete the T-1 Form by recording the average number of pupils enrolled and regularly transported to school as well as the average daily miles traveled for pupil transportation (excluding non-routine and extra-curricular miles) during the first full week of October. This data certifies the actual number and type of pupils transported, daily miles traveled, and buses used in the transportation program and is used for the calculation of the pupil transportation payment pursuant to ORC § 3327.012. Cost data is reported via the T-2 Form, which serves to certify the actual expenses incurred in the transportation of eligible pupils reported on the corresponding T-1 Form.

At HLSD, the Transportation Supervisor is responsible for collecting all transportation related data, including transportation expenditure information from the Treasurer's Office, to complete the T Forms. ODE provides detailed instructions for completing both the T-1 and T-2 Forms. In particular, it provides guidelines detailing how a district should properly code its students, mileage, and buses on the T-1 Form and the manner in which transportation related expenditures should be recorded on the T-2 Form.

To complete the FY 2017-18 T-1 Form, the transportation coordinator used the data recorded in the October 2017 count sheets as completed by the bus drivers. However, this data was not reviewed and verified prior to submission to ODE. **Table 24** shows the degree of variation between the District count data, as recorded on the count sheets, and the information reported on

the FY 2017-18 T-1 Form. This comparison is important in determining whether the District was compliant in reporting accurate counts of ridership and mileage on its T-1 Form to ODE.

Table 24: T-1 Form vs Count Sheet Comparison

	T-1 Report	Count Sheets	Difference
Student Ridership (greater than one mile)	1,561	1,453	108
Student Ridership (less than one mile)	121	153	(32)
Total Student Ridership	1,682	1,606	76
Total Daily Miles	1,467	1,350	117

Source: HLSD and ODE

As shown in **Table 24**, the District significantly over-reported both ridership and mileage on the T-1 Form when compared to the bus driver count sheets. This was the result of the count sheets having multiple errors, including incomplete mileage data, missing ridership numbers for high school and middle school, and ultimately only capturing data for four days instead of five, as required by OAC 3301-83-01. The District adjusted for this by using averages taken over the course of the four day count and applying them to what should have been the fifth day of the count in order to completely fill in the T1 Form.

The variance with respect to student ridership “greater than one mile” is particularly important. Specifically, HLSD receives transportation funding from ODE that is calculated on a per student basis for riders who live greater than one mile from the school building they attend. Therefore, an overstatement of its ridership greater than one mile on the T-1 report could potentially result in inaccurate payment from ODE.

The District should ensure all drivers adhere to ODE’s reporting instructions and provide accurate documentation for T-1 Form reporting. Adhering to ODE instructions will help to ensure the District receives the appropriate amount of funding in accordance with the ORC.

R.21 Right-size the active bus fleet

Table 25 shows the District’s total transportation service operating cost per rider, per bus, and per mile in comparison to the transportation peer averages in FY 2016-17. This analysis provides an assessment of the cost-effectiveness of the transportation program relative to similar operations. Additionally, analyzing costs based on operational metrics serves to normalize variances caused by ridership levels, fleet sizes, and the geographical sizes of each district.

Table 25: Transportation Operation Cost Comparison

	HLSD	Transportation Peers	Difference	% Difference
Per Yellow Bus Rider	\$1,002.96	\$707.31	\$295.65	41.8%
Per Assigned Bus	\$56,050.19	\$50,587.53	\$5,462.66	10.8%
Per Routine Mile	\$6.00	\$5.65	\$0.35	6.2%

Source: HLSD and transportation peers

As shown in **Table 25**, District expenditures in each category were higher than the transportation peer average. This indicates that opportunities to increase efficiency in the

transportation operation could be further assessed. One potential and important area of a transportation operation that could yield efficiencies is the ridership utilization of its fleet relative to the fleet's capacity.

Table 26 shows a comparison between actual bus ridership in FY 2016-17 and the capacity of the District's fleet. This analysis is helpful in determining the efficiency of the current number of buses.

Table 26: Bus Ridership versus Capacity

Tier	Total Capacity	Actual Bus Ridership	% of Total Capacity
Tier 1	1,087	704	64.8%
Tier 2	1,560	757	48.5%
Total	2,647	1,461	55.2%

Source: HLSD

Note: HLSD has 25 active buses. Due to data discrepancies in the count sheets, two buses and their corresponding five routes consisting of two Tier 1 routes and three Tier 2 routes were not included in this analysis.

As shown in **Table 26**, the District is currently utilizing only 55.2 percent of its total bus capacity.

According to *Hidden Savings in Your Bus Budget* (American Association of School Administrators (AASA), 2017), bus ridership should be targeted at 80% utilization. **Table 27** shows the number of bus routes and buses HLSD should have in order to be at or near this standard. This table is helpful in determining an optimal number of buses the district should have based on its current ridership.

Table 27: Bus Capacity Analysis

	All Regular Type I Riders
Total Capacity ¹	2,647.2
Average Riders per Route at 100% Total Capacity	58.8
Number of Regular Riders	1,461.0
Average Number of Routes per Bus	2.0
Average Regular Riders per Route	32.5
Average Riders per Route at 80% of Total Capacity	47.1
Number of Routes Needed for 80% of Total Capacity	31.0
Number of Buses Needed for 80% of Total Capacity	16.0
Total Number of Active Buses	23.0
Potential Number of Assigned Buses to be reduced at 80%	7.0

Source: HLSD

Note: HLSD has 25 active buses. Due to data discrepancies in the count sheets, two buses and their corresponding five routes consisting of two Tier 1 routes and three Tier 2 routes were not included in this analysis.

¹ Capacity is based on the manufacturer rated capacities of three students per seat and adjusted for middle and high school students (i.e., two riders per seat).

As shown in **Table 27**, HLSD needs 16 buses to be running at 80% capacity. Based on its current fleet size of 23 buses, the District runs 7 buses more than needed.

Table 28 shows the financial implication of eliminating seven buses. This is helpful because it gives an objective look at potential cost savings accompanying bus reductions.

Table 28: Financial Impact of Bus Reductions

Number of Buses to be Reduced	7.0
Regular Driver Salaries and Benefits	\$139,910.46
Bus Insurance	\$5,345.80
Total Annual Savings	\$145,256.26

Source: HLSD

As shown in **Table 28**, eliminating seven buses would result in a significant annual savings from salaries, benefits, and bus insurance.

Financial Implication: Eliminating seven buses could save an average of **\$145,200** in salaries and benefits in each year of implementation over the forecasted period.⁶⁴ This was calculated using the actual salaries and benefits and projected increases of the least tenured bus driver positions and the average bus insurance, per bus, in FY 2016-17. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

R.22 Develop a formal fleet preventive maintenance plan

The District performs limited regular preventive maintenance on its buses; however, it does not have a formal bus maintenance plan. Maintenance is done on an as needed basis throughout the school year. The District does record maintenance and repair cost on an individual bus basis but it does not track that information in a meaningful way to assist management in regard to bus replacement decisions.

Table 29 shows a comparison of the District's bus maintenance and repair expenditure costs to the transportation peer average for FY 2016-17. This comparison provides a relative gauge of the maintenance costs associated with maintaining the District's bus fleet.

Table 29: Transportation Maintenance Cost Comparison

	HLSD	Transportation Peers	Difference	% Difference
Per Yellow Bus Rider	\$125.65	\$36.32	\$89.33	246.0%
Per Assigned Bus	\$7,021.69	\$2,597.30	\$4,424.39	170.3%
Per Routine Mile	\$0.75	\$0.29	\$0.46	159.0%

Source: HLSD and transportation peers

As shown in **Table 29**, the District's maintenance and repair costs were significantly higher than the transportation peer average for expenditures per yellow bus rider, per assigned bus, and per routine mile. These higher relative costs add emphasis on the importance of the District's efforts

⁶⁴ The value of the personnel portion of the savings from this recommendation was projected to increase by an average of 5.4 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in Table 3. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

in effectively tracking its maintenance and repair expenditures and to using the information to plan for repair and replacement needs.

According to Public Works Management Practices Manual (APWA, 2014), a formal preventive maintenance program that includes scheduling, recording performance, and monitoring should be developed for all equipment. Planning preventive maintenance activities includes:

- Defining work to be performed;
- Diagnosing work to be performed prior to scheduling;
- Estimating labor hours, materials, shop space and time; and
- Documenting support maintenance action.

The District has no regularly scheduled preventative maintenance plan for its buses. The lack of an effective plan may contribute to the higher than average maintenance costs in comparison to the transportation peers.

Adopting a formal preventive maintenance program would allow the District to manage its fleet more efficiently. Specifically, a formal and proactive approach to preventive maintenance could reduce overall maintenance and repair expenditures by limiting the occurrence of major repairs. Although the District does record maintenance and repair costs on an individual bus basis, tracking and planning maintenance in a more proactive way would also help the District determine priorities for bus replacement.

R.23 Develop a data driven bus replacement plan

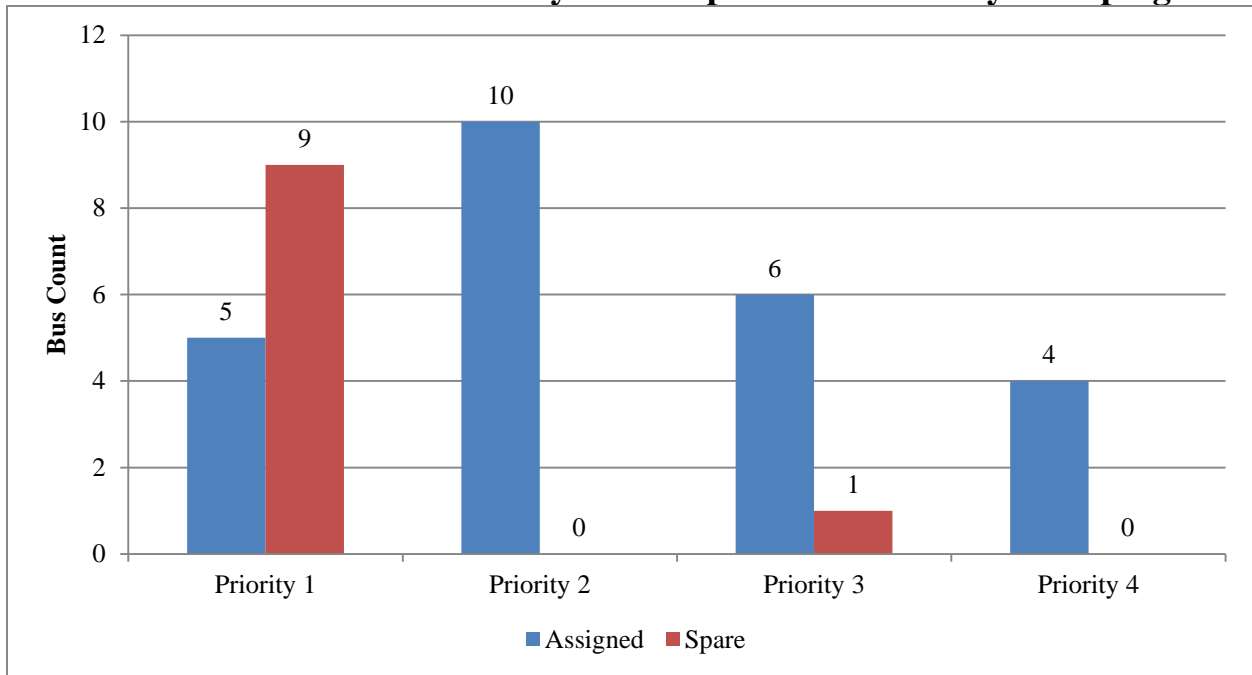
HLSD does not have a formal data driven bus replacement plan. Historically, the District has purchased buses when funding is available. An analysis of its fleet revealed that the average age of the active bus fleet was 10 years.

Clean School Bus (US Environmental Protection Agency (EPA), 2012) outlines guidelines regarding the replacement of school buses. Accordingly, fleets should be assessed for age and condition to determine which buses need to be replaced first. Compiling this information in advance allows districts to plan for future expenditures and to be prepared when funds become available. In addition, the EPA categorizes buses into four priority groups based on model year, with groups in Priority 1 being most in need of immediate replacement and Priority 4 being least in need of being replaced. Due to advanced age, buses in Priority 1 grouping often have increasing maintenance concerns, decreased fuel economy benefits, and less stringent safety equipment, making replacement a higher priority.⁶⁵

Chart 7 shows the District's FY 2017-18 fleet classified by EPA priority grouping. This grouping is important as it provides a high level indication of the extent of the District's fleet replacement needs relative to EPA guidelines.

⁶⁵ In 2012, Clean School Bus classified buses by model year in the following priority groups: Priority One: pre-1998 model years; Priority Two: model years 1998 through 2003; Priority Three: model years 2004 through 2006; and Priority Four: model years 2007 and newer. For this analysis, the groupings were updated to the following priority groupings: Priority One: pre-2004 model years; Priority Two: model years 2004 through 2009; Priority Three: model years 2010 through 2012; Priority Four: model years 2013 and newer.

Chart 7: Bus Classification by EPA Replacement Priority Grouping

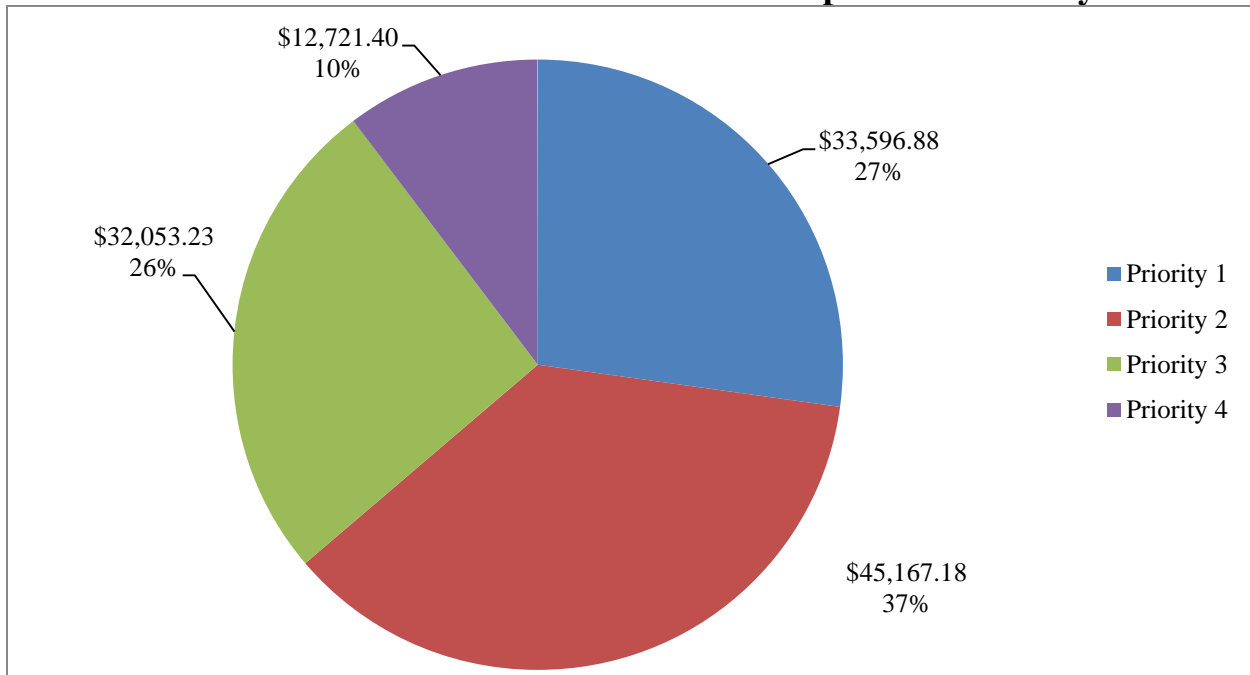


Source: HLSD and EPA

As shown in **Chart 7**, 14, or 40.0 percent of the buses are in the Priority 1 category, which according to EPA guidelines, should be replaced immediately. This group includes five active buses and nine spares. Ultimately, this shows that 68.6 percent of HLSD’s fleet is at or near the bus replacement threshold.

Chart 8 shows the maintenance costs in FY 2016-17 associated with each replacement priority among the active fleet. This is one important variable that is helpful in determining the cost-effectiveness of bus replacement.

Chart 8: Active Fleet Maintenance Costs per EPA Priority



Source: HLSD and EPA

As shown in **Chart 8**, \$78,764, or 63.8 percent of the \$123,538 total maintenance expenditures for the active bus fleet in FY 2016-17 were for buses in the Priority 1 and Priority 2 categories.

Fleet Plan Instructions for Self-Managed Agencies (Ohio Department of Administrative Services (DAS), 2016) recommends that, in addition to age, mileage and condition should be considered when making decisions about which vehicles should be replaced.

The District should develop a formal data driven bus replacement plan in conjunction with, or as a part of, a formal capital improvement plan (see **R.19**). Doing so would allow it to communicate to leadership and to the public about the needs of its bus fleet. Additionally, it would allow the District to communicate its progress in meeting its schedule of replacement and any risks posed by the current state of the fleet. Adopting a plan could reduce overall operating costs and help to avoid the need to replace a major portion of the fleet at the same time. A fleet replacement plan could also help the District gain visibility into the costs of the fleet in priority groupings and in determining future reductions and/or replacements, enabling it to meet EPA suggested guidelines.

R.24 Eliminate 16.8 daily labor hours from the food service operation

Table 30 shows the operating results of the Food Service Fund for FY 2014-15 through FY 2017-18. Examining the financial performance of food service operations is important as negative operations can directly affect the General Fund if subsidization is needed.

Table 30: Food Service Fund Historical Performance

Account Type	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Revenue	\$729,073.18	\$807,969.22	\$840,521.49	\$753,286.56
Total Expenditures	\$793,656.33	\$871,475.71	\$874,769.91	\$801,294.71
Revenues Over (Under) Expenses	(\$64,583.15)	(\$63,506.49)	(\$34,248.42)	(\$48,008.15)
Transfers-In	\$65,000.00	\$105,206.71	\$0.00	\$0.00
Beginning Fund Balance	\$45,435.55	\$45,852.40	\$87,552.62	\$53,304.20
Ending Fund Balance	\$45,852.40	\$87,552.62	\$53,304.20	\$5,296.05
Ending Fund Balance less Transfers	(\$19,147.60)	(\$82,654.09)	(\$116,902.51)	(\$164,910.66)

Source: HLSD

As shown in **Table 30**, HLSD's Food Service Fund had negative results of operations in all four fiscal years examined, requiring transfers from the General Fund in order to avoid fund balance deficits. Without these General Fund transfers, the Food Service Fund would have had negative ending fund balances in each year of the historical period shown. While the transfers in FY 2014-15 and FY 2015-16 provided enough cash to avoid fund balance deficits in FY 2016-17 and FY 2017-18, the Food Service Fund is on track to again require a General fund cash infusion, as the Food Service Fund was depleted to less than \$5,300 at the close of FY 2017-18.

Meals per labor hour is a common indicator of food service labor efficiency and is determined by taking the number of meal equivalents served in relation to the number of food preparation hours. **Table 31** shows the District's meals per labor hour for FY 2017-18 compared to benchmark data outlined in *School Food and Nutrition Service Management for the 21st Century* (Pannell-Martin and Boettger, 2014). It is important to compare and monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

Table 31: Labor Hours Comparison to Benchmark

Building	Meal Equivalents Served per Day	Daily Labor Hours	Industry Benchmark Hours ¹	Difference in Hours
Howland Glen Primary	156	7.50	12.01	(4.5)
High School	320	28.50	18.82	9.7
Middle School	338	27.00	19.88	7.1
Howland Springs Primary	193	10.50	14.84	(4.3)
H.C. Mines Elementary	234	6.50	16.11	(9.6)
North Road Intermediate	119	4.50	9.90	(5.4)

Source: HLSD and Pannell-Martin

¹ Based on the District's number of meal equivalents served per day

As shown in **Table 31**, the District's daily labor hours exceeded the benchmark by 9.7 hours at the high school and 7.1 hours at the middle school. Eliminating 16.8 labor hours at the high school and middle school would reduce salary and benefits expenditures for food service operations and eliminate the Food Service Fund deficit.

The District should also assess additional ways to operate its food service program without the need for General Fund transfers, such as monitoring participation⁶⁶ and meal prices. *Best Practices Could Help School Districts Reduce Their Food Service Program Costs* (Florida Legislature's Office of Program Policy Analysis & Government Accountability, 2009), details strategies school districts can adopt to help reduce operational costs and/or increase revenues, including:

- Develop long term program plans;
- Reduce food costs – match food items to supplier stock items;
- Ensure staff has appropriate training;
- Share managers;
- Promote the food service program;
- Identify and reduce participation barriers; and
- Revise meal prices.

Given that the Food Service Fund has historically not been self-sufficient, HLSD should determine if any of the aforementioned practices could help decrease or eliminate the need for future General Fund subsidies.

Financial Implication: Eliminating 16.8 daily labor hours from the food service operation could save an average of **\$50,100** in salaries and benefits in each year of implementation over the forecasted period.⁶⁷ The value of each labor hour is calculated using actual salaries and benefits and projected increases of the least tenured food service positions. Estimated savings could increase if the reduction occurs through retirement or voluntary separation of more-tenured staff.

⁶⁶ Participation rate is defined as the regular and free-reduced meals recipients as a percentage of eligible students. Increasing participation rates may optimize potential revenue.

⁶⁷ The value of the savings from this recommendation was projected to increase by an average of 3.1 percent annually over the forecasted period to account for projected increases in salaries and benefits. These increases are included in the Cumulative Balance Performance Audit Recommendations shown in **Table 3**. Benefits include medical, prescription drug, dental, vision, life insurance, Medicare, and retirement.

Appendix A: Scope and Objectives

Generally accepted government auditing standards require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

In consultation with the Department and the District, OPT identified the following scope areas for detailed review: Financial Management, Human Resources, Facilities, Transportation, and Food Service. Based on the agreed upon scope, OPT developed objectives designed to identify improvements to economy, efficiency, and / or effectiveness. **Table A-1** illustrates the objectives assessed in this performance audit and references the corresponding recommendation when applicable. Nine of the 22 objectives did not yield a recommendation (see **Appendix B** for additional information including comparisons and analyses that did not result in recommendations).

Table A-1: Audit Objectives and Recommendations

Objective	Recommendation
Financial Management	
Are budgeting and forecasting practices comparable to leading practices and is the forecast reasonable and supported?	N/A
Is the District's strategic plan consistent with leading practices?	N/A
Are the District's financial communication practices consistent with leading practices?	Noteworthy Accomplishment
Are the District's open enrollment policies and practices financially beneficial?	N/A
Are extracurricular activities appropriate to peers and/or the District's financial condition?	N/A
Human Resources	
Are staffing levels efficient compared to general peers, state minimum requirements, and/or demand for service and are they appropriate based on the District's financial condition?	R.1, R.2, R.3, R.4, R.5, R.6, R.7, R.8, R.9, R.10, R.11, and R.12
Are salaries and wages comparable to local peers and appropriate based on the District's financial condition?	R.13
Are CBA provisions comparable to local peers and/or ORC minimums and appropriate based on the District's financial condition?	R.14
Are insurance costs comparable to local markets and appropriate based on the District's financial condition?	R.15
Facilities	
Are building utilization rates efficient when compared to industry benchmarks and appropriate based on the District's financial condition?	Issue for Further Study
Is facilities staffing efficient compared to benchmarks and appropriate based on the District's financial condition?	R.16
Are the facilities expenditures comparable to peers and/or industry standards and appropriate based on the District's financial condition?	N/A
Are temporary labor and overtime expenditures comparable to peers and industry benchmarks and appropriate based on the District's financial condition?	R.17
Are preventive maintenance practices consistent with industry standards and/or	R.18

leading practices?	
Is the capital planning efforts consistent with leading practices?	R.19
Transportation	
Are the District T-Report procedures and practices consistent with ODE requirements?	R.20
Is the fleet sized appropriately and routed efficiently compared to leading practices and are transportation operations appropriate based on the District's financial condition?	R.21
Is the fleet maintained efficiently compared to industry benchmarks and/or transportation peers and appropriately based on the District's financial condition?	R.22
Are District fuel purchasing practices resulting in efficient pricing?	N/A
Is transportation operation security consistent with leading practices and appropriate based on the District's financial condition?	N/A
Are the bus replacement practices consistent with industry benchmarks and leading practices and appropriate based on the District's financial condition?	R.23
Food Service	
Is the Food Service Fund self-sufficient and consistent with leading practices?	R.24

Note: Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives.

Appendix B: Additional Comparisons

Open Enrollment

Table B-1 shows the District's cost to educate open enrollment students in comparison to the revenue generated by these students in FY 2016-17. This analysis illustrates the net revenue or loss generated by open enrollment.

Table B-1: Costs and Revenue Attributed to Open Enrollment

Total Students		2,659
Open Enrollment Students		215
Percentage of Open Enrollment Students		8.1%
Expenditure Type		
Expenditure Type	Total Cost	Open Enrollment Cost
Regular Instruction	\$15,000,746	\$1,051,912
Special Instruction ¹	\$3,739,288	\$22,261
Support Services Pupils	\$1,599,769	\$22,988
Support Services Instructional Staff	\$872,978	\$2,392
Support Services Administrative	\$2,110,218	\$6,658
Operation and Maintenance of Plant Services	\$2,845,898	\$53,317
Support Services Pupil Transportation	\$1,558,844	\$0
Support Services Central	\$710,356	\$4
Food Service Operation	\$869,510	\$70,195
Extracurricular Activities ²	\$924,160	\$42,355
Total Expenditures	\$30,231,767	\$1,272,082
	Open Enrollment Revenue	\$1,375,210
	Net Revenue/(Loss)	\$103,128

Source: HLSD and ODE

¹ Open enrollment special education students accounted for approximately 3.5 percent of total special education students. However, this percentage was not applied to the Special Instruction expenditures for Category 5 and Category 6 special education, as none of the special education open enrollment in FY 2016-17 fell into these categories.

² Open enrollment cost is based on the District's net cost of \$524,653 for extracurricular activities multiplied by the percentage of open enrollment students.

As shown in **Table B-1**, HLSD's net gain for educating open enrollment students was \$103,128 in FY 2016-17.

Extracurricular Activities

Table B-2 shows the District's net cost for student extracurricular activities in FY 2016-17 compared to the local peer average. This analysis illustrates the net revenue or loss generated by student extracurricular activities.

Table B-2: Student Extracurricular Activity Net Cost Comparison

	HLSD			Local Peer Avg.
Students			2,659	2,196
Activity Type	Rev.	Exp.	Net Cost	
Academic Oriented	\$91,392	\$168,711	(\$77,319)	(\$154,683)
Occupation Oriented	\$0	\$749	(\$749)	(\$304)
Sport Oriented	\$145,353	\$683,714	(\$538,361)	(\$382,188)
School & Public Service Co-Curricular	\$63,323	\$73,209	(\$9,886)	(\$38,281)
Bookstore Sales	\$6,171	N/A	\$6,171	\$2,915
Other Extracurricular	\$92,075	N/A	\$92,075	\$13,578
Non-specified ¹	\$3,231	N/A	\$3,231	\$46,598
Total	\$401,545	\$926,383	(\$524,838)	(\$512,365)
Total General Fund Direct Revenue				
			\$79,132	\$24,329
Total General Fund Direct Expenditures				
			\$613,345	\$483,562
Total General Fund Transfers				
			\$10,473	\$21,323
Total General Fund Subsidy of Extracurricular Activities				
			\$544,686	\$480,556
Total General Fund Subsidy of Extracurricular Activities per Pupil				
			\$205	\$219
Total Difference in General Fund Subsidy to Local Peer Average				
			(\$37,226)	
Remaining General Fund Subsidy				
			\$544,686	

Source: HLSD, local peers, and ODE

¹ Non-specified represents revenue that was not coded to a specific activity type, but does reduce the net cost.

As shown in **Table B-2**, HLSD's net cost for student extracurricular activities of (\$544,686) was higher than the local peer average of (\$480,556) in FY 2016-17. However, the District's extracurricular net cost was lower than the local peer average when normalized on a per pupil basis.

Staffing

HLSD's FY 2017-18 FTE staffing levels by category are shown in **Chart 2**.⁶⁸ Analyses of staffing levels that resulted in recommendations include: eliminate 9.0 FTE general education teachers (see **R.1**), eliminate 0.5 FTE gifted and talented teacher position (see **R.2**), eliminate 1.5 FTE career-technical teacher positions (see **R.3**), eliminate 1.5 FTE K-8 art education teacher positions (see **R.4**), eliminate 0.5 FTE K-8 music education teacher position (see **R.5**), eliminate 2.5 FTE K-8 physical education teacher positions (see **R.6**), eliminate 1.5 FTE counselor positions (see **R.7**), eliminate 1.0 FTE library staff position (see **R.8**), eliminate 4.0 FTE nursing staff positions (see **R.9**), eliminate 2.0 FTE computer operating positions (see **R.10**), eliminate 3.5 FTE central office clerical positions (see **R.11**), and eliminate 3.5 FTE monitoring positions (see **R.12**). Staffing comparisons where the analysis did not result in a recommendation are presented for informational purposes below. Staffing comparisons show total FTEs only when the evaluation of the category as a whole is relevant.

⁶⁸ The individual positions within each staffing category in **Chart 2** are explained in detail within section 3.9 of the *EMIS Reporting Manual* (ODE, 2017).

Central Office Administrators

In addition to the Superintendent and Treasurer, HLSD employs 3.0 FTE central office administrators. **Table B-3** shows HLSD’s FY 2017-18 central office administrators per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-3: Central Office Administrator Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (Thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Administrative Assistant	0.00	0.00	0.05	(0.05)	(0.13)
Assistant, Deputy/Associate Superintendent	0.00	0.00	0.09	(0.09)	(0.24)
Supervisor/Manager	2.00	0.75	0.52	0.23	0.61
Coordinator	0.00	0.00	0.53	(0.53)	(1.41)
Education Administrative Specialist	0.00	0.00	0.05	(0.05)	(0.13)
Director	1.00	0.38	0.33	0.05	0.13
Other Official/Administrative	0.00	0.00	0.14	(0.14)	(0.37)
Total	3.00	1.13	1.71	(0.58)	(1.54)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-3**, despite employing 1.54 fewer FTE central office administrators in total than the primary peer average, HLSD has higher staffing in the supervisor/manager and Director categories. Administrative staff, however, is compared in total due to the similarities and flexibility in coding these positions in EMIS. The supervisor/manager FTEs at HLSD are the Activities Director and Supervisor of Educational Technology and Communications, while the director FTE is the Supervisor of Curriculum and Instruction.

Building Administrators

Table B-4 shows a comparison of the District’s FY 2017-18 building administrators per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-4: Building Administrator Staff Comparison

Students and Buildings	HLSD	Primary Peer Avg.	Difference		
Students Educated ¹	2,657	2,634	23		
Students Educated (thousands)	2.657	2.634	0.023		
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Assistant Principal	2.00	0.75	1.14	(0.39)	(1.04)
Principal	5.00	1.88	1.80	0.08	0.21
Total	7.00	2.63	2.94	(0.31)	(0.82)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-4**, HLSD employs 0.82 fewer FTE building administrator staff than the primary peer average per 1,000 students for the assistant principal and principal categories. Although HLSD employs more principals than the primary peer average, the variance is less than 0.5 FTE. Therefore, no recommendation is warranted.

Teaching Staff

Table B-5 shows the District’s FY 2017-18 teaching staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-5: Teaching Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs Per 1,000 Students	Total Above/ (Below) ²
General Education	122.66	46.16	42.61	3.55	9.43
Gifted and Talented	1.50	0.56	0.21	0.35	0.93
Career-Technical Programs/Career Pathways	4.22	1.59	0.85	0.74	1.97
K-8 Art Education	4.00	1.51	0.94	0.57	1.51
K-8 Music Education	4.80	1.81	1.48	0.33	0.88
K-8 Physical Education	6.82	2.57	1.49	1.08	2.87

Source: HLSD and primary peers

Note: Teaching assignments related exclusively to special education are excluded, as the special education positions are removed from the staffing analysis (see **District Staffing Overview** in the **Executive Summary**).

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-5**, HLSD employs more FTE teaching staff than the primary peer average for all categories examined, including general education, gifted and talented, career-technical, K-8 art education, K-8 music education, and K-8 physical education.

Analysis of the teaching staff that resulted in a recommendation includes the elimination of 9.0 FTE general education teacher positions (see **R.1**), 0.50 FTE gifted and talented teacher position (see **R.2**), 1.5 FTE career-technical teacher positions (see **R.3**), 1.5 FTE K-8 art education teacher positions (see **R.4**), 0.5 FTE K-8 music education teacher position (see **R.5**), and 2.5 FTE K-8 physical education teacher positions (see **R.6**).

Non-Teaching Educational Staff

Table B-6 shows the District's FY 2017-18 non-teaching educational staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-6: Non-Teaching Educational Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Curriculum Specialist	0.00	0.00	0.33	(0.33)	(0.88)
Counseling	6.00	2.26	1.64	0.62	1.65
Remedial Specialist	1.00	0.38	1.48	(1.10)	(2.92)
Tutor/Small Group Instructor	4.50	1.69	0.76	0.93	2.47
Full-time (Permanent) Substitute Teacher	0.00	0.00	0.18	(0.18)	(0.48)
Other Educational	0.00	0.00	0.30	(0.30)	(0.80)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-6**, HLSD employs fewer non-teaching educational staff than the primary peer average in the curriculum specialist, remedial specialist, substitute teacher, and other educational categories. Categories with higher non-teaching educational staff were the counselor and tutor/small group instructor categories. Although the tutor/small group instructor category is higher than the primary peer average, all 4.5 FTEs are paid through Title I (Disadvantaged Children/Targeted Assistance) federal funds and auxiliary funds⁶⁹. Therefore, no recommendation is warranted.

An analysis of the non-teaching educational staff that resulted in a recommendation includes the elimination of 1.5 FTE counselor positions (see **R.7**).

⁶⁹ Public school districts provide personnel services, materials, and equipment to non-public schools within their respective districts, upon request by a non-public school. Auxiliary services and funds are authorized under ORC §3317.06, ORC §3317.062, and ORC §3317.024. Auxiliary funds are provided by the State to cover the expenses of such services.

Professional Staff

Table B-7 shows the District's FY 2017-18 professional staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-7: Professional Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Accounting	0.00	0.00	0.09	(0.09)	(0.24)
Dietitian/Nutritionist	0.00	0.00	0.07	(0.07)	(0.19)
Psychologist	0.00	0.00	0.26	(0.26)	(0.69)
Publicity Relations	0.00	0.00	0.07	(0.07)	(0.19)
Social Work	0.00	0.00	0.12	(0.12)	(0.32)
Other Professional - Other	0.00	0.00	0.09	(0.09)	(0.24)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District's number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-7**, the District does not employ professional staff. HLSD receives psychology and publicity relations services through contracts with the Trumbull County Education Service Center (ESC).⁷⁰

⁷⁰ Psychology services are provided daily at an annual cost of approximately \$123,400. In addition, the District contracts for the services of a Public/Community Relations Coordinator one day a week, equivalent to 0.20 FTE, at an annual cost of approximately \$19,000.

Technical Staff

Table B-8 shows the District’s FY 2017-18 technical staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-8: Technical Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Computer Operating	4.00	1.51	0.64	0.87	2.31
Other Technical	0.00	0.00	0.05	(0.05)	(0.13)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-8**, HLSD employs fewer other technical staff positions than the primary peer average. Analysis of the technical staff that resulted in a recommendation includes the elimination of 2.0 FTE computer operating positions (see **R.10**).

Building Clerical Staff

Table B-9 shows the District’s FY 2017-18 building clerical staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-9: Building Clerical Staff Comparison

Students and Buildings	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Clerical	10.38	3.91	3.80	0.11	0.29
Other Office/Clerical	0.00	0.00	0.10	(0.10)	(0.27)
Total	10.38	3.91	3.90	0.01	0.03

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District.

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of clerical FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-9**, HLSD employs 0.03 FTE more building clerical staff than the primary peer average per 1,000 students for the clerical and other office/clerical categories. The variance is less than 0.5 FTEs. Therefore, no recommendation is warranted.

Classroom Support Staff

Table B-10 shows the District’s FY 2017-18 classroom support staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing classroom support staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-10: Classroom Support Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Instructional Paraprofessional	0.00	0.00	4.98	(4.98)	(13.23)
Teaching Aide	0.00	0.00	1.09	(1.09)	(2.90)
Total	0.00	0.00	6.07	(6.07)	(16.13)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-10**, the District does not employ classroom support staff. Instructional paraprofessionals and teaching aides provide instructional assistance to students and assistance to teachers in classrooms. The District’s lack of dependence on these positions may be a result of higher than average teaching staff (see **R.1, R.2, R.3, R.4, R.5, and R.6**) and lower than average class size maximums (see **R.14**).

Student Support Staff

Table B-11 shows the District’s FY 2017-18 student support staff per 1,000 students compared to the FY 2016-17 primary peer average. Comparing student support staffing in relation to student population normalizes the effect of district sizes on raw staffing numbers.

Table B-11: Student Support Staff Comparison

Students	HLSD		Primary Peer Avg.	Difference	
Students Educated ¹	2,657		2,634	23	
Students Educated (thousands)	2.657		2.634	0.023	
Position	HLSD		Primary Peer Avg.	Difference	
	FTEs	FTEs per 1,000 Students	FTEs per 1,000 Students	FTEs per 1,000 Students	Total Above/ (Below) ²
Monitoring	11.00	4.14	2.66	1.48	3.93
School Resource Officer	1.00	0.38	0.40	(0.02)	(0.06)

Source: HLSD and primary peers

¹ Reflects students receiving educational services from the District and excludes the percent of time students are receiving educational services outside of the District

² Represents the number of FTEs that, when added or subtracted, would bring the District’s number of FTEs per 1,000 students in line with the primary peer average.

As shown in **Table B-11**, HLSD employs fewer school resource officer positions than the primary peer average. Analysis of the student support staff that resulted in a recommendation includes the elimination of 3.5 FTE monitoring positions (see **R.12**).

Salaries

Table B-12 shows the District’s salary schedules for classified employees in comparison to the local peers. Comparing compensation regionally is important, as it takes local factors affecting the labor market into consideration.

Table B-12: Classified Career Compensation Comparison

	HLSD	Local Peer Average	Difference	% Difference
Bus Drivers	\$425,262	\$422,564	\$2,698	0.6%
Secretaries ¹	\$899,917	\$866,691	\$33,226	3.8%
Custodians ²	\$1,152,111	\$1,102,566	\$49,545	4.5%
Cook ³	\$565,755	\$489,281	\$76,474	15.6%
Educational Asst. ⁴	\$600,455	\$537,811	\$62,644	11.6%

Source: HLSD and local peers

Note: Champion LSD is excluded from all comparisons due to an expired CBA.

¹HLSD excludes Front Desk Receptionist, Payroll Clerk, Budgetary Clerk, Secretary to Central Office, and other secretarial positions not covered under the classified CBA.

²HLSD excludes Head Custodians and Janitors.

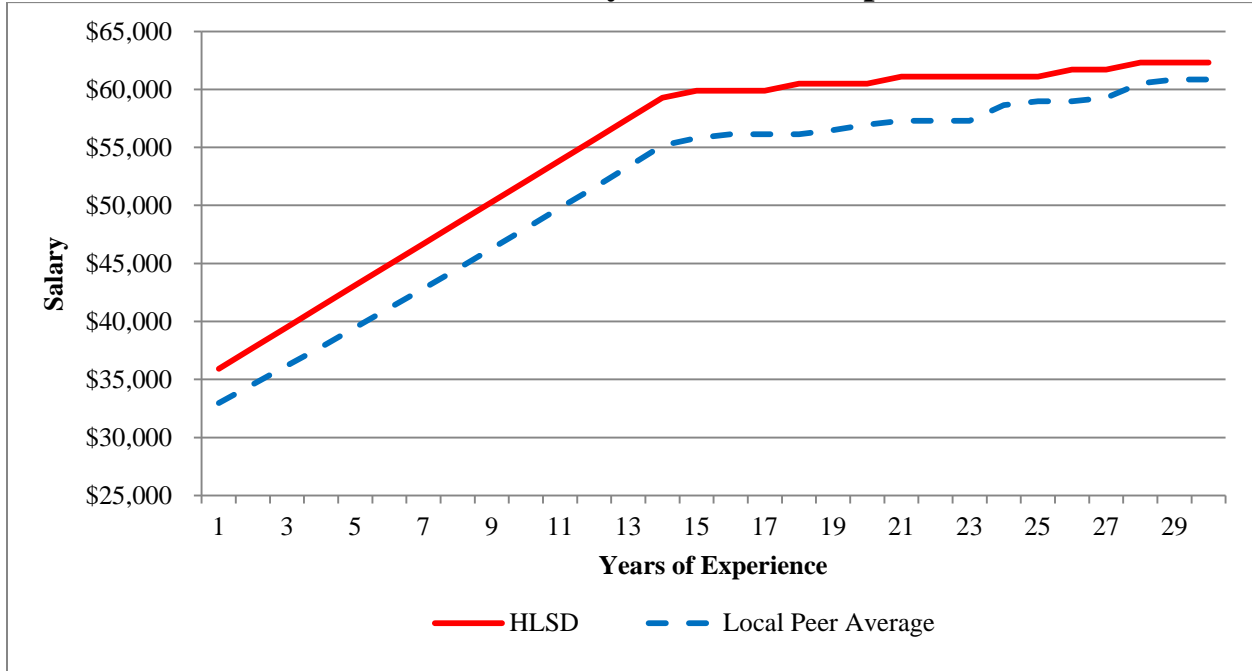
³Warren CSD is excluded due to no available salary schedule.

⁴Warren CSD is excluded due to no available salary schedule.

As shown in **Table B-12**, the District’s career compensation for classified staff is higher than the peer average for every category. However, a one-year freeze would cause the bus driver pay to fall below the peer average. When feasible, the District should consider adjusting salaries for these positions in future CBAs to bring pay more in line within the region.

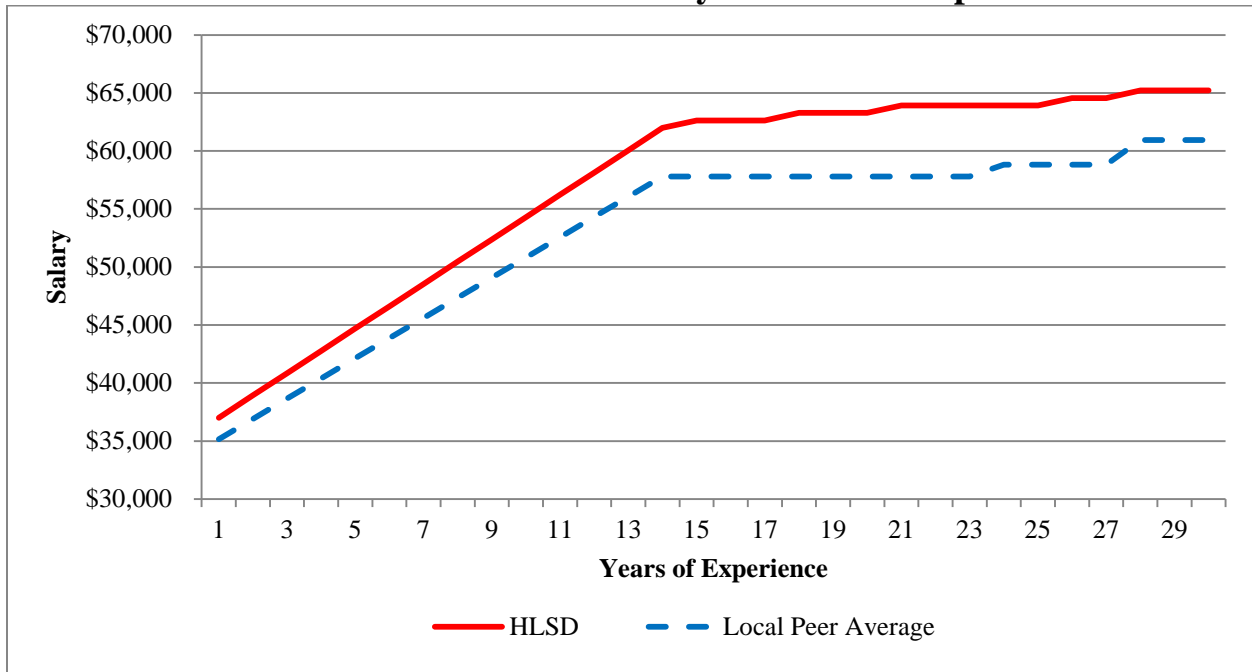
Charts B-1 through B-8 provide additional context to the analysis shown in Table 18 and Table B-12, by showing comparisons of HLSD’s certificated and classified salary schedules to the local peer averages for FY 2017-18.

Chart B-1: BA Salary Schedule Comparison



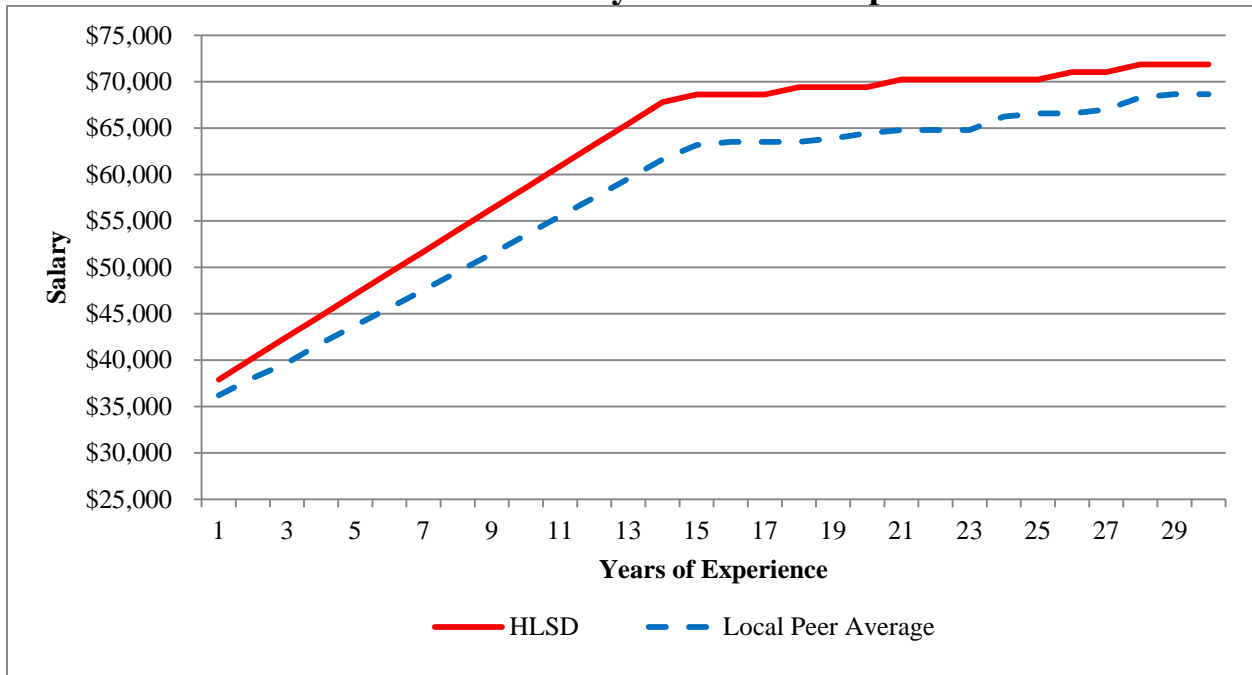
Source: HLSD and local peers

Chart B-2: 150 SEM HRS Salary Schedule Comparison



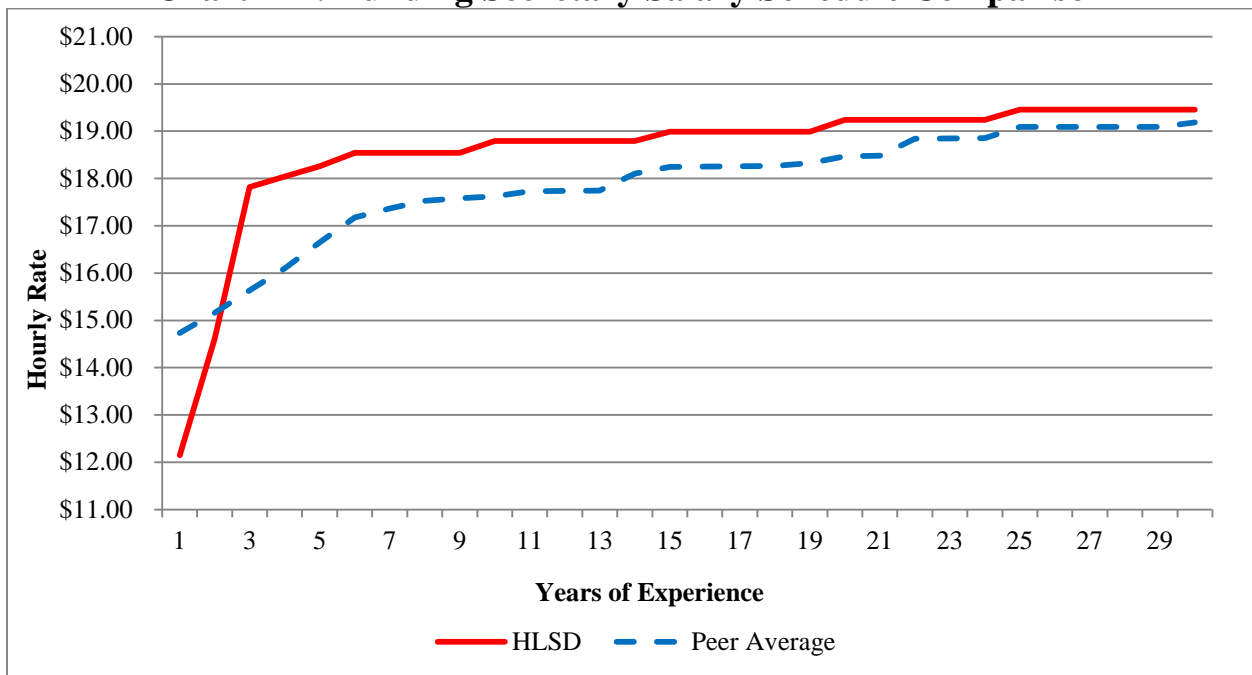
Source: HLSD and local peers

Chart B-3: MA Salary Schedule Comparison



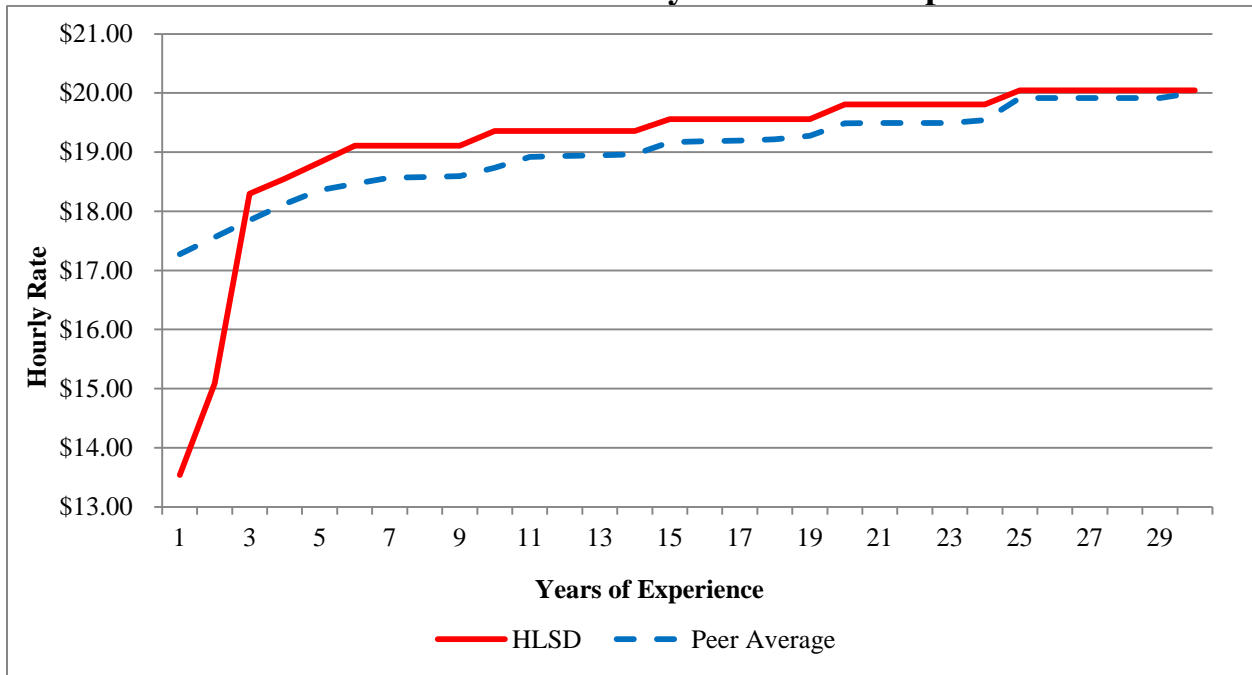
Source: HLSD and local peers

Chart B-4: Building Secretary Salary Schedule Comparison



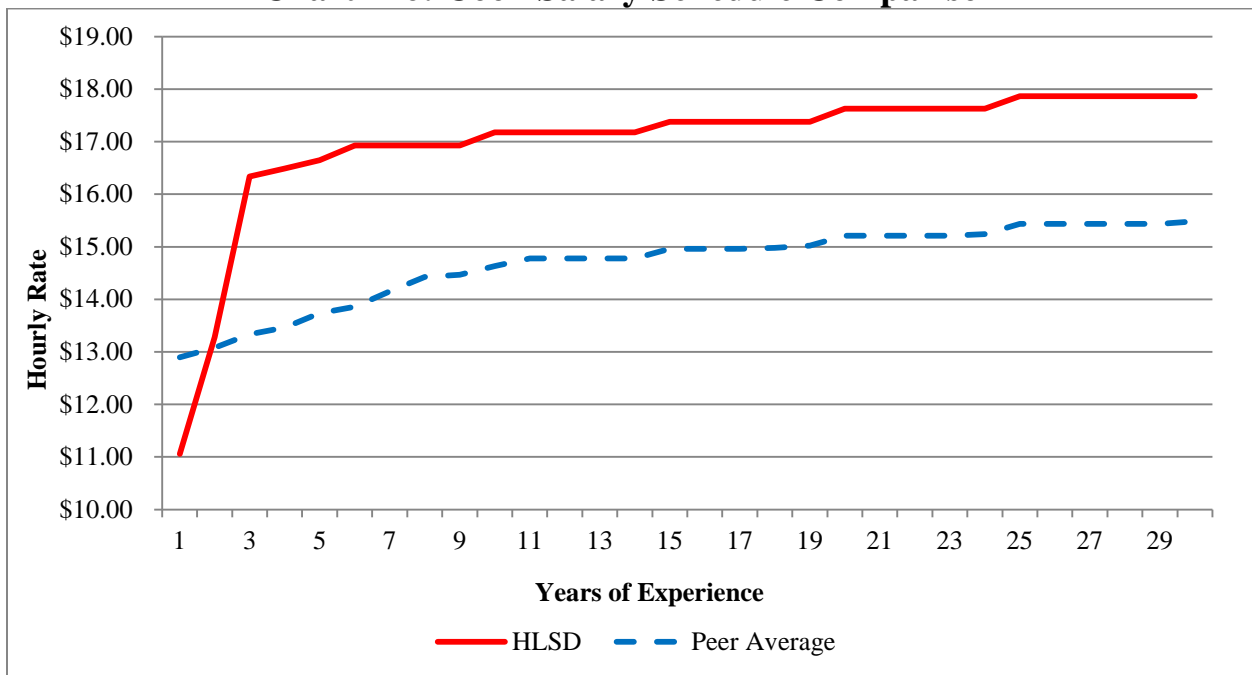
Source: HLSD and local peers

Chart B-5: Bus Driver Salary Schedule Comparison



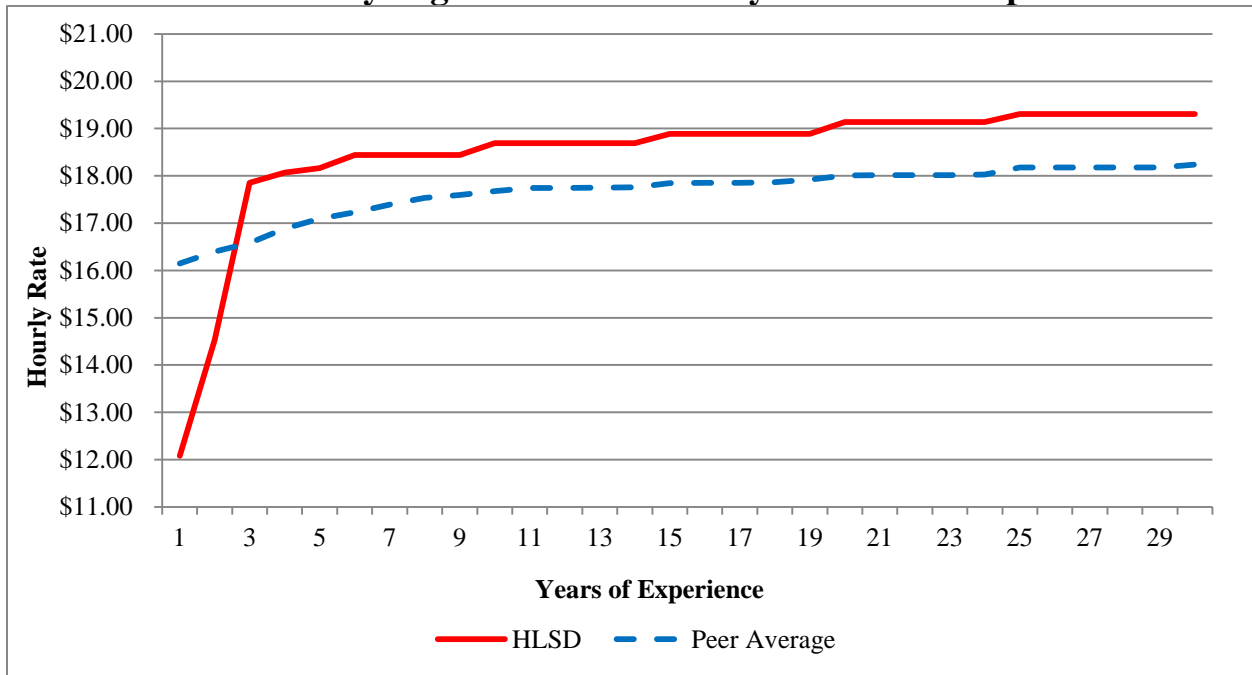
Source: HLSD and local peers

Chart B-6: Cook Salary Schedule Comparison



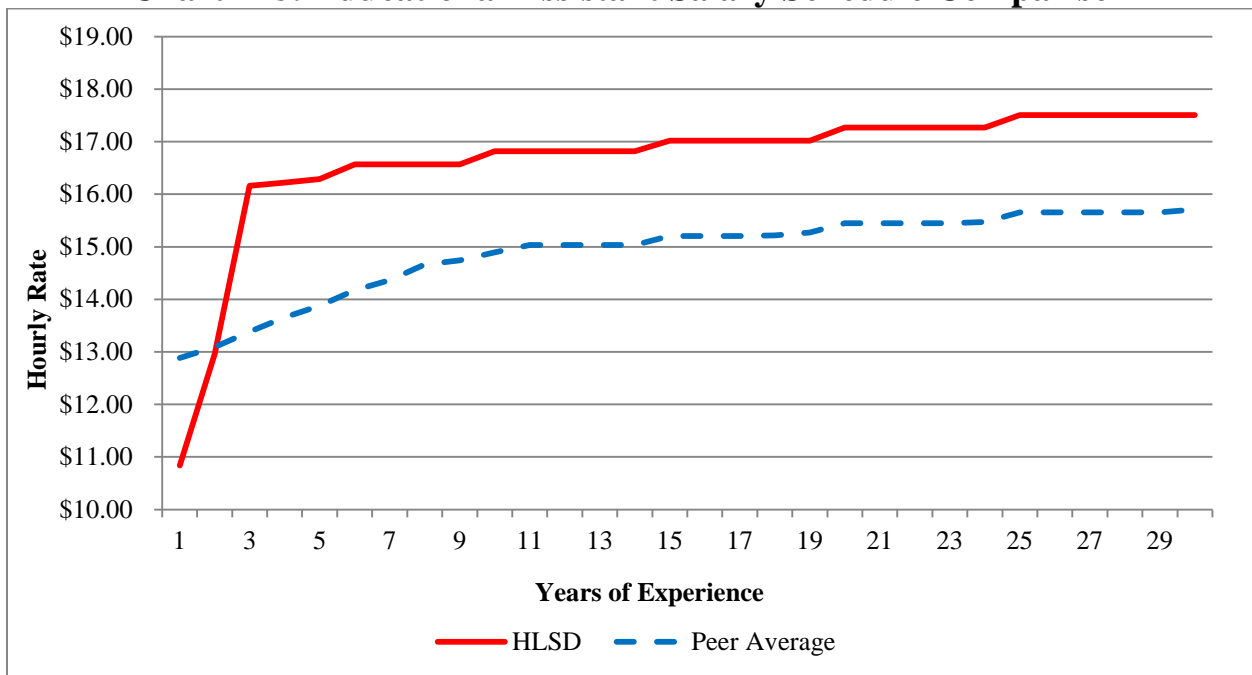
Source: HLSD and local peers

Chart B-7: Day/Night Custodian Salary Schedule Comparison



Source: HLSD and local peers

Chart B-8: Educational Assistant Salary Schedule Comparison



Source: HLSD and local peers

As shown in **Chart B-1** through **Chart B-8**, HLSD’s certificated salary schedules have a higher starting salary than the local peers and remain higher at every step throughout a 30-year career (see **R.13**). As shown in **Chart B-4** through **Chart B-8**, the District’s classified salary schedules

all begin at a lower hourly rate than the local peer average, and all of them end at a higher hourly rate.

Sick Leave Severance

Table B-13 shows the District's maximum financial liability for sick leave severance by position, in comparison to its projected liability resulting from bringing its CBA provisions for sick leave payouts in line with ORC minimums (see **R.14**). This analysis provides an indication of the District's maximum sick leave severance exposure compared to the minimum levels required.

Table B-13: Difference between ORC and HLSD for Severance Liability

Certificated Employees							
	Final Daily Rate of Pay	CBA Maximum Severance Days	CBA Additional Payout ¹	Maximum Payout	ORC Minimum	Pay Out at ORC	Difference
BA	\$347.25	45	\$20,661	\$36,287	30	\$10,417	\$25,870
150 SEM	\$363.44	45	\$21,624	\$37,979	30	\$10,903	\$27,076
MA	\$401.46	45	\$23,887	\$41,952	30	\$12,043	\$29,909
Average							\$27,618
Classified Employees							
Building	\$148.32	45	\$8,350	\$15,024	30	\$4,449	\$10,575
Bus Driver	\$76.44	45	\$4,303	\$7,743	30	\$2,293	\$5,450
Day/Night	\$147.52	45	\$8,305	\$14,943	30	\$4,425	\$10,518
Cook	\$101.58	45	\$5,718	\$10,290	30	\$3,047	\$7,243
Monitor	\$23.76	45	\$1,337	\$2,406	30	\$712	\$1,694
Educational	\$107.71	45	\$6,063	\$10,910	30	\$3,231	\$7,679
Average							\$7,193

Source: HLSD

¹ In addition to the 45 maximum payable severance days, 10 percent of any remaining sick leave balance days may be added to the 45 day maximum.

As shown in **Table B-13**, HLSD employees are entitled to receive severance payouts for more days at retirement than the ORC minimum. Adjusting payouts to the ORC minimum could decrease the District's future severance liability.

Insurance

Table B-14 shows HLSD's total employer cost of vision insurance for FY 2017-18 as compared to the Trumbull County average for other fully-insured plans as reported in *Health Insurance: The Cost of Health Insurance in Ohio's Public Sector* (SERB, 2017). This is important as it provides context for the District's costs relative to entities in the region.

Table B-14: Vision Insurance Employer Cost Comparison

HLSD Employees Enrolled by Type		
Single		64
Single with Child		34
Single with Spouse		44
Family		134
Plan Type	HLSD Annual Employer Costs	Trumbull County Avg. Fully Insured Entities
Single	\$2,403.84	\$6,731.18
Single with Child	\$2,847.84	\$5,854.23
Single with Spouse	\$2,872.32	\$7,362.73
Family	\$13,732.32	\$35,966.52
Single Plan Annual Difference per Employee		(\$67.61)
Single with Child Plan Annual Difference per Employee		(\$88.42)
Single with Spouse Plan Annual Difference Per Employee		(\$102.05)
Family Plan Combined Annual Difference per Employee		(\$165.93)
Single Plan Annual Total Cost Savings		(\$4,327.34)
Single with Child Plan Annual Total Cost Savings		(\$3,006.39)
Single with Spouse Plan Annual Total Cost Savings		(\$4,490.41)
Family Plan Annual Total Cost Savings		(\$22,234.20)
Total Annual Cost Savings		(\$34,058.34)

Source: HLSD and SERB

As shown in **Table B-14**, HLSD's annual employer cost of vision insurance is lower than the Trumbull County average for fully-insured entities.

Table B-15 shows HLSD's total employer cost of dental insurance for FY 2017-18 as compared to the Trumbull County average for other fully-insured plans as reported in *Health Insurance: The Cost of Health Insurance in Ohio's Public Sector* (SERB, 2017). This is important as it provides context for the District's costs relative to entities in the region.

Table B-15: Dental Insurance Employer Cost Comparison

HLSD Employees Enrolled by Type		
Single		61
Family		227
Plan Type	HLSD Annual Employer Costs	Trumbull County Avg. Fully Insured Entities
Single	\$26,454.48	\$23,175.12
Family	\$282,887.40	\$285,093.84
Single Plan Annual Difference per Employee		\$53.76
Family Plan Combined Annual Difference per Employee		(\$9.72)
Single Plan Annual Total Cost Savings		\$3,279.36
Family Plan Annual Total Cost Savings		(\$2,206.44)
Total Annual Cost Savings		\$1,072.92

Source: HLSD and SERB

As shown in **Table B-15**, HLSD's annual employer cost of dental insurance is consistent with the Trumbull County average for fully-insured entities.

Facilities

Table B-16 shows the District's FY 2016-17 facilities operating costs per square foot compared to the primary peer average. Comparing expenditures per square foot gives an indication of the cost effectiveness of the District's facility operations as it normalizes size variances between districts.

Table B-16: Facilities Expenditures per Square Foot Comparison

	HLSD	Peer Average	Difference	% Difference
Salaries and Wages	\$2.70	\$1.88	\$0.82	43.6%
Employee Benefits	\$0.84	\$0.87	(\$0.03)	(3.4%)
Purchased Services (Excluding Utilities)	\$0.56	\$0.72	(\$0.16)	(22.2%)
Utilities	\$0.81	\$1.46	(\$0.65)	(44.5%)
Supplies & Materials	\$0.44	\$0.46	(\$0.02)	(4.3%)
Capital Outlay	\$0.01	\$0.28	(\$0.27)	(96.4%)
Other Objects	\$0.00	\$0.00	\$0.00	N/A
Total Expenditures per Square Foot	\$5.36	\$5.67	(\$0.31)	(5.5%)

Source: HLSD, ODE, and primary peers.

As shown in **Table B-16**, HLSD spent \$0.31, or 5.5 percent, less than the primary peer average for the operations of its facilities. All classifications were less than the primary peer average except for salaries and wages (see **R.17**, **Table B-12**, and **Chart B-7**).

Table B-17 shows the District's FY 2017-18 buildings and grounds staffing compared to industry benchmarks established by the NCES⁷¹ and the AS&U⁷². It is important to compare and

⁷¹ The NCES is the primary federal entity for collecting, analyzing, and reporting data related to education in the US and other nations and publishes a planning guide for maintaining school facilities.

monitor staffing using workload measures in order to determine proper staffing levels and maintain efficiency.

⁷² The AS&U is a trade organization focused on school facility management which published school facility management related survey data collected during the period 2005 to 2009.

Table B-17: Buildings & Grounds Staffing Comparison

Grounds Staffing	
Grounds FTEs	2.2
Acreage Maintained	121.5
AS&U Benchmark - Acres per FTE	40.2
Benchmarked Staffing Need	3.0
Grounds FTEs Above/(Below) Benchmark	(0.8)
Custodial Staffing	
Custodial FTEs	24.3
Square Footage Cleaned	512,482
NCES Level 3 Cleaning Benchmark ¹ - Median Square Footage per FTE	29,500
Benchmarked Staffing Need	17.4
Custodial FTEs Above/(Below) Benchmark	6.9
Maintenance Staffing	
Maintenance FTEs	2.9
Square Footage Maintained	531,533
AS&U Benchmark - Square Footage per FTE	94,872
Benchmarked Staffing Need	5.6
Maintenance FTEs Above/(Below) Benchmark	(2.7)
Total Buildings & Grounds Staffing	
Total FTEs Employed	29.4
Total Benchmarked Staffing Need	26.0
Total FTEs Above/(Below) Benchmark	3.4

Source: HLSD, AS&U, and NCES

¹ According to NCES, Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues.

As shown in **Table B-17**, HLSD's grounds and maintenance staffing levels are below the established benchmarks. However, custodial staffing is above the benchmark (see **R.16**).

Table B-18 shows ODE's student enrollment projection for HLSD using three years of historical enrollment by grade level (FY 2014-15 through FY 2017-18) to project enrollment for FY 2018-19 through FY 2021-23.⁷³ Enrollment trends are significant to building operations, as declining enrollments could signify the eventual need for fewer buildings.

⁷³ A trend analysis is used to project kindergarten enrollment. The cohort survival method, using linear regression, is used to project all other grades. There are many other factors, however, that could impact actual enrollment such as housing starts; planned annexations; open enrollment; charter schools; vouchers; and digital academies.

Table B-18: Student Enrollment Projections

Grade	Historical Enrollment			Projected Enrollment				
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
K	156	190	161	161	158	154	151	148
1	197	165	195	178	178	174	170	167
2	195	204	162	195	178	178	174	170
3	225	204	208	168	202	184	184	180
4	220	214	198	205	165	199	181	181
5	216	212	220	199	206	166	200	182
6	229	218	206	221	200	207	167	201
7	224	228	211	202	216	196	203	163
8	222	212	225	205	197	210	191	198
9	229	223	215	222	202	194	207	188
10	228	211	232	211	218	198	190	203
11	184	192	184	198	180	186	169	162
12	195	192	196	183	197	179	185	168
Total:	2,720	2,665	2,613	2,548	2,497	2,425	2,372	2,311

Source: ODE

As shown in **Table B-18**, the District has experienced a decline in enrollment and projections show a continued decrease from FY 2018-19 through FY 2022-23.

Table B-19 shows the District’s total elementary grade classroom availability throughout the remainder of the five-year forecast period in relation to its elementary classroom need, as the result of closing North Road Intermediate School, the District’s least populated building. This analysis is based on the projected distribution of students as shown in **Table B-18**. This is important for helping to determine the feasibility of a school building closure.

Table B-19: Elementary Classroom Availability after North Road Closure

Grade	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
K	7	7	7	7
1	8	8	7	7
2	8	8	8	7
3	7	9	8	8
4	9	7	8	8
5	8	9	7	8
Total Classrooms Needed¹	47	48	45	45
Available Classrooms	49	49	49	49
Difference	2	1	4	4
Percent of Classrooms Used	95.9%	98.0%	91.8%	91.8%

Source: HLSD and ODE

¹ Based on 25 students per classroom

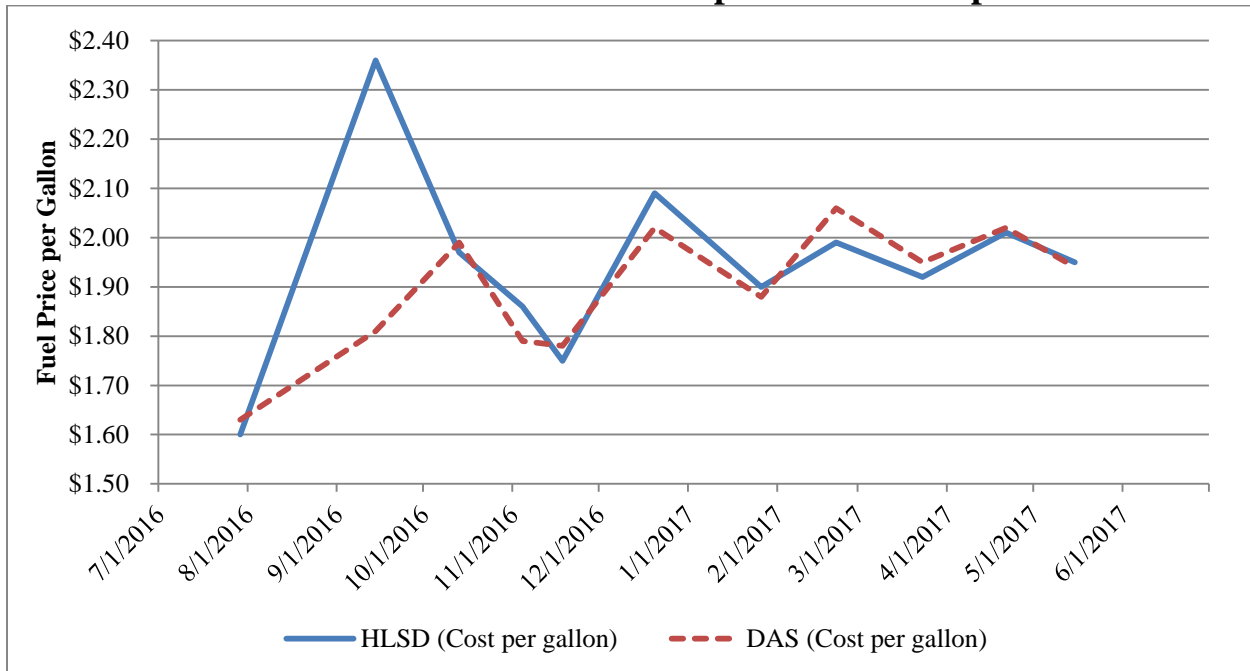
As shown in **Table B-19**, closing its least populated building would result in HLSD’s use of over 91 percent of its District-wide elementary classrooms throughout the five-year forecast period. While the analysis shows that there would be some degree of excess classroom space available in

each year, a slight increase in actual enrollment beyond the projected values could push the District's elementary classroom need beyond its availability. Therefore, the feasibility of building closure should be closely monitored by the District in the future.

Transportation

Chart B-9 shows how the pricing obtained by the District for diesel fuel over the course of FY 2016-17 compared to the pricing offered through the DAS Cooperative Purchasing Program (CPP) on corresponding dates of purchase. This is important as it provides further detail regarding what the District paid for fuel and what it could have paid had it exercised the option to purchase through the CPP.

Chart B-9: DAS Diesel Fuel Price per Gallon Comparison



Source: HLSD and DAS

As shown in **Chart B-9**, the District’s diesel fuel purchases were generally in alignment with the CPP, with the exception of purchases made in August and September of 2016. **Table B-19** shows a comparison of the District’s total diesel fuel cost in FY 2016-17 compared what it could have been if fuel was purchased through the CPP. This is important as it highlights the financial significance of the District’s current fuel purchasing practice.

Table B-20: Annual Fuel Costs Comparison

	HLSD	DAS CPP	Difference	% Difference
Fuel Expenditure	\$80,028	\$77,899	\$2,129	2.7%
CPP Membership Fee	N/A	\$100	N/A	N/A
Total Cost	\$80,028	\$77,999	\$2,029	2.6%
			Net Savings	\$2,000

Source: HLSD and DAS

As shown in **Table B-20**, the District’s diesel fuel expenditure was generally consistent with what it would have spent by utilizing the DAS CPP. Specifically, the District spent a difference

of 2.6 percent, or approximately \$2,000 more, for fuel in FY 2016-17 in comparison to the CPP offering.

Appendix C: Five-Year Forecasts

Chart C-1: HLSD October 2017 Five-Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	15,192,260	15,987,575	15,893,817	15,605,647	15,813,426	15,983,581	16,150,777	16,317,650
1.020 Tangible Personal Property Tax	426,225	411,662	433,687	468,689	497,883	527,375	557,197	587,446
1.035 Unrestricted Grants-in-Aid	5,600,962	6,178,682	6,400,440	6,736,136	6,923,339	7,196,807	7,479,417	7,635,303
1.040 Restricted Grants-in-Aid	413,489	266,675	310,825	240,546	266,770	267,504	270,363	268,680
1.050 Property Tax Allocation	5,167,109	4,695,956	4,180,048	3,742,971	3,229,911	2,751,177	2,566,204	2,381,197
1.060 All Other Operating Revenue	1,884,217	2,366,214	2,452,275	2,271,683	2,281,683	2,281,683	2,281,683	2,281,683
1.070 Total Revenue	28,684,262	29,906,764	29,671,092	29,065,672	29,013,012	29,008,127	29,305,641	29,471,958
2.040 Operating Transfers-In		22,204	891,427					
2.050 Advances-In			158,397					
2.060 All Other Financial Sources	155,003	23,999	21,845	50,000	50,000	50,000	50,000	50,000
2.070 Total Other Financing Sources	155,003	46,203	1,071,669	50,000	50,000	50,000	50,000	50,000
2.080 Total Revenues and Other Financing Sources	28,839,265	29,952,967	30,742,761	29,115,672	29,063,012	29,058,127	29,355,641	29,521,958
3.010 Personnel Services	15,849,298	15,828,937	16,597,746	17,205,960	17,557,932	17,958,827	18,368,920	18,788,423
3.020 Employees' Retirement/Insurance Benefits	5,407,367	5,366,440	5,876,545	7,639,660	8,168,868	8,821,515	9,546,218	10,351,479
3.030 Purchased Services	5,149,650	5,151,440	5,233,465	5,546,543	5,393,316	5,502,650	5,543,299	5,640,083
3.040 Supplies and Materials	835,694	770,274	785,850	801,567	817,598	833,950	850,629	867,642
3.050 Capital Outlay	28,925	8,399	37,974	38,354	38,737	39,125	39,516	39,911
4.010 Debt Service: All Principal (Historical)	95,880	95,880	95,880					
4.050 Debt Service: Principal - HB 264 Loans				95,880	95,880	95,880	95,880	95,880
4.060 Debt Service: Interest and Fiscal Charges	51,693	46,651	41,607	36,564	31,521	26,477	21,434	16,391
4.300 Other Objects	424,450	467,644	448,036	456,997	466,137	475,459	484,969	494,668
4.500 Total Expenditures	27,842,957	27,735,665	29,117,103	31,821,524	32,569,988	33,753,884	34,950,865	36,294,477
5.010 Operational Transfers - Out	65,000	158,065	377,400					
5.020 Advances - Out		158,397						
5.030 All Other Financing Uses	19	14		4,140				
5.040 Total Other Financing Uses	65,019	316,476	377,400	4,140				
5.050 Total Expenditure and Other Financing Uses	27,907,976	28,052,141	29,494,503	31,825,664	32,569,988	33,753,884	34,950,865	36,294,477
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	931,289	1,900,826	1,248,258	-2,709,992	-3,506,976	-4,695,757	-5,595,224	-6,772,519
7.010 Beginning Cash Balance	1,670,645	2,601,934	4,502,760	5,751,018	3,041,026	-465,950	-5,161,707	-10,756,931
7.020 Ending Cash Balance	2,601,934	4,502,760	5,751,018	3,041,026	-465,950	-5,161,707	-10,756,931	-17,529,450
10.010 Fund Balance June 30 for Certification of Appropriations	2,601,934	4,502,760	5,751,018	3,041,026	-465,950	-5,161,707	-10,756,931	-17,529,450
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,601,934	4,502,760	5,751,018	3,041,026	-465,950	-5,161,707	-10,756,931	-17,529,450
15.010 Unreserved Fund Balance June 30	2,601,934	4,502,760	5,751,018	3,041,026	-465,950	-5,161,707	-10,756,931	-17,529,450

Source: ODE

Chart C-2: HLSD May 2018 Five-Year Forecast

Line	Actual			Forecasted				
	2015	2016	2017	2018	2019	2020	2021	2022
1.010 General Property (Real Estate)	15,192,260	15,987,575	15,893,817	16,205,848	17,626,562	19,578,322	19,747,936	19,917,246
1.020 Tangible Personal Property Tax	426,225	411,662	433,687	463,208	528,236	589,334	621,640	654,324
1.035 Unrestricted Grants-in-Aid	5,600,962	6,178,682	6,400,440	6,768,650	6,899,491	6,894,700	6,896,701	6,912,271
1.040 Restricted Grants-in-Aid	413,489	266,675	310,825	263,179	282,064	286,458	282,429	280,758
1.050 Property Tax Allocation	5,167,109	4,695,956	4,180,048	3,744,478	3,258,793	2,807,232	2,618,851	2,430,458
1.060 All Other Operating Revenue	1,884,217	2,366,214	2,452,275	2,966,613	2,426,613	2,426,613	2,426,613	2,426,613
1.070 Total Revenue	28,684,262	29,906,764	29,671,092	30,411,976	31,021,759	32,582,659	32,594,170	32,621,670
2.040 Operating Transfers-In		22,204	891,427	27,067				
2.050 Advances-In			158,397					
2.060 All Other Financial Sources	155,003	23,999	21,845	6,226	20,000	20,000	20,000	20,000
2.070 Total Other Financing Sources	155,003	46,203	1,071,669	33,293	20,000	20,000	20,000	20,000
2.080 Total Revenues and Other Financing Sources	28,839,265	29,952,967	30,742,761	30,445,269	31,041,759	32,602,659	32,614,170	32,641,670
3.010 Personnel Services	15,849,298	15,828,937	16,597,746	17,105,960	17,238,400	17,632,802	18,035,346	18,447,127
3.020 Employees' Retirement/Insurance Benefits	5,407,367	5,366,440	5,876,545	7,786,287	8,280,164	8,931,766	9,655,253	10,459,272
3.030 Purchased Services	5,149,650	5,151,440	5,233,465	5,689,484	5,539,115	5,651,366	5,694,989	5,794,807
3.040 Supplies and Materials	835,694	770,274	785,850	814,791	831,087	847,709	864,663	881,956
3.050 Capital Outlay	28,925	8,399	37,974	3,049	3,049	3,049	3,049	3,049
4.010 Debt Service: All Principal (Historical)	95,880	95,880	95,880					
4.060 Debt Service: Interest and Fiscal Charges	51,693	46,651	41,607					
4.300 Other Objects	424,450	467,644	448,036	440,681	449,494	458,484	467,654	477,007
4.500 Total Expenditures	27,842,957	27,735,665	29,117,103	31,840,252	32,341,309	33,525,176	34,720,954	36,063,218
5.010 Operational Transfers - Out	65,000	158,065	377,400					
5.020 Advances - Out		158,397						
5.030 All Other Financing Uses	19	14						
5.040 Total Other Financing Uses	65,019	316,476	377,400					
5.050 Total Expenditure and Other Financing Uses	27,907,976	28,052,141	29,494,503	31,840,252	32,341,309	33,525,176	34,720,954	36,063,218
6.010 Excess Rev & Oth Financing Sources over(under) Exp & Oth Financing	931,289	1,900,826	1,248,258	-1,394,983	-1,299,550	-922,517	-2,106,784	-3,421,548
7.010 Beginning Cash Balance	1,670,645	2,601,934	4,502,760	5,751,018	4,356,035	3,056,485	2,133,968	27,184
7.020 Ending Cash Balance	2,601,934	4,502,760	5,751,018	4,356,035	3,056,485	2,133,968	27,184	-3,394,364
10.010 Fund Balance June 30 for Certification of Appropriations	2,601,934	4,502,760	5,751,018	4,356,035	3,056,485	2,133,968	27,184	-3,394,364
12.010 Fund Bal June 30 for Cert of Contracts, Salary Sched, Oth Obligations	2,601,934	4,502,760	5,751,018	4,356,035	3,056,485	2,133,968	27,184	-3,394,364
15.010 Unreserved Fund Balance June 30	2,601,934	4,502,760	5,751,018	4,356,035	3,056,485	2,133,968	27,184	-3,394,364

Source: ODE

Client Response

The letter that follows is the District'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.



Howland Local Schools

"Providing the most appropriate education to our students in a safe learner-centered environment"

ADMINISTRATION OFFICES

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HOWLAND MIDDLE (330) 856-8250
HOWLAND HIGH (330) 856-8220

August 8, 2018

David Yost
Auditor of State
88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506

Auditor Yost,

The Howland Local School Board is in receipt of the results of the performance audit conducted by your office. It is understood that the performance audit was requested by the Howland Local School Board via the Ohio Department of Education and pursuant to Ohio Revised Code to conduct an audit of the district based upon current and future financial projections and our continued efforts to operate with optimally efficient practices. We would like to commend Cody Koch and the rest of the audit team for their professionalism and thoroughness during the engagement.

The recommendations and issues for further study provide a valuable resource for Howland Local School District to become financially efficient and effective. It is understood that these recommendations and comparisons are empirical data where consideration in the number of buildings, traveling staff, resource sharing may not be a part of the data collected.

Prior to the audit on May 8, 2018, the district residents passed an emergency levy for a period of ten years equaling \$3,278,754. In addition Howland Local School District made many reductions in an attempt to prevent a deficit on our 5-year Forecast. Part of that plan was the restructuring of the K-5 portion of the school district to ensure services were being utilized at efficient levels which is reflective in the auditor report that the district is understaffed in overall Administrator FTEs by (2.36) positions.

See below for individual responses to each recommendation.

R.1 Eliminate 9.0 FTE general education teacher positions

Response to R.1: The District has previously eliminated 4.5 teaching positions via attrition over the past three years for a cost savings of \$367,000. Further reductions could cause elimination of programs for our students. In addition, the district realized expenditure savings by utilizing current staff to implement eight units of all-day every day kindergarten. The district was fortunate to be able to do this without hiring additional staff. We will continue to address staff reductions through necessity.

R.2 Eliminate 0.5 FTE gifted and talented teacher position

Response to R.2: The district has 1.5 FTEs in this area. One teacher is .5 gifted/talented and .5 regular instruction. If the district eliminates the .5 position we would have grade levels not serviced which would impact the Gifted Indicator within the State Report Card.

R.3 Eliminate 1.5 FTE career-technical teacher positions

Response to R.3: The curriculum in these courses are required by the state and enhance student learning above the typical core curriculum. These positions offer our students an opportunity to experience curriculum alternatives for preparation that aligns with college and career vocational readiness.

R.4 Eliminate 1.5 FTE K-8 art education teacher positions

R.5 Eliminate 0.5 FTE K-8 music education teacher position

R.6 Eliminate 2.5 FTE K-8 physical education teacher positions

R.7 Eliminate 1.5 FTE counselor positions

R.8 Eliminate 1.0 FTE library staff position

R.9 Eliminate 4.0 FTE nursing staff positions

R.10 Eliminate 2.0 FTE computer operating positions

Response to R.4 – R.10: The District has six buildings that are spread out over 19 square miles and share staff positions as follows. Any further sharing of teachers would reduce the efficacy of the educational programming currently in place for our students. Prior to the 2015-16 school year, these positions were minimally shared between the six buildings.

1. Two art teachers
2. Four music teachers
3. One band teacher
4. Two school counselors
5. Two school registered nurses
6. One computer teacher
7. Two physical education teacher

R.11 Eliminate 3.5 FTE central office clerical positions

Response to R.11: The district has sought to reduce administrative staff by evaluating duties that can be performed by clerical staff. This is to reduce the expenditure per pupil by responsibly employing appropriate numbers of clerical staff who can perform duties that may be typically performed by administrative staff. The district is currently \$300 less in administrative expenditure per pupil spending in comparison to the statewide average. If we were to eliminate these positions, it would be necessary but fiscally irresponsible to replace these positions with Administrators/Supervisors.

R.12 Eliminate 3.5 FTE monitoring positions

Response to R.12: At this time because our students are served in four separate buildings, it would be unsafe to eliminate these positions. Students would not be monitored at an appropriate student to adult ratio. Furthermore eliminating these positions would cause additional labor hours in the food service program, which is also a recommended elimination in R.24.

R.13 Extend the freeze on certificated base salaries

Response to R.13: The staff has not received raises in two out of the last three contracts and received zero base increase in the third year of the current contract, including elimination of stipends, which expires June 30, 2019.

R.14 Renegotiate collective bargaining agreement provisions

Response to R.14: Collective Bargaining is planned for Spring, 2019 with both the certificated and classified staff and these provisions will be addressed through the collective bargaining process.

R.15 Reduce employer cost of health insurance

Response to R.15: District staff now pays between 8-13% more in employee contributions to health insurance. The District realized expenditure reductions in 2015 by transitioning from a costly "self-insured" program to "fully funded" open consortium insurance. The self-insurance fund has been used by the district to offset the prior fiscal year 2018 deficit. The district will continue to seek options to make significant changes to its plan.

R.16 Eliminate 6.5 FTE custodial positions

R.17 Reduce temporary and overtime salary expenditures for buildings and grounds

Response to R.16-R.17: The District is in the process of addressing this is planning to work to balance maintenance and custodial staff in a manner consistent with best practices.

R.18 Develop a formal facilities preventive maintenance program

Response to R.18: The district has focused significant efforts in implementing electronic work order and tracking systems without cost to taxpayers and will continue to implement proactive and preventative facilities and grounds maintenance initiatives.

R.19 Develop a formal multi-year capital plan

Response to R.19: The District has formed a committee and is in the process of developing a 3-5 year plan.

R.20 Enhance internal control measures for T-Form Reporting

Response to R.20: The T-1 was reopened in July 2018 and corrections were made. An ongoing effort will be made in ensuring that the correct numbers are reported.

R.21 Right-size the active bus fleet

Response to R.21: The district has made reductions to its fleet over the last three years. This reduction includes moving JFK and Summit High Schools to buses that existed in the fleet. The transportation department currently operates twenty-five buses daily. For the 2016-2017 school year a retiring bus driver's route was absorbed into the current schedule attesting that we are always looking to reduce routes where we can.

Transportation services have been added in the best interests of providing transportation for all students in close proximity to the Middle and High Schools.

Riding time is a factor in our current routing and students are transported door to door which increases the ride time more than clustered group bus stops.

As of the end of the 2017-18 school year 1,561 students were transported per day. It is necessary to keep staffing as is to meet the level of service that parents need and expect.

Beginning with the 2016-17 school year the High School/Middle School bus routes were consolidated, which saved the district \$120,000 yearly.

R.22 Develop a formal fleet preventive maintenance plan

Response to R.22: The district has focused significant efforts in implementing electronic work order and tracking systems without cost to taxpayers and will continue to implement proactive and preventative fleet preventative maintenance initiatives.

R.23 Develop a data driven bus replacement plan

Response to R.23: Since the audit began, the District has purchased two new buses for the 2018-19 school year in an effort to begin the replacement plan as recommended by the audit.

R.24 Eliminate 16.8 daily labor hours from the food service operation

Response to R.24: The district works closely with the Food Service Management Company (FSMC) in analyzing expenditure reduction as well as increased revenue opportunities in an attempt to eliminate the reliance of Food Service on the General Fund. The district will meet with the FSMC to discuss staffing needs for future planning.

In summation, the District Performance Audit has provided valuable guidance on how to effectively reduce costs while maintaining district facilities and academic programming. The district is reviewing a number of cost saving measures to address our financial forecast and will continue all efforts to refine and reduce district expenditures as recommended by the Performance Audit Team in their report.

Sincerely,



Kevin Spicher
Superintendent



Rhonda Amorganos
Treasurer

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Dave Yost • Auditor of State

HOWLAND LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST, 21 2018