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BROOKLYN CITY SCHOOL DISTRICT PERFORMANCE AUDIT

JANUARY 31, 2000

EXECUTIVE SUMMARY

Project History

Pursuant to Ohio Revised Code Section 3316.042, the Auditor of State's Office may conduct a performance audit of a school district in a state of fiscal watch or fiscal emergency, and review any programs or areas of operations in which the Auditor of State believes that greater operational efficiencies or enhanced program results can be achieved.

The Auditor of State, Local Government Services Division (LGS) declared a \$2.5 million deficit for fiscal year ending June 30, 1999 and the Auditor of State placed Brooklyn City School District (BCSD) in fiscal emergency on April 28, 1999. Under Ohio Rev. Code Section 3316.03, the Auditor of State is required to declare that a school district is in a state of **fiscal emergency** if it is determined that: (1) under the law relating to potentially insolvent school districts, the Auditor has certified an operating deficit for the school district for the current fiscal year which exceeds eight percent of the district's General Fund revenue from the preceding year, (2) the unencumbered cash balance in the district's General Fund at the end of the prior fiscal year, less any advances of property taxes, was less than eight percent of the district's General Fund expenditures for such prior year, and (3) the district voters have not passed a levy that the Auditor of State expects to raise enough additional money in the next fiscal year so that the conditions described in items 1 and 2 above will not exist in the next fiscal year.

The analysis conducted of the Brooklyn City School District, by the Auditor of State (LGS), for the purpose of determining whether the district met the conditions outlined above disclosed the following:

1. An operating deficit of the General Fund, at June 30, 1999, in the amount of \$2.5 million. This amount exceeds eight percent of the general fund revenues for the prior fiscal year.
2. The district's unencumbered cash balance for the preceding fiscal year was a deficit of \$614,000. This amount is less than eight percent of the preceding fiscal year expenditures.
3. The district passed a 6.2 mill renewal levy in May 1999 which will generate annual revenue of \$2.175 million. Renewal of this levy does not provide new revenue and BCSD's FY 2000 fund balance is forecasted to be a deficit of \$3.13 million.

Pursuant to Ohio Revised Code Section 3316.041, the Auditor of State's Office initiated a performance audit of the Brooklyn City School District. Based upon a review of BCSD information

and discussions with the Superintendent and the Ohio Department of Education, the following four functional areas were selected for the performance audit:

- ! Financial Systems
- ! Human Resources
- ! Facilities
- ! Transportation

Planning for the performance audit began in May, 1999, and the actual performance audit was conducted primarily during the months of June, July and August, 1999.

The goal of the performance audit process is to assist the district and the Financial Planning and Supervision Commission (the Commission) in making decisions with the objective of eliminating the conditions which brought about the declaration of fiscal emergency. The performance audit is designed to develop recommendations which provide cost savings, revenue enhancements and/or efficiency improvements. Another objective of the performance audit is to perform an independent assessment of the district's financial situation, including development of a framework of a financial recovery plan. The recommendations contained within the performance audit will provide one major resource to the district and Commission in developing a financial recovery plan. However, the district and Commission are encouraged to assess overall district operations and to develop other recommendations not contained within the performance audit.

Financial Planning and Supervision Commission

As a result of the Auditor of State declaring BCSD in a state of fiscal emergency, and in accordance with Ohio Revised Code Section 3316.05, a Financial Planning and Supervision Commission was created. This Commission, by law, has broad fiscal and management authority to deal with BCSD's financial problems. Commission membership includes the following:

- ! the Mayor of the City of Brooklyn
- ! The Superintendent of Brooklyn City School District
- ! The Superintendent of Public Instruction or designee
- ! The Director of Budget and Management or designee
- ! An appointment of the Governor
- ! An appointment of the Mayor
- ! An appointment of the Superintendent of Public Instruction who shall be a parent of a child attending school in the district.

Ohio Revised Code Section 3316.06 requires the Financial Planning and Supervision Commission to adopt a financial recovery plan within 60 days of its first meeting. The fiscal emergency legislation stipulates that the plan must contain the following provisions:

- ! Eliminate the emergency fiscal conditions that prompted the Auditor of State's declaration of fiscal emergency
- ! Satisfy judgements and any past due payables and/or payroll and fringe benefits
- ! Eliminate deficits in applicable funds
- ! Restore to special funds any amounts borrowed or improperly used
- ! Balance the budget
- ! Avoid future deficits
- ! Stay current in all accounts
- ! Avoid future fiscal emergency conditions
- ! Restore the school district's ability to market long-term obligations.

The Commission has the following powers, duties and functions:

- ! Review or assume responsibility for the development of all tax budgets, tax levy and bond and note resolutions, appropriation measures, and certificates of estimated resources to ensure they are consistent with the financial recovery plan
- ! Inspect and secure pertinent documents
- ! Review, revise and approve determinations and certifications affecting BCSD made by the County Budget Commission or the County Auditor
- ! Bring civil actions to enforce fiscal emergency provisions

- ! Implement steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with the Auditor of State's rules
- ! Assume responsibility for all debt issues
- ! Make and enter into all contracts necessary or incidental to the performance of its duties
- ! Implement cost reductions and revenue increases to achieve balanced budgets and carry out financial recovery plan.

The Financial Planning and Supervision Commission is currently reviewing all monthly financial reports, and is monitoring the processes followed by BCSD for all expenditures. The Commission will continue in existence until the Auditor of State, or the Commission itself, determines that

- ! An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years
- ! All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred
- ! The objectives of the financial recovery plan are being met
- ! The BCSD Board of Education has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "nonadverse."

District Overview

The Brooklyn City School District (BCSD) is located adjacent to the City of Cleveland in Cuyahoga County. The district encompasses approximately 4.2 square miles and serves 1,353 students residing in the City of Brooklyn. The City of Brooklyn has a population of approximately 11,700. The district's average daily membership (ADM), per the October 1998 ADM count for FY 1998-99 is 1,353, approximately five percent higher than the previous fiscal year's ADM of 1,287. Prior to FY 1998-99, BCSD has exhibited a stable enrollment with only minor fluctuations in ADM. BCSD's student attendance rate is 94.2 percent, compared to the peer group average of 94.9 percent and the statewide average of 93.6 percent. The district's ninth grade proficiency passage rate is 50 percent which is significantly lower than the peer group average of 61 percent and the state average of 55 percent. BCSD met 10 of the 18 standards on the recently issued district report card, placing it in the category of continuous improvement.

BCSD's current financial difficulties are due in part to the unappropriated purchases of new phone systems and computers for approximately \$825,000 in FY 1995-96, decisions to grant wage increases and early retirement incentives in the collective bargaining agreement negotiated in FY 1996-97 and decisions to increase staff in FY 1997-98 despite the fact that the district had an operating deficit in the previous year. Some of these decisions were the result of administrators utilizing forecasts and budgets which overstated revenues and understated expenditures.

BCSD had a cash deficit of \$2.5 million on June 30, 1999, as certified by the Auditor of State. As a result, the district received \$2.5 million from the State Solvency Assistance Fund on May 7, 1999 and is obligated to repay \$1.25 million in FY 1999-00 and \$1.25 million in FY 2000-01. In addition to the increased debt ratio, the current financial forecast shown in **Table A-1** of the **Financial Systems** section of this report shows significant operating deficits from FY 2000 through FY 2004. The actual FY 1999 unencumbered cash balance was \$696,000. This balance was lower than originally projected by the district and is not sufficient to address the projected deficits which start at \$3.66 million in FY 1999-00 and are projected to reach \$9.52 million in FY 2003-04.

Voters in the City of Brooklyn have been generally supportive of the schools as evidenced by the fact that 50 percent of the tax issues placed on the ballot in the last ten years have been successful. As a result, BCSD receives revenues totaling \$8,265 per pupil, ranking it 31st out of the 611 Ohio school districts. However, in contrast to its revenues, per pupil expenditures in the district total \$9,261, which ranks it 11th highest in the state. Based upon the results of the performance audit and current expenditures per pupil, BCSD needs to make more efficient use of current financial resources before seeking additional tax revenues. The pattern of expenditures exceeding revenues has contributed to deficit fund balances in FY 1996-97 and FY 1997-98. Assuming a continuation of current expenditure patterns, the deficit balance is projected to grow to \$9.52 million in FY 2003-04.

As a labor intensive organization, BCSD expends approximately 84.4 percent of its operating budget to fund payroll and fringe benefit costs. Furthermore, while the district had a FY 1997-98 average teacher salary of \$41,397, approximately 43 percent of all teachers had calendar year gross earnings of over \$50,000 and more than 10 percent earned between \$60,000 and \$68,500.

For FY 1997-98, the district had General Fund operating expenditures which exceeded operating revenue by 11.8 percent. Analysis shows this deficit to be due primarily to unsound management decisions and poor financial forecasting in recent years. In addition, many areas of the district's financial operations were determined to contain significant internal control weaknesses and/or were noncompliant with various sections of the Ohio Revised Code. This trend will continue unless the district takes the current opportunity to reduce staffing levels and negotiate with its bargaining units fair and equitable contracts that do not place a greater burden on the taxpayers of the community.

In FY 1997-98 the district employed approximately 218 employees, including approximately 102 teachers. The total number of employees has increased by 30 percent since FY 1994-95. Generally, staffing levels appear to be high and exceed the peer district average by approximately 26 percent. The district has 41 traditional middle school classes and 37 traditional high school classes with 15 or fewer students. BCSD maintains a 19.9:1 student teacher ratio in elementary schools a 15.7:1 student teacher ratio in the middle schools and a 16.5:1 student/teacher ratio in the high schools.

An analysis of average salaries for BCSD shows that the certified employees are hired in at the second highest salary compared to the peer districts, and the district remains second highest at all key points on the teacher's salary schedule. While average custodial salaries are below the peer district average, maintenance personnel earn 30 percent more than the peer average salary. BCSD teachers averaged 6.4 sick days per teacher in FY 1997-98 and classified employees averaged 10.5 sick days per employee.

BCSD's annual insurance cost per employee is the second lowest when compared to the peer districts. The district's fringe benefit expenditures for certificated personnel are below the peer average and the statewide average. Fringe benefit expenditures for classified personnel are below the peer average and slightly above the statewide average. Currently, the board pays the employee portion for medical, dental and vision benefits for the administrative and exempted groups. In addition, the board also pays 9 percent and 9.3 percent respectively for the administrative and exempted groups' portion of STRS or SERS contributions.

BCSD operates two elementary schools, one middle school, one high school, one stadium, and one transportation facility. The average age of the four school buildings is approximately 50 years. In 1997, the Ohio Legislative Budget Office estimated that the cost to bring BCSD facilities to current design standards would be approximately \$23.8 million. In order to appropriately address educational needs and space availability, the district should formally adopt methodologies for projecting enrollments and functional capacity utilization. Based on current grade configurations, projected

enrollment increases of 1.2 percent per year, and planned class size reductions, school closures do not appear to be feasible. Enrollment projections and capacity analyses should be updated on a regular basis.

The district should also evaluate the adequacy of funding for future capital improvements. Currently, a 1.0 mill levy provides the district with approximately \$225,000 annually for permanent improvements. H.B. 412 set-asides for capital improvements should generate an additional \$484,000 over the next four fiscal years.

In FY 1997-98, the custodial staffing level resulted in one FTE for every 23,388 square feet. Each custodial/maintenance employee was responsible for maintaining 50,117 square feet, which is 35 percent less than the peer district average. As part of its expenditure reduction plan, the district temporarily reduced staffing by 5 FTE custodian/cleaners and 3 FTE custodial/maintenance employees which brought staffing more in line with peer averages and industry standards. BCSD has the highest amount of overtime paid per full-time custodian and tradesman when compared to the peer districts. While the district keeps track of overtime expenditures, it does not monitor reasons for its use.

In 1994, BCSD issued debt in the amount of \$4.2 million to complete several H.B. 264 energy conservation projects. In addition to lighting upgrades, temperature controls, and roof, window and door replacements, the district has also used H.B. 264 funds to purchase carpeting, computers, furniture, window treatments, treadmills and televisions which have no apparent link to energy conservation. The district has not complied with the requirement to document and certify energy consumption and cost savings information during the period for which H.B. 264 debt remains outstanding

In the area of transportation, BCSD's operating ratios for regular and special needs students appear high when compared to the peer districts. Approximately 1,132 students are eligible for transportation and the district operates 12 buses. The district has eight buses more than 12 years old and two which exceed the mileage criterion of 200,000 miles. The district needs to plan for the replacement of these buses at a cost of approximately \$450,000. However, the district does not have a long-term plan which addresses the replacement of the aging buses or which identifies potential funding sources.

Operationally, the regular per student transportation costs exceed the peer district average by approximately 41 percent. The per student transportation costs for special needs students exceed the peer district average by 43 percent. Reductions in transportation costs can be achieved by revising the transportation policy, increasing student capacity per bus and implementing payments in lieu of transportation for the parents of selected special needs students. Cost reductions may also result from more effective use of school bus transportation routing optimization software. If successfully implemented, this software could potentially reduce the bus fleet by 10 to 25 percent.

In order to achieve financial stability, BCSD faces several difficult challenges including the reduction of staff, curbing payroll and benefit costs, meeting statutory requirements such as House Bill 412 set-asides, while maintaining high standards for the education of its students. House Bill 412 establishes additional accountability standards for school districts and requires financial set-asides for critical educational items including textbooks and capital improvements. However, these state mandated set-asides have been eased beginning in FY 2000-01 which should have a favorable financial impact on the district in future years.

The district's negotiated agreements with both its certificated and classified employees expire in 2000. Prudent concessions by both unions, along with some structural changes and cost reductions by the district appear to be the most effective means for addressing the district's fiscal crisis. At a minimum, the district must examine its salary and benefit structure, staffing levels in both certificated and support service areas, and the size of potential cost of living increases as it approaches negotiations with both bargaining units.

The performance audit provides a series of recommendations with possible cost reductions, revenue enhancements, and redirected services or efficiency improvements which management should consider when making the important decisions necessary to maintain the educational standards BCSD has provided. The recommendations have the potential to dramatically improve the financial stability of the district without major tax increases.

Summary Result

The summary result of the performance audit is contained on pages 1-10 through 1-19. The summary result is followed by overall performance audit information including a definition of performance audits, the objectives and methodology of performance audits, and peer district comparisons of key information.

The performance audit examines four major areas of BCSD operations. A summary of background information, major findings, major commendations, major recommendations and financial implications is provided for each area. However, a thorough analysis of each of the four areas, including detailed findings and recommendations, is contained within the corresponding sections of this report. All interested parties are encouraged to read the entire report.

The results of this performance audit should not be construed as criticisms of BCSD management. The performance audit should be used as a management tool by BCSD, the Financial Planning and Supervision Commission, and the community to improve operations within the district. BCSD is facing a number of new legislative mandates which must be implemented and which could have financial implications. As BCSD addresses these issues, the performance audit provides a series of findings and recommendations which BCSD should consider in its decision-making process. Each section of the performance audit contains commendations concerning certain aspects of district operations which should not be diminished.

A table representing a summary of financial implications of the recommendations is presented on pages 1-20 through 1-21. However, the performance audit also contains a number of recommendations which may generate cost savings or result in enhanced service delivery within district operations and should not be overlooked. If implemented, these recommendations would improve the operational efficiency and effectiveness of BCSD in achieving its educational mission.

The performance audit is not a financial audit. Therefore, it was not within the scope of this work to conduct a comprehensive and detailed examination of BCSD's fiscal records and past financial transactions. However, copies of the financial audits are available through the Auditor of State's Office.

Financial Systems

This section focuses on the financial systems within BCSD. The objective is to analyze the current financial condition of the district, including an evaluation of the internal controls and develop recommendations for improvements and efficiencies. Within this section, the district's financial forecast is assessed for reasonableness and an additional forecast is presented representing the auditor of state's assessment of the district's financial condition.

Background: Because the district was facing a \$2.5 million operating deficit in FY 1998-99 that met all the conditions identified in ORC § 3316.03, the Auditor of State placed BCSD in fiscal watch. ORC § 3316.04 requires the Auditor of State to declare a school district to be in state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent within 60 days of being placed in fiscal watch. After being placed in fiscal watch, the board adopted a resolution stating that it would be unable to submit an acceptable plan within the statutory period. As a result, on April 28, 1999, the Auditor of State declared BCSD to be in a state of fiscal emergency. While in fiscal emergency, a financial planning and supervision commission has been formed and given oversight authority to balance the district's budget.

Findings: BCSD's current financial difficulties appear to be the result of unappropriated purchases of new phone systems and computers for approximately \$825,000 in FY 1995-96, decisions to grant wage increases and early retirement incentives in the collective bargaining agreement negotiated in FY 1996-97 and decisions to increase staff in FY 1997-98 despite the fact that the district had an operating deficit in the previous year. Some of these decisions were due, in part, to administrators utilizing forecasts and budgets which overstated revenues and understated expenditures.

A financial forecast was prepared by the district in May 1999 to model the effects of the recovery plan. This forecast projects the district achieving a positive unencumbered cash balance of \$1.7 million by FY 2002-03. However, the forecast does not accurately project the requirements of H.B. 412 and it includes revenue in the general fund which does not comply with ORC § 5705.10. Additionally, the district's forecast does not project general fund transfers when past history would suggest otherwise.

Appendix A, Table A-1 presents a forecast for the district assuming no material changes in operating expenditures or revenues. This forecast projects an operating fund deficit of \$9.5 million by FY 2003-04. Differences between **Table A-1** and **F2.2** include the fact that revenues are projected based on past history, expenditure reductions associated with the recovery plan are not incorporated, legislative requirements have been adequately incorporated and transfers/advances are projected based on past history to cover deficits in the enterprise funds. A second forecast is presented in **Appendix B, Table B-1** which incorporates the performance audit recommendations, including savings and implementation costs, and could serve as a framework for the district's financial planning and supervision commission as it develops the financial recovery plan. Lines have been added to the

forecast to accommodate expenditure reductions associated both with the District’s recovery plan and the recommendations identified in this performance audit.

Approximately 86 percent of the district’s total revenues are derived from local sources. In total, BCSD receives revenues of approximately \$8,625 per pupil, which ranks 31st out of 611 school districts in the state. In the same analysis, the district’s expenditures per pupil of \$9,261 ranked 11th out of the 611 school districts in the state.

Many areas of the district’s fiscal operations were determined to contain significant internal control weaknesses and/or were noncompliant with various sections of the ORC. Examples of these situations include inconsistent and inaccurate coding practices, the inability to reconcile cash, not adopting formal budgets, improperly filing “412” certificates, and allowing purchases to be made without encumbering the funds beforehand.

Because school districts have limited resources, their allocation between the functions of a district is an important aspect of the budgeting process. An analysis of expenditures posted to various USAS function codes indicates that BCSD allocated approximately 44 percent of its total costs towards support services and 50 percent towards instruction. The peer averages for costs relating to support services and instruction were approximately 40 and 55 percent respectively.

Recommendations: The district should develop detailed five-year forecasts with accompanying assumptions and notes for major operating, capital and debt funds. A detailed financial forecast will allow the board, the commission, the administrators and the public to better understand BCSD’s financial condition.

Before asking the local community for additional tax dollars, the district should first show that it is accountable by documenting the reductions made as a result of the financial recovery plan and the performance audit. The forecast shown in **Appendix B, Table B-1** projects recovery for the district, assuming that its existing revenues are maintained and that it aggressively implements the reductions identified in the fiscal recovery plan.

While the district met 10 of the 18 report card standards defined in H.B. 650, there are many areas where BCSD could improve. To accomplish this, the district should reallocate the monies it is currently receiving towards those programs which will have the greatest impact on improving the student’s education and proficiency test results. Other significant recommendations include the following:

- ! Perform a thorough review of the current account code structure
- ! Identify and reconcile the reasons for the current cash variance
- ! Adopt formal budgets within the time frames established by ORC and board policy
- ! Prevent purchases from being made in advance of securing a valid purchase order.

Human Resources

Background: The human resources section evaluates the number, makeup and compensation of BCSD employees. Primary functions of the human resources department (HRD) are recruiting and selecting employees, monitoring compliance with employment standards, facilitating employee performance evaluations, administering and monitoring the district's grievance policies and procedures, conducting disciplinary hearings, negotiating and administering labor contracts, placing substitutes and maintaining job descriptions. The department has 1.66 full time equivalent employees (FTE) and uses the EMIS and payroll system to assist in servicing the district personnel needs.

Findings: BCSD does not currently use a human resource information system (HRIS). Approximately 51.3 percent of BCSD's total FTEs are direct instructional personnel. In addition, BCSD has the highest number of FTEs in 17 categories and the highest total FTEs per 1,000 students enrolled at 169.6 compared to the peer district average of 112.1. Approximately 100 percent of both the middle and high school teachers teach three blocks or five periods respectively. BCSD maintains a 19.9:1 student teacher ratio in elementary schools a 15.7:1 student teacher ratio in the middle schools and a 16.5:1 student/teacher ratio in the high schools. Although the average salary for teachers is the second lowest when compared to the peer districts, BCSD has the highest beginning salary for teachers with bachelors degrees. Additionally, the district negotiated a revised salary schedule which added the category of a Master's/Bachelors plus 36-hours. The district spent approximately \$227,586 for supplemental pay.

BCSD, spent \$147,473 on substitute services for FY 1997-98 including \$90,154 in teacher substitute costs. An analysis of substitute teaching days, shows that the district required a substitute teacher for approximately 3.7 percent of the total teaching days for FY 1997-98. BCSD's average sick days per teacher (6.4) and per classified employee (10.7) were the highest when compared to the peer district averages of 5.7 and 7.3 days, respectively.

The district currently utilizes two health care plans, Medical Mutual of Ohio (which is a traditional plan) and Kaiser Permanente (which is a Health Maintenance Organization). Full-time employees are required to contribute five percent toward the premium cost for either plan. Part time employees are required to contribute towards the monthly premium based on the number of hours worked per year and are only eligible for single coverage. BCSD's annual insurance cost per employee is the second highest among the peer districts at \$5,185 which is slightly lower than the 1998 state average cost per covered employee of \$5,376 as estimated by the State Employee Relations Board. The district pays the employee portion for medical, dental and vision benefits for the administrative and exempted groups. In addition, the board also pays 9 percent and 9.3 percent respectively for the administrative and exempted groups' portion of STRS or SERS.

When compared to the peer districts, BCSD has the highest experience modifier and premium cost per employee for workers' compensation. BCSD also has the highest number of medical claims filed

per employee. The district has enrolled in the Bureau of Workers' Compensation premium discount program (PDP). However, the district has not yet implemented a return to work program for the purpose of controlling workers' compensation costs.

The Brooklyn Education Association specifies a total of 186 contract days comprising 178 instructional days, four in-service days, two parent-teacher conference days and two paid holidays. Teachers receive three personal leave days which are converted to sick leave if they are not used. The contract indicates that teachers with five years of service may be granted sabbatical leave for one or two semesters. BCSD compensates employees for a minimum of two hours for all emergency call-in situations. Additional compensation is provided for hours worked in excess of the minimum. The Brooklyn Classified Employees contract prohibits the district from subcontracting work which would cause an employee to be laid off. The contract indicates that the board reserves the right to direct the workforce. Classified employees may take their accumulated vacation after one full year of service, but vacation days may not accumulate from year to year. Additionally, detailed descriptions of the grievance process are contained in both contracts.

Commendations: BCSD, in cooperation with the teachers, has effectively and efficiently structured the teachers' work day. The district has implemented a graduated benefit scale designed to prorate the contributions required by part-time employees. BCSD encourages continued growth and development of certificated employees through the professional growth program. Offering a lump sum buyout incentive to certificated employees who elect to retire in the first year of eligibility and notify the district by March 15th, enables the district to identify staffing needs for the following school year. Requiring teachers to teach in the district for three years upon returning from sabbatical leave helps to ensure that the district benefits from the transfer of knowledge. The establishment of a "use it or lose it" policy for vacation days encourages the annual use of earned vacation. In addition, it limits the accumulation of excessive vacation days and the potential financial liability for the district. Establishing a maximum of five days to file grievances, precludes duplicate grievances from being filed. Additionally, contract language providing management with decision-making power in regard to managing the employee work force allows the district more flexibility to make sound personnel decisions

Recommendations: The performance audit identified staffing levels in areas the district should review for possible staff reductions. The following table summarizes areas where staffing levels should be reviewed when evaluating alternatives to deal with potential operating deficits in future years. BCSD should develop procedures to monitor and improve productivity to offset the operational impact of staff reductions.

Staff Reductions by Position				
Classification of Position	Basis	Section Number	Number Reduced	Estimated Savings
Educational service personnel	Establishing educational service personnel staffing levels comparable to peer district	3	2-4	\$107,632 - \$215,264
Library/media aides	Establishing library/media aide staffing levels comparable to peer districts	3	1	\$24,800
Teaching aides	Establishing teaching aide staffing levels comparable to peer districts	3	4	\$97,385
Food service	Establishing food service staffing levels comparable to peer districts	3	5	\$55,338
Monitors	Establishing monitor staffing levels comparable to peer districts	3	9	\$132,203
Total			21 - 23	\$417,358 - \$524,990

Because of its financial situation, BCSD needs to complete a comprehensive staffing analysis to determine which departments are overstaffed. However, specific personnel reduction restrictions identified in the contract may preclude the district from reducing the work force for business, educational or financial reasons and should be modified.

BCSD should initiate efforts to define requirements for selecting and implementing a HRIS solution to meet the HRD’s critical business needs. Reducing sick leave taken by teachers by one or two days could save BCSD approximately \$7,386 to \$14,772 annually in substitute costs. Also, reducing the sick leave used by classified employees by four, five or six days could save the district approximately \$20,382 to \$30,573 annually. BCSD needs to make managing and reducing the amount of sick leave taken a high level of priority among the district’s administration. Other significant recommendations include the following:

- ! Require employees in the administrative and exempted groups pay the appropriate employee portion of the benefits
- ! Establish a joint insurance committee on a permanent basis whose primary purpose would be to review the health insurance programs and their associated costs
- ! Require the employees in the administrative and exempted groups to pay the employee portion of STRS or SERS
- ! Implement performance measures to evaluate the training programs in accordance with professional leave

- ! Re-negotiate language in the union agreement requiring specific personnel reduction restrictions
- ! Reduce the filing time for teacher grievances to within 10 days of the act or condition

Financial Implications: It is estimated that the implementation of all the recommendations in this section of the report would result in an annual savings of approximately \$605,139 to \$802,900. Implementation costs would total approximately \$11,125. In addition, a cost avoidance of approximately \$117,197 to \$147,156 would be achieved from reduced sick leave severance payments.

Facilities

Background: The facilities support staff is responsible for maintaining Brooklyn City School District's (BCSD) facilities. The district consists of 4 schools, 1 stadium complex, and 1 transportation center which total 350,818 square feet. The average age of the school buildings is approximately 50 years. In FY 1998-99, the facilities support staff consisted of 25.4 full-time equivalent (FTE) employees and had an annual budget of approximately \$1.3 million. In 1990, the Ohio Public School Facility Survey estimated it would cost about \$15.2 million to repair and upgrade BCSD's facilities to the minimum codes for health and safety. In July 1997, the Ohio Legislative Budget Office (LBO) updated the figures from the 1990 survey and estimated the current cost to repair the district's facilities to be approximately \$23.8 million.

Findings: The voters of BCSD have been generally supportive, passing permanent improvement levies for more than 20 consecutive years. The current 1.0 mill levy provides the district with approximately \$225,000 annually to fund capital improvements. The district does not have a capital improvement plan to guide how the levy revenue will be used.

In the last 10 years, BCSD's student population has increased by 133 students. The student population reached its height at 1,353 students during the 1997-98 school year. The district does not develop enrollment projections. According to the Ohio Department of Education's projections, the district's enrollment will increase by an average of 1.2 percent, or 17 students per year, over the next nine years. The district has not examined building capacity and utilization for several years. Based on the current building configurations, all of the schools are operating below capacity. However, with the current configuration of the schools, the projected increase in enrollment, and a plan to reduce class size, school closures do not appear to be feasible.

In 1994, BCSD issued debt in the amount of \$4.2 million to complete several H.B. 264 energy conservation projects. In addition to lighting upgrades, temperature controls, and roof, window and door replacements, the district has also used H.B. 264 funds to purchase carpeting, computers, furniture, window treatments, treadmills and televisions which have no apparent link to energy conservation. The district has not complied with the requirement to document and certify energy consumption and cost savings information during the period for which H.B. 264 debt remains outstanding.

The custodian/cleaners are responsible for cleaning the facilities and are supervised by the principals and the director of business affairs. In FY 1997-98, the custodial staffing level resulted in one FTE for every 23,388 square feet. As part of its fiscal recovery plan, the district temporarily reduced the number of custodian/cleaners by 5 FTEs for FY 1999-2000. Unlike custodial staffs in other districts, BCSD's custodian/cleaners are not responsible for opening and closing the buildings, maintaining the grounds, or completing minor maintenance. Their scope of work is limited to cleaning the facilities. Custodian/cleaners and maintenance staff are paid overtime for all hours worked in excess of 37.5 hours in one week and for all time worked beyond 7.5 hours in one day. As a result, BCSD has the highest amount of overtime paid per full-time custodian and tradesman when compared to the peer districts. The district keeps track of how much is spent on overtime, but does not monitor reasons for its use.

The maintenance staff consists of seven custodial/maintenance employees and two buildings and grounds/maintenance employees. In FY 1998-99, each custodial/maintenance employee was responsible for maintaining 50,117 square feet, which is 35 percent less than the peer district average. In FY 1999-2000, as part of its fiscal recovery plan, BCSD reduced the number of custodial/maintenance positions by 3 FTEs, increasing the amount of square feet maintained to 88,705 per worker. The current work order processing system limits management's ability to make effective decisions regarding the needs of the maintenance department. The district does not know how many work orders are currently outstanding, and it has not established a method to monitor worker productivity. The custodial/maintenance employees are responsible for completing all the preventive maintenance in the district. However, the district does not have a written preventive maintenance schedule detailing when each task is to be performed, nor does it have a log book to record when the preventive maintenance tasks are completed. In addition to completing repairs, the custodial/maintenance employees are required to perform weekend building checks year round on Saturdays, Sundays and holidays.

Commendations: In an effort to reduce utility costs, the district began purchasing self-help gas in 1995 which has led to a savings of more than \$16,000 in FYs 1997-98 and 1998-99. In February 1998, the district joined the Energy for Education program and is expected to save approximately \$219,000 on electrical energy costs over the next 8 years.

Recommendations: A multi-year capital improvement plan should be developed to help ensure the most critical repair work is completed as funds become available. The district should also develop a comprehensive facilities plan (CFP) which contains a variety of information including district demographics and community characteristics, enrollment projections, capacity and space utilization analyses, and facility evaluations. The information in the CFP should be used to determine the appropriate number of school buildings needed to house the current and projected student populations. Before the district decides to reinstate any of the reduced custodian/cleaner positions, a methodology should be developed to allocate custodian/cleaners to buildings using quantitative data to determine the most efficient staffing level. Based on the limited scope of work performed by the

custodian/cleaners, the district may not need to reinstate any of the positions. In an effort to reduce facilities support staff overtime expenditures, the district should try to increase the length of the work from 37.5 hours to 40 hours and try to revise the classified substitute provision during the next round of union contract negotiations. The district may not need to reinstate any of the custodial/maintenance positions after its financial situation improves. Previously, the district was overstaffed in this area. The district should revise its work order processing system in an effort to increase efficiency and reduce operating costs.

Other significant recommendations include the following:

- ! Monitor overtime costs and reasons for its use
- ! Require the custodial/maintenance employees to keep daily logs documenting how their work days are spent
- ! Develop and implement a planned preventive maintenance program for the facilities
- ! Discontinue the weekend building inspections made by the custodial/maintenance employees

Financial Implications: It is estimated that the recommendations in this section of the report would result in an annual cost savings of \$19,220 to \$21,192. Estimates by the Ohio Legislative Budget Office place the capital cost to upgrade the district's facilities to current design standards at approximately \$23.8 million.

Transportation

Background: In FY 1997-98, BCSD provided transportation services to approximately 886 students utilizing various means of transportation. On a daily basis, district buses for the regular transportation program carried an estimated 751 public and 108 non-public students, while 97 non-public parents/guardians received payments "in lieu of transportation." Special transportation services were required for 27 special needs students, with 85 percent of the students being transported on district buses. In total, district buses traveled 182,460 miles on nine regular needs routes, one special needs and one pre-school transportation route. Through the use of 11 buses and one spare, approximately 68 percent of all BCSD students were bused. The transportation department is staffed with 15 employees and FY 1997-98 expenditures totalled \$524,117 for home-to-school transportation.

Findings: State law requires school districts to provide transportation for students in grades K-8 who live more than two miles from their assigned school. The BCSD transports all students in grade kindergarten, regardless of distance, and students in grades 1-8 who live more than three-tenths of a mile from the school in their designated attendance area. While it is the policy of the BCSD to provide transportation to students in grades 9-12 who live more than two miles from the school in their designated attendance area, the district does not currently transport these students. However, the district provides payment in lieu of transportation to parents of non-public students, grades 9-12.

BCSD does not use routing software to design bus routes. Instead, routes are manually adjusted from historically developed cluster and corner stops. Based on the information provided on the T-1 Form, the BCSD's bus fleet is operating at 81 percent of capacity, with 88 percent of transportation routes scheduled with one or two runs. In an attempt to reconcile data reported to the Ohio Department of Education, the district could not provide the source of documents used to compile student transportation counts. As a result, it is estimated that regular needs transportation totals are lower than reported which may affect bus capacity estimates.

The district's average cost to transport a regular transportation student is \$494, while the average cost to transport a special needs student is \$3,103. Peer district averages for regular and special needs transportation are \$340 and \$3,203 respectively. BCSD's regular needs transportation cost on a district bus (\$531) and cost per bus (\$50,642) are the highest of the peer districts. Peer district averages are \$362 and \$35,064 respectively. For special needs transportation, BCSD has the highest contracted rates for other vehicles (\$8,888) and taxi services (\$10,334) with the peer district averages at \$5,364 and \$6,429 respectively. With a relatively small transportation staff, the department experiences a high rate of absenteeism and sick leave usage, averaging 9.9 sick days a year per employee. The high levels of absenteeism and sick leave usage are factors that contribute to the high amount of overtime, totaling \$31,689 for transportation employees in FY 1997-98. Approximately \$7,500 was paid to the one full-time mechanic and \$5,700 was paid to a senior bus driver to provide key day-to-day services in the absence of the transportation supervisor.

Buses in BCSD's fleet have an average age of 11.1 years and 8 exceed the age or mileage parameters for replacement. Fuel is purchased from a local service station and the district does not take advantage of available refunds of federal excise taxes. The district's opportunities for privatization in the area of transportation were determined to be moderate.

Commendations: BCSD's cost per student on district special needs buses of \$3,103 is among the lowest of its peer districts, with Columbia, Rocky River and Sheffield-Sheffield Lake City School Districts at \$4,098, \$3,445, and \$2,168 respectively. The district utilizes a cooperative for the purchase of new buses to reduce bid costs and maximize volume purchasing benefits.

Recommendations: BCSD should assess the implications of the board policies that allow for the provision of transportation to students above state minimum standards and should ensure that students attending public and non-public schools are transported using the same criteria. The district should also consider purchasing automated routing software to test various route and bell schedule modules to ensure that bus capacities and driver hours are optimally utilized.

The district should develop procedures to ensure that accurate state reports are prepared when determining the number of students transported on district buses and that supporting documentation for reported data is secured. BCSD should also consider implementing incentive programs to reduce sick leave usage and should take steps to decrease the amount of overtime paid to transportation personnel.

Other significant recommendations include the following:

- ! Exploring more cost effective methods of delivering its special needs transportation services by actively seeking price quotations from special needs transportation providers, evaluating the feasibility of providing this service internally, and increasing the use of parental contracts.
- ! Including transportation personnel in the IEP process for students who require transportation services.
- ! Implementing a preventive maintenance program to extend the useful life of district buses.
- ! Filing IRS Form 843 to recover federal excise tax paid on bus fuel.
- ! Making more effective use of available software and technology.

Financial Implications: It is estimated that the implementation of the recommendations in this section of the report would result in annual cost reductions of \$115,973 to \$162,351 with minimal implementation costs of \$20,000. In addition, there are associated cost avoidances of not having to replace buses totaling an estimated \$110,000 to \$165,000. Additional revenue includes \$6,479 for the reimbursement of federal excise tax for fuel purchases. The actual versus estimated annual costs savings could vary greatly depending on the total number of buses reduced due to changes in transportation policies and efficiencies in routing. Therefore, the magnitude of the cost savings associated with some recommendations would be greatly affected by the implementation of other interrelated recommendations.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which the BCSD and the Fiscal Planning and Supervision Commission should consider. Certain of the recommendations are dependent on labor negotiations or community approval. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Estimated Revenue Enhancements, Cost Savings, Cost Avoidance and Implementation Costs					
Ref. No.	Recommendations From All Sections	Revenue Enhancements	Cost Savings	Cost Avoidance	Implementation Costs
	<i>Financial Systems</i>				
R2.10	Reduce discretionary spending		\$275,000		
	<i>Human Resources</i>				
R3.1	Implement a HRIS				\$11,125
R3.4	Establish educational service personnel staffing levels comparable to peer districts		\$107,632 - \$215,264		
R3.5	Establish library/media aide staffing levels comparable to peer districts		\$24,800		
R3.6	Establish teaching aide staffing levels comparable to peer districts		\$97,385		
R3.7	Establish food service staffing levels comparable to peer districts		\$55,338		
R3.8	Establish monitor staffing levels comparable to peer districts		\$148,728		
R3.11	Reduce sick leave usage by certificated staff		\$7,386-\$14,772		
R3.13	Reduce sick leave usage by classified staff		\$20,382-\$30,573		
R3.16	Increase employee contributions toward health care premiums		\$44,993-\$137,545		
R3.18	Require administrative and exempted groups to contribute employee portion of SERS and STRS		\$98,494		
R3.24	Implement a reduced payout of sick leave severance for certificated staff			\$103,772 - \$129,287	

Estimated Revenue Enhancements, Cost Savings, Cost Avoidance and Implementation Costs					
Ref. No.	Recommendations From All Sections	Revenue Enhancements	Cost Savings	Cost Avoidance	Implementation Costs
R3.31	Implement a reduced payout of sick leave severance for classified staff			\$13,425 - \$17,869	
	<i>Facilities</i>				
R4.9	Reduce custodian/cleaner overtime		\$2,445 - \$3,435		
R4.16	Reduce custodial/maintenance overtime		\$8,675 - \$9,657		
R4.19	Discontinue weekend building inspections		\$8,100		
	<i>Transportation</i>				
R5.2	Implement software to improve routing efficiency		\$89,956 - \$134,934	\$165,000	
R5.6	Explore less costly options for contracted special needs student transportation		\$12,760		
R5.8	Reduce overtime for bus drivers		\$2,800 - \$4,200		
R5.12	Reduce mechanic overtime by hiring a part-time mechanic		\$3,978		
R5.13	File for refund of federal excise tax for fuel purchases	\$6,479			
R5.14	Purchase and implement routing software				\$20,000
	Total Annual Range	\$6,479	\$1,008,852 - \$1,274,963	\$227,197 - \$312,156	\$20,000

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

Objectives and Scope

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function or activity to develop findings, conclusions and recommendations. Performance audits are usually classified as either economy and efficiency audits or program audits.

Economy and efficiency audits consider whether an entity is using its resources efficiently and effectively. They attempt to determine if management is maximizing output for a given amount of input. If the entity is efficient, it is assumed that it will accomplish its goals with a minimum of resources and with the fewest negative consequences.

Program audits normally are designed to determine if the entity's activities or programs are effective, if they are reaching their goals and if the goals are proper, suitable or relevant. Program audits often focus on the relationship of the program goals with the actual program outputs or outcomes. Program audits attempt to determine if the actual outputs match, exceed or fall short of the intended outputs. This audit was primarily designed as an economy and efficiency audit.

The objectives of performance audits may vary. The Auditor of State's Office has designed this performance audit with the objective of reviewing systems, organizational structures, finances and operating procedures to develop recommendations for reducing operating costs, increasing revenues or improving efficiency. Specific objectives of this performance audit are to:

- ! Identify opportunities for improving district effectiveness, responsiveness and quality of service delivery which is cost beneficial.
- ! Identify opportunities for improving district procedures, work methods and capital asset utilization which should result in higher quality and/or reduced costs.
- ! Determine if the current district organization is flexible and effectively structured to meet future demands.
- ! Evaluate financial policies and procedures and provide recommendations for enhanced revenue flows, expenditure reduction ideas or alternative financing techniques.
- ! Assure administrative activities are performed efficiently and effectively without unnecessary duplication.
- ! Determine if support activities are sufficient to meet educational objectives.
- ! Ensure education goals and objectives are supported by the administrative organization.
- ! Ensure the administrative hierarchy does not diminish teacher effectiveness.
- ! Perform an independent assessment of the district's financial situation including developing a framework of a financial recovery plan.

The performance audit topics focus primarily on the system/business side of school district operations. By focusing on systems, the audit provides the districts with alternative recommendations intended to enable the districts to operate more efficiently and economically. Certain systems are not

operating effectively and do not support the mission of education. Enhancements to these systems will assist in improving the delivery of educational services to students.

The performance audit on the Brooklyn City School District covers the following areas of operation:

- ! Financial Systems
- ! Human Resources
- ! Facilities
- ! Transportation

These particular areas were selected pursuant to discussions with the district and the Department of Education. Within school district operations, these areas are important to assess because they typically are major cost centers and have the potential to create a significant financial or operational risk.

Methodology

To complete the performance audit, auditors gathered and assessed a significant amount of data pertaining to BCSD, conducted interviews with various groups associated with BCSD and conducted interviews and assessed information from the peer districts along with other school districts. The methodology is further explained below.

Use of previous studies, reports and other data sources

In assessing the various performance audit areas, BCSD was asked to provide any previous studies or analyses already prepared on the subject areas. In addition to assessing the information, the auditors spent significant amount of time gathering and assessing other pertinent documents or information. Examples of the studies, reports and other data sources which were studied include:

- ! BCSD's annual reports of FY 1995-96, FY 1996-97, FY 1997-98 and general ledger for the period July 1998 through May 1999
- ! Actual taxes received for June 1999
- ! Board Policy Manual
- ! Board minutes including appropriation resolutions and amendments
- ! Ohio Revised Code and Administrative Code
- ! Various contracts with vendors and competitive contracting proposals
- ! Negotiated union contracts
- ! Current organizational charts, various policy and procedure manuals and departmental handbooks
- ! Various reports provided by the Department of Education and Educational Management Information System (EMIS)

- ! Prior studies conducted on the district, including the staffing service study performed by the Ohio Department of Education - 1998; the Ohio Public School Facility Survey performed by the Ohio Department of Education - 1990, updated 1997; and the Financial Accounting Report performed by Auditor of State's Local Government Services - 1999
- ! American School and University's 26th annual Maintenance and Operating Cost Study
- ! Financial forecasts
- ! Reports regarding the State Emergency Loan Program and State Subsidy Fund

Interviews, Discussions and Surveys

Numerous interviews and discussions were held with many levels and groups of individuals involved internally and externally with BCSD. These interviews were invaluable in developing the overall understanding of BCSD operations, and in some cases, were useful sources in identifying concerns with BCSD operations and in providing recommendations to address these concerns. Examples of the organizations and individuals which were interviewed include:

- ! Teachers, principals, directors, and administrators
- ! Heads of the two unions
- ! The Ohio Department of Education
- ! Representatives for the Cuyahoga County Auditor
- ! An employee of the Ohio School Council
- ! Representatives from other school districts including Columbia LSD, Rocky River CSD, and Sheffield-Sheffield Lake CSD

Benchmark Comparisons with Other Districts

Three other school districts, Columbia Local School District, Rocky River City School District and the Sheffield-Sheffield Lake City School District, were selected to provide benchmark comparisons with BCSD. Performance indicators were established for the various performance audit areas to develop a mechanism to compare how effectively and efficiently BCSD is providing the necessary functions. The information was gathered primarily through information contained within the State of Ohio Educational Management Information System ("EMIS") and information provided by the selected peer districts named above.

Certain other performance audits had information or suggested procedures which were used where applicable. These suggested procedures were selected to provide certain benchmark comparisons with BCSD regarding employees wages and benefits, and transportation.

Comparative Districts

One important component of a performance audit is the selection of peer districts. The peer groups provide an ability to compare information and statistics while providing benchmarking data. The peer group selection for this performance audit includes Columbia Local School District, Rocky River City School District, and Sheffield-Sheffield Lake City School District. These districts were selected as peer districts because of similar demographic statistics. The peer district average includes Brooklyn City School District. The statewide average includes all school districts located within the state of Ohio. Certain information contained within the Executive Summary may differ from the individual sections due to the timing of the data from the Department of Education.

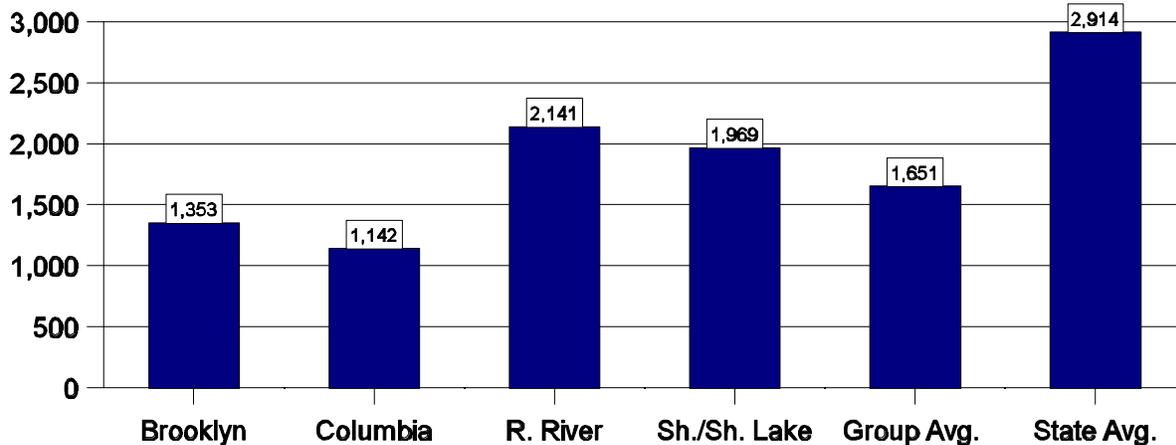
Brooklyn’s average daily membership (ADM) was 1,353 in fiscal year 1998. This is the second lowest among the peer districts and 18 percent lower than the group average in fiscal year 1998. Over the four year trend period, only Brooklyn and Rocky River experienced an increase in ADM. Brooklyn’s 7.6 percent increase over the four year trend period was almost 5 times greater than the group average for this period. The state average increased 1.5 percent for the four year trend period. ADM differs from standard enrollment in that it makes adjustments for Kindergarten, Special and Vocational Education students.

Average Daily Membership					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	1,258	1,284	1,287	1,353	7.6%
Columbia	1,189	1,158	1,175	1,142	(4.0%)
Rocky River	1,970	2,031	2,070	2,141	9.0%
Sheffield-Sheffield Lake	2,057	2,019	2,023	1,969	(4.3%)
Group Avg.	1,619	1,623	1,639	1,651	2.0%
State Avg.	2,870	2,876	2,920	2,914	1.5%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Average Daily Membership

Fiscal Year 1998



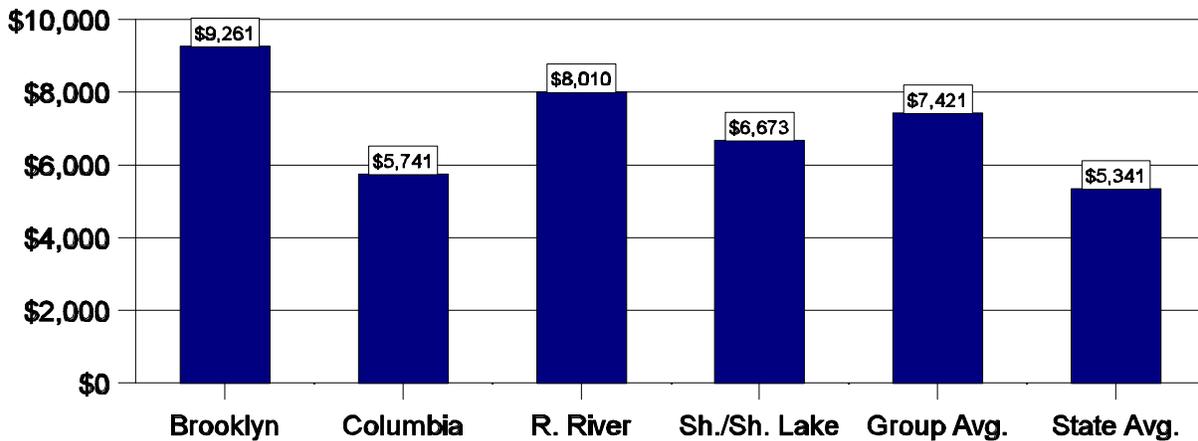
Brooklyn’s expenditures per pupil were the highest among the peer districts in fiscal year 1998. At \$9,261, Brooklyn’s spending was nearly 25 percent higher than the group average, and 73.4 percent higher than the state average in fiscal year 1998. In addition, with a 20.5 percent increase over the four year trend period, Brooklyn had the highest increase in expenditures per pupil for both the peer district and state averages.

Expenditure Per Pupil					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	\$7,683	\$8,082	\$9,039	\$9,261	20.5%
Columbia	\$4,968	\$5,153	\$5,485	\$5,741	15.6%
Rocky River	\$7,364	\$7,620	\$8,177	\$8,010	8.8%
Sheffield-Sheffield Lake	\$5,675	\$5,642	\$6,139	\$6,673	17.6%
Group Avg.	\$6,423	\$6,624	\$7,210	\$7,421	15.5%
State Avg.	\$5,391	\$5,466	\$5,939	\$5,341	(0.9%)

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Expenditure Per Pupil

Fiscal Year 1998



Brooklyn’s average revenues per pupil were \$996 lower than its corresponding expenditures per pupil in FY 1997-98. Brooklyn experienced the only decrease in revenues per pupil of the peer districts during the four year trend period, ending fiscal year 1998 at \$8,265 per pupil. While Brooklyn’s revenues per pupil were 12.4 percent higher than the group average in fiscal year 1998 and decreased by 1.3 percent over the four year trend period, the group average rate increased 14.5 percent. At \$5,739, the state average revenue per pupil for FY 1998 was \$1,612 less than the group average. The state average also increased at a rate 59 percent less than the group average over the four year trend period. Revenues per pupil include all funds.

Revenue Per Pupil					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	\$8,372	\$9,124	\$9,665	\$8,265	(1.3%)
Columbia	\$4,924	\$5,161	\$5,362	\$5,700	15.8%
Rocky River	\$7,716	\$7,514	\$7,877	\$8,247	6.9%
Sheffield-Sheffield Lake	\$4,662	\$5,214	\$6,361	\$7,190	54.2%
Group Avg.	\$6,419	\$6,753	\$7,316	\$7,351	14.5%
State Avg.	\$5,403	\$5,612	\$5,995	\$5,739	6.2%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

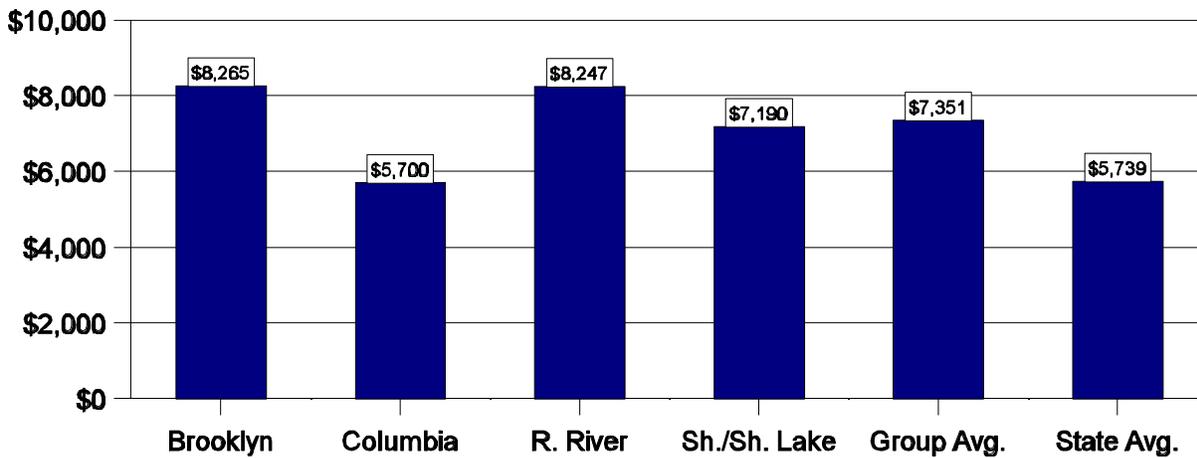
Brooklyn exhibited the second highest percentage of students receiving Temporary Assistance for Needy Families (TANF) among the four peer districts in fiscal year 1998. In FY 1998, the district's 5.9 percent of students receiving TANF was 28.3 percent higher than the group average but 60.9 percent lower than the state average. While both the state and the group averages have decreased over the four year trend period, Brooklyn has experienced the second greatest increase in percentage of TANF in the comparison group.

Percent Receiving Temporary Aid to Needy Families (TANF)					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	5.4%	6.4%	6.4%	5.9%	9.3%
Columbia	4.7%	5.5%	5.2%	4.3%	(8.5%)
Rocky River	1.4%	1.6%	1.6%	1.6%	14.3%
Sheffield-Sheffield Lake	6.2%	6.8%	6.5%	6.4%	3.2%
Group Avg.	4.4%	5.1%	4.9%	4.6%	4.5%
State Avg.	16.6%	16.6%	15.9%	15.1%	(9.0%)

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

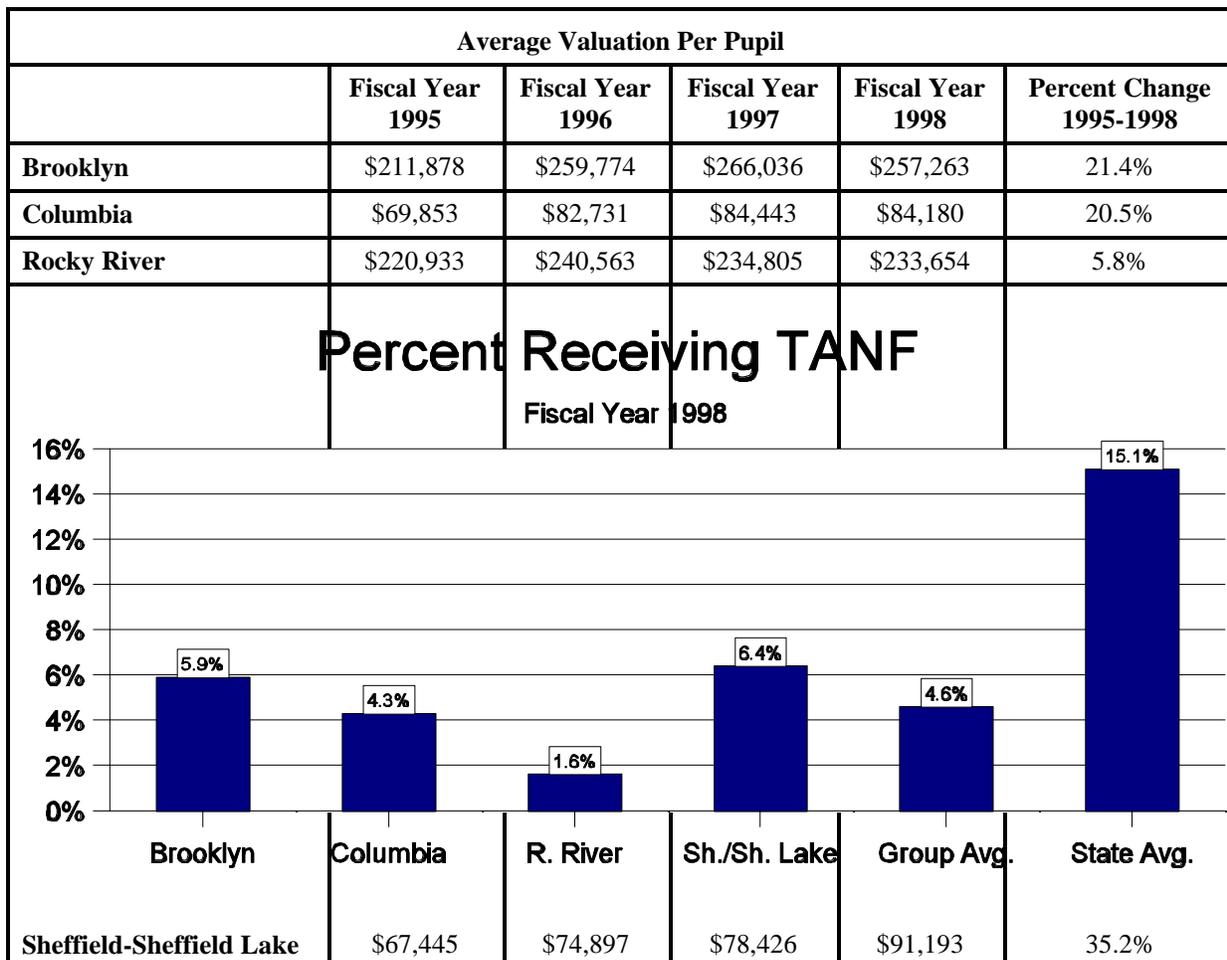
Revenue Per Pupil

Fiscal Year 1998



The assessed average property valuation per pupil is an important component in a school district’s funding. Average property valuation is a significant factor in determining the ability of the school district to remain financially viable. The higher the average property valuation, the greater the potential income source to the district due to the fact that school district funding in the State of Ohio is driven primarily by local property tax. A higher valuation per pupil has the potential to generate greater amounts of local property tax revenue per mill of tax levied.

Brooklyn’s average property valuation was \$257,263 in fiscal year 1998, the highest among the peer districts. This was 54.4 percent higher than the group average and 180.4 percent higher than the state average. Brooklyn’s average property valuation increased by 21.4 percent over the four year trend period, the second largest increase among the peer districts. In comparison, the group and state average property valuations increased over the four year trend period by 16.9 percent and 14.9 percent respectively.



Average Valuation Per Pupil					
Group Avg.	\$142,527	\$164,491	\$165,928	\$166,573	16.9%
State Avg.	\$79,845	\$83,414	\$85,628	\$91,750	14.9%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

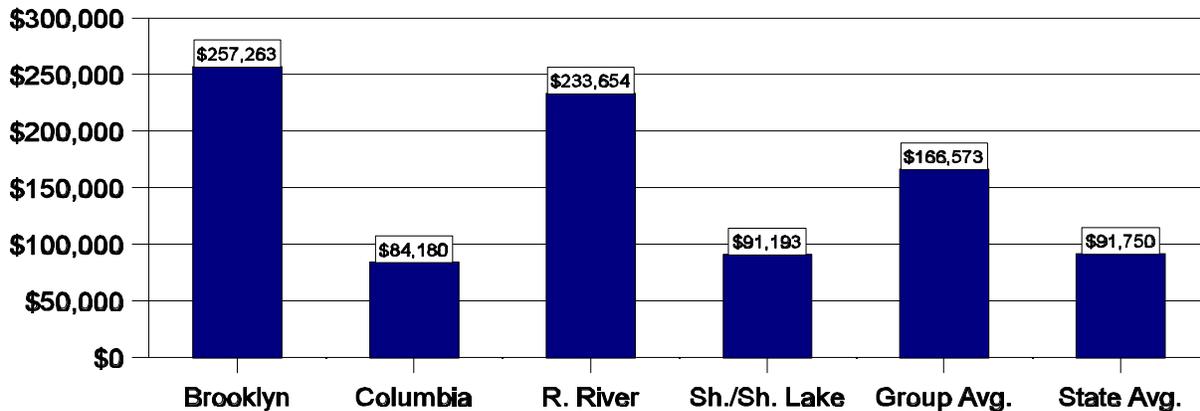
Effective millage and total millage are the measurement units for assessed local property taxes. One mill will raise \$1.00 of tax revenue for every \$1,000 of taxable property against which it is levied. Total millage is the voted rate that is assessed to the entire local tax base, while effective mills are the rates applied to real property in each school district after the application of the tax reduction factor.

In FY 1998, Brooklyn’s total millage was 38.9, the lowest of the peer group. This figure was 26.5 percent lower than the group average and 14.9 percent lower than the state average. Though Brooklyn had only a slight increase in total millage over the four year trend period, Columbia was the only district of the peer group to experience a decrease in total millage during the same period. The group average of 52.9 total mills in fiscal year 1998 represented an increase of 8.2 percent from the fiscal year 1995 total millage of 48.9. During the same four year trend period, the state average total millage decreased slightly (0.4 percent) from 45.9 to 45.7 mills.

Total Millage					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	38.7	40.1	39.2	38.9	0.5%
Columbia	55.5	54.8	54.7	54.5	(1.8%)
Rocky River	55.1	55.1	55.1	58.6	6.4%

Average Valuation Per Pupil

Fiscal Year 1998

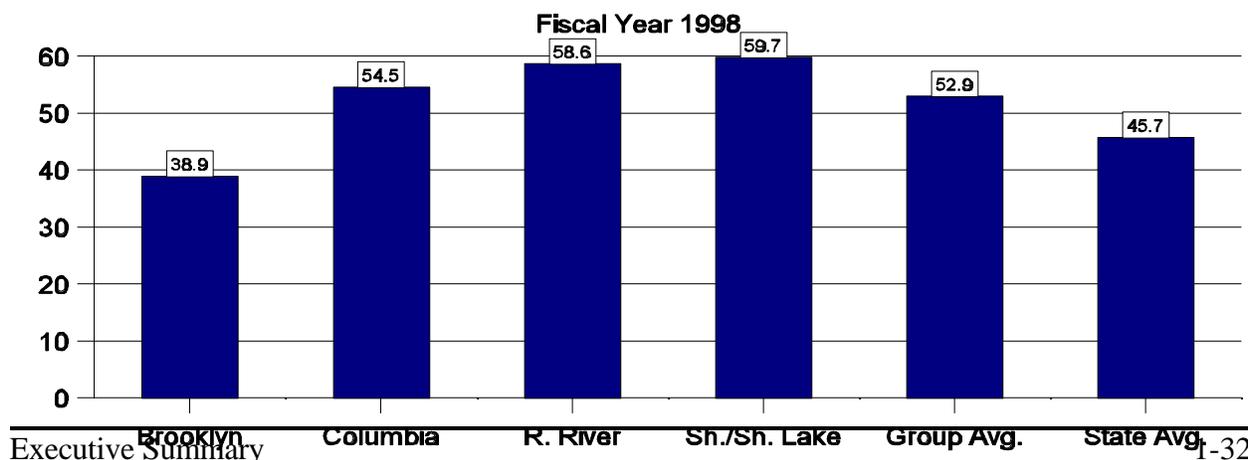


Total Millage					
Sheffield-Sheffield Lake	46.5	46.5	60.6	59.7	28.4%
Group Avg.	48.9	49.1	52.4	52.9	8.2%
State Avg.	45.9	44.5	45.0	45.7	(0.4%)

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education. Because of the impact of H.B. 920, the effective millage is a more accurate gauge in assessing the amount of revenues school districts generate from property taxes. Brooklyn’s effective millage was 26.2 mills in fiscal year 1998, the lowest of the peer districts. Over the same four year trend period, Brooklyn’s effective millage rate increased by almost 4 percent, the second smallest increase of the comparison group. In fiscal year 1998, Brooklyn’s effective millage rate was 15 percent lower than the group average rate and the state average rate. The group average increased slightly more than 6 percent over the four year trend period, while the state average increased only 1.7 percent over this same period.

Effective Millage					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	25.2	27.4	26.5	26.2	4.0%
Columbia	36.0	32.4	32.4	32.1	(10.8%)
Rocky River	25.4	22.9	23.0	26.5	4.3%
Sheffield-Sheffield Lake	29.9	26.2	40.1	39.1	30.8%
Group Avg.	29.1	27.2	30.5	30.9	6.2%

Total Millage



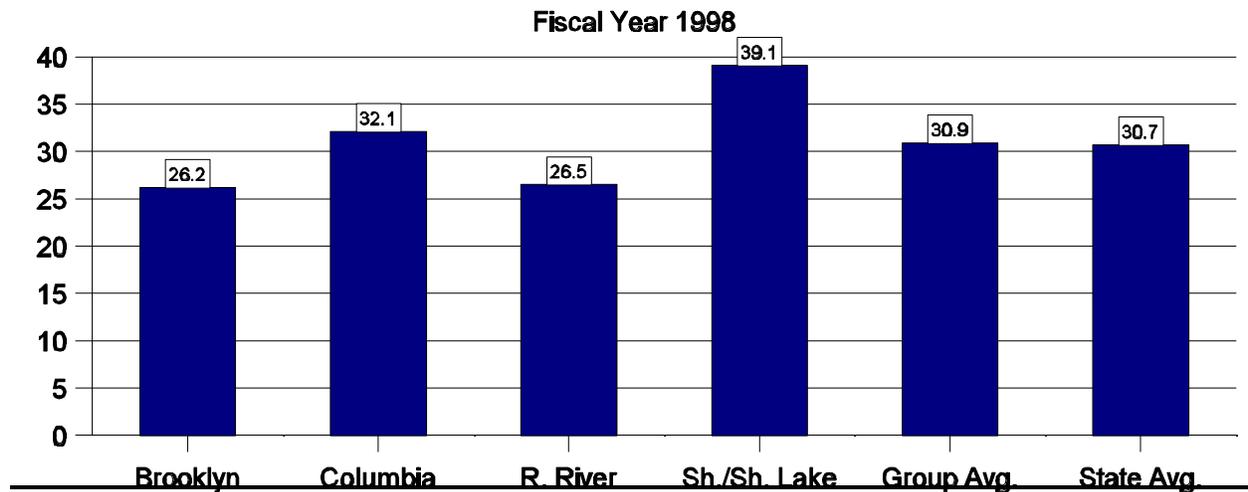
Effective Millage					
State Avg.	30.2	30.4	30.9	30.7	1.7%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Brooklyn’s median income of \$29,208 was the lowest of the four peer districts in fiscal year 1998. Over the four year trend period, Brooklyn’s median income increased by 11.6 percent which represents the smallest increase of the comparison group. In FY 1998, the district’s median income was 25.6 percent less than the group average and 18.8 percent less than the state average. In FY 1998, the group average median income was \$39,251, approximately \$3,300 more than the state average.

Median Income					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	\$26,177	\$26,853	\$28,167	\$29,208	11.6%
Columbia	\$31,049	\$33,049	\$34,336	\$35,658	14.8%
Rocky River	\$46,766	\$50,908	\$53,882	\$58,015	24.1%
Sheffield-Sheffield Lake	\$30,218	\$32,393	\$33,926	\$34,123	12.9%
Group Avg.	\$33,553	\$35,801	\$37,578	\$39,251	17.0%

Effective Millage



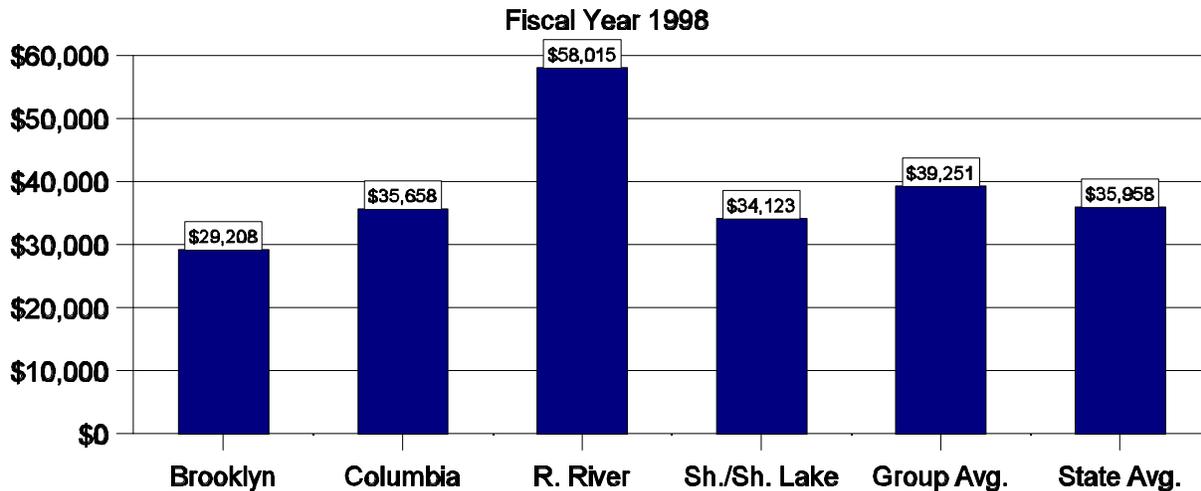
Median Income					
State Avg.	\$31,275	\$32,853	\$34,246	\$35,958	15.0%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Brooklyn exhibited an increase of more than 30 percent in its total number of employees for the four year trend period. In fiscal year 1998, Brooklyn’s total number of employees was 218, which represented the second highest total among the peer districts. Though the district’s number of total employees was only seven percent higher than the group average in FY 1998, it was significantly less than the state average of 319.6.

Total Employees					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	167.4	189.8	196.8	218.0	30.2%
Columbia	128.3	128.6	129.4	127.0	(1.0%)
Rocky River	226.5	231.2	237.9	252.2	11.3%
Sheffield-Sheffield Lake	222.8	222.1	205.1	211.9	(4.9%)
Group Avg.	186.3	192.9	192.3	202.3	8.6%

Median Income



Total Employees					
State Avg.	306.9	306.6	310.8	319.6	4.1%

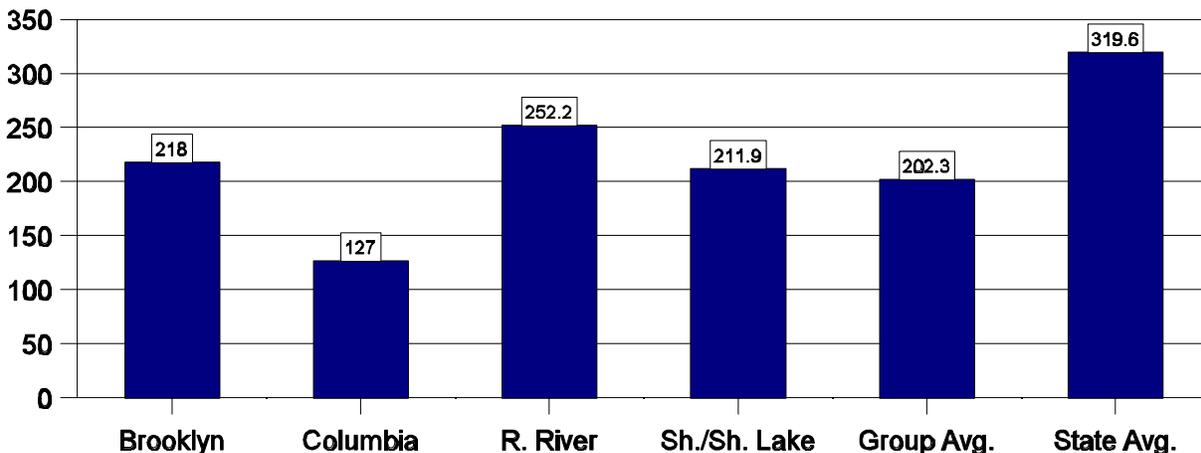
Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

In FY 1998, Brooklyn had 16.1 employees per 100 students. During the four year trend, Brooklyn was the only district of the comparison group to experience a significant increase in employees per 100 students. Brooklyn had a total employee number 30.9 percent higher than the group average for fiscal year 1998, and 50.5 percent higher than the state average for the same year. The group average in FY 1998 was 15 percent higher than the state average.

Employees Per 100 Students					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	13.3	14.8	15.3	16.1	21.1%
Columbia	10.7	10.9	10.9	10.9	1.9%
Rocky River	11.3	11.0	11.1	11.6	2.7%

Total Employees

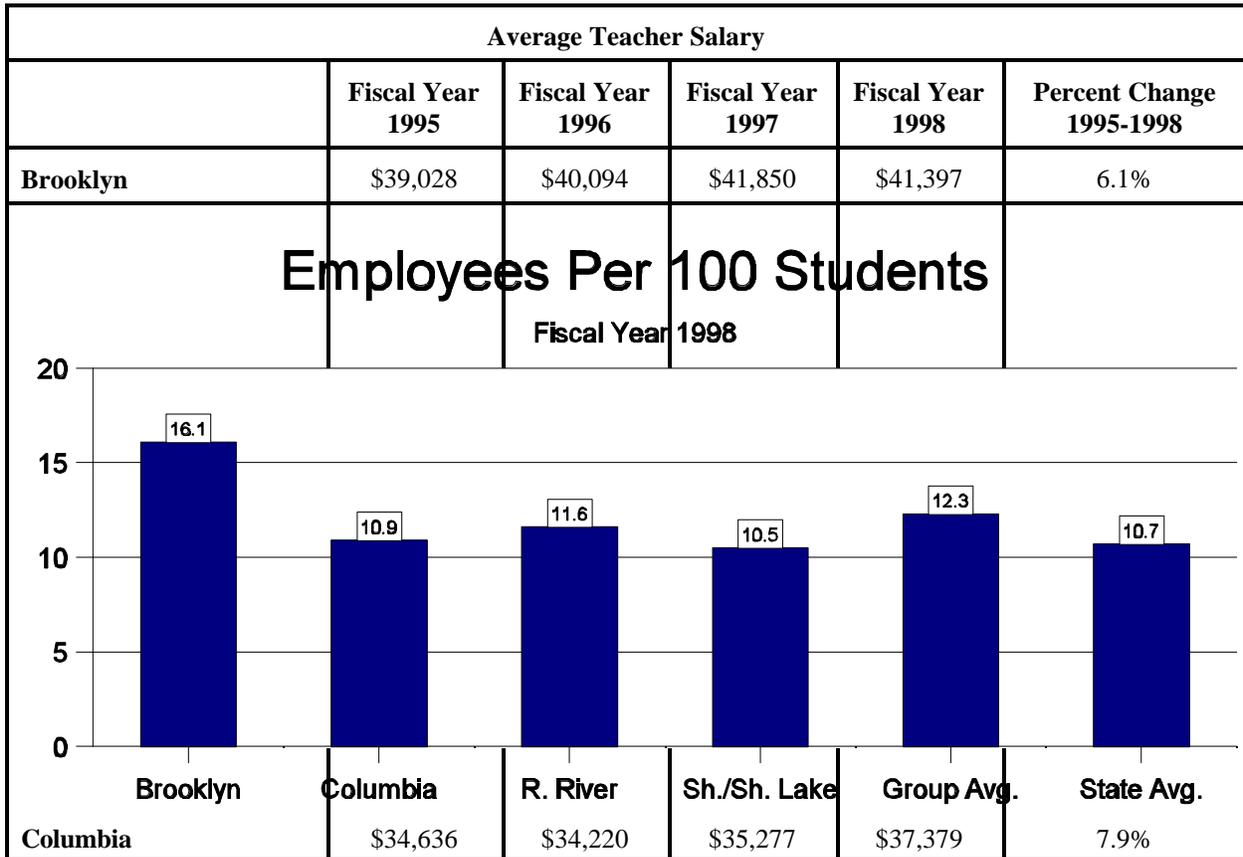
Fiscal Year 1998



Employees Per 100 Students					
Sheffield-Sheffield Lake	10.6	10.4	9.7	10.5	(0.9%)
Group Avg.	11.5	11.8	11.8	12.3	7.0%
State Avg.	10.4	10.4	10.4	10.7	2.9%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Brooklyn’s average teacher salary was \$41,397 in fiscal year 1998, second lowest of the comparison group. This average salary was one percent less than the group average, but 5.6 percent higher than the state average for fiscal year 1998. The group’s average increased 8.7 percent over the four year trend period, while the state average increased by 6 percent over the same period. A detailed analysis of teacher salaries is provided in the **Human Resources** section.

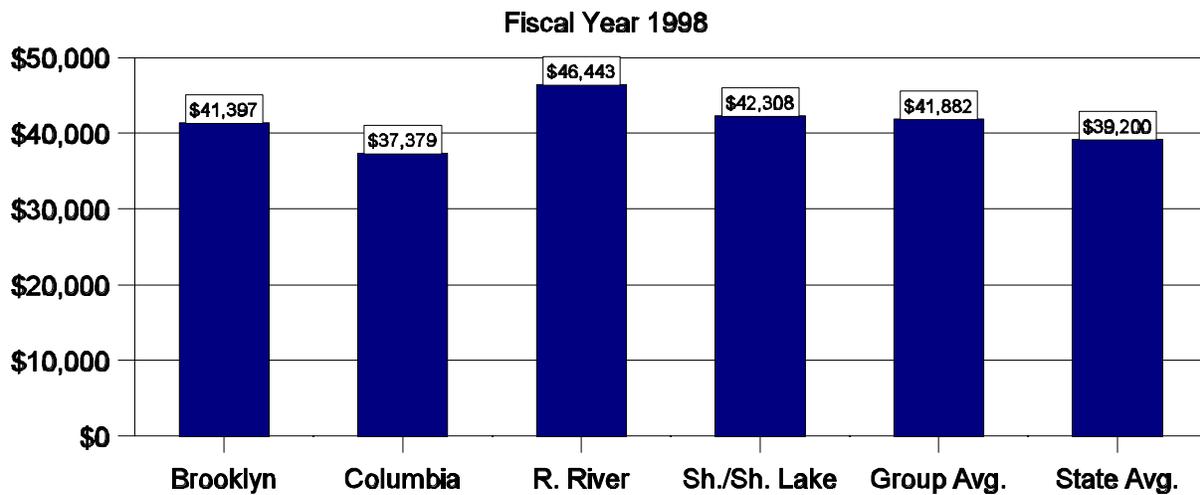


Average Teacher Salary					
Rocky River	\$43,780	\$44,662	\$45,537	\$46,443	6.1%
Sheffield-Sheffield Lake	\$36,667	\$36,566	\$39,392	\$42,308	15.4%
Group Avg.	\$38,528	\$38,886	\$40,514	\$41,882	8.7%
State Avg.	\$36,973	\$38,064	\$38,914	\$39,200	6.0%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Average teacher experience normally correlates to average teacher salary. The greater the amount of years a teacher has been in the district, the higher the teacher will be on the pay scale. Brooklyn’s average teacher experience was 14.1 years in fiscal year 1998. Aside from Rocky River, Brooklyn experienced the lowest teacher experience among the peer districts in fiscal year 1998. However, Brooklyn was the only school district in the comparison group to experience an increase in teacher experience over the four year trend period. Brooklyn’s teacher experience was nearly four percent less than the group average in fiscal year 1998, and three percent less than the state average for the same year.

Average Teacher Salary



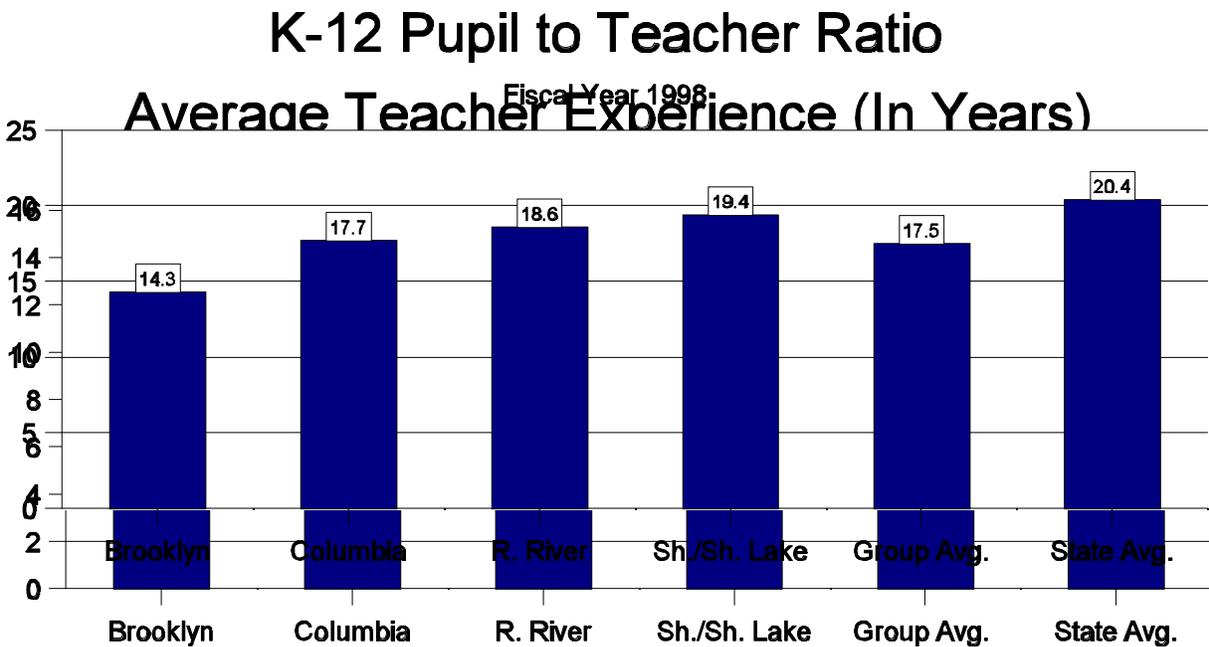
Average Teacher Experience (In Years)					
		Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
	Fiscal Year 1995				
Brooklyn	12.9	15.4	14.0	14.1	9.3%
Columbia	15.5	14.3	14.1	15.1	(2.6%)
Rocky River	15.3	14.8	13.8	13.8	(9.8%)
Sheffield-Sheffield Lake	16.0	16.0	15.9	15.9	(0.6%)
Group Avg.	14.9	15.1	14.5	14.7	(1.3%)
State Avg.	14.8	14.8	15.0	14.6	(1.4%)

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Brooklyn’s average pupil to teacher ratio was 14.3 in fiscal year 1998, the lowest in the comparison group. Brooklyn’s average was 18 percent lower than the group average and 30 percent lower than the state average for fiscal year 1998. Over the four year trend period, Brooklyn experienced the greatest decrease in average pupil to teacher ratio. The state average pupil to teacher ratio increased by 13.3 percent over the four year trend period, while the group average decreased by 8.4 percent over the same period.

K-12 Pupil to Teacher Ratio					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	17.0	15.4	13.8	14.3	(15.9%)
Columbia	19.4	18.8	18.7	17.7	(8.8%)
Rocky River	19.2	19.3	19.3	18.6	(3.1%)
Sheffield-Sheffield Lake	20.6	21.0	21.3	19.4	(5.8%)
Group Avg.	19.1	18.6	18.3	17.5	(8.4%)
State Avg.	18.0	30.2	20.7	20.4	13.3%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.



In fiscal year 1998, Brooklyn’s ninth grade proficiency test passage rate more than doubled over its 1997 passage rate. Though Brooklyn experienced moderate changes in passage rates during fiscal years 1996 and 1997, the district had the lowest passage rate of all the schools for the four year trend period. In FY 1998, Brooklyn’s passage rate was nearly 18 percent lower than the group average and 9 percent lower than the state average for the same year. The state average remained constant over the four year trend period, while the group average increased by 8.9 percentage points.

9th Grade Proficiency Test Passage Rate (All Subjects)					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	24%	29%	24%	50%	108%
Columbia	60%	38%	67%	73%	22%
Rocky River	80%	90%	84%	69%	(14%)
Sheffield-Sheffield Lake	59%	64%	71%	52%	(12%)
Group Avg.	56%	55%	62%	61%	8.9%
State Avg.	55%	54%	56%	55%	0.0%

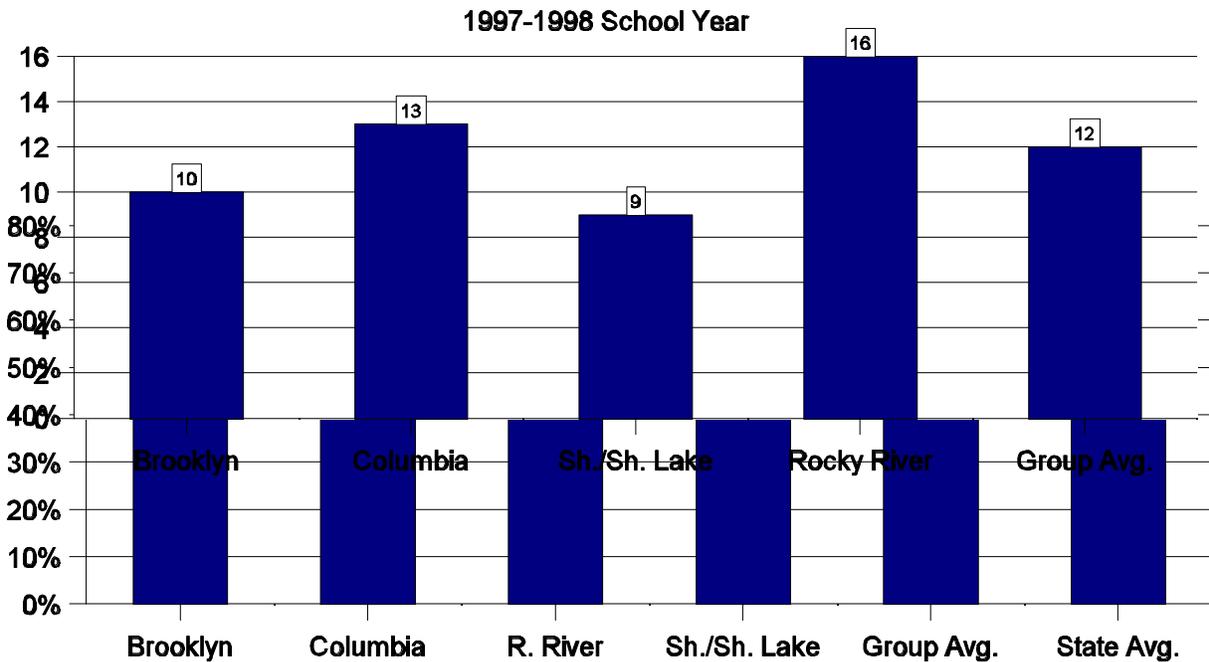
Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

BCSD attained the second lowest number of standards on the school district report card issued by the Ohio Department of Education for school years 1997-98 and 1998-99 when compared to the peer districts. Brooklyn also achieved the second lowest percent increase in standards attained when compared to the peer districts. The district’s percent change of 11.1 percent was 3.2 percent lower than the peer group average

Report Card Standards Met			
	1997-98	1998-99	% Change 1998 to 1999
Brooklyn	9	10	11.1%
Columbia	12	13	8.3%
Sheffield/Sheffield Lake	7	9	28.6%
Rocky River	14	16	14.3%
Group Average	10.5	12	14.3%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Report Card Standards Met

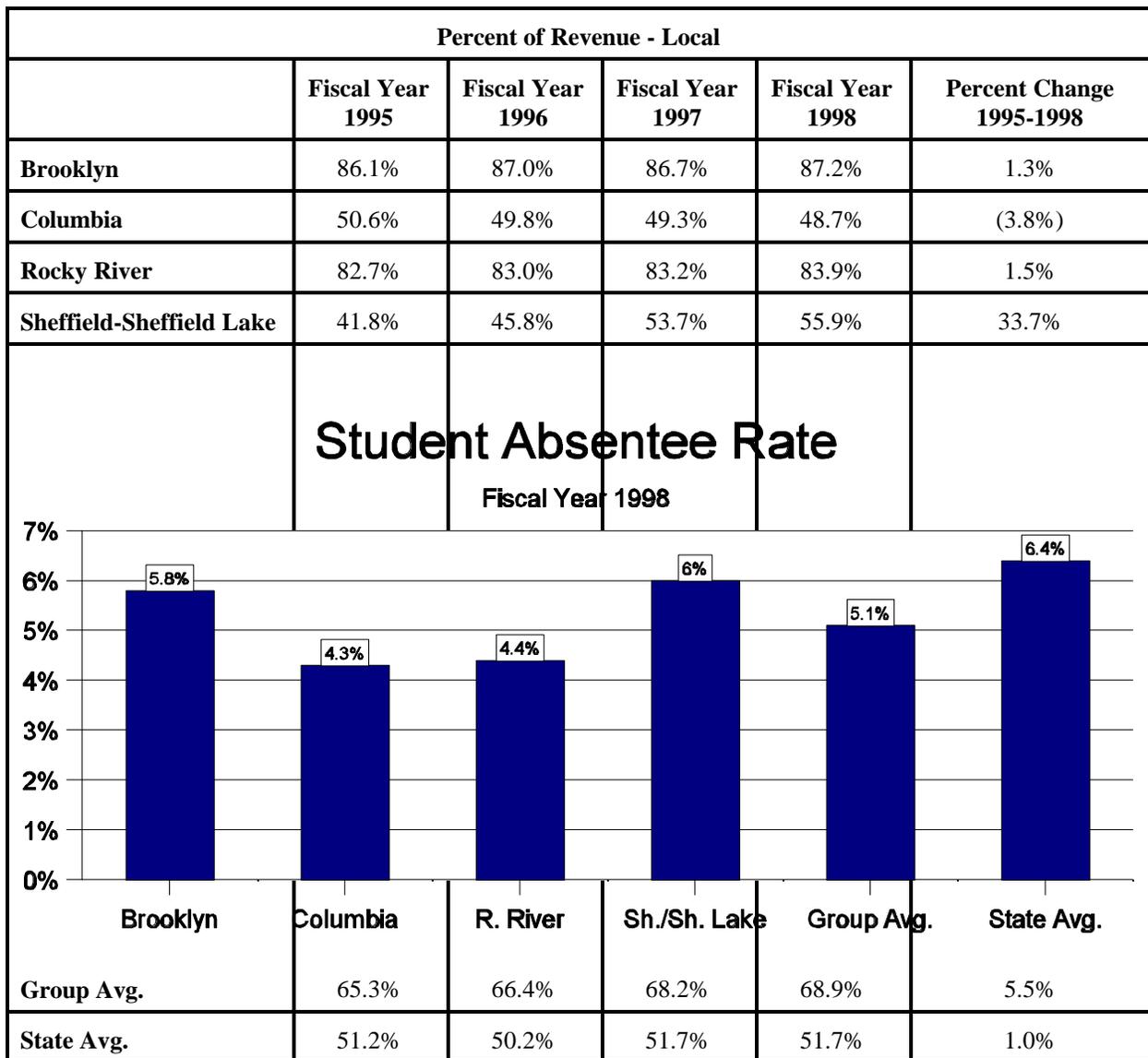


Brooklyn's absentee rate was 5.8 percent in fiscal year 1998, the second highest of the peer districts. This rate was 14 percent higher than the group average in fiscal year 1998, but 9 percent lower than the state average for the same year. Over the four year trend period, Brooklyn also experienced the second highest rate of decrease among the comparison group.

Student Absentee Rate					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	6.3%	5.8%	5.3%	5.8%	(7.9%)
Columbia	5.0%	4.7%	4.4%	4.3%	(14.0%)
Rocky River	4.5%	4.4%	4.2%	4.4%	(2.2%)
Sheffield-Sheffield Lake	6.5%	7.1%	6.0%	6.0%	(7.7%)
Group Avg.	5.6%	5.5%	5.0%	5.1%	(8.9%)
State Avg.	6.6%	6.9%	6.6%	6.4%	(3.0%)

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

For FY 1997-98, Brooklyn exhibited the highest percentage of revenue from local sources when compared either to the peer group or state averages.



Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

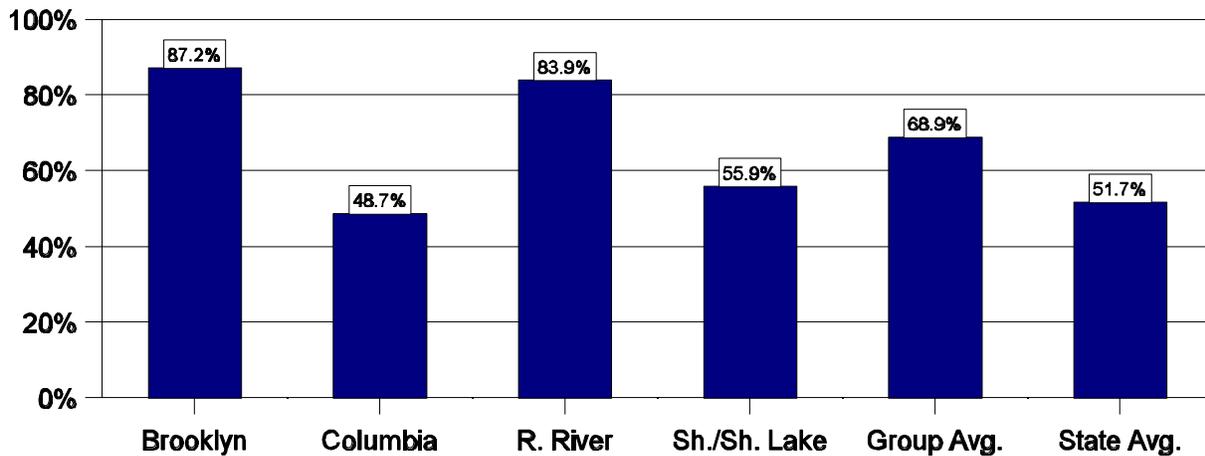
In FY 1997-98, BCSD generated the lowest percentage of revenue from state sources when compared either to the peer group or state averages.

Percent of Revenue - State					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Percent Change 1995-1998
Brooklyn	11.9%	10.8%	11.3%	11.7%	(1.7%)
Columbia	46.5%	46.9%	47.7%	48.3%	3.9%
Rocky River	15.2%	15.4%	15.1%	14.4%	(5.3%)
Sheffield-Sheffield Lake	54.5%	50.7%	43.1%	41.6%	(23.7%)
Group Avg.	32.0%	30.9%	29.3%	29.0%	(9.4%)
State Avg.	42.5%	43.3%	42.3%	42.6%	0.2%

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Percent of Revenue - Local

Fiscal Year 1998



In FY 1997-98, BCSD generated the lowest percentage of revenue from federal sources when compared either to the peer group or state averages.

Percent of Revenue - Federal					
	Fiscal Year 1995	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	% Change 1995-1998
Brooklyn	2.9%	2.2%	2.0%	1.1%	(62.1%)
Columbia	2.9%	3.3%	3.0%	3.1%	6.9%
Rocky River	2.1%	1.6%	1.7%	1.7%	(19.0%)
Sheffield-	3.7%	3.4%	3.2%	2.5%	(32.4%)

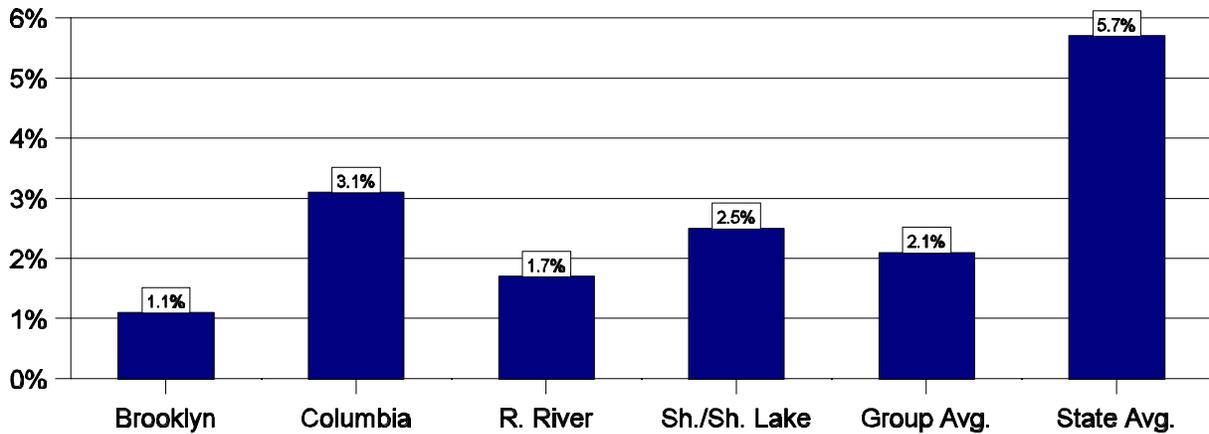
Percent of Revenue - State					
Fiscal Year 1998					
Brooklyn	11.7%				
Columbia	48.3%				
R. River	14.4%				
Sh./Sh. Lake	41.6%				
Group Avg.	29%				
State Avg.	42.6%				

Sheffield Lake					
Group Avg.	2.9%	2.6%	2.5%	2.1%	(27.6%)
State Avg.	6.3%	6.1%	5.0%	5.7%	(9.5%)

Source: Educational Management Information System (EMIS) data, 1999 Ohio Department of Education.

Percent of Revenue - Federal

Fiscal Year 1998



Financial Systems

Introduction

This section focuses on the financial systems within Brooklyn City School District (BCSD or the District). The objective is to analyze the current financial condition of the District, including an evaluation of the internal controls, and develop recommendations for improvements and efficiencies. Within this section, the District's financial forecast will be assessed for reasonableness, an additional forecast will be presented representing the Auditor of State's assessment of the District's financial condition, and cost savings recommendations will be presented to aide the financial planning and supervision commission (the commission) in fulfilling its duty to produce a financial recovery plan for the District.

This report focuses primarily on the general fund, which accounts for approximately 87 percent of the revenue collected in all District funds. The general fund is the District's general operating fund and is used to account for all financial resources except those required by law or contract to be accounted for in a separate fund. The general fund is available for any purpose, provided the expenditure or transfer is made according to the laws of Ohio.

Background

In general, BCSD's current financial difficulties appear to have begun in FY 1995-96 when the decision was made to utilize monies designated for transfer to the debt service fund to purchase a new phone system and computers. This created a significant operating deficit within the debt service fund which required a transfer from the general fund in FY 1996-97. To contribute to the financial problems created by the phone system and computer purchases, in FY 1996-97, the District negotiated a new collective bargaining agreement which granted annual five percent wage and step increases as well as a costly early retirement incentive program. The combination of these items resulted in the District ending FY 1996-97 with a general fund cash deficit of approximately \$200,000. In FY 1997-98, management made the decision to increase staff by 26 employees which caused the deficit to increase and resulted in the District having to utilize the spending reserve borrowing program for approximately \$1.4 million. Despite the spending reserve borrowing, the District still closed FY 1997-98 with a general fund deficit. A year later, the District was placed in fiscal emergency and required an Ohio Solvency Assistance Loan of approximately \$2.5 million to cover the projected operating deficit. The District's past decisions were due, in part, to administrators utilizing forecasts and budgets which overstated revenues and understated expenditures.

In accordance with Ohio Revised Code (ORC) § 3316.03, the Auditor of State is required to declare a school district to be in a state of fiscal watch if the following conditions are met: the district has an

operating deficit which exceeds eight percent of the preceding year's general fund revenues, the previous year's unencumbered cash balance is less than eight percent of the general fund expenditures and a levy has not been passed which will raise sufficient revenues to eliminate these conditions. ORC § 3316.04 requires the Auditor of State to declare a school to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent of Public Instruction within 60 days of being placed in fiscal watch.

After conducting an analysis of the District's financial forecast, the Auditor of State declared a \$2.5 million operating deficit for fiscal year ending June 30, 1999, for which the District was placed in fiscal watch. However, rather than attempting to develop an acceptable financial recovery plan, on March 24, 1999, the board adopted a resolution stating that it would be unable to submit the plan within the statutory 60 day period and requested immediate placement into fiscal emergency. As a result, on April 27, 1999, the Auditor of State formally declared BCSD to be in a state of fiscal emergency. The primary reason the District requested immediate placement into fiscal emergency was so that they could receive an interest free advance of approximately \$2.5 million from the Ohio Solvency Assistance Fund. This advance was received on May 7, 1999 and was used to make the final payment on the five-year tax anticipation notes as well as cover the three payrolls occurring in May.

While in fiscal emergency, a commission has been formed and given broad oversight authority to balance the District's budget and eliminate the conditions that caused the declaration of fiscal emergency. To accomplish this, the commission will develop and adopt a formal fiscal recovery plan which details the expenditure reductions and operations changes necessary to eliminate the deficit. The commission will continue in existence until the Auditor of State, or the commission itself, determines that an effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years, all of the fiscal emergency conditions have been corrected or eliminated, the objectives of the fiscal recovery plan are being met and the BCSD Board of Education has prepared a financial forecast for a five-year period which the Auditor of State deems to be "nonadverse." The commission consists of a designee of the director of the state office of budget and management, a designee of the state superintendent of public instruction, the Mayor of the City of Brooklyn, the Superintendent of Brooklyn Schools, a District parent appointed by the state superintendent and two District residents appointed by the governor and the mayor.

As a result of the current financial difficulties, developing accurate financial forecasts has taken on added importance within the District. Accordingly, BCSD's treasurer prepares yearly financial forecasts which are updated as actual revenue and expenditure information become known. District management utilize these forecasts to monitor progress made in dealing with the current deficit and in restoring financial stability, to model the future ramifications of proposed changes to the current staffing levels, educational programs and collective bargaining agreements, and to identify future budgetary shortfalls and develop appropriate strategies.

The District's primary funding sources are local property taxes and state foundation support. As evidenced in **Table 2-1**, the District receives minimal funding from federal grants. To increase the local contribution, the District has three tax options, all of which require voter approval: a property tax levy, a school district income tax or a joint city/district income tax. Property taxes are levied on a calendar year basis against the assessed values of real estate, public utility property and tangible (business) personal property located within the District. In FY 1998-99, the total assessed value of real estate, public utility and tangible property was approximately \$353 million. BCSD receives revenue from property taxes only and has never attempted to pass a school district income tax nor a joint city/district income tax.

Historically, residents have been generally supportive of operating levies, passing 50 percent of those placed on the ballot during the past ten years. More recently, this support appears to have strengthened with voters passing the last four proposed levies- a 6.2 mill renewal levy in May 1999 (\$2.175 million emergency operating), a 1.0 mill permanent improvement renewal levy in November 1996, a 6.0 mill renewal levy in May 1995 and a 8.25 mill new operating levy in February 1994. See **Table 2-4** for levy information over the past ten years.

The Ohio General Assembly determines the level of state support for schools and distributes that support through the State Foundation Program. Allocations are based on a formula that guarantees each District will receive a specified amount per student which is deemed sufficient to support an adequate educational program at the state minimum level. The distribution formula, which incorporates Average Daily Membership (ADM) and millage minimums applied to the District's total assessed property valuation, has undergone significant change through new legislation which became effective in FY 1998-99. The State Foundation program also includes Disadvantaged Pupil Impact Aid (DPIA) funding, which recognizes the additional spending often required of a District when serving disadvantaged students. Awards are derived from the number of enrolled students who are covered under Temporary Assistance for Needy Families (TANF), formerly known as Aid to Dependent Children. In general, as welfare recipients return to work or otherwise become ineligible for public assistance under welfare reform, the number of TANF students decline, resulting in decreased DPIA revenues. However, there is usually no corresponding decrease in the cost of educating these students.

Organization Function

Under the current organizational structure, the board's role is limited to managing the daily operations of the District and carrying out the fiscal recovery plan adopted by the commission. Decisions which have financial implications or that fall outside the scope of the fiscal recovery plan are required to be made by the commission.

The District superintendent and the treasurer report independently to both the elected board and the appointed commission. Within this organizational structure, all departments except the treasurer's department report to the superintendent.

Summary of Operations

The current treasurer began in October of FY 1997-98 due to the retirement of the previous treasurer. Prior to this, the current treasurer served as the business manager for the District. Since beginning in FY 1997-98, the treasurer has prepared several forecasts for presentation to and adoption by the board. The forecast assessed in this report (**F2.2** thru **F2.16**) was prepared in May 1999, to comply with the H.B. 412 year-end reporting requirements and to provide the board as well as the commission with a management tool to use in preparing the formal fiscal recovery plan. Included with this forecast are the general assumptions, the recovery plan adopted by the commission and various tables prepared by the treasurer showing how the H.B. 412 set-asides were calculated.

The financial forecast is prepared utilizing linked Excel spreadsheets on the treasurer's computer. This is outside the financial system used for BCSD's accounting system. Three years of historical data is provided for the purpose of determining trends in various accounts. Based on historical information, trend analysis and knowledge of current legislative developments, as well as other factors affecting property valuation, the treasurer projects anticipated tax revenues and state funding for the next five years. The treasurer then evaluates planned expenditures for the corresponding time-frame, using assumptions which consider such factors as contracted step increases, workforce changes, facility needs, negotiated levels of medical benefits, additions or deletions to academic programs, legislative requirements and inflation. An analysis of actual spending patterns is used to estimate other types of expenditures.

Financial Data

Table 2-1 shows the distribution of revenue by funding source for all funds over the past three fiscal years, on a cash basis, for BCSD, its peer districts and the state average.

Table 2-1: Percent of Revenue by Funding Source

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer Average	State Average
FY 1995-96:						
Local	87.0%	49.8%	83.0%	45.8%	66.4%	50.2%
State	10.8%	46.9%	15.4%	50.7%	31.0%	43.3%
Federal	2.2%	3.3%	1.6%	3.4%	2.6%	6.1%
FY 1996-97:						
Local	86.7%	49.3%	83.2%	53.7%	68.2%	51.2%
State	11.3%	47.7%	15.1%	43.1%	29.3%	42.3%
Federal	2.0%	3.0%	1.7%	3.2%	2.5%	6.0%
FY 1997-98:						
Local	86.0%	50.7%	83.2%	53.6%	68.4%	51.3%
State	11.5%	46.4%	15.1%	44.0%	29.2%	42.9%
Federal	2.5%	2.9%	1.7%	2.4%	2.4%	5.8%

Source: EMIS District Profiles.

Table 2-2 presents statistics which impact a district’s ability to raise local revenue. BCSD is compared with its peer districts and state averages.

Table 2-2: Local Statistics - Last Three Years

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer Average	State Average
FY 1995-96:						
Effective Millage	27.4	32.4	22.9	26.2	27.2	30.4
Average Valuation ¹	\$263,622	\$ 82,095	\$ 249,425	\$ 81,010	\$ 169,038	\$ 86,027
Area Median Income	\$ 22,394	\$ 26,764	\$ 29,796	\$ 27,309	\$ 26,566	\$ 23,478
FY 1996-97:						
Effective Millage	26.5	32.4	23.0	40.1	30.5	30.9
Average Valuation ¹	\$273,959	\$ 81,705	\$ 244,574	\$ 82,884	\$ 170,781	\$ 87,754
Area Median Income	\$ 23,768	\$ 28,153	\$ 31,663	\$ 28,521	\$ 28,026	\$ 24,588
FY 1997-98:						
Effective Millage	26.2	32.1	26.5	39.1	31.0	30.7
Average Valuation ¹	\$255,716	\$ 85,949	\$ 238,806	\$ 92,893	\$ 168,341	\$ 93,566
Area Median Income	\$ 24,778	\$ 29,282	\$ 33,353	\$ 28,348	\$ 28,940	\$ 25,239

Source: EMIS District Profiles.

¹ Average valuation per pupil will increase over a period of years, if the average daily membership (ADM) count declines.

Table 2-3 presents BCSD’s long term indebtedness as of June 30, 1999.

Table 2-3: Long Term Indebtedness as of June 30, 1999

Description	Fund Revenues Servicing Debt	Interest Rate	Issue Date	Maturity Date	Amount Borrowed	Amount Outstanding
Five Year Tax Anticipation Note	General Fund	5.20%	5/10/94	5/1/99	\$2,175,000	\$0
H.B. 264 Energy Conservation Note	General Fund	5.60%	8/8/94	8/1/04	\$4,249,000	\$2,825,000
Spending Reserve Borrowing	General Fund	4.59%	3/23/98	12/31/98	\$1,401,230	\$0
Ohio Solvency Assistance Loan	General Fund	0.00%	5/7/99	6/30/01	\$2,493,000	\$2,493,000
Total					\$10,318,230	\$5,318,000

Source: District records and 4502 reports, Statement L.

Table 2-4 details the election results for the past ten years for various levies the District placed on the ballot.

Table 2-4: Ten Year Levy History

Year	Type of Levy	Voted Millage	New/Renewal	Duration	Results
May 1989	Operating	6.0 mills	Renewal	5 Years	Passed
November 1989	Operating	6.0 mills	New	Continuing	Failed
May 1990	Operating	6.0 mills	New	5 Years	Failed
November 1990	Operating	6.0 mills	New	5 Years	Passed
June 1992	Permanent Improvement	.9 mills	Replacement	5 Years	Failed
November 1992	Permanent Improvement	1.0 mills	Renewal	5 Years	Passed
November 1992	Operating	3.0 mills	New	2 Years	Failed
February 1993	Operating	3.0 mills	New	2 Years	Failed
August 1993	Operating	4.0 mills	New	Continuing	Failed
November 1993	Operating	4.0 mills	New	Continuing	Failed
February 1994	Emergency Operating	8.2538 mills	New	5 Years	Passed
May 1995	Operating	6.0 mills	Renewal	5 Years	Passed
November 1996	Permanent Improvement	1.0 mills	Renewal	5 Years	Passed
May 1999	Emergency Operating	6.2 mills	Renewal	5 Years	Passed

Source: District Records

Table 2-5 provides the voted millage amounts as well as the effective mills for levies the District received during FY 1998-99.

Table 2-5: Tax Millage Currently Being Assessed for General Fund

Year	Type of Levy	Duration	Original Millage	Effective Millage
Prior to 1976 ¹	Operating	Continuing	22.1 Mills	11.08 Mills
May 1995	Renewal of Operating	5 Years	6.0 Mills	4.33 Mills
May 1999	Renewal of Emergency Operating	5 Years	8.2538 Mills	6.20 Mills
Inside Millage				4.60 Mills

Source: Cuyahoga County Auditor’s Office

¹ With the passage of H.B. 920 in 1976, all existing continuing levies were aggregated into one total voted and effective millage amount.

Performance Measures

The following performance measures were used to analyze the District's financial systems:

- ! Review of past forecasting practices
- ! Forecasted compliance with legislative mandates
- ! Reasonableness of forecast assumptions
- ! Review of budgeting and procurement practices
- ! Analysis of District expenditures

Findings / Commendations / Recommendations

F2.1 The following is a summary explanation of how the District went from a reported positive ending general fund cash balance in FY 1995-96 to being placed in fiscal emergency in FY 1998-99.

- ! In FY 1995-96, BCSD made the decision to upgrade its technology by implementing a District wide phone system for approximately \$400,000 and purchasing \$425,000 worth of new computer equipment. In making this purchase, the District utilized monies which had been designated by the board within the general fund to be transferred to the debt service fund to make payments on the H.B. 264 loan and the tax anticipation notes.
- ! Also during FY 1995-96, the previous treasurer indicated to the county auditor's office that the tax anticipation notes had been paid in full and instructed them to receipt all future property taxes into the general fund rather than continuing to place a portion in the debt service fund. As a result of the unappropriated purchases and the reallocation of debt service fund revenues, the general fund ended FY 1995-96 with an unencumbered cash balance of approximately \$1.5 million while the debt service fund ended the same year with a cash deficit of approximately \$770,000.
- ! In FY 1996-97, the previous treasurer made a transfer to the debt service fund to eliminate the deficit balance (\$770,000) from the prior year. As a result of this transfer and total expenditures exceeding available revenues, the District ended FY 1996-97 with a general fund deficit of approximately \$200,000.
- ! Also during FY 1996-97, the District negotiated new collective bargaining agreements with the certified and classified staff which granted significant wage and step increases as well as an early retirement incentive plan effective from July 1, 1997 until August 31, 2000. The previous treasurer along with two other individuals were the first employees to utilize this plan in FY 1997-98.
- ! In FY 1997-98, the current treasurer began handling the financial operations. One of the changes made was to start servicing the H.B. 264 debt directly from the general fund. Additionally, the current treasurer notified the county auditor's office that the tax anticipation notes had not been paid off and instructed them to begin receipting \$500,000 of property taxes back into the debt service fund.
- ! Also in FY 1997-98, the District made the decision to increase staff by 26 employees. The five year staffing summary is shown below in **Table 2-6**.

Table 2-6: Changes in Staffing Levels

	Certificated	Classified	Total	% Change
FY 1994-95	85	76	161	N/A
FY 1995-96	94	79	173	7.5%
FY 1996-97	100	80	180	4.1%
FY 1997-98	117	89	206	14.4%
FY 1998-99	109	88	197	(4.4%)

Source: District Records

By increasing staff, the District caused the expenditures to continue increasing while the revenues actually decreased due to the treasurer having the county auditor receipt general fund monies back into the debt service fund. Consequently, the operating deficit of \$200,000 from FY 1996-97 escalated to approximately \$2.2 million and resulted in the District having to borrow \$1.4 million through the spending reserve program. Despite the spending reserve borrowing, the District still ended FY 1997-98 with a cash deficit. BCSD was placed in fiscal emergency a year later.

F2.2 In May 1999, the District prepared a five-year forecast designed to satisfy the H.B. 412 year-end reporting requirements as well as to model the effects of the fiscal recovery plan. This forecast projects ending unencumbered cash balances of approximately \$873,000 in FY 1998-99, \$487,000 in FY 1999-00, \$133,000 in FY 2000-01, \$814,000 in FY 2001-02 and \$1.8 million in FY 2002-03. The following is a summary of significant assumptions and/or explanations used by the treasurer in developing the forecast.

- ! An annual increase of four percent is projected for agriculture/residential property and commercial/personal tangible property. Additional revenue will also be generated through the future construction of four commercial properties consisting of a Giant Eagle grocery store, Ridgepark 2 which is a plaza containing a multiplex movie theater, Cascade Crossing which is a plaza containing four restaurants and a hotel, and a new nursing home facility. Additionally, the potential for an increase in total valuation will be realized through the county auditor's six year property reappraisal.
- ! The amounts estimated for salaries and benefits are based on existing negotiated agreements. The current agreements with both the certificated and classified staff expire in FY 1999-00. Future wage and step increases are based on District management's intentions and are projected at one percent in FY 2000-01, two percent in FY 2001-02 and one percent in FY 2002-03.
- ! Due to the District's financial situation, in August 1998 they sold Marquardt park to the City of Brooklyn for approximately \$700,000. These funds were originally placed

in the permanent improvement fund and then were advanced to the general fund in FY 1998-99. In developing the forecast, the treasurer assumed that the District will not have to reimburse this amount to the permanent improvement fund. The District is currently seeking a court ruling to have the advancement remain in the general fund.

- ! The forecast includes the effects of the fiscal recovery plan, which identifies approximately \$1.4 million in annual savings.
- ! The treasurer does not anticipate making future transfers or advances to cover deficit fund balances. Also, the treasurer does not anticipate needing to make future equipment or capital outlay purchases from the general fund. The District currently has a 1.0 mill permanent improvement levy which generates approximately \$225,000 and will be used for all future capital expenditures.

F2.3 Although the District had been preparing financial forecasts prior to FY 1998-99, it appears that these documents contained unrealistic assumptions, inaccurate figures and significantly contributed to BCSD's current financial problems. This statement is evidenced by the table shown below which provides a comparison of actual results to the forecasted estimates developed for the FY 1997-98 SM-2 report. An analysis of **Table 2-7** indicates that for the revenue items, the District significantly overestimated five of the six categories resulting in a total negative revenue variance of approximately \$1.3 million. While the total revenues were within two percent of the anticipated amount, much of this can be attributed to the District's unforeseen use of spending reserve borrowing for approximately \$1.4 million. When this amount is removed, the District overestimated total revenues by approximately 9.5 percent. The forecasted expenditures were also inaccurate. Of the seven expenditure categories, three were understated by a cumulative balance of approximately \$624,000.

The board's policies regarding financial forecasting are vague, only indicating that a three year budget projection be prepared by January 15 of each year. The policies do not require the forecast document to contain supporting figures and other information that would allow board members to assess the reasonableness of the treasurer's assumptions. Furthermore, the policies make no distinction as to how the forecast is to be prepared nor do they provide instructions for other personnel to follow, thus, limiting broad participation in the forecasting process. By not adopting detailed policies governing the preparation of the forecast, the board is placed in a position of having to make major decisions based solely on the treasurer's interpretation of the District's future. Based on the inaccuracies shown in **Table 2-7**, it is this type of scenario that appears to have caused some of the District's current problems.

Table 2-7: Forecast Estimates Versus Actual Results (Amounts in 000's)

	Estimated	Actual	\$ Variance	% Variance
<i>Beginning Cash Balance</i>	\$ 179	\$ 181	\$ 2	1.1%
Real Property Taxes	7,005	6,749	(256)	(3.7)%
Personal Property Taxes	3,474	3,127	(347)	(10.0)%
Investment Earnings	100	58	(42)	(42.0)%
State Funding	420	495	75	17.9%
Rollback & Homestead	903	793	(110)	(12.2)%
Federal Sources	0	0	0	0.0%
Other Revenues	710	192	(518)	(72.9)%
Spending Reserve Borrowing	0	1,401	1,401	100.0%
Total Revenues	12,612	12,815	203	1.6%
Wages	7,286	7,733	(447)	(6.1)%
Fringe Benefits	2,045	2,027	18	0.9%
Purchased Services	1,459	1,609	(150)	(10.3)%
Supplies & Textbooks	442	469	(27)	(6.1)%
Capital Outlays	248	142	106	42.7%
Debt Repayment	1,035	480	555	53.6%
Other Expenditures	231	197	34	14.7%
Total Expenditures	12,746	12,657	89	0.7%
<i>Ending Cash Balance</i>	44	339	295	670.5%
Outstanding Encumbrances	0	221	221	N/A
<i>Ending Unencumbered Cash</i>	44	118	73	165.9%

Source: SM-2 Fourth Quarter Report for FY 1997-98.

F2.4 Since taking over the financial operations in October of FY 1997-98, the current treasurer has prepared several forecasts for presentation to the board. The current forecast (**F2.2**) was prepared to model the effects of the recovery plan and was scheduled to be adopted by the board and commission and transmitted to ODE by June 30, 1999.

In preparing forecasts, the treasurer estimates revenues based on his knowledge of future local property valuations, anticipated state funding, the effects of proposed new construction, tax appeals and pending court rulings. Wages and benefits are based on negotiated increases and the treasurer's predictions of what will occur for years in which a collective bargaining agreement does not yet exist. Other expenditures reflect historical trends, new state requirements and known changes in spending patterns. The treasurer also prepares

documentation for discussion purposes which takes into account optimistic and pessimistic (“what if”) scenarios varying inputs such as levy renewals and other issues. However, the current forecast document does not contain detailed support that would enable the board or the commission to assess the reasonableness of the assumptions.

R2.1 Although the treasurer has developed detailed analyses and gathered documentation to support some of the assumptions, the notes which accompanied the current financial forecast did not represent the level of detail used to prepare the forecast. By presenting more detailed historical and projected financial information, as well as the inclusion of detailed accompanying assumptions, explanatory comments, and the methodology used in deriving the financial estimates, the District will provide a more comprehensive understanding of the anticipated financial condition. To this extent, the District should use the format of financial forecast presented in **Appendix B** and update the information and projections as financial issues change or materialize. Given the current financial situation of the District, reliable information is needed to make sound management decisions in an effort to reverse the finances of the District.

F2.5 BCSD, as well as all other school districts in the State of Ohio, has been impacted by several major pieces of legislation which are changing the nature of education both financially and operationally. Am. Sub. H.B. 650, which includes the new funding formula for school districts, will provide additional revenue for most school districts.

H.B. 412 establishes additional accountability standards for school districts as well as requiring districts to maintain a minimum level of spending in relation to its general revenue for critical educational items including textbooks, instructional supplies and capital improvements. “General revenue” is defined as basic state foundation aid and property taxes less homestead and rollback and a \$10,000 personal property exemption. The spending requirements were initially scheduled to be phased-in beginning at two percent in FY 1998-99, three percent in FY 1999-00 and four percent in FY 2000-01 and beyond. However, during the course of this audit, legislation (OAC § 117-2-23) was approved which caps the spending requirements at three percent in FY 1999-00 and beyond. H.B. 412 also requires the districts to create a “rainy day” budget reserve by putting aside one percent of its general revenue each year in which the general revenue grows by three percent or more from the preceding year. The budget reserve is capped at five percent of general fund revenues and its use is highly restricted.

The provisions of Am. S.B. 55 include programmatic changes for school districts, many of which have financial implications. Programmatic changes include the creation of a three year continuous improvement plan for school districts classified as “in need of continuous improvement, under academic watch or in a state of academic emergency,” potential expansion of summer school programs and the increase in the number of units offered to high

school students. Therefore, the additional revenue received by BCSD is expected to be needed to fund new requirements and will provide little or no additional net revenue to fund existing operations.

- F2.6 S.B. 55 requires the ODE to issue “report cards” on school districts beginning with the 1998-99 school year. District performance is measured based on 18 specific standards, and will be compared with similar districts and with state averages. On the District’s preliminary report card issued in FY 1997-98, BCSD met nine of the 18 standards defined in H.B. 650, placing them in “academic watch” status. On the report card issued in FY 1998-99, the District improved by meeting 10 of the 18 standards, raising their status to a state of “continuous improvement.”

In attempting to improve upon these rankings, the District has already taken significant actions that include increasing graduation requirements from 18 units to the 21 units mandated by the state, continuing to offer summer school classes and providing remedial help through the after-school learning resource centers at the elementary and middle schools as well as academic coaching periods at the high school. In compliance with S.B. 55, the District is in the process of preparing a three year continuous improvement plan. The assistant superintendent indicated that in order to ensure consistency, the three year continuous improvement plan will not be issued until after this performance audit has been completed. Based on the actions taken, it appears that the current forecast adequately incorporates the costs associated with meeting the requirements of S.B. 55.

- F2.7 While the treasurer’s methodology in calculating the H.B. 412 set-asides (**F2.2**) is correct, there appears to have been problems in posting the information into the forecast document. For example, in FY 1998-99 the treasurer calculated the textbook and instructional materials set-aside to be approximately \$40,000. However, in FY 1998-99, the forecast outlined in **F2.2** does not have an amount set-aside for textbook and instructional materials, rather, the \$40,000 was forecasted in FY 1999-00. Furthermore, in FY 1999-00 the treasurer calculated the textbook and instructional materials set-aside to be approximately \$140,000. However, in FY 1999-00, the forecast outlined in **F2.2** only has a set-aside of \$40,000, the amount required in the previous year. The \$140,000 set-aside was posted in FY 2000-01. These posting errors occur for both the textbook and instructional materials as well as the capital improvements set-asides throughout the forecasted periods. As a result, the calculated set-aside amounts for FY 2002-03 of approximately \$436,000 for textbook and instructional materials and \$394,000 for capital improvements, were not included within the forecast document.
- F2.8 During FY 1997-98, the District received a rebate of approximately \$67,000 from the Bureau of Workers Compensation. H.B. 770 requires all districts receiving a rebate to use the amount in meeting the five percent budget reserve set-aside requirements. Contrary to this

legislation, the District placed the \$67,000 in the general fund and used the full amount to aid in funding daily operations. The treasurer indicated that in FY 1998-99, the District used operating revenues to replace the \$67,000 required to be maintained in the budget reserve.

In applying the requirements for the budget reserve account in FY 1998-99 and FY 1999-00, the treasurer's forecasted revenue bases did not increase by the required three percent, therefore, he correctly maintained \$67,000 in the budget reserve account. Although the forecasted revenue base increases by four percent in FY 2000-01, the treasurer chose not to post additional monies to the budget reserve citing that the District's fiscal emergency status allows them to postpone the budget reserve requirements. As a result, in FY 2000-01 the treasurer's forecast does not account for the required \$104,000 additional posting and continues to maintain a budget reserve balance of \$67,000. While the treasurer is correct in the fact that school district's in fiscal emergency are permitted to utilize budget reserve monies to fund daily operations, the legislation also states that the District must first have the approval of the State Superintendent of Public Instruction as well as an acceptable schedule for replenishing the amounts expended. Since the District currently has not met either of these requirements, the forecast needs to be adjusted to account for the required \$104,000 budget reserve posting.

F2.9 During the course of this performance audit, the treasurer has prepared several updated forecasts for presentation to the board and the commission. These forecasts were prepared to reflect new information as well as to correct various deficiencies in the version prepared in May. The most recent forecast prepared by the treasurer is dated November 2, 1999 and projects year-end unencumbered cash balances/(deficits) of approximately (\$305,000) in FY 1999-00, (\$1.0 million) in FY 2000-01, (\$441,000) in FY 2001-02, \$642,000 in FY 2002-03 and \$1.9 million in FY 2003-04. The primary differences between the revised forecast prepared in November and the original version prepared in May (outlined in **F2.2**) are as follows:

- ! In general, the November forecast projects revenue from property taxes to increase at two percent annually whereas the May forecast projected property tax revenues to increase at four percent annually. This results in a decrease in property tax revenues from the May forecast of approximately \$301,000 in FY 1999-00, \$516,000 in FY 2000-01, \$634,000 in FY 2001-02 and \$754,000 in FY 2002-03.
- ! In the November forecast, the treasurer projected significant decreases in revenues from the state foundation program due to modifications in the way the guarantee amounts are funded. This results in a decrease of revenues from the May forecast of approximately \$370,000 in FY 1999-00, \$250,000 in FY 2000-01, \$282,000 in FY 2001-02 and \$314,000 in FY 2002-03.

- ! In the November forecast, it appears that the treasurer has made the necessary corrections and is forecasting a sufficient amount to meet the H.B. 412 set-asides. This correction results in additional expenses of at least \$733,000 being reported in the November forecast that were not shown in the May version. It should be noted however, that the treasurer calculated the set-asides in the November forecast based on the prior legislation which mandated spending of four percent of general revenues for textbook and instructional materials as well as capital improvements. The amended legislation now only requires spending of three percent of general revenues.
- ! The treasurer's assumptions concerning the \$700,000 reimbursement to the permanent improvement fund, year-end transfers to cover funds with deficit balances, percentage salary, wage and step increases as well as the effects of the fiscal recovery plan have remained roughly the same as was originally presented in the May forecast.

F2.10 A school district's local revenue sources are primarily limited to property taxes and income taxes, if applicable. All school districts receive real and personal property tax revenue. Only some districts collect income taxes, either through a separate school district tax or a joint city/school district tax approved by the voters.

Under Ohio law, property values are adjusted (updated) every three years, and a complete recalculation (reappraisal) is performed every six years. The 1997 assessment of property values within the District totaled approximately \$348 million which was reflected in taxes collected beginning in the 1998 calendar year. The next complete reappraisal will be conducted in calendar year 2000, which will affect tax collections beginning in calendar year 2001.

The impact on local revenues from incremental increases in these three possible revenue sources is presented below:

- ! Based on assessed valuation as of January 1, 1997, one mill of property tax would generate approximately \$348,000 of additional revenue for the District.
- ! The Ohio Department of Taxation estimates for 1999, a one-half percent school district income tax could theoretically generate approximately \$826,000 for BCSD.
- ! Based on 1998 tax data supplied by the City of Brooklyn, a one-half percent joint city/school district income tax could theoretically generate approximately \$2.6 million for BSCD.

F2.11 **Table 2-1** demonstrates that the District's local revenue sources generate a significantly higher percentage of local revenues than the statewide average, 86 percent to 51.2 percent,

and a higher percentage of total revenues than the peer district average, 86 percent to 68.4 percent. **Table 2-2** shows that BCSD's effective millage rate is lower than the statewide average, 26.2 effective mills compared to 30.7 effective mills, and the median income for BCSD is \$24,778 which is lower than the peer district average of \$28,940. However, because of the high assessed property values within the District, BCSD currently receives revenues of approximately \$8,265 per pupil, which ranks 31st out of 611 school districts in the state. In the same analysis, the District's expenditures per pupil of \$9,261 ranked 11th out of the 611 school districts in the state. In dealing with its fiscal emergency status, the District administrators have adopted a plan which includes a combination of some staffing and program reductions and a new levy to be placed on the ballot in calendar year 2000.

R2.2 Before asking the local community for additional tax dollars, the District should first show that it is accountable by documenting the various reductions made as a result of the financial recovery plan and this performance audit, and managing its other costs in an effort to reduce and maintain the expenditures within the existing revenues. By taking these actions, not only will the District be able to show the community, the legislators and the other government agencies that it is proactively attempting to remedy its situation, but the reductions may also eliminate the immediate need for a new levy.

F2.12 In projecting revenues from real and personal property taxes for the May forecast (**F2.2**), the treasurer estimated that they would increase approximately four percent in FY 1999-00, four percent in FY 2000-01, three percent in FY 2001-02 and three percent in FY 2002-03. The treasurer could not provide an objective analysis to support the projected increases. The treasurer indicated that the increases are based primarily on a subjective opinion that between the four commercial properties being constructed and the property reappraisal scheduled to take place in calendar year 2000, the District would realize at least three percent growth in all years. However, the treasurer does not know when the new construction will be completed, how much additional revenue the new construction will generate, when the District can anticipate collecting revenues from the new construction nor the effects on revenues from reappraisals of existing properties. For the revised forecast prepared in November (**F2.9**), the treasurer used more conservative estimates, projecting property tax revenues to increase at roughly two percent in all years. These increases are also based on subjective opinion and do not have an objective analysis as support.

R2.3 When developing future forecasts, the treasurer should prepare a trend analysis which shows the effects on District revenues from past changes in property valuations associated with the normal increases, the three year update and the six year reappraisal. This would provide the treasurer with an objective basis to project future real and personal property taxes. Additionally, until the tax revenues from the new construction can be reasonably estimated and it becomes known when these amounts will be received, the treasurer should not include them in the forecast. However, these and similar items should be disclosed in the notes to the

forecast and their potential effects should be discussed with management during the formal forecast presentation.

- F2.13 In August 1998, BCSD sold Marquardt park to the City of Brooklyn for approximately \$700,000. In accordance with ORC, these funds were originally placed in the permanent improvement fund. However, when the District encountered financial difficulties during FY 1998-99, these monies were advanced-out to the general fund to aid in funding daily operations. This violates ORC § 5705.10 which states “If a permanent improvement of the school district is sold, the proceeds must be paid into the sinking fund, the bond retirement fund or the permanent improvement fund. A permanent improvement is defined as any property, asset or improvement having a useful life of five years or more, including land and other interests in real property.”

In March 1999, when BCSD applied for the Ohio Solvency Assistance Loan, the District was projecting the year-end deficit to be approximately \$1.8 million. However, because the District still was not in compliance with ORC § 5705.10, the Auditor of State certified an operating deficit of \$2.5 million so that the \$700,000 advance could be repaid. Despite receiving the full amount from the Ohio Solvency Assistance Fund, the District did not repay the advance and has continued to include the \$700,000 as revenues within the general fund in both the May and the November forecasts (**F2.2** and **F2.9**). The treasurer indicated that the District is currently seeking a court ruling that will allow them to keep the advance in the general fund. However, the potential exists that the courts will rule against the District and a general fund advance of \$700,000 will have to be made to the permanent improvement fund.

- R2.4** Because past overstatements of revenues contributed to the District’s current financial difficulties, the treasurer should adopt a more conservative policy when deciding which revenues to include in the forecast. More specifically, the treasurer should not include items which are pending a favorable court decision. The Financial Accounting Standards Board (FASB) issued *Statement No. 5* to provide guidance in accounting for gain contingencies. The FASB stated that “...gain contingencies such as possible receipts of monies from gifts, donations, bonuses, etc., possible refunds from the government and pending court cases where the probable outcome is favorable should not be recorded.” Although the FASB issued this statement to provide guidance when preparing historical financial statements, it is a sound practice that the District should follow when preparing forecasts. By including gain contingencies in the forecast, the treasurer is allowing management, legislators and other government entities to make decisions based on a best case scenario that has a greater potential of not occurring.

- F2.14 In preparing the May and November forecasts, the treasurer assumed that transfers from the general fund would not be needed to cover deficit balances in other funds. The District

currently has three enterprise funds consisting of the latch key program, the food service fund and the school supply fund. While the latch key program has historically been able to operate at a profit, both the food service and school supply funds have continually maintained deficit balances that required year-end transfers from the general fund. **Table 2-8** shows the net losses generated by the enterprise funds and the amounts transferred from the general fund during the past five years. The treasurer indicated that during the forecasted periods, he assumed that the enterprise funds will be self-sufficient. However, past history does not support this assumption and no major price increases or expenditure reductions are currently scheduled which would make these funds self-sufficient.

Table 2-8: Performance of Enterprise Funds

	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98
Total Revenues	263,364	331,964	331,915	360,221	\$399,391
Total Expenses	300,334	341,377	382,829	411,859	\$516,222
Net Loss	(\$36,970)	(\$9,413)	(\$50,914)	(\$51,638)	(\$116,831)
Transfers-In	35,000	60,000	60,000	90,000	57,000
Adjusted Net Income	(1,970)	50,587	9,086	38,362	(59,831)

Source: District financial statements

R2.5 Given that the District is in fiscal emergency, the general fund can no longer afford to subsidize the operations of the enterprise funds. Therefore, the District should conduct a cost-benefit analysis on the food service and school supply funds to determine if other alternatives might be more feasible. If the District decides to continue maintaining both operations, then another study should be performed to determine the appropriate price and cost structures needed to make the enterprise funds self-sufficient. Once these have been determined, the District should implement them into the current operations and closely monitor the results. By taking these actions, the District's enterprise funds should become self-sufficient which will ease the burden currently placed on the general fund. However, until the District is able to demonstrate that it can operate the enterprise funds without incurring deficits, the treasurer should continue forecasting general fund transfers.

F2.15 In general, based on the deficiencies noted in the May and November forecasts, BCSD's ability to properly plan for its financial needs and generate reliable assumptions for projecting revenues and expenditures is questionable. This situation appears to be the result of a combination of the District's inability to produce accurate historical data and a lack of thorough consideration by management in preparing various line-items in the forecast. The lack of accurate historical data is discussed in **F2.17**.

F2.16 The financial forecast presented in **Appendix A** represents the Auditor of State's projection of the District's present and future financial condition assuming no material changes in operating expenditures or revenues. The results reported in **Appendix A** do not include the effects of the recovery plan and indicate that instead of the District ending FY 2002-03 and FY 2003-04 with a positive ending unencumbered cash balance as projected in both the May and November forecasts, the District is likely to incur a negative ending balance beginning in FY 1999-00 and continuing throughout the projected period. The projected ending balance for FY 2003-04 is expected to be a deficit of approximately \$9.5 million.

The difference between the two forecasts can be attributed to the following reasons:

- ! Rather than assuming a flat growth over all forecasted years, revenues from property taxes are projected to increase based on an analysis of ten years worth of property valuations, effective millage amounts and county auditor collection rates. Revenues from the State Foundation program are projected to decrease based on simulations provided by ODE.
- ! Expenditures do not include the effects of the recovery plan and are projected to increase based on historical averages, collective bargaining agreements and other factors.
- ! The anticipated expenditures for purchased services, instructional materials, supplies and textbooks as well as capital outlay are based on historical patterns adjusted for compliance with H.B. 412 set-aside requirements. It is assumed each year that the set-aside requirement will be expended rather than establishing reserve accounts. Additionally, it is assumed that the District will fund the budget reserve in all required years.
- ! Transfers/advances out are projected based on past history to cover annual deficits in the enterprise funds. Additionally, FY 1999-00 includes an advance out to the permanent improvement fund of \$700,000 to comply with ORC requirements.

R2.6 In their duty to develop a financial recovery plan for the District, the commission should utilize the financial recovery plan included in **Appendix B** based on the deficiencies in the District's forecasts. **Appendix B** is being presented to provide a proposed District recovery plan to the commission which will enable an evaluation of the recommendations presented within this performance audit and to determine the impact of the related cost savings on the District's financial condition. The recommendations are broken down into those which can be enacted immediately by the District and those that will require renegotiating certain items within the union agreements and therefore, can only be implemented during future periods. For the District to achieve financial stability, it will be necessary to make difficult management

decisions. This performance audit provides a series of ideas and recommendations which the District and the commission should consider. However, this audit is not all inclusive and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan of the District.

Fiscal Operations

F2.17 Although the District's chart of accounts is USAS compliant, some of the past coding practices were inconsistent and inaccurate. Several instances were noted where band uniforms were charged to the capital outlay object account, employee benefits were charged to building supply accounts, operating units were charged for deficits incurred by other buildings and departments and approximately \$79,000 of Medicare payments in FY 1997-98 were not recorded at all. Furthermore, some of the expenditures were only captured at the object level and were not charged to the operating unit that generated the cost.

As a result of these coding practices, the District has had difficulties reconciling its subsidiary ledger reports to the year-end financial statements, despite the fact that both documents are generated from the same accounting system. BCSD's inability to properly capture expenditures and accurately report them in the financial statements raises serious questions about the integrity of the financial information provided by the District.

R2.7 The District should perform a thorough review of the current code structure to ensure that it adequately captures all financial activity while posting it to the proper line-item within the operating unit. Without accurately capturing expenditure data at the individual operating unit level, the true cost of programs and activities are not available for management purposes. Additionally, financial statements and management reports prepared using the financial system become meaningless when codes are charged in an inconsistent manner. Maintaining accurate financial data is an essential tool in an efficient and effective operation.

F2.18 In the financial audits conducted in FY 1996-97 and FY 1997-98, it was disclosed that there were periods of time for which bank reconciliations had not been performed. It was also disclosed that for the bank reconciliations that were completed, there were significant variances which were not investigated and disposed of in a timely manner. The treasurer indicated that when he took over the District's financial operations in October of FY 1997-98, the cash records depicted a balance that was approximately \$15,000 more than what the bank statements indicated. After unsuccessfully attempting to reconcile the cash records during the remainder of FY 1997-98, the treasurer hired a local CPA firm in July 1998 to aid with the reconciliation and to provide the District with an accurate cash balance to use in conducting future operations. Between the efforts of the CPA firm and the treasurer's office, the variance had been reduced to approximately \$300. However, since that time it appears that the District's reconciliation efforts have regressed since FY 1998-99 was ended with a variance of approximately \$2,000.

Reconciling cash is one of the most basic and important controls instituted by management to assure the completeness and accuracy of cash transactions reflected in the financial statements. Performing accurate and timely cash reconciliations and investigating unusual reconciling items should be performed by all entities regardless of the size or scope of operations.

R2.8 Because the failure to reconcile bank accounts allows for the potential for errors in budgeting and financial reporting as well as theft and other problems associated with inadequate safeguards for cash, the treasurer's office should diligently work to reconcile the current \$2,000 variance. In the future, all reconciliations should be consistently prepared on a monthly basis by the assistant treasurer and submitted to the treasurer for final review and approval. The commission should hold the treasurer accountable for future reconciliations by requiring monthly presentations in which the details and methodology for the reconciliation process are discussed along with explanations for all variances. It is imperative that management be provided with an accurate cash balance, especially during times of financial difficulties.

F2.19 In accordance with ORC § 5705.412, school districts are required to issue a "412" certificate certifying that the district has estimated resources from all sources, equal to or in excess of the total appropriations. The certificate is to be signed by the treasurer, the superintendent and the board president and is to be filed with the county auditor. The financial audit conducted in FY 1997-98 disclosed that despite being notified by the county auditor that the proposed expenditures exceeded the estimated resources by approximately \$1.8 million, the District issued the "412" certificate indicating that the estimated resources exceeded appropriations. Furthermore, the "412" certificate submitted to the county auditor only contained the signature of the previous treasurer.

In discussions with the county auditor's office, it was indicated that during FY 1998-99, the District did not formally adopt a budget until April. This was a temporary budget and had various funds where appropriations exceeded the estimated revenues. As of July 31, 1999, the county auditor's office still had not received the permanent appropriation measure nor had they received any revisions which would bring the temporary appropriations within the revenues. A temporary appropriation measure is not intended to be used in lieu of a permanent measure. Further, both the ORC and board policy require the permanent measure to be adopted no later than October 1. The District's actions also violate ORC § 5705.41 (A) which prohibits a political subdivision from making fund appropriations in excess of the estimated revenues. These budgetary issues were also disclosed in the financial statement audit conducted in FY 1997-98.

R2.9 BCSD can take steps towards eliminating its financial problems by making effective use of its budgets. In the past, the District has had trouble managing its expenditures to stay within

the total revenues. Some of these problems can be attributed to the fact that the District routinely adopts its budgets after the legislative and board defined deadlines, or as was the case in FY 1998-99, does not adopt a formal budget at all. The District administrators should ensure that these conditions are rectified. To accomplish this, purchases should not be allowed unless a formal budget has been adopted. Additionally, the budget should not be adopted unless the proposed appropriations for all funds fall within the estimated resources. By taking these actions, the District will be in a position of being able to issue valid "412" certificates that contain all three required signatures. Lastly, the treasurer and the superintendent should establish a time table and a set of instructions for District employees to follow which would ensure that the annual appropriation measure is presented for approval before October 1. A District cannot operate efficiently and management cannot make informed decisions without the framework and parameters provided by the annual appropriation measure. This may entail beginning the process earlier in the year.

F2.20 During a testing of expenditures from FY 1998-99, several instances were found where the invoice date preceded the purchase order date. This indicates that purchases are not consistently being properly approved and encumbered prior to contracting with the vendor. This violates ORC § 5705.41 (D) as well as board policy which states that no purchase commitment is binding on the District until the treasurer has certified funds are available and encumbers the funds. Furthermore, instances were also noted where either copies of the purchase order or the purchase order alone was used as the basis of payment. These noncompliance issues and internal control weaknesses were also disclosed in the financial statement audits conducted in FY 1996-97 and FY 1997-98.

R2.10 Some of the District's past problems in keeping its expenditures within the budgeted amounts can be attributed to the fact that individuals are able to circumvent the purchasing cycle and contract with vendors without receiving the necessary approvals. To rectify this, the District should comply with the ORC and enforce its own policies by preventing the operating units from making purchases in advance of securing a valid purchase order and obtaining the treasurer's certification. Encumbering expenditures after the fact increases the risk that operational units may overspend their budget allocations and may also result in overspending at the legal appropriation level. Furthermore, this practice hinders those involved in the procurement process from effectively reviewing the purchase order for compliance with board policies and District procedures before a commitment is made. It is not sound management practice to enter into commitments without first encumbering the amount to be spent and verifying that sufficient funds are available. Authorization after the fact is not a proper substitute for pro-active oversight and control.

In addition, the District should only pay vendors based on the original invoice and never from the purchase order alone. Because numerous noncompliance issues and internal control weaknesses were identified in past financial audits that have either gone uncorrected or are

just now being addressed (**F2.17, F2.18, F2.19** and **F2.20**), the board and the commission should make the correction of yearly audit findings one of the performance measures used in evaluating the treasurer.

Expenditure Analysis

F2.21 **Table 2-9** shows FY 1997-98 purchased items (other than utilities) by category within the general fund, compared with FY 1996-97. Although the District ended FY 1996-97 with a general fund deficit, in FY 1997-98, expenditures relating to purchased services as well as materials and supplies increased by a cumulative total of approximately \$400,000. Because the current treasurer began in FY 1997-98, reasonable explanations for the significant changes could not be provided. However, the treasurer did indicate that in an effort to eliminate all unnecessary expenditures in FY 1998-99, the District reduced the total purchased services and materials and supplies expenditures to approximately \$1.2 million and \$211,000 respectively.

Table 2-9: District Purchases

	FY 1996-97	FY 1997-98	Increase (Decrease)
PURCHASED SERVICES:			
Professional and Technical Services	\$ 280,981	\$ 340,071	21.0%
Property Services	245,372	209,294	(14.7%)
Mileage/Meeting Expense	63,448	54,749	(13.7%)
Communications	75,959	53,315	(29.8%)
Contract Craft or Trade Service	0	10,319	100.0%
Tuition	281,272	575,844	104.7%
Pupil Transportation Services	13,054	54,512	317.6%
Other Purchased Services	49,270	51,414	4.4%
Total Purchased Services	\$ 1,009,355	\$ 1,349,517	33.7%
MATERIALS AND SUPPLIES:			
General Supplies	\$ 217,728	\$ 259,202	19.0%
Textbooks	5,101	4,847	(5.0%)
Library Books	12,041	18,374	52.6%
Periodicals and Films	6,817	4,434	(35.0%)
Maintenance and Repair to Plant	102,707	113,023	10.0%
Maintenance and Repair to Fleet	56,669	69,178	22.1%
Total Materials and Supplies	\$ 401,062	\$ 469,057	17.0%

Source: FY 1996-97 and FY 1997-98 4502 Reports, Statement P.

F2.22 **Table 2-10** depicts general fund FY 1997-98 revenues by source and expenditures by object as a percent of total general fund revenues and expenditures for BCSD and its peer districts. As can be seen, one of the factors limiting the District in managing its financial operations is the high percentage of expenditures that are fixed by negotiated employment contracts, utility costs and debt service payments. Per **Table 2-10**, wages and employee benefits account for approximately 80 percent of the total budgeted expenditures for the general fund, which is the lowest among the peer districts. The rate of compensation for most District employees is set by union contracts. Benefit payments such as retirement contributions, medicare, workers' compensation and unemployment are determined by state and federal regulations. Debt service payments, tuition and utility costs account for another eight percent of the budgeted expenditures. Therefore, approximately 12 percent of the total budgeted dollars are available for discretionary spending, such as textbooks, capital purchases and educational supplies. See **Table 2-11** for a detailed breakdown of discretionary expenditures.

Table 2-10 also highlights the fact that for FY 1997-98, BCSD's operating expenditures exceeded the operating revenues without the spending borrowing by approximately \$1.3 million. Much of the District's difficulty in FY 1997-98 can be attributed to the fact that despite having an operating deficit in the previous year, the District hired additional staff, increased purchased services and material and supply expenditures, began offering early retirement incentives as well as other expensive negotiated benefits. In contrast, all of the peer districts were able to sufficiently control expenditures to stay within the revenues generated from the various sources.

Table 2-10: Revenues by Source and Expenditures by Object

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
Property Taxes	86.4%	48.8%	81.1%	48.1%
Intergovernmental Revenues	11.5%	48.7%	14.6%	49.8%
Other Revenues	2.1%	2.5%	4.3%	2.1%
TOTAL REVENUES	\$ 10,887,575	\$ 6,038,700	\$ 17,183,757	\$ 10,697,024
Wages	63.5%	67.8%	64.8%	77.5%
Fringe Benefits	16.7%	16.5%	15.9%	14.9%
Purchased Services	13.2%	8.7%	12.5%	2.1%
Supplies & Textbooks	3.9%	3.9%	3.7%	1.1%
Capital Outlays	1.2%	0.1%	1.4%	2.9%
Miscellaneous	1.5%	3.0%	1.7%	1.5%
TOTAL EXPENDITURES	\$ 12,169,599	\$ 5,982,614	\$ 16,743,499	\$ 10,259,717

Source: FY 1997-98 District Report 4502, Exhibit 2 and statement P.

Note: Table is presented without the effects of the spending reserve borrowing in the amount of approximately \$1.4 million.

F2.23 **Table 2-11** shows selected discretionary expenditures by account from BCSD's FY 1997-98 general fund. The expenditures are then calculated as a percentage of total general fund expenditures, and compared with similar spending by the peer districts.

Table 2-11: Discretionary Expenditures

	Brooklyn	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer Avg
Prof. and Technical Services	\$ 340,071	2.8%	1.7%	2.1%	0.9%	1.9%
Property Services	\$ 209,294	1.7%	1.1%	3.0%	0.3%	1.5%
Mileage/Meeting Expense	\$ 54,749	0.5%	0.2%	0.4%	0.2%	0.3%
Communications	\$ 53,315	0.4%	0.5%	0.6%	<0.1%	0.4%
Contract. Craft or Trade Svcs.	\$ 10,319	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Pupil Transportation Services	\$ 54,512	0.5%	0.0%	0.4%	<0.1%	0.2%
Other Purchased Services	\$ 50,800	0.4%	<0.1%	0.2%	0.4%	0.3%
General Supplies	\$ 259,202	2.1%	1.5%	0.8%	1.0%	1.3%
Textbooks/Reference Materials	\$ 27,655	0.2%	0.6%	1.4%	<0.1	0.6%
Plant Maintenance and Repair	\$ 113,023	0.9%	0.7%	1.1%	0.1%	0.7%
Fleet Maintenance and Repair	\$ 69,178	0.6%	1.1%	0.3%	0.1%	0.5%
Land, Buildings & Improvements	\$ 13,715	0.1%	0.0%	<0.1%	0.6%	0.2%
Equipment	\$ 75,943	0.6%	0.1%	1.3%	2.3%	1.1%
Buses/Vehicles	\$ 52,569	0.4%	0.0%	0.0%	0.0%	0.1%
Dues and Fees	\$ 145,258	1.2%	2.2%	1.6%	1.0%	1.5%
Insurance	\$ 3,883	<0.1%	0.3%	0.1%	0.1%	0.1%
Awards and Prizes	\$ 2,450	<0.1%	<0.1%	0.0%	0.0%	<0.1%
Miscellaneous	\$ 14,632	0.1%	0.0%	0.1%	0.0%	<0.1%
TOTAL OF THIS TABLE	\$ 1,550,568	12.7%	10.0%	13.4%	7.0%	10.7%

Source: FY 1997-98 4502 Reports, Statement P

The following is a description of the categories where BSCD spent a higher percentage of its general fund than the peer average. Because of the past coding practices and the newness of the treasurer, reasonable explanations of the services being accounted for within these object codes could not be provided. All descriptions that follow were developed using definitions and examples as shown in the USAS manual.

- ! *Professional and Technical Services:* The District spent approximately 2.8 percent of its general fund budget for professional and technical services, whereas the peer average was only 1.9 percent. For BCSD, this equates to expenditures which are approximately \$109,000 higher than the peer average. Professional and technical services are defined as purchased services which by their nature can be performed only by persons with specialized skills and knowledge. This object code consists of instruction services, instructional improvement services, health services, staff services, management services, data processing services, statistical services, professional/legal services and other professional and technical services.
- ! *Pupil Transportation Services:* The District spent approximately 0.5 percent of its general fund budget for pupil transportation services, whereas the peer average was only 0.2 percent. For BCSD, this equates to expenditures which are approximately \$30,000 higher than the peer average. Pupil transportation services are defined as expenditures to persons or agencies for the purpose of transporting children to school. This object code consists of transportation purchased from another district, transportation purchased from other sources, lodging of disabled or handicapped students attending a school in another district and other pupil transportation services.
- ! *General Supplies:* The District spent approximately 2.1 percent of its general fund budget for general supplies, whereas the peer average was only 1.3 percent. For BCSD, this equates to expenditures which are approximately \$101,000 higher than the peer average. General supplies are defined as expenditures for consumable non-food items such as pencils, paper, clips, staples, and so forth, which are made outright by the school board. This object codes consists of instructional supplies, office supplies, teaching aids, health and hygiene supplies, farm supplies, software material and other general supplies.
- ! *Buses and Vehicles:* The District spent approximately 0.4 percent of its general fund budget for buses and vehicles, whereas the peer districts reported no expenditures. For BCSD, this equates to expenditures which are approximately \$53,000 higher than the peer average. Buses and vehicles are defined as expenditures for the purchase of conveyance to transport persons or objects.

R2.11 Because of the District's current financial difficulties, it is extremely important that the District diligently monitor those spending areas over which it can exercise more discretion. Various areas were noted above in which BCSD spent a higher percentage of its general fund revenues than its peer districts. District management should closely review these costs to identify possible opportunities for reductions and savings.

F2.24 The allocation of resources between the various functions of a District is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending pattern between the various functions should indicate where the priorities of the board and management are placed. **Table 2-12** details the District's governmental funds' operational expenditures for FY 1997-98 by function as captured and reported by the accounting system. BCSD's per pupil operating expenditures were the highest among the peers and approximately \$1,900 higher than the peer average of \$7,713. However, most of these expenditures are not attributed to instructional costs, rather they are linked to the District's support services expenditures (44.0 percent), which were the highest among the peer districts and well above the peer average of 39.7 percent. More specifically, it appears that the high support services expenditures can be attributed to excessive costs in the areas of pupil support which accounted for 7.9 percent of the expenditures whereas the peer average was only 6.3 percent, administration which accounted for 9.5 percent of the expenditures whereas the peer average was only 7.9 percent and in central support services which accounted for 3.5 percent of the expenditures whereas the peer average was only 2.5 percent. The District's percentage of governmental fund operational expenditures (50.3 percent) related to pupil instruction was the lowest among the individual peers and approximately four percent lower than the peer average of 54.6 percent.

Table 2-13 shows the per pupil operational expenditures, facilities acquisition and construction, and debt service for all governmental funds, as well as the percentage of these categories to total governmental fund expenditures. BCSD's operational expenditure percentage of 89.4 percent is considerably lower than the peer average of 92.2 percent. Capital outlays represent 3.4 percent of the District's expenditures which is higher than the peer average of 2.3 percent. Debt service expenditures represent 7.2 percent of the District's outlays which is significantly higher than the individual peer districts and the peer average of 5.5 percent. The majority of the District's debt was issued to pay current year obligations from the future year's revenues. Having a significant amount of outstanding debt of this nature severely limits management's ability to operate an effective school district.

Table 2-12: Governmental Funds Operational Expenditures By Function

USAS Function Classification	Brooklyn		Columbia		Rocky River		Sheffield-Sheffield Lake		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instruction Expenditures	\$4,852	50.3%	\$3,294	55.6%	\$4,606	54.0%	\$3,994	59.2%	\$4,187	54.6%
Regular Instruction	\$3,768	39.1%	\$2,674	45.1%	\$3,773	44.3%	\$2,979	44.2%	\$3,298	43.0%
Special Instruction	\$609	6.3%	\$431	7.3%	\$696	8.1%	\$626	9.3%	\$591	7.9%
Vocational Instruction	\$42	0.4%	\$165	2.8%	\$110	1.3%	\$226	3.4%	\$136	1.8%
Adult/Continuing Inst.	\$0	0.0%	\$0	0.0%	\$8	0.1%	\$1	<0.1%	\$2	<0.1%
Other Instruction	\$433	4.5%	\$24	0.4%	\$19	0.2%	\$162	2.3%	\$160	1.9%
Support Services Exp.	\$4,244	44.0%	\$2,369	40.0%	\$3,244	37.9%	\$2,536	37.6%	\$3,098	39.7%
Pupil Support	\$757	7.9%	\$383	6.5%	\$453	5.3%	\$421	6.2%	\$503	6.3%
Instructional Support	\$316	3.3%	\$164	2.8%	\$313	3.6%	\$332	4.9%	\$281	3.8%
Board of Education	\$22	0.2%	\$13	0.2%	\$15	0.2%	\$12	0.2%	\$15	0.2%
Administration	\$917	9.5%	\$619	10.5%	\$484	5.6%	\$546	8.1%	\$641	7.9%
Fiscal Services	\$294	3.1%	\$197	3.3%	\$240	2.8%	\$177	2.6%	\$227	2.9%
Business Services	\$106	1.1%	\$0	0.0%	\$93	1.1%	\$39	0.6%	\$60	0.8%
Plant Operation/Maint.	\$1,045	10.8%	\$537	9.1%	\$1,056	12.4%	\$646	9.6%	\$821	10.8%
Pupil Transportation	\$434	4.5%	\$375	6.3%	\$341	4.0%	\$288	4.3%	\$360	4.5%
Central Support Services	\$354	3.7%	\$81	1.3%	\$249	2.9%	\$75	1.1%	\$190	2.5%
Non-Instructional Services Expenditures	\$222	2.4%	\$0	0.0%	\$384	4.5%	\$46	0.7%	\$163	2.4%
Extracurricular Activities Expenditures	\$320	3.3%	\$263	4.4%	\$308	3.6%	\$168	2.5%	\$265	3.3%
Total Governmental Fund Operational Expenditures	\$9,638	100%	\$5,926	100%	\$8,542	100%	\$6,744	100%	\$7,713	100%

Source: FY 1997-98 4502 reports

Table 2-13: Total Governmental Fund Expenditures By Function

USAS Function Classification	Brooklyn		Columbia		Rocky River		Sheffield-Sheffield Lake		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$9,638	89.4%	\$5,926	94.4%	\$8,542	91.2%	\$6,744	95.3%	\$7,712	92.2%
Facilities Acquisition & Construction Expenditures	\$370	3.4%	\$309	4.9%	\$197	2.2%	\$0	0.0%	\$219	2.3%
Debt Service Expenditures	\$779	7.2%	\$42	0.7%	\$620	6.6%	\$335	4.7%	\$445	5.5%
Total Governmental Funds Operational Expenditures	\$10,787	100%	\$6,277	100%	\$9,359	100%	\$7,079	100%	\$8,376	100%

Source: FY 1997-98 4502 reports

R2.12 While the District met 10 of the 18 standards defined in H.B. 650 on the report card issued during the 1998-99 school year, there are many areas where BCSD could improve. To accomplish this, the District should reallocate the monies it is currently receiving towards those programs which will have the greatest impact on improving the student's education and proficiency test results. **Table 2-13** supports this position by indicating BCSD spends a smaller percentage of its revenues on pupil instruction than any of the peer districts, while spending the most on support services. BCSD should utilize the recommendations contained in this performance audit and identify other areas to reduce the current percentage of revenues being spent on support services enabling these funds to be used in the instruction of the District's students.

APPENDIX A

The financial planning and supervision commission approved a financial forecast prepared by the district in May 1999. The commission subsequently reviewed an updated forecast in November 1999. The financial forecast presented in **Table A-1** represents the Auditor of State's projection of the District's present and future financial condition. **Table A-1** was developed in order to rectify the deficiencies identified in the District's May and November forecasts and to provide the commission with what the Auditor of State deems to be a realistic starting point in identifying the magnitude of reductions necessary to regain fiscal solvency. The assumptions and projections developed in the notes to the financial forecast presented in **Appendix B** were used to determine projected revenues and expenditures presented. This table represents an assessment of the financial forecast prior to any reductions and other cost savings identified by this performance audit and the commission. The results of this performance audit and the District's cost recovery plan will be included in separate line-items within **Table B-1** presented in **Appendix B**.

The forecast presented in **Table A-1** differs from the District's May and November forecasts for the following reasons:

- ! Real estate valuations are forecasted to increase in FY 1999-00, FY 2001-02, FY 2002-03 and FY 2003-04 at 2.4 percent based on ten years worth of valuation growth patterns. Real estate valuation in FY 2000-01 is projected to increase 12.1 percent based on historical increases that have taken place during past property reappraisals. These assumptions differ from the District's May and November forecasts in that they are based on past history rather than subjective opinion and they take into account the increase in revenues that should occur during the county auditor's property reappraisal. Additionally, this forecast (**Table A-1**) does not include any potential effects future construction may have on revenues. (F2.12)
- ! **Table A-1** does not take into consideration the nearly \$1.4 million in cost savings identified in the District's fiscal recovery plan. The treasurer's forecasts includes these savings.
- ! The H.B. 412 set-aside requirements are modified in **Table A-1** to comply with the amended legislation which now only requires spending of three percent of the general revenues for textbook and instructional materials as well as capital outlay. **Table A-1** further assumes that the District will spend all amounts required therefore leaving no carryover balance in reserve. This differs from the District's forecasts because the treasurer calculated the spending requirements at four percent based on the prior legislation. Additionally, rather than spending the required amounts, the treasurer has forecasted that the District will establish reserve accounts and carry the amounts forward throughout the forecasted period. (F2.9)

- ! **Table A-1** projects the District complying with ORC requirements and making a return advance to the permanent improvement fund of \$700,000. This differs from the District's forecasts in that these funds are projected to remain in the general fund. **(F2.13)**

- ! **Table A-1** includes \$60,000 for year-end transfers to cover deficit balances in the enterprise funds. **Table A-1** also includes year-end encumbrances of \$320,000. These assumptions differ from the District's forecasts in that no transfers and encumbrances are projected **(F2.14)**.

- Note:** Although the District had an operating deficit of approximately \$2.5 million in FY 1998-99, **Table A-1** includes the funds (\$2.5 million) borrowed through the Ohio Solvency Assistance Loan program and as a result, an unencumbered cash balance of \$696,000 is reported rather than the deficit the District was facing.

Table A-1: Five-Year Forecast with Three Year's Historical Data (Amounts in 000's)

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Forecast 1999-00	Forecast 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04
Real Estate Property Tax	6,741	6,811	7,160	7,075	7,739	7,892	8,049	8,217
Tangible Personal Property Tax	3,266	3,076	2,872	2,939	3,195	3,379	3,577	3,788
State Foundation	470	514	783	449	554	514	482	458
Property Tax Allocation	833	746	877	871	952	971	990	1,011
Other Revenues	251	229	1,473	292	328	375	436	513
Total Operating Revenues	11,561	11,376	13,165	11,626	12,768	13,131	13,534	13,987
Salaries & Wages	6,999	7,731	7,939	8,256	8,338	8,504	8,590	8,675
Fringe Benefits	1,925	2,027	2,424	2,851	2,909	3,007	2,901	3,031
Purchased Services	1,296	1,609	1,232	1,313	1,403	1,504	1,618	1,747
Supplies, Materials & Textbooks	401	469	211	501	517	537	561	576
Capital Outlay	737	143	1	0	0	0	0	0
Other Expenditures	196	168	226	237	249	261	273	286
Interest on Loans	278	235	241	147	123	98	72	44
Total Operating Expenditures	11,832	12,382	12,274	13,305	13,539	13,911	14,015	14,359
Proceeds From the Sale of Notes	0	1,401	0	0	0	0	0	0
Ohio Solvency Assistance Loan	0	0	2,500	0	0	0	0	0
Spending Reserve Payment	0	0	(1,401)	0	0	0	0	0
Solvency Assistance Loan Payment	0	0	0	(1,246)	(1,246)	0	0	0
H.B. 264 Payment	(345)	(365)	(385)	(410)	(430)	(455)	(480)	(510)
Five Year TAN Payment	(435)	(435)	(435)	0	0	0	0	0
Net Transfers/ Advances - In/ (Out)	(876)	(23)	(65)	(760)	(60)	(60)	(60)	(60)
Net Financing	(1,656)	578	214	(2,416)	(1,736)	(515)	(540)	(570)
Results of Operations (Net)	(1,927)	(428)	1,105	(4,095)	(2,507)	(1,295)	(1,021)	(942)
Beginning Cash Balance	2,107	181	(247)	858	(3,237)	(5,744)	(7,039)	(8,060)
Ending Cash Balance	181	(247)	858	(3,237)	(5,744)	(7,039)	(8,060)	(9,002)
Outstanding Encumbrances	509	221	79	320	320	320	320	320
"412" Set-Aside/Budget Reserve	0	67	67	67	105	105	105	105
DPIA Fund Balance Reservations	1	4	0	0	0	0	0	0
Bus Purchases Reservations	0	0	16	32	48	64	80	96
Ending Unencumbered Cash Balance	(\$330)	(\$539)	\$696	(\$3,656)	(\$6,217)	(\$7,528)	(\$8,565)	(\$9,523)

The following is a highlight of assumptions used in preparing the financial projection for the general, DPIA and debt service funds in **Table A-1** for the BCSD:

- ! Property tax revenue estimates are based on historical valuation growth patterns, including the effects of scheduled updates and reappraisals. The calculated tax collections are based on estimated valuations and appropriate tax rates by property classification.
- ! The District tax rates consist primarily of emergency millage voted by the residents of BCSD. No new levies are included in this forecast. The next renewal of a levy will be placed on the ballot in FY 1999-00 for an effective amount of 4.3 mills. This forecast assumes that the voters will renew this levy.
- ! Revenues from the State Foundation program are expected to decrease throughout the forecasted period based primarily on simulations provided by the Ohio Department of Education and known changes to the way the guarantee amount is determined.
- ! The amounts estimated for salaries and benefits are based on existing negotiated agreements. For periods beyond the current agreements, management's intentions are used. The current agreement with both the certificated and classified staff expires in FY 1999-00 and grants wage and step increases of five percent in FY 1998-99 and four percent in FY 1999-00. Future wage and step increases are projected at one percent for FY 2000-01, two percent in FY 2001-02, one percent in FY 2002-03 and one percent in FY 2003-04. This forecast does not take into consideration the staffing reductions identified in the District's recovery plan. These are presented in **Appendix B**.
- ! The anticipated expenditures for purchased services, materials, supplies and textbooks as well as capital outlay are based on historical patterns adjusted for compliance with the H.B. 412 set-aside requirements. It is assumed that each year the set-aside requirements will be expended therefore leaving no carryover balance in reserve.
- ! Transfers/advances out are projected based on past history to cover annual deficits in the food service funds. Additionally, FY 1999-00 includes an advance out to the permanent improvement fund of \$700,000 to comply with ORC requirements (**F2.14**).

APPENDIX B

Table B-1 is being presented as a proposed recovery plan to be utilized by District management and the commission to assess the impact the implementation of the various performance audit recommendations will have on the District's financial condition. The forecast presented contains the same financial projections as presented in **Table A-1** with additional lines to include the financial implications associated with the performance audit recommendations and the District's fiscal recovery plan. Detailed notes regarding the information and assumptions used to develop the projected amounts are also provided. Contained within the notes are tables (**Table B-16** through **Table B-18**) which summarizes the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others will require management action to realize the savings proposed. In addition, implementation costs and cost avoidances associated with the various recommendations are also summarized.

For the District to achieve financial stability, it will be necessary to make difficult management decisions. This performance audit provides a series of ideas/recommendations which the District and commission should consider. However, this audit is not all inclusive and other cost savings and revenue enhancements should be explored and incorporated into the financial recovery plan of the District. The District and the commission should update the financial recovery plan presented on an ongoing basis as critical financial issues are addressed.

Table B-1: Proposed Financial Recovery Plan (Amounts in 000's)

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Forecast 1999-00	Forecast 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04
Real Estate Property Tax	6,741	6,811	7,160	7,075	7,739	7,892	8,049	8,217
Tangible Personal Property Tax	3,266	3,076	2,872	2,939	3,195	3,379	3,577	3,788
State Foundation	470	514	783	449	554	514	482	458
Property Tax Allocation	833	746	877	871	952	971	990	1,011
Other Revenues	251	229	1,473	292	328	375	436	513
Total Operating Revenues	11,561	11,376	13,165	11,626	12,768	13,131	13,534	13,987
Salaries & Wages	6,999	7,731	7,939	8,256	8,338	8,504	8,590	8,675
Fringe Benefits	1,925	2,027	2,424	2,851	2,909	3,007	2,901	3,031
Purchased Services	1,296	1,609	1,232	1,313	1,403	1,504	1,618	1,747
Supplies, Materials & Textbooks	401	469	211	501	517	537	561	576
Capital Outlay	737	143	1	0	0	0	0	0
Other Expenditures	196	168	226	237	249	261	273	286
Interest on Loans	278	235	241	147	123	98	72	44
District Recovery Plan (Table B-16)	0	0	0	(1,399)	(1,315)	(1,261)	(1,247)	(1,197)
Perf. Audit Rec. (Table B-17)	0	0	0	(514)	(665)	(665)	(665)	(665)
Implementation Costs (Table B-19)	0	0	0	0	0	0	0	0
Total Operating Expenditures	11,832	12,382	12,274	11,392	11,559	11,985	12,103	12,497
Proceeds From the Sale of Notes	0	1,401	0	0	0	0	0	0
Ohio Solvency Assistance Loan	0	0	2,500	0	0	0	0	0
Spending Reserve Payment	0	0	(1,401)	0	0	0	0	0
Solvency Assistance Loan Payment	0	0	0	(1,246)	(1,246)	0	0	0
H.B. 264 Payment	(345)	(365)	(385)	(410)	(430)	(455)	(480)	(510)
Five Year TAN Payment	(435)	(435)	(435)	0	0	0	0	0
Net Transfers/ Advances - In/ (Out)	(876)	(23)	(65)	(760)	(60)	(60)	(60)	(60)
Net Financing	(1,656)	578	214	(2,416)	(1,736)	(515)	(540)	(570)
Results of Operations (Net)	(1,927)	(428)	1,105	(2,182)	(527)	631	891	920
Beginning Cash Balance	2,107	181	(247)	858	(1,324)	(1,851)	(1,220)	(329)
Ending Cash Balance	181	(247)	858	(1,324)	(1,851)	(1,220)	(329)	591
Outstanding Encumbrances	509	221	79	320	320	320	320	320
"412" Set-Aside/Budget Reserve	0	67	67	67	105	105	105	105
DPIA	1	4	0	0	0	0	0	0
Bus Purchases Reservations	0	0	16	32	48	64	80	96
Ending Fund Balance (see p. 2-58)	(\$330)	(\$539)	\$696	(\$1,743)	(\$2,324)	(\$1,709)	(\$834)	\$70

Source: District records; District Cost Recovery Plan; Performance Audit projections; and Perf. Audit Rec.

Notes to Financial Recovery Plan

I. Nature and Purpose of Presentation

This financial projection presents the expected revenues, expenditures and fund balance of the general, DPIA and debt service funds of the Brooklyn City School District for each of the fiscal years including June 30, 2000 through June 30, 2004, with historical (unaudited) information presented for the fiscal years ended June 30, 1997, June 30, 1998 and June 30, 1999.

The assumptions disclosed herein are based on information obtained from the District, the county auditor and the Ohio Department of Education. Because circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time the projections are prepared, there will usually be differences between projected and actual results.

This projection assumes that the requirements under H.B. 412 for textbook and instructional materials will be satisfied through the textbooks and instructional materials account within the supplies and materials line item. The requirement under H.B. 412 for capital improvements and maintenance is satisfied in this proposed financial recovery plan through the property services account within the purchased services line item, the building repairs and materials account included in the materials, supplies and textbooks line item and through expenditures from the permanent improvement fund.

II. Description of School District

Under normal circumstances, the District operates with a locally elected five member board form of government. Each member is elected to a four-year term. The District provides educational services as authorized by state statute and/or federal guidelines.

The District serves approximately 1,350 students who are enrolled in two elementary schools, one middle school and one high school. In addition, the District operates an administrative office and a bus garage. The District employs 184 individuals.

A. Financial Planning and Supervision Commission

On April 27, 1999, the Auditor of State declared the District to be in a state of fiscal emergency as defined by ORC §3316.04, and accordingly, the District became subject to the oversight of the financial planning and supervision commission.

In accordance with the legislation, the commission must adopt a financial recovery plan within 60 days of its first meeting. Such a plan, which is continuously amendable based on changes in facts and circumstances, requires a five year financial projection delineating the District's return

to financial stability. The commission adopted a financial recovery plan for the District in June, 1999.

B. Basis of Accounting

This financial projection has been prepared on the cash receipts and disbursements basis of accounting, which is the required basis (non-GAAP) of accounting used for budgetary purposes. Under this basis, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. Under Ohio law, the District is also required to encumber legally binding expenditure commitments and to make appropriations for the expenditure and commitment of funds.

C. Fund Accounting

The District maintains its accounts in accordance with the principles of “fund” accounting. Government entities such as school districts use fund accounting to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities. The transactions of each fund are reflected in a self-balancing group of accounts, which presents an accounting entity that stands separate from the activities reported in other funds.

The accompanying projections are presented for the District’s general, DPIA and debt service funds only. The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law. The DPIA fund is used to account for monies received for disadvantaged pupil impact aid. The debt service fund is used to account for the accumulation of resources for, and the payment of, general long term debt and principal. Amounts shown in **Table B-1** relating to debt service, are paid from the debt service fund through allocations and/or transfers of general fund revenues.

III General Assumptions

Summarized below are the significant assumptions underlying the financial projection. See sections II through V for further detail regarding the assumptions.

A. Enrollment has steadily increased between FY 1995-96 and FY 1998-99 as summarized below:

Table B-2: ADM Counts

	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99
ADM	1,303	1,317	1,323	1,349

These total ADM counts include kindergarten students at 50 percent. Under current state foundation funding standards, kindergarten students are only counted at 50 percent of a full time equivalent (FTE) in determining average daily membership (ADM). The District implemented all-day, every-day kindergarten in FY 1997-98. The District has not developed any projections which show the potential changes in ADM over the five year forecast period.

B. Staffing

The number of employees projected for the forecasted period is summarized in the following table:

Table B-3: Staffing in FTE's

POSITION	FY 1999	Proposed Staffing Changes FY 2000	Adjusted Staffing for FY 2000	Proposed Staffing Changes FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes FY 2002	Adjusted Staffing for FY 2002	Proposed Staffing Changes FY 2003	Adjusted Staffing for FY 2003	Forecasted Staffing for FY 2004
Administrators/ Directors/ Supervisors	14.1	(3.0)	11.1	0.0	11.1	1.0	12.1	2.0	14.1	14.1
Clerical/Support/ Library Aides	19.0	(1.0)	18.0	0.0	18.0	0.0	18.0	0.0	18.0	18.0
Teachers and Educational Specialists	83.7	(10.0)	73.7	2.0	75.7	3.0	78.7	3.0	81.7	81.7
Professional and Other	20.5	(2.6)	17.9	0.0	17.9	0.0	17.9	0.0	17.9	17.9
Custodial/ Maintenance	35.5	(7.7)	27.8	0.0	27.8	1.0	28.8	0.0	28.8	28.8
Bus Drivers/ Mechanics	9.4	0.0	9.4	0.0	9.4	0.0	9.4	0.0	9.4	9.4
Health / Monitor Aides	15.2	(1.0)	14.2	0.0	14.2	0.0	14.2	0.0	14.2	14.2
Total FTEs General Fund	197.4	(25.3)	172.1	2.0	174.1	5.0	179.1	5.0	184.1	184.1

C. Inflation

Inflation is assumed to remain at a low level consistent with that of recent years which has ranged from two to three percent. Certain items were projected based on a combination of historical data and inflationary increases.

IV Revenues-Local, State and Federal

The District's primary sources of revenue are from the levying of property taxes on real and personal property located within the District and from the State of Ohio through the State Foundation Program.

A. Local Sources

(1) Real Estate Taxes and Tangible Personal Property Taxes: Property taxes which are levied and assessed on a calendar year basis include amounts levied against all real, public

utility and tangible personal (used in business) property located in the District. Assessed values for real property taxes are established by state law at 35 percent of the appraised market value. All real property is required to be revalued every six years and updated mid-way through the six year period. Because of the limitation imposed on the growth of voted millage by House Bill 920, a property tax reduction measure passed by the legislature in 1976, property tax levies are needed about every three years to match cost of living increases.

The projection for real estate taxes (residential, agricultural and public utility tangible), tangible personal property taxes and rollback and homestead is based on the following factors:

- ! Actual FY 1998-99 and FY 1999-00 real estate taxes (residential, agricultural and public utility tangible) and tangible personal property taxes are based on property valuations and effective millage amounts certified by the county auditor.
- ! An annual growth of approximately 2.4 percent in real property values is projected for FY 2001-02 , FY 2002-03 and FY 2003-04 based on historical trends.
- ! An increase of approximately 12.1 percent in real property values is projected in FY 2000-01 due to the reappraisal scheduled to take place.
- ! An annual growth of approximately seven percent for personal tangible property values is projected for all years based on historical trends.
- ! Property tax allocations (Homestead/Rollback) include a ten percent property tax rollback for all real property tax owners. In 1979, an additional 2.5 percent rollback was enacted for owner occupied homes. These tax credits are reimbursed to the District through the state and are calculated by applying the appropriate percentages to residential and commercial property tax percentages. Also included in this category is an exemption for businesses for the first \$10,000 in personal property tax valuation. This exemption is reimbursed by the state and is estimated based on historical trends.
- ! Although the deregulation of the public utilities and the reduction of the personal tangible assessment rate under H.B. 143 could result in BCSD losing revenues, this forecast assumes that school districts will be held harmless and any lost revenues will be subsidized through other sources.

The detailed valuation, millage and revenue projections are as follows:

Table B-4: Property Valuations and Millage

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Residential/Agricultural - Assessed Valuation	120,156,662	134,695,618	137,928,313	141,238,592	144,769,557
Commercial/Industrial - Assessed Valuation	127,160,566	142,546,995	145,968,123	149,471,679	153,208,471
Public Utility - Assessed Valuation	33,529,160	37,586,188	38,488,256	39,411,975	40,397,274
Personal Tangible - Assessed Valuation	83,963,317	89,840,750	96,129,602	102,858,674	110,058,781
Voted Mills	30.75	30.75	30.75	30.75	30.75
Effective Mills	20.00	20.00	20.00	20.00	20.00
Emergency Levy Totals	\$2.2 Million				
Total Projected Real Property Taxes	\$7.1 Million	\$7.7 Million	\$7.9 Million	\$8.0 Million	\$8.2 Million
Total Projected Personal/Tangible	\$2.9 Million	\$3.2 Million	\$3.4 Million	\$3.6 Million	\$3.8 Million

¹ Presented net of Homestead and Rollback

B. State Sources

(1) Foundation Program: For some districts, state foundation payments are calculated by ODE on the basis of a funding formula which takes into account pupil enrollment, per pupil property valuations and classroom teacher ratios. However, because Brooklyn schools has a relatively high valuation per pupil, the District does not receive funding from the formula. The monies received by the District from the state consist primarily of the annual guaranteed minimum amount plus other factors which reside outside the formula such as transportation, special education and extended service. This projection is based primarily on simulations provided by ODE for FY 1999-00 and FY 2000-01. These simulations show decreasing state revenues. Representatives from ODE indicated that the state monies were forecasted to decrease due to modifications in the way the additional guarantee amounts are funded. See **Section I**, general assumptions of this report for other assumptions pertaining to the foundation program revenues.

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the school district.

Also, the Court declared the spending reserve borrowing program unconstitutional. The spending reserve program allowed the school district to borrow against amounts anticipated to be collected from tangible personal property taxes after the school district's June 30 fiscal year end. During the fiscal year ended June 30, 1999, BCSD did not borrow under this program. However, they repaid \$1,401,000 borrowed in fiscal year 1998.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. The Ohio Supreme Court has not yet rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

The main components of the District's state revenues and the projection by component are as follows:

Table B-5: State Foundation Revenues

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Basic Aid/ Guarantee	346,580	354,003	630,205	552,581	470,358	404,508	347,877	299,174
DPIA	11,388	10,310	15,824	15,023	15,023	15,023	15,023	15,023
Transportation	95,932	130,747	130,747	202,497	216,289	231,429	247,629	264,963
Other ¹	7,123	3,005	5,926	584	0	0	0	0
Cap Reduction ²	N/A	N/A	N/A	(10,426)	0	0	0	0
SF 3 Reduction (Calculated)	N/A	N/A	N/A	(159,654)	(147,351)	(136,702)	(128,211)	(121,624)
ODE Reduction	N/A	N/A	N/A	(152,000)	0	0	0	0
Total State Foundation Revenues	\$470,000	\$514,000	\$782,702	\$448,605	\$554,319	\$514,258	\$482,318	\$457,536

¹ Other represents all other state foundation revenues and includes funding for items like extended service, vocational education cost units, preschool unit funds and other adjustments. The simulations prepared by ODE forecast no monies being given for these items in the future.

² Under Am. Sub. H.B. 650, the state funding program now has a cap on the total amount of monies a District can receive.

Basic Aid/Guarantee - The guarantee amounts projected for FY 1998-99 are based on the state foundation settlement statements. The projections for FY 1999-00 and FY 2000-01 are based on state funding simulations developed by the ODE. Discussions with representatives from ODE indicate that state monies received by districts on the guarantee are going to decrease because future amounts will be based on FY 1997-98 figures. Prior to this, the guarantee was based on the previous year's monies. Since the state legislature has not yet adopted a method for funding the guarantee amount for years beyond FY 2000-01, representatives at ODE were unable to provide any direction as to whether this trend will continue. Because the District's property valuations are projected to increase at a much faster rate than its enrollment, it is assumed that BCSD will remain on the guarantee program. In the absence of other data that contradicts this assessment, it is assumed that these revenues will continue to decrease at a rate of 14 percent which is the average change predicted by ODE from FY 1998-99 through FY 2000-01. It should be noted however, that this is an extremely conservative assumption based on the best and most accurate data available at this time and there is the potential that these results may not be realized.

DPIA - Disadvantaged Pupil Impact Aid (DPIA) provides additional financial support to school districts whose school-age population has a high incidence of children from families

covered under the Temporary Assistance for Needy Families (TANF) program, formerly known as Aid to Dependent Children. The funds provide support for additional costs associated with educating children in poverty.

The DPIA projected for FY 1998-99 is based on the state foundation settlement statements. The projections for FY 1999-00 and FY 2000-01 are based on the state funding simulations prepared by ODE. The simulations indicate that the District is on a DPIA guarantee amount which is allocated between safety and remediation and reduced class sizes for grades K-3. For FY 2001-02, FY 2002-03 and FY 2003-04, it is assumed that the guarantee amounts will continue at the levels indicated by ODE in the previous years.

In accordance with ORC, the current method of state funding provides subsidies for pupil transportation. The transportation subsidy projected for FY 1998-99 is based on the state foundation settlement statements. The projections for FY 1999-00 and FY 2000-01 are based on the state funding simulations prepared by ODE. For FY 2001-02, FY 2002-03 and FY 2003-04, it is assumed that these subsidies will continue to increase by seven percent which is the change predicted by ODE from FY 1999-00 to FY 2000-01.

C. Rollback and Homestead Exemptions: State law grants tax relief in the form of a 10 percent reduction in real property tax bills. In addition, a basic 2.5 percent rollback is granted on residential property taxes and additional relief granted to qualified elderly and disabled homeowners based on income. The state reimburses the District for the loss of real property taxes as a result of the aforementioned state law. Rollback and Homestead exemption revenues are included within the assumptions of the real estate taxes and tangible personal property taxes.

D. SF 3 & ODE Reductions: The SF3 reductions are necessary because when compared to November, 1999 SF3 statement, which is an ODE generated report indicating the amount of state funding a district is actually receiving, the state funding simulations appear to have overstated the amount BCSD would receive. For example, in FY 1999-00 the simulations indicated the District would receive approximately \$760,000 in state monies. However, the November, 1999 SF3 statement indicates that the District will only receive \$598,000. As a result, in FY 1999-00, a reduction of approximately \$160,000 from the projected simulation amounts are necessary. SF3 reductions in future years are projected at 21 percent of the projected simulation amounts which is the difference between the simulation projection for FY 1999-00 and the amount shown on the SF3 statement.

The ODE reduction occurring in FY 1999-00 is necessary because in FY 1998-99, 2.6 units of special education were not captured by ODE and as a result, the District was overpaid by approximately \$152,000. To rectify this situation, ODE has indicated to the District that the \$152,000 overpayment in FY 1998-99 will be withheld from the District's state funding in FY 1999-00.

D. Other Revenues

The main components of other revenues and a detailed projection by component are as follows:

Table B-6: Other Revenues

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Other Revenues:								
Tuition	69,504	38,312	166,918	163,648	204,559	255,699	319,624	399,530
Transportation Fees	47,008	43,859	4,146	36,842	30,947	25,995	21,836	18,342
Earnings on Investments	103,902	57,502	72,018	\$61,000	\$61,000	\$61,000	\$61,000	\$61,000
Miscellaneous	30,151	88,698	1,229,452	30,512	31,611	32,749	33,928	34,497
Total Other Revenues	\$250,565	\$228,371	\$1,472,534	\$292,002	\$327,667	\$375,403	\$436,388	\$513,369

Tuition - BCSD receives tuition from other districts to educate severe behavioral handicapped students. The treasurer indicated that the District currently has a strong program in place to educate these students and as a result, enrollment has been steadily increasing. Also, in FY 1998-99, the treasurer indicated that the District began billing for excess costs which generated additional tuition revenues for the District. The treasurer indicated that he expects the current trends to continue throughout the forecasted period. To explain the significant changes in the historical trend data, the treasurer indicated that in FY 1997-98, the District had approximately \$36,000 of unbilled tuition which was rectified in FY 1998-99. For purposes of determining trends, FY 1997-98 is assumed to have been \$74,312 and FY 1998-99 is assumed to have been \$130,918. A trend analysis over the past ten years indicates that this revenue item fluctuates widely with an average percentage increase of approximately 33 percent. In FY 1998-99, when enrollment increased and the District began billing for excess costs, this revenue item increased approximately 76 percent. Considering the indications of the treasurer and the historical fluctuations, revenues from tuition are projected to increase approximately 25 percent throughout the forecasted period using \$130,918 as the base for FY 1999-00.

Transportation Fees - BCSD receives transportation fees primarily for field trips and from other districts and private schools that utilize the District's busing services. Although the level of provided busing services remained roughly the same in FY 1998-99, the transportation fees decreased approximately \$40,000. It is believed that this decrease

occurred due to the District failing to bill its transportation services. To explain the trend data, the treasurer indicated that the transportation fees have decreased due to a steadily declining level of service being provided. The treasurer also indicated that he expects future levels of busing services to either remain consistent with or continue decreasing from the FY 1997-98 levels. In projecting revenues from transportation fees, it is assumed that FY 1998-99 was an abnormality and that the decreases will continue throughout the forecasted period at a rate of 16 percent, which is the average change from FY 1995-96 through FY 1997-98. In FY 1999-00, the revenue figure of \$43,859 from FY 1997-98 is used as the base.

Earnings on Investments - Investments earnings fluctuate widely based on the level of available cash. In the past, the District's earnings have ranged anywhere between \$30,000 and \$180,000. In projecting revenues from this item, it is assumed that the District will have minimal cash balances available for investing and therefore, earnings will remain flat at approximately \$61,000.

Miscellaneous - Miscellaneous revenues consist primarily of rentals, contributions and donations as well as services provided to other entities. To explain the significant changes in the trend data, the treasurer indicated that in FY 1997-98, the District received a non-recurring gift of \$40,000 to install a running track in the wellness area. The \$1.2 million of revenues reported in FY 1998-99, consists of the \$700,000 advance-in from the sale of Marquardt park and the \$500,000 refund from POLARIS for mistakenly collecting vocational education tax revenues. For purposes of determining trends in recurring revenues, receipts from FY 1997-98 are assumed to have been \$48,698 and receipts from FY 1998-99 are assumed to have been \$29,452. Using the revised trend data, it is assumed that the miscellaneous revenues will increase at a rate of 3.6 percent, which is the ten year average. In FY 1999-00, \$29,452 is used as the base.

V. Expenditures

A. **Operating Expenditures**

(1) Salaries and Wages: See the "Staffing" section in the general assumptions of this plan. The projected salaries through June 30, 2000 are based on the terms of the existing union agreements. The projection for remaining years are based on management's stated intention to grant total increases of one percent in FY 2000-01, two percent in FY 2001-02 and one percent in FY 2002-03 and one percent in FY 2003-04. However, it should be noted that significant questions exist as to whether management will be able to successfully negotiate these increases. Board member compensation is expected to remain fixed at FY 1998-99 levels. The following table uses FY 1998-99 salaries as a base and makes no adjustments for the staffing modifications noted in the proposed expenditure reduction plan. These modifications will be discussed later and the resulting savings and reinstatement costs are accounted for in the District fiscal recovery plan line item within **Table B-1**.

Table B-7: Salaries and Wages

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Salaries & Wages - Certified	5,049,957	5,675,220	5,840,657	6,074,283	6,135,026	6,257,726	6,320,304	6,383,506
Salaries & Wages - Non-Certified	1,931,858	2,046,774	2,088,900	2,172,456	2,194,181	2,238,065	2,260,445	2,283,049
Board Member Compensation	6,700	9,880	9,120	9,120	9,120	9,120	9,120	9,120
Total	\$6,998,515	\$7,731,874	\$7,938,677	\$8,255,859	\$8,338,327	\$8,504,911	\$8,589,869	\$8,675,675

Source: Treasurer’s office and Statement P from 4502 financial report

Table B-8: Contractual and Step Increases

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Contractual COLA Increase/ Certified	4.0%	4.0%	3.0%				
Projected COLA Increase/ Certified				0.0%	1.0%	0.0%	0.0%
Step Increase/Certified	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Increase/ Certified	5.0%	5.0%	4.0%	1.0%	2.0%	1.0%	1.0%
Contractual COLA Increase/ Non-Certified	4.0%	4.0%	3.0%				
Projected COLA Increase/ Non-Certified				0.0%	1.0%	0.0%	0.0%
Step Increase/ Non-Certified	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Increase/ Non-Certified	5.0%	5.0%	4.0%	1.0%	2.0%	1.0%	1.0%

Source: Treasurer’s forecast assumptions

Note: COLA = Cost of Living Adjustment

The step increase percentages presented in **Table B-8** are a blended percentage of the annual salary step and education credit increases required by union contracts, as well as the impact of new employees, retirements and job vacancies and is based upon historical experience.

(2) Fringe Benefits: The main components of fringe benefits and a detailed projection by component are as follows:

Table B-9: Fringe Benefits

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Retirement Contributions	1,022,953	1,225,634	1,356,217	1,444,775	1,500,899	1,573,409	1,632,075	1,691,756
Health Care Costs	851,227	800,147	920,786	976,033	1,034,595	1,096,671	1,162,471	1,232,219
Workers Comp.	42,630	(504)	143,145	99,070	100,060	102,059	103,078	103,999
Unemployment	8,342	1,624	3,427	3,427	3,427	3,427	3,427	3,427
Early Retirement Incentive	0	0 ¹	0 ¹	327,777	270,298	231,079	0	0
Total Benefits	\$1,925,152	\$2,026,901	\$2,423,575	\$2,851,082	\$2,909,279	\$3,006,645	\$2,901,202	\$3,031,401

¹ERI payments of \$53,942 in FY 1997-98 and \$106,178 in FY 1998-99 are included within the retirement contributions.

Retirement Contributions: FY 1998-99 is based on the actual expenditures made by the District. In projecting expenditures for retirement contributions, it is assumed that in FY 1999-00 they will constitute 17.5 percent of the salaries, in FY 2000-01 they will constitute 18.0 percent of the salaries, in FY 2001-02 they will constitute 18.5 percent of the salaries, in FY 2002-03 they will constitute 19.0 percent of the salaries and in FY 2003-04 they will constitute 19.5 percent of salaries. These percentages were devised based on an analysis of trend data from FY 1994-95 through FY 1998-99 which showed that on average, the percentage that retirement benefits were of the total salaries increased approximately 0.5 percent from year to year.

Health Care Costs: The health care costs for FY 1998-99 are based on actual data. The decrease occurring in the trend data for FY 1997-98 is due to the District switching to a less expensive medical plan. The health care costs for the remaining years are projected to increase six percent based on the average change from FY 1995-96 through FY 1998-99.

Workers Compensation: The District is currently experience rated by the Ohio Bureau of Workers' Compensation Program. The significant decrease in expenditures relating to workers compensation in FY 1997-98 is due to the fact that the District failed to make payment on an amount owed of approximately \$59,000. This amount was paid in FY 1998-99. The amounts shown in FY 1998-99 are based on the actual payments. Amounts projected for the remaining years are calculated at 1.2 percent of the yearly payroll which was the average rate charged by the Bureau of Workers' Compensation during the last four years. It is assumed that this rate will continue throughout the forecasted period.

Unemployment: The amounts shown for FY 1998-99 are based on actual results. An analysis for the past ten years indicates that unemployment expenditures fluctuate widely ranging from \$41 to roughly \$13,000. As a result, projected costs for subsequent years are assumed to remain flat at \$3,427 which is the ten year historical average.

Early Retirement Incentive: The District approved an early retirement incentive plan for District employees eligible to retire between July 1, 1997 and August 31, 2000. The plan is predicated on the general fund's ability to afford the additional cost and provides for the purchase of three years of service credit. To date, 21 employees have participated in the plan. However, because of the current financial difficulties, the District does not anticipate offering the plan in FY 2000-01. The projected costs for FY 1999-00 through FY 2001-02 are based on an analysis developed by the treasurer in consultation with representatives from STRS and SERS.

(3) Purchased Services: The main components of purchased services and a detailed projection by component are as follows:

Table B-10: Purchased Services

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Professional/ Technical	280,981	340,071	321,194	330,830	340,755	350,977	361,507	372,352
Property Services	245,372	209,294	155,090	159,743	164,535	169,471	174,555	179,792
Contracted Craft/Trade Services	0	10,319	9,595	9,882	10,179	10,485	10,799	11,123
Electricity	155,940	150,075	139,631	143,820	148,134	152,579	157,156	161,871
Gas	102,429	84,284	89,498	92,183	94,948	97,797	100,731	103,753
Telephone	75,959	53,315	51,733	52,768	53,823	54,899	55,997	57,117
Water/Sewer	28,369	26,084	41,885	48,168	55,393	63,702	73,258	84,247
Travel and Meetings	63,448	54,749	29,100	29,973	30,872	31,799	32,752	33,735
Tuition	281,272	575,844	303,979	352,616	409,034	474,480	550,396	638,459
Pupil Transp.	13,054	54,512	37,513	38,638	39,798	40,991	42,221	43,488
Other	49,270	50,800	52,333	53,903	55,520	57,186	58,901	60,668
Total Purchased Services	\$1,296,094	\$1,609,347	\$1,231,551	\$1,312,524	\$1,402,991	\$1,504,366	\$1,618,273	\$1,746,605

Projections for FY 1998-99 are based on actual expenditures. The projections for FY 2000-01 through FY 2003-04 assumes all components of purchased services, with the exception of those explained below, will increase three percent per year based on inflationary pressures.

Property Services: Property services as well as most of the other line-items decreased in FY 1998-99 due to an effort on the part of the District to reduce the total purchased services by \$400,000. The treasurer indicated that he believes that the District will continue spending at similar levels throughout the forecasted period. As a result, property services are projected to increase three percent from FY 1998-99 levels based on inflation.

Telephone: In FY 1997-98, the District switched phone service carriers from Ameritech to Nex-Link due to the lower prices. The treasurer expects these price levels to continue throughout the forecasted period. As a result, expenditures relating to telephone charges are assumed to increase two percent each year.

Water/Sewer: The ten year water/sewer expenditure history indicates that these costs have steadily increased throughout the period at an average rate of approximately 15 percent. In projecting water/sewer expenditures for FY 1999-00 through FY 2003-04, it is assumed that this trend will continue at a rate of 15 percent.

Tuition: To explain the fluctuation in the historical trend data, the treasurer indicated the District did not make the payment for \$150,000 of tuition in FY 1996-97. This payment was made in FY 1997-98. Expenditures relating to tuition have fluctuated a great deal during the past ten years. As a result, future tuition expenditures are projected to increase at a rate of approximately 16 percent, which is the ten year average.

Pupil Transportation: The District could not provide a reasonable explanation for the increase in purchased services relating to pupil transportation in FY 1997-98. However, the decrease in FY 1998-99 is attributed to the District attempting to reduce the total purchased services by \$400,000. The treasurer believes the District will continue spending at similar levels throughout the forecasted period. As a result, expenditures relating to pupil transportation are projected to increase at three percent from FY 1998-99 levels based on inflation.

Other: The treasurer indicated that the increase in the other expenditures that occurred in FY 1996-97 is due to the fact that the District went on-line with the Honeywell monitoring system. The District will continue utilizing Honeywell's services throughout the forecasted period. As a result, other expenditures are projected to increase three percent, which is the increase in costs from FY 1996-97 to FY 1997-98.

(4) Materials, Supplies and Textbooks: The main components of materials, supplies and textbooks and a detailed projection by component are as follows:

Table B-11: Materials, Supplies and Textbooks

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Transportation Repairs & Supplies	56,449	69,179	48,465	49,919	51,417	52,959	54,548	56,184
Building Repairs and Materials	102,767	113,023	58,389	60,141	61,945	63,803	65,717	67,689
General Supplies	217,787	259,202	71,930	74,088	76,311	78,600	80,958	83,387
Textbooks & Instructional Materials	24,039	27,655	31,902	319,887	331,938	356,664	365,491	369,000
Total Materials, Supplies & Textbooks	\$401,042	\$469,059	\$210,686	\$504,035	\$521,611	\$552,026	\$566,714	\$576,260

The figures presented for FY 1998-99 are based on actual data and show that the District made significant reductions in an effort to reduce the expenditures associated with materials, supplies and textbooks by \$300,000. The District has indicated that they will continue to maintain these expenditures at a similar level throughout the forecasted period. With the exception of textbooks and instructional materials, all expenditures are projected to increase at three percent from FY 1998-99 levels to account for inflationary factors.

Textbook and Instructional Materials: Contrary to the treasurer's forecast which establishes a textbook and instructional material spending reserve, this forecast assumes that BCSD will spend all amounts required by the H.B. 412 legislation. As a result, expenditures relating to textbooks and instructional materials are forecasted to make up at least the required set-aside. The revenues for which the spending requirements were calculated are based on the actual and projected revenues from real property taxes, personal property taxes and the basic aid/guarantee amount from state funding. The spending requirements included in these accounts amount to three percent in FY 1999-00 through FY 2003-04. According to the legislation, textbooks and instructional materials are defined as textbooks, instructional materials, instructional supplies, instructional software and equipment of an educational nature such as classroom computers.

(5) **Capital Outlays:** The main components of capital outlays and a detailed projection by component are as follows:

Table B-12: Capital Outlays

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Buildings	152,210	6,239	0	0	0	0	0	0
Improvements	2,380	7,476	0	0	0	0	0	0
Equipment	475,246	56,941	1,494	0	0	0	0	0
Equipment - Replacement	105,782	19,453	0	0	0	0	0	0
School Bus - Replacement	1,015	52,569	0	0	0	0	0	0
Total Capital Outlay	\$736,633	\$142,678	\$1,494	\$0	\$0	\$0	\$0	\$0

The figures presented for FY 1998-99 are based on actual data and show that in FY 1998-99, the District made significant reductions in the capital outlay expenditures. The treasurer indicated that in the future the District will continue this trend by utilizing the permanent improvement levy for capital expenditures. The permanent improvement levy currently generates approximately \$225,000.

In complying with the H.B. 412 capital improvements spending requirements, the forecasted expenditures from the permanent improvement fund, the property services account within the purchased services line item and the building repairs and materials account within the materials, supplies and textbooks line item exceed the required amounts. Therefore, no additional expenditures to meet the H.B. 412 spending requirements are projected for the capital outlay line item.

(6) Other Expenditures: Other main components of other expenditures and a detailed projection by component are as follows:

Table B-13: Other Expenditures

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Membership Dues & Fees	180,797	145,258	204,865	215,108	225,864	237,157	249,015	261,466
Insurance	3,999	3,883	2,727	2,836	2,950	3,068	3,190	3,318
Taxes & Assessments	2,089	2,184	1,930	1,969	2,008	2,048	2,089	2,131
Awards & Prizes	2,475	2,450	0	0	0	0	0	0
Miscellaneous	6,495	14,632	16,783	17,286	17,805	18,339	18,889	19,456
Total Other Expenditures	\$195,855	\$168,407	\$226,305	\$237,199	\$248,627	\$260,612	\$273,183	\$286,371

Other expenditures projected for FY 1998-99 are based on actual data. The amounts projected from FY 1999-00 through FY 2003-04 are assumed to increase at an annual rate of two to five percent based on past experience. Due to past accounting practices (**F2.17**), the county auditor's fees could not be broken out of the membership dues and fees account for all years presented. In FY 1998-99, the District did not incur expenditures relating to awards and prizes in an effort to eliminate unnecessary costs. It is assumed that this trend will continue throughout the forecasted period. The miscellaneous expenditures consist primarily of rentals and fees incurred for lost textbooks.

B. Educational Enhancements

Under Am. Sub. S.B. 55, BCSD is required to implement various educational enhancements which have significant financial implications. However, as noted in **F2.6**, the District has already taken significant actions to comply with this mandate and no further costs are projected during the forecast period.

VI. Debt Service

The District's debt service requirements by fiscal year during the forecasted period are as follows:

Table B-14: Debt Service Requirements

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Five Year Tax Anticipation Note	0	0	0	0	0
H.B. 264 Energy Conservation Note	410,000	430,000	455,000	480,000	510,000
Ohio Solvency Assistance Loan ¹	1,246,500	1,246,500	0	0	0
Spending Reserve Borrowing	0	0	0	0	0
Total Principal	\$1,656,500	\$1,676,500	\$455,000	\$480,000	\$510,000
Interest - Tax Anticipation Note	0	0	0	0	0
Interest - Energy Conservation Note	146,720	123,200	98,420	72,240	43,680
Interest - Spending Reserve Borrowing	0	0	0	0	0
Total Interest	\$146,720	\$123,200	\$98,420	\$72,240	\$43,680
Total Debt Service	\$1,803,220	\$1,799,700	\$553,420	\$552,240	\$553,680

Source: Statement L from 4502 financial reports and District debt schedules

¹ School District's borrowing through the Ohio Solvency Assistance Loan program receive the monies interest free. See **Table 2-4** for a recap of interest rates and other borrowing information.

Under the Spending Reserve borrowing, the District is permitted to borrow one-half of the October personal property tax settlement over the fiscal year-end. The Ohio Supreme Court decision in the *DeRolph vs. State of Ohio* case struck down this type of borrowing. It will be phased out over a five-year period beginning July 1, 1998. BCSD last used this form of borrowing in March, 1998.

H.B. 412 eliminates the state emergency loan fund and replaces it with the solvency assistance fund. After March 24, 1998, school districts are no longer being approved for borrowing under the state emergency loan fund and must borrow from the state solvency assistance fund. Under the new program, in FY 1998-99 the District borrowed approximately \$2.5 million and is scheduled to repay the amount over a two year period. Although the proposed financial recovery plan in **Table B-1** reflects savings associated with the implementation of performance audit recommendations and the districts' recovery plan, BCSD is projected to have ending fund balance deficits in FY's 1999-00, 2000-01, 2001-02 and 2002-03 which could necessitate additional borrowing from the solvency assistance fund.

School district's can borrow monies in anticipation of taxes that will be generated by the passage of a property tax levy. BCSD last issued these tax anticipation notes in FY 1993-94 with the passage of the 8.2538 mill new money levy in February. The entire amount was repaid over a period of five years. The H.B. 264 energy conservation notes are authorized by legislation to be issued for the sole purpose of making capital improvements which result in energy efficiencies. Under this program, the District borrowed approximately \$4.2 million in FY 1994-95. The current outstanding balance is approximately \$2.3 million.

VII. Other

A. Transfers and Advances In/Out

The projection assumes the District will have to make yearly transfers of \$60,000 to cover deficit balances in the enterprise funds (**F2.14**). The projection also assumes that in FY 1999-00, the District will comply with the ORC and make a return advance of \$700,000 to the permanent improvement fund (**F2.13**).

B. Refunds/Other

The projection includes the rebate of \$67,000 received from the Bureau of Workers Compensation in FY 1997-98.

C. Encumbrances

In accordance with ORC, the District is required to consistently use the encumbrance method of accounting for budget management and control. Under this method, purchase orders, contracts, resolutions and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation for future payment.

Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The projection assumes the same amount of outstanding encumbrances for each year during the projection period of \$320,000, which is the ten year historical average.

D. Budget Reserve

Under Am. Sub. H.B. 412, if the revenue received for current expenses for the preceding fiscal year is at least three percent greater than the revenue received for current expenses for the second preceding fiscal year, the District is required to set-aside as a budget reserve not less than one percent of the revenue received for current expenses for the preceding fiscal year. The minimum one percent set-aside continues each year until the budget reserve equals or exceeds five percent of the revenue received for current expenses for the preceding fiscal

year. School districts in fiscal emergency may receive authorization from the state to use the budget reserve for current operating expenses. However, as noted in **F2.8**, if the District chooses to not fund the budget reserve because of its fiscal emergency status, then it must first receive approval from the State Superintendent of Public Instruction as well as develop an acceptable plan for repaying those amounts. To avoid having to repay these monies, it is assumed that the District will fund the budget reserve in all required years. As a result, this projection includes a posting to the budget reserve of one percent in FY 2000-01.

Included in the budget reserve line item for FY 1997-98 is the rebate of \$67,000 from the Bureau of Workers Compensation received by the District.

VIII. Fiscal Recovery Plan

Table B-15 summarizes the fiscal recovery plan adopted by the commission in June, 1999. These reductions have taken place in FY 1999-00 and based on District estimates, will result in a total savings of approximately \$1.4 million. In future years, these savings are forecasted to continue and are adjusted to account for projected increases in salaries and benefits as well as the staffing reinstatements dictated by the fiscal recovery plan. It is assumed that the District will only reinstate those positions identified in the fiscal recovery plan.

Table B-15: District Fiscal Recovery Plan

	# of Staff Eliminated	# of Supplemental Contracts	# of Positions Replaced at Lower Wages	# of Programs Eliminated	Total Savings Predicted in FY 1998-99
Administrative Staff	3.0				\$234,202
Classified Staff	9.0				\$307,188
Certified Staff	11.0				\$517,195
Contracted Staff	3.0				\$121,839
Supplemental Contracts		63.0			\$132,928
Positions Replaced at Lower Wage			7.0		\$44,689
Misc. Programs				2.0	\$40,299
Total	26.0	63.0	7.0	2.0	\$1,398,340

Source: District fiscal recovery plan

IX Performance Audit Recommendations

With the District’s current financial situation, changes need to be made in order for the BCSD to recover from its fiscal emergency status. This performance audit report outlines ways the

District can enhance its revenues and implement cost savings. The performance audit recommendations included in the forecast (**Table B-1**) are summarized in **Table B-16** and have been categorized as to those which can be implemented immediately and those which will require future negotiations. Also included within the forecast (**Table B-1**) are the savings associated with the fiscal recovery plan adopted by the District. This plan is summarized in **Table B-15** and projects savings of approximately \$1.4 million in FY 1999-00.

Table B-16: Summary of Performance Audit Recommendations Included in Table B-1

Recommendations	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Recommendations Subject to Negotiation:					
R3.16 Increasing employee contributions toward health care premiums from 5% to 10%		\$44,993	\$44,993	\$44,993	\$44,993
R3.18 Requiring administrative and exempted groups to contribute towards SERS and STRS		\$98,494	\$98,494	\$98,494	\$98,494
Total Recommendations Subject to Negotiation		\$143,487	\$143,487	\$143,487	\$143,487
Recommendations Not Subject to Negotiations:					
R3.4 Establish educational service personnel staffing levels comparable to peers	\$161,448	\$161,448	\$161,448	\$161,448	\$161,448
R3.5 Establish library/media aide staffing levels comparable to peers	\$24,800	\$24,800	\$24,800	\$24,800	\$24,800
R3.6 Establish teaching aide staffing levels comparable to peers	\$97,385	\$97,385	\$97,385	\$97,385	\$97,385
R3.7 Establish food service staffing levels comparable to peers	\$55,338	\$55,338	\$55,338	\$55,338	\$55,338
R3.8 Establish monitor staffing levels comparable to peers	\$148,728	\$148,728	\$148,728	\$148,728	\$148,728
R4.9 Reduce custodian/cleaner overtime	\$2,940	\$2,940	\$2,940	\$2,940	\$2,940
R4.16 Reduce custodian/maintenance overtime	\$9,157	\$9,157	\$9,157	\$9,157	\$9,157
R4.19 Discontinue weekend building inspections	\$0	\$8,100	\$8,100	\$8,100	\$8,100
R5.8 Reduce overtime for bus drivers	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
R5.12 Reduce mechanic overtime	\$3,978	\$3,978	\$3,978	\$3,978	\$3,978
R5.13 Utilize vendor to deduct federal excise tax for fuel purchases	\$6,479	\$6,479	\$6,479	\$6,479	\$6,479
Total Recommendations Not Subject to Negotiation	\$513,753	\$513,753	\$513,753	\$513,753	\$513,753
Total Recommendations Included in Forecast	\$513,753	\$665,340	\$665,340	\$665,340	\$665,340

Source: Financial Implications Summaries for all sections of this performance audit report.

Table B-17 summarizes additional recommendations which the commission should consider, however, due to potential duplications with other sections within this report, these items were not included in the forecast (**Table B-1**).

Table B-17: Summary of Recommendations Not Included in Table B-1

Recommendations	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Recommendations Not Subject to Negotiation:					
R5.2 Purchase and implement routing software	\$89,956	\$89,956	\$89,956	\$89,956	\$89,956
R5.6 Explore less costly options for contracted special needs student transportation	\$12,760	\$12,760	\$12,760	\$12,760	\$12,760
Total Recommendations Not Included in Forecast	\$102,716	\$102,716	\$102,716	\$102,716	\$102,716

Table B-18 summarizes the implementation costs associated with various recommendations contained within this performance audit. These costs are dependent on the implementation of the associated recommendation and the period in which the recommendation is implemented. Due to limited cash resources throughout the forecasted period, it is assumed that these purchases will be postponed and therefore, the implementation costs presented below are not shown in the forecast (**Table B-1**).

Table B-18: Implementation Costs

Recommendations	Implementation Costs (FY 2002-03)
Human Resources:	
R3.1 Implement a HRIS	\$11,125
Transportation:	
R5.17 Purchase and implement routing software	\$20,000
Total Performance Audit Recommendations	\$31,125

Source: Financial Implications Summaries for all sections of this performance audit report.

X. Commission Considerations

- I Sub. S.B. 3 was passed in May, 1999, and provides for the deregulation of retail electric to begin on January 1, 2001. The legislation reduces the assessment rate for electric utility properties from the current 88 percent to 25 percent. However, also included within the legislation is a new kilowatt-hour tax which is designed, in-part, to replace the lost revenues for school districts. The treasurer estimated that if the revenues currently generated from electric utilities are not replaced, the District will lose approximately \$628,000 beginning in FY 2001-02.

- II H.B. 143 was passed in May, 1999, and provides for a reduction of the rate at which inventory property is assessed for taxation from 25 percent to 15 percent. This reduction is scheduled to take place over a five year period at two percent a year beginning in tax year 1999. If these revenues are not replaced by other sources, the personal property tax revenue received by the District will be negatively affected.
- III With the scheduled construction of the four commercial sites, BCSD's potential to generate additional revenues does exist. However, at this time, it is not known when the construction will be completed nor the amount of additional revenues the District could receive. It also should be noted that if and when these additional revenues begin to be collected, the District will have to increase its spending related to textbooks and instructional materials as well as capital improvements, and may potentially have to post monies to the budget reserve in order to comply with H.B. 412.
- IV The guarantee amounts provided through state funding for FY 1999-00 and FY 2000-01 are projected to decrease based on simulations provided by the State Department of Education. This decrease occurs because the funding for the guarantee amounts are going to remain fixed at FY 1997-98 levels. Prior to this, the guarantee was based on the previous year's monies. Because the state legislature has not yet adopted a method of funding the guarantee amounts for years beyond FY 2000-01, representatives at ODE were unable to provide any direction as to whether this trend will continue. As a result, this forecast was conservatively estimated and projects the trend of decreasing revenues to continue. However, District management should be aware of the fact that the actual state monies received will likely differ from those projected in this forecast.
- V Projected expenditures for salaries and wages are based on the assumption that management will be able to negotiate future collective bargaining agreements which will grant wage and step increases totaling one percent in FY 2000-01, two percent in FY 2001-02, one percent in FY 2002-03 and one percent in FY 2003-04. If management is not successful, the expenditures for salaries and wages could increase significantly from those presented in the forecast. **Table B-19** was developed to model the effect on the District's projected unencumbered cash balances (as presented in **Table B-1**) for various potential wage increase scenarios.

Table B-19: Effects of Potential Wage Increases (Amounts in 000's)

	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Ending Unencumbered Cash Balance Per Table B-1	(\$2,324)	(\$1,709)	(\$834)	\$70
Scenario 1¹:				
Incremental Increase in Costs Assuming Annual Wage Increases of 2% and Step Increases of 1%	197	304	517	697
Adjustment to Prior Year's Cash Balance	0	197	501	1,108
Adjusted Unencumbered Cash Balance - Scenario 1	(\$2,521)	(\$2,210)	(\$1,852)	(\$1,645)
Scenario 2¹:				
Incremental Increase in Costs Assuming Annual Wage Increases of 3% and Step Increases of 1%	295	508	836	1,137
Adjustment to Prior Year's Cash Balance	0	295	803	1,639
Adjusted Unencumbered Cash Balance - Scenario 2	(\$2,619)	(\$2,512)	(\$2,473)	(\$2,706)
Scenario 3¹:				
Incremental Increase in Costs Assuming Annual Wage Increases of 4% and Step Increases of 1%	393	714	1,161	1,589
Adjustment to Prior Year's Cash Balance	0	393	1,107	2,268
Adjusted Unencumbered Cash Balance - Scenario 3	(\$2,717)	(\$2,816)	(\$3,102)	(\$3,787)

¹ Incremental increases are the sum totals of the increases in salaries and wages, retirement benefits and workers compensation

VI. Projected savings from the District's fiscal recovery plan are based on the assumption that management will only reinstate those positions identified in the plan. If the District chooses to hire additional personnel or reinstates positions on a time frame different from what is stated in the fiscal recovery plan, the expenditures for salaries and wages as well as benefits could vary significantly from those presented in the forecast.

Financial Implications of Potential Levies

In May 1999, the District renewed an emergency operating levy at an effective amount of 6.2 mills. This levy was originally passed at approximately 8.3 mills and currently generates roughly \$2.2 million annually.

In November 1999, the commission approved a plan to place a five-year renewal levy on the ballot for March 2000. This levy was last renewed at six mills in May, 1995 and is scheduled to expire on December 31, 2000. Based on **Table 2-5**, the effective renewal amount of the levy will be approximately four mills and according to the treasurer, will generate roughly \$1.8 million annually.

Conclusion Statement

In general, BCSD's current financial difficulties appear to be the result of unsound management decisions and poor forecasting practices in recent years. The combination of these items have led to the District continually incurring expenditures in excess of the available revenues and by April 1999, the District had a projected operating deficit of \$2.5 million in the general fund. In funding these deficits, BCSD borrowed significant amounts of money from future year's revenues. As a result, the District's total general fund debt service requirements amount to approximately 13.3 percent of its FY 1999-00 projected revenues and approximately 12.5 percent of its FY 2000-01 projected revenues. Once a district enters this borrowing cycle, it becomes difficult to regain financial solvency without the infusion of additional revenue or drastic reductions in operating costs. While the District has adopted a recovery plan which identifies some cost reductions, the Auditor of State's financial projections indicate that these by themselves will not be sufficient to allow for a balanced budget. Therefore, in order for BCSD to regain financial solvency, additional reductions need to take place and significant changes must be made in the way the District is fiscally managed.

Due to the significant amount of commercial property within the District, BCSD receives revenues of approximately \$8,265 per pupil, which ranks 31st out of 611 school districts in the state. In contrast, BCSD incurs expenditures of \$9,261 per pupil, which ranks 11th out of the 611 school districts in the state. In dealing with its fiscal emergency status, the District has proposed a plan which includes a new levy being placed on the ballot in calendar year 2000. However, these statistics indicate that BCSD's problems are not associated with a lack of sufficient revenues, rather the manner in which they have been managed. Before asking the community for additional tax dollars, BCSD must become more fiscally responsible for the dollars currently being received.

In order to effectively manage the fiscal operations of the District, BCSD must improve its financial planning, budgeting and procurement processes. Past financial forecasts were misleading and contributed in part, to the unsound management decisions made by the District. Because of a lack of detail and thorough consideration by management, the current forecast does not depict the financial situation the District is likely to encounter. Future forecasts should be prepared at a level of detail sufficient to allow the board to make informed decisions. If BCSD is going to regain fiscal solvency, the District needs to start adopting and making effective use of its budgets. Specifically, the District should ensure that it not only adopts a formal budget within the time frames provided by ORC and board policy, but also develops and adopts its budgets within the available resources. The budget should then be used as the District's spending plan to control expenditures and help ensure goals and objectives are met. No deviations should occur from the adopted budget without the prior consent of the board. Some of the District's past budgetary problems are linked to the fact that individuals are able to circumvent the purchasing cycle and contract with vendors without receiving the necessary approvals beforehand. Beginning immediately, no purchases should be allowed unless they have been properly encumbered and the treasurer has certified the availability of the funds.

The District needs to take immediate action to control and where possible, reduce operating expenditures of the District. Developing and maintaining a balanced budget will require important management decisions be made to ensure available resources are allocated and accounted for in a manner which supports educational goals and established objectives. The District and the commission are encouraged to evaluate the recommendations contained within this performance audit, as well as other cost savings possibilities, as they formulate a financial recovery plan for the District.

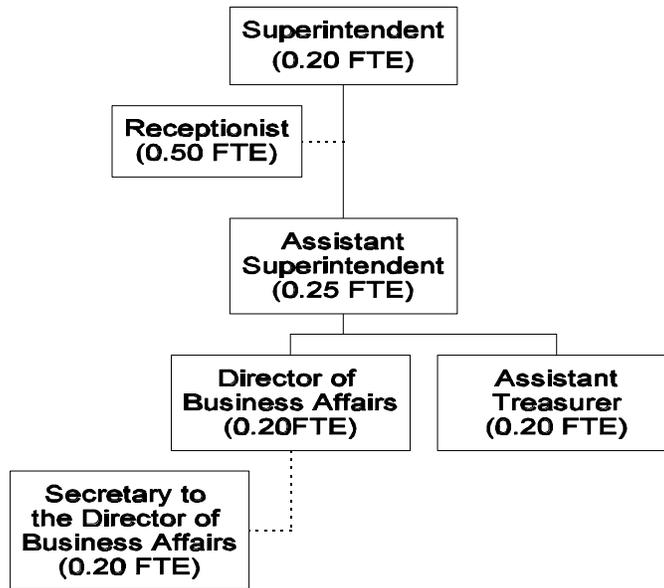
Human Resources

Background

Organizational Chart

The Brooklyn City School District (BCSD) does not have a separate department dedicated to performing human resources functions. The personnel responsible for coordinating human resources functions are referred to as the human resources department (HRD) for the purpose of the performance audit. The chart below provides an overview of the HRD’s organizational structure and staffing levels.

Human Resources Department



Organizational Function

The human resources department (HRD) is responsible for coordinating the activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards (criminal record background check and teacher certification), facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering union contracts, conducting disciplinary hearings and placing selected substitutes. The HRD is also responsible for processing and distributing benefit information and participating in new employee orientation.

Summary of Operations

All BCSD employees are categorized as either certificated or classified staff. Certificated staff includes the principals, teachers, counselors, librarians and psychologists. The classified staff includes secretarial, clerical, food service, custodial and maintenance personnel, bus drivers, mechanics, monitors and library aides.

The superintendent's responsibilities include recruitment, selection, assignment, retention, and supervision of all district certificated and classified personnel; coordination of contract administration and negotiation of certificated agreements; maintenance of personnel records; compliance with state and federal employment laws and district labor contracts; administration of salary and benefits; allocation and monitoring of funds for substitute usage; development and publication of the school calendar, administration of employee performance, evaluation and discipline policies and procedures; and development, interpretation and implementation of human resources policies consistent with the district's strategic plan and long range planning goals. The human resources related duties performed by the superintendent normally require 20 percent of the work day.

The assistant superintendent's responsibilities include coordination of contract administration and negotiation of certificated agreements; maintenance of personnel records; compliance with state and federal employment laws and district labor contracts; screening and selection of qualified substitutes; development and publication of the school calendar; administration of employee performance, evaluation and discipline policies and procedures; monitoring of staff certification including eligibility for continuing contract; and development, interpretation and implementation of human resources policies consistent with the district's strategic plan and long range planning goals. Additional responsibilities include assisting the superintendent with human resource functions as needed. The human resources related duties performed by the assistant superintendent normally require approximately 25 percent of the work day.

The director of business affairs' responsibilities include maintaining classified personnel files; approving vacancy postings for new or open classified positions; reviewing and approving time allocations for each pay period; conducting employee evaluations; maintaining disciplinary action

records for classified personnel; and the administration of Occupational Safety Hazard Association (OSHA), worker's compensation and unemployment compensation in accordance with district labor contracts and state and federal laws. The human resources related duties performed by the director of business affairs normally require approximately 20 percent of the work day.

The assistant treasurer's responsibilities include orienting new employees; assisting with the maintenance of salary and EMIS data for all personnel; maintaining supplemental, professional growth and sick leave accumulation records; preparing and distributing contracts, annual salary and sick leave accumulation notices; administrating benefits; and maintaining records for insurance, retirement, annuities, credit union dues and other deductions. The human resources related duties performed by the assistant treasurer normally require approximately 20 percent of the work day.

The secretary to the director of business affairs' responsibilities include developing and maintaining a filing system for job applications for classified personnel; posting vacancies for new or open classified positions and issuing pre-employment screenings; updating classified personnel files; and maintaining seniority list and personal and vacation schedules for classified personnel. In addition, this position also maintains the worker's compensation and unemployment files for the district. The human resources related duties performed by the secretary to the director of business affairs normally require approximately 20 percent of the work day.

The board office receptionist responsibilities include coordinating the responsibilities and placing substitutes for monitors, certificated and secretarial personnel. The human resources related duties performed by the board office receptionist normally require approximately 50 percent of the work day.

Staffing

Table 3-1 represents current HRD staffing for BCSD for FY 1998-99.

Table 3-1: Human Resources Staffing

Position	# Staff	FTEs
Superintendent	1	0.20
Assistant Superintendent	1	0.25
Director of Business Affairs	1	0.20
Assistant Treasurer	1	0.20
Secretary to Business Affairs	1	0.20
Receptionist	1	0.50
Total	6	1.55

Source: Assistant Superintendent

Financial Data

Table 3-2 presents FY 1996-97 and FY 1997-98 actual expenditures and the budget for FY 1998-99 for the HRD. The HRD related budget is incorporated into certificated and classified personnel appropriations. The decline in total salaries for FY 1999-2000 is due to the assistant superintendent retiring and the receptionist being promoted to a secretarial position in the elementary school.

Table 3-2: Budget - Human Resources Department

Appropriation Account	Actual FY 1997-98	Actual FY 1998-99	Budget FY 1999-00
Salaries	\$68,369	\$71,768	\$44,027
Fringe Benefits	12,990	14,093	6,814
Total Substitute Teachers	90,154	58,845	62,732
Total	\$171,513	\$144,706	113,573

Source: Treasurer's office

Performance Measures:

The following is a list of performance measures that were used to review BCSD's human resources coupled with the functionality typically performed by a human resources department (HRD):

- ! Clearly defined roles, responsibilities, accountabilities and authorities of key participants in the affairs of personnel administration
- ! Appropriate allocation of resources in relation to workloads
- ! Appropriateness of human resources system for retention and utilization of critical personnel data
- ! Assessment of staffing classifications and respective ratio to total full time equivalents
- ! Assessment of the allocation of the ratio of direct instructional personnel to district educational support personnel
- ! Appropriateness of staff levels and mix
- ! Analysis of teachers' work day as defined by the union contract versus actual work day worked
- ! Assessment of number of instructional minutes taught per teacher, class sizes and staffing ratios
- ! Assessment of total FTE employees in comparison of the ratio of total salaries per classification to total district salaries
- ! Assessment of utilization and compensation for supplemental pay and stipends
- ! Assessment of salary schedule and maximum step structure
- ! Appropriate use of substitute personnel
- ! Assessment of W2 wages in correlation to salary schedules
- ! Utilization of paid leaves
- ! Assessment of employee benefit costs and administration including workers' compensation
- ! Assessment of contract administration (collective bargaining) and contractual issues.

Findings/Commendations/Recommendations

Organizational Issues:

F3.1 **Table 3-3** illustrates that Brooklyn City School District's human resources FTE staffing levels are the second highest when compared to the peer districts.

Table 3-3: Comparison of HRD Staff by Position - FTEs

	Brooklyn	Columbia Local	Rocky River	Sheffield/ Sheffield Lake	Peer Average
Director/Professional	0.45	0.50	1.00	0.55	0.63
HRD Staff Member	1.10	0.55	2.00	0.45	1.02
Total	1.55	1.05	3.00	1.00	1.65
FTE Regular Employees	218.0	127.1	253.0	213.4	202.9

Source: FY 1997-98 EMIS profile

F3.2 **Table 3-4** presents the ratio of full-time equivalent (FTE) employees per HRD staff. BCSD has 218.0 FTE regular employees and 1.55 FTE human resources staff members. The ratio of BCSD employees assigned to the HRD staff is 140.6:1. This ranks BCSD's HRD as servicing the second highest number of employees per personnel staff member when compared to the peer districts.

Table 3-4: FTE Employee Per HRD Staff

	Brooklyn	Columbia Local	Rocky River	Sheffield/ Sheffield Lake
Total HRD FTE Employees	1.55	1.05	3.00	1.00
FTE Regular Employees	218.0	127.1	253.0	213.4
Ratio	140.6:1	121.0:1	84.3:1	213.4:1

Source: FY 1997-98 EMIS profile

F3.3 The Education Management Information System (EMIS) was previously maintained by the testing and EMIS coordinator who retired in July, 1999. For the 1999-2000 school year, the board has passed a resolution which will allow the district to contract at a daily rate not to exceed 85 days or \$17,000 for the retired testing and EMIS coordinator to assist the district with EMIS reporting in October and June. Personnel related data is maintained by the assistant superintendent and the assistant treasurer. Pupil related data is entered at the

building level and consolidated by the EMIS coordinator. The pupil services secretary will maintain the pupil data for the 1999-2000 school year.

- F3.4 BCSD currently does not use a human resource information system (HRIS). The HRD lacks necessary tools and resources for tracking and monitoring work load drivers which causes multiple functions to be performed manually. Key work load indicators are not measured and performance measurements do not exist. Additionally, the district utilizes the Uniform Staff Payroll System (USPS) which is the state payroll software. The district uses the USPS to track leave taken by each employee. However, this system does not possess any other personnel applications.

- R3.1** BCSD needs to initiate efforts to define requirements for selecting and implementing a HRIS solution to meet the HRD's critical business needs. Key areas that should be measured with the implementation of an HRIS include:

- ! Applicant tracking, hiring, separations and turnover
- ! Leave days by type by employee
- ! Discipline and grievance actions
- ! Recruitment statistics
- ! Substitute placement rates
- ! Exit interviews

An integrated HRIS and payroll system provides the district with the tools to effectively and efficiently manage workload drivers, eliminates the need for duplicate databases and the time spent reconciling them, reduces the amount of staff needed to maintain the information and provides immediate access to all employee information. Additionally, the district should work together with other school districts using state software and approach the Ohio Department of Education (ODE), as a group, about the feasibility of creating a HRIS as a part of the USPS.

Financial Implication: The costs involved with implementing a HRIS vary by product, vendor, hardware required and size of the school district. Middletown-Monroe City School District estimated they spent approximately \$11,125 for "School Base", a custom designed HRIS. However, lower cost options may be available by obtaining a commercial HRIS software package.

Staffing/Compensation Analysis:

- F3.5 **Table 3-5** presents the staffing levels of FTEs per 1,000 students enrolled for BCSD and the three peer districts. BCSD has the highest FTEs in 17 categories and the highest staffing level overall as indicated by the bolded numbers below, when compared to the peer districts.

R3.2 Because of its financial situation, BCSD should complete a comprehensive staffing analysis to determine which departments are overstaffed. **Table 3-5** and the following findings and recommendations indicate several areas where the district could potentially reduce staff.

Table 3-5: Peer District Staffing Patterns (FTE Staff per 1,000 Students Enrolled)

Category	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake	Peer District Average ¹
ADM	1,287	1,175	2,070	2,023	1,756
Administrators: Sub-total	13.0	7.0	7.8	5.8	6.9
Central	2.3	1.8	1.5	1.5	1.6
Site Based	4.6	3.5	3.4	2.7	3.2
Supervisor/Manager/Dir.	2.2	1.7	1.9	1.2	1.6
Other	3.9	0.0	1.0	0.4	0.5
Professional Education: Sub-total	89.1	61.0	71.7	64.1	65.7
Curriculum Specialists	0.0	0.0	0.5	0.0	0.2
Counselors	3.9	1.7	2.9	2.5	2.4
Librarian - Media	1.6	0.9	1.4	0.5	0.9
Remedial Specialists	3.1	1.3	2.3	0.6	1.4
Teachers - Elem and Sec	76.0	57.1	60.4	58.8	58.8
Others	4.5	0.0	4.2	1.7	2.0
Professional - Other	4.5	1.7	1.3	1.6	1.5
Technical: Sub-total	0.0	0.0	0.8	0.0	0.3
Computer Operator	0.0	0.0	0.8	0.0	0.3
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Office/Clerical: Sub-total	18.0	9.3	18.3	9.3	12.2
Clerical	7.8	6.8	11.3	7.4	8.5
Teaching Aides	3.2	1.2	3.0	0.4	1.5
Library/Media Aides	3.9	1.3	2.7	1.5	1.8
Others	3.1	0.0	1.3	0.0	0.4
Crafts/Trades	0.8	1.7	4.3	2.0	2.7
Transportation	8.5	11.1	5.2	5.6	7.3
Laborer - Groundskeeping	1.6	0.0	0.0	0.0	0.0
Custodial	16.6	5.4	5.7	6.9	6.0
Food Service	8.3	7.4	1.9	4.2	4.5
Service Work - Other	9.2	3.9	5.3	5.9	5.0
Total	169.6	108.5	122.3	105.4	112.1

Source: FY 1997-98 EMIS profile

¹ The peer district average does not include Brooklyn

F3.6 **Table 3-6** below illustrates the staffing levels in the district during the past five fiscal years. As a result of past management spending decisions, BCSD is experiencing financially difficult conditions. In FY 1996-97, in spite of the prior year’s deficit, the district

negotiated new contracts which allowed a five percent increase and offered an early retirement incentive (ERI). Furthermore, in FY 1997-98, despite the previous year’s deficit, the district increased staff by 14 percent. The majority of the reductions in FY 1998-99 were associated with attrition and the elimination of positions which included the assistant superintendent, EMIS coordinator, director of pupil services and the network manager.

Table 3-6: Staffing Levels - Last Five Years

Fiscal Year	Staffing Level	Percentage of Increase/(Decrease)
FY 1994-95	168	N/A
FY 1995-96	181	8%
FY 1996-97	189	4%
FY 1997-98	215	14%
FY 1998-99	205	(5%)

Source: Assistant superintendent

The continuous increase in staffing during FYs 1995-96, 1996-97 and 1997-98 contributed to the district having the highest staffing levels of the peer districts as indicated in **Table 3-5**.

- F3.7 As indicated in **Table 3-5**, BCSD’s administrative staffing of 13.0 FTEs is 47 percent higher than the peer districts. In addition, the district currently employs a full-time assistant treasurer coded under an accounting assignment which causes the 13.0 total administrators to increase to 13.8. BCSD has approximately 2.3 FTEs per 1,000 students in the central administrator classification which is the highest when compared to the peer districts. The assistant superintendent is retiring on July 30, 1999. The district has indicated this position will be eliminated. When the assistant superintendent’s position is deducted from the central administrators classification, BCSD has 1.6 FTEs which is in line with the peer district average. Therefore, no additional central administrative staff reductions are recommended.

- F3.8 BCSD has approximately 4.6 FTEs per 1,000 students enrolled in the site-based administrators classification, ranking BCSD the highest when compared to the peer districts. Ohio Administrative Code section 3301-35-03 sets minimum standards for educational resources in elementary and secondary schools. Each school with 15 or more full-time teachers will be assigned a full-time principal. BCSD has four schools with 15 or more FTE teachers and four principals. The district has no predefined staffing ratios for assistant principals. For FY 1997-98 the district had two assistant principals, one at the middle school and one at the high school. For FY 1998-99 the district had one assistant

principal at the high school. When the assistant principal position is deducted from the site-based administrators classification to reflect the current staffing level, BCSD has approximately 3.9 FTEs which is slightly higher than the peer district average. Therefore, no additional staff reductions are recommended.

F3.9 BCSD has approximately 2.2 FTEs per 1,000 students enrolled in the supervisor/manager/director classification. This ranks BCSD the highest when compared to the peer district average. The director of pupil services retired on June 30, 1999 and the district has indicated the position will be eliminated. When the director of pupil services position is eliminated from the supervisor/manager/director classification, BCSD has approximately 1.4 FTEs which is in line with the peer district average. Therefore, no additional staff reductions are recommended.

F3.10 BCSD has approximately 3.9 FTEs per 1,000 students enrolled in the administrator other classifications. This ranks BCSD the highest when compared to the peer district average. During FY1998-99, the testing and EMIS coordinator and the network manager resigned and the district indicated the positions will be eliminated. When these two positions are deducted from the administrator other classification, BCSD has approximately 2.2 FTEs which is higher than the peer district average of 0.5 FTEs.

R3.3 Because of the district's current financial situation, the district may be required to reduce operating costs. The district should review and assess the various positions coded to the administrator other category to determine their effectiveness and to determine if job functions could be combined.

F3.11 BCSD currently employs approximately 13.2 FTE educational service personnel per 1000 pupils when compared to the minimum requirements of 5.0 FTE. BCSD has approximately 3.9 FTEs per 1000 students enrolled in the counselor classification. This ranks the district highest when compared to the peer district average of 2.4 FTE counselors per 1000 students. For FY 1997-98, the district had one and one half elementary counselors, one middle school counselor and three high school counselors. The assistant superintendent indicated that the district has no pre-defined staffing ratios for counselors. Additionally, Ohio Administrative Code (OAC) section 3301-35-03 sets minimum standards for educational service personnel. It requires a district-wide average of at least 5.0 FTE educational service personnel for each 1,000 pupils in the district's average daily membership (ADM). Included in the educational service personnel category are visiting teachers, counselors, librarians, nurses, art, physical education and music teachers.

R3.4 BCSD should reduce its educational service personnel staffing by two to four positions. Options for these reductions include utilizing itinerant teachers for educational service personnel such as art and physical education, reducing the number of counselors, or

reducing the number of librarians. A reduction of two to four positions would not significantly impact the district's educational service delivery and would keep staffing well above state minimum standards.

Financial Implication: Assuming an average salary of \$41,397 and benefits equivalent to 30 percent of salaries, reducing two to four educational service positions would create an annual savings of approximately \$107,632 to \$215,264.

F3.12 BCSD has approximately 3.9 FTEs per 1,000 students enrolled in the library/media aide classification. In addition the district has 1.6 FTEs per 1,000 students enrolled in the librarian-professional education classification which equates to 2.0 FTE traveling certificated librarians who serve at the elementary, middle and high school buildings. This ranks BCSD the highest in these two classifications when compared to the peer districts. Additionally, the district has no predefined staffing ratios for library/media aides. For the 1997-98 school year, the district had two elementary library/media aides and three high school library/media aides.

R3.5 The district should review staffing levels for the library/media aide classification and determine if job functions could be combined. By reassigning staff, BCSD could ensure that each school was staffed with one part-time librarian and a full-time library/media aide and could eliminate one full-time media aide position.

Financial Implication: Based on average salary and benefit costs for the library/media aide classification, eliminating one position would create annual savings of approximately \$24,800.

F3.13 BCSD has approximately 3.1 FTEs per 1,000 students enrolled in the remedial specialists classification which ranks BCSD the highest when compared to the peer district average of 1.4 FTEs. In FY 1998-99, BCSD employed 4.0 FTE remedial specialists of which 3.0 FTEs were paid through federal grant funding. An analysis of the general fund remedial specialists per 1,000 students enrolled indicates that BCSD has 0.8 FTE remedial specialists which is in line with the peer districts. Therefore, no staff reductions are recommended.

F3.14 BCSD has approximately 4.5 FTEs per 1,000 students enrolled in the professional education other classification. This ranks BCSD the highest when compared to the peer district average of 2.0 FTEs. Because EMIS guidelines pertaining to the coding of some classifications are not specific, school districts are often required to make decisions regarding coding which results in districts coding the same types of employees in different categories. An analysis of the professional education other classification indicates that BCSD ranks lowest at 0.0 FTEs in comparison to the peer districts after reclassifying the six FTE educational assistant positions currently coded to the professional education other

classification, to the teaching aide classification. As a result, no reductions are recommended.

F3.15 BCSD has approximately 4.5 FTEs per 1,000 students enrolled in the professional other classification. Included in this classification is a psychologist, a registered nurse and a speech/language therapist which are grant-funded positions. When these positions are properly coded and excluded from the calculation, BCSD has 2.8 FTEs per 1,000 students which is higher than the peer district average. Also included in this classification is an assistant treasurer, a dietician and a public relations professional which is uncommon for smaller school districts. District officials indicated that for the 1999-00 school year, the public relations professional has returned to a teaching position. With this reassignment, the district has 1.4 FTEs per 1,000 students, making them comparable with the peer districts. Therefore, no reductions are recommended in this classification.

F3.16 BCSD has approximately 3.2 FTEs per 1,000 students enrolled in the teaching aide classification which ranks BCSD the highest when compared to the peer district average of 1.5 FTEs. Included in this classification are seven teaching aides who operate a self-funded program which is used to provide before and after school care. When these 3.2 FTEs are excluded from the calculation and the six educational assistants are reclassified to the teaching aide category, BCSD has 4.5 FTEs per 1,000 students enrolled when compared to the peer districts.

R3.6 Because funding and statistics are based upon the initial information submitted by the district, BCSD should review and assess the various positions coded to the teaching aide category to determine their effectiveness. Inaccurate data could potentially result in lost revenues from state reimbursements. In order to achieve the peer district average of 1.5 FTEs BCSD could possibly reduce four teaching aide positions.

Financial Implication: Assuming an average salary of \$18,728 and benefits equivalent to 30 percent of salaries, reducing four teaching aide positions would create an annual savings of approximately \$97,385.

F3.17 BCSD has approximately 3.1 FTEs per 1,000 students enrolled in the office/clerical other classification which ranks BCSD highest when compared to the peer districts. Included in this classification are four monitor positions which are typically coded to the service work other category. When these positions are reclassified to the service work other category, BCSD has approximately 0.0 FTEs per 1,000 students which is below the peer district average. Therefore, no staff reductions are recommended.

F3.18 BCSD has approximately 8.5 FTEs per 1,000 students enrolled in the operative classification which includes bus drivers and is the second highest when compared to the

peer district average of 7.3 FTEs. See the **Transportation** section of the report for recommendations and financial implications.

F3.19 BCSD has approximately 1.6 FTEs per 1,000 students enrolled in the labor/grounds keeping classification which is the highest when compared to the peer district average of 0.0 FTEs. Additionally, BCSD has approximately 16.6 FTEs per 1,000 students enrolled in the custodial classification which includes custodians and is the highest when compared to the peer district average of 6.0 FTEs. The district has indicated that for FY1999-2000 it will reduce custodial personnel by 5 FTEs and maintenance personnel by 3 FTEs. See the **Facilities** section of the report for recommendations and financial implications.

F3.20 BCSD has approximately 8.3 FTEs per 1,000 students enrolled in the food service classification. This ranks BCSD as the highest when compared to the peer district average of 4.5 FTEs per 1,000 students. The district indicated there are no pre-defined staffing ratios for food service personnel. An analysis of BCSD food service employees indicates that there are three cafeterias which staff full kitchens to prepare food. Transfers from the general fund are often made to subsidize food service operations. Overstaffing may be a contributing factor to the inefficient use of food service funds. See (F2.13) in the **Financial** section of the report for further analysis.

R3.7 BCSD's food service operation should be reviewed as an area for operating cost reductions. An analysis of the peer districts' food service operations indicates that a central kitchen concept is often used to reduce the number of preparation sites and the number of employees needed to work at the sites. In other districts, food is prepared in a central location and transported to the schools. In order to achieve the peer district average of 4.5 FTEs, BCSD should consider implementing a central kitchen concept and reducing staff by up to five food service positions.

Financial Implication: Assuming an average part-time salary of \$9,541 and benefits equivalent to 16 percent of salaries, reducing five food service positions would create an annual savings of approximately \$55,338.

F3.21 Based on EMIS staffing profiles, BCSD employs approximately 9.2 FTEs per 1,000 students enrolled in the service work other classification. Included in this classification are four health aides and 13 monitors. Many monitor/aide positions appear to be mis-classified for EMIS. When the 3.1 FTEs currently classified in the office/clerical other category (F3.17) are included, BCSD has approximately 12.3 FTEs per 1,000 students, which is highest when compared to the peer districts.

R3.8 The district should review the various monitor positions to determine how the positions could be consolidated. Other districts are able to use lunchroom monitors to supervise

playground activities. Health personnel can also be scheduled on a rotating, part-time basis. BCSD could reduce by nine monitor positions and still remain above the peer district average of 5.0 FTEs per 1,000 students enrolled.

Financial Implication: Assuming an average salary of \$14,246 and part-time benefits equivalent to 16 percent of salaries, reducing nine monitor positions would create an annual savings of approximately \$148,728.

F3.22 The district’s total FTEs were divided into six classifications of personnel as defined in **Table 3-7**. These classifications are used for further assessments in **F3.23** and **F3.24**.

Table 3-7: Personnel Classifications and Positions Descriptions

Classification	Position Descriptions
Administrative Employees	Superintendent, Asst Supt, Admin Asst, Principal, Asst Prin, Sup/Mgr/Dir, Treasurer, Coordinators, Curriculum Specialists
Teachers	Regular Teachers, Special Education Teachers, Vocational Teacher, Educational Service Personnel (ESP) Teachers, Remedial Specialists
Pupil Services Employees	Counselors, Librarian/Media, Psychologist, Speech and Language Therapists, Physical Therapist, Occupational Therapist, Registered Nurses
Support Services	Operative, Custodians, Food Service, General Maintenance, Mechanics
Other Classified Employees	Monitors, Clerical, Educational Aides, Library/Media Aides, Bookkeepers
Technical	Computer Operator, Computer Programmer

F3.23 As illustrated in **Table 3-8**, BCSD has the highest percentage of administrative, other classified and technical FTEs but has the lowest percentage of teachers as indicated by the bolded numbers when compared to the peer districts. Also, BCSD, along with Rocky River City School District, has the highest percentage of pupil service FTEs when compared to the other peer districts.

Additionally, **Table 3-8** illustrates the ratio of six classifications of personnel to the district’s total number of FTE employees and the percentage of total employees in each classification for each of the peer districts.

Table 3-8: Breakdown of Total FTE Employees and Percentage of Total Employees Classification

Classification	Brooklyn		Columbia Local		Rocky River		Sheffield/ Sheffield Lake		Peer Average
	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	% of Total Employees
Administrative	14.8	6.8%	8.0	6.3%	17.0	6.7%	11.3	5.3%	6.3%
Teachers	101.8	46.7%	68.6	54.0%	138.5	54.7%	123.8	58.0%	53.0%
Pupil Services	10.0	4.6%	5.0	3.9%	11.6	4.6%	8.8	4.1%	4.3%
Support Services	44.3	20.3%	34.6	27.2%	38.5	15.2%	37.8	17.7%	20.1%
Other Classified	45.1	20.7%	10.9	8.6%	45.8	18.1%	31.7	14.9%	15.5%
Technical ¹	2.0	0.9%	0.0	0.0%	1.6	0.7%	0	0.0%	0.8%
Total	218.0	100.0%	127.1	100.0%	253.0	100.0%	213.4	100.0%	100.0%

¹ Peer district average calculated using only Brooklyn and Rocky River

F3.24 **Table 3-9** presents employees categorized by instructional personnel and educational support personnel. Included in the instructional personnel classification are teachers and pupil services employees. Educational support personnel include administrative, support services and other classified positions.

Table 3-9: Ratio of Direct Instructional Personnel to District Educational Support Personnel

Classification	Brooklyn		Columbia Local		Rocky River		Sheffield/ Sheffield Lake		Peer Average
	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	% of Total Employees
Direct Instructional Personnel	111.8	51.3%	73.6	57.9%	150.1	59.3%	132.6	62.1%	57.7%
District Educational Support Personnel	106.2	48.7%	53.5	42.1%	102.9	40.7%	80.8	37.9%	42.3%
Total	218.0	100.0%	127.1	100.0%	253.0	100.0%	213.4	100.0%	100.0%

As illustrated in **Table 3-9**, 111.8 or 51.3 percent of BCSD’s total FTEs make up the direct instructional personnel which is the lowest percentage when compared to the peer districts. Although **Table 3-9** indicates that more than 50 percent of total employees are categorized as direct instructional personnel, **Table 3-8** illustrates 46.7 percent of total employees are

teachers. Additionally, **Table 3-9** illustrates that 48.7 percent of total employees are categorized in the district educational support personnel category which is the highest among the peer districts. As indicated by the preceding recommendations there is a need to reduce support staff.

F3.25 **Table 3-10** compares the number of full-time equivalent employees (FTEs) to the number of administrators responsible for supervising and coordinating the staff for BCSD and the peer districts.

Table 3-10: Comparison of FTEs to Administrators

	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake	Peer Average ¹
Administrators	16.8	8.0	16.0	11.8	11.9
TOTAL FTEs (Excluding Administrators)	201.2	119.1	237.0	201.6	185.9
FTE per Administrator	12.0	14.9	14.8	17.1	15.6

Source: FY 1997-98 EMIS Profile

¹ The peer average does not include Brookfield

F3.26 **Table 3-10** indicates BCSD has the highest number of administrators when compared to the peer districts. The table also indicates BCSD has approximately 12.0 FTEs per administrator which is the lowest ratio when compared to the peer district average of 14.7. However, reducing the staff by five administrators see (**F3.7, F3.8, F3.9** and **F3.10**) would increase the ratio to 17.1 which is more in line with the peer districts.

F3.27 **Table 3-11** illustrates a traditional middle school and high school teacher’s day as defined by the Brooklyn Education Association (BEA) contract. The table also illustrates a middle school and high school teacher’s actual day as defined by the average minutes being taught and other variables as defined below. The BEA contract states that the work day for secondary teachers will be seven hours and forty-five minutes. Every teacher is guaranteed 80 minutes per day of individual planning time.

Table 3-11: Analysis of Teachers' Work Day FY 1998-99

Description of Activity	Middle School Per Contract	High School Per Contract	Average Middle School	Average High School
Length of Teachers' Day as Defined by Contract	465 minutes or 7 hours /45 minutes	465 minutes or 7 hours/ 45 minutes	465 minutes or 7 hours/ 45minutes	465 minutes or 7 hours/45 minutes
Pre-defined Minutes Specified in Contract:				
Time prior to start of classes	n/a	n/a	45 minutes	40 minutes
Home room / home base	n/a	n/a	7 minutes	5 minutes
Planning/preparation	80 minutes	80 minutes	80 minutes	50 minutes
Regular class period	No more than six assignments	No more than six assignments	3 blocks or approximately 255 minutes	5 periods or approximately 250 minutes
Supervisory duty period	n/a	n/a	27 minutes	1 period/50 minutes
Duty-free lunch	30 minutes	30 minutes	30 minutes	30 minutes
Time after school	n/a	n/a	10 minutes	22 minutes
Hall passing	n/a	n/a	11 minutes	18 minutes
Total Pre-defined Minutes Specified in Contract or Actual Average Minutes	110 minutes	110 minutes	465 minutes	465 minutes
Balance of Minutes Not Defined or Accounted for	355 minutes	355 minutes	0 minutes	0 minutes
Average Length of Student Day	6 hours/50 minutes or 410 minutes	6 hours/43 minutes or 403 minutes	6 hours/50 minutes or 410 minutes	6 hours/43 minutes or 403 minutes

Source: BEA contract, bell schedules and master teaching schedules

n/a - Nothing stated in contract

F3.28 **Table 3-11** indicates that teachers at the middle school and high school levels have in excess of 355 available minutes per day when analyzed to the contract definition. Upon analyzing the actual middle school and high school teachers’ day as presented in the master schedules for each building, teachers at the middle and high school levels appear to have zero excess minutes per day.

F3.29 **Table 3-12** illustrates the number of traditional middle school and high school teachers and the number of instructional minutes and periods per day spent teaching for FY 1998-99. The following high level analysis does not take into consideration the curriculum provided by the district.

Table 3-12: Teachers per Instructional Minutes - FY 1998-99

Middle School Teachers				High School Teachers			
Teaching Minutes Per Day	Number of Blocks per Day	Number of Teachers	Total Minutes Taught	Teaching Minutes Per Day	Number of Periods per Day	Number of Teachers	Total Minutes Taught
255	3	19	4,845	250	5	22	5,500
Total	n/a	19	4,845	Total	n/a	22	5,500

Source: Master teaching schedules
n/a - not applicable

F3.30 **Table 3-12** above shows that approximately 100 percent or 19 of the middle school teaching staff teach three blocks. Most teachers at the middle school teach three blocks, receive one conference/planning period, one teacher supervisory duty period and a 30 minute duty-free lunch. Approximately 4,845 minutes are actually being taught by the 19 middle school traditional teachers. This equates out to approximately 255 minutes per teacher.

F3.31 **Table 3-12** above also shows that approximately 100 percent or 31 of the high school teaching staff teach five or more periods. Most teachers at the high school teach five periods, receive one conference/planning period, one supervisory duty period and a 30 minute duty-free lunch. Approximately 5,500 minutes are actually being taught by 22 traditional high school teachers. This equates out to approximately 250 minutes per teacher.

Supervisory duty periods are used by both the middle and high school for various reasons including the following:

- ! Departmental meetings
- ! Student intervention
- ! Enrichment.

C3.1 BCSD, in cooperation with the district’s teachers, has effectively and efficiently structured the teachers’ work day by utilizing contractual provisions and district policy to manage and maximize staffing levels and instructional operations. In addition to fully utilizing the teachers’ time with a specific focus on instructional effectiveness and efficiency, the following points are recognized as other positive features highlighting BCSD’s management of instructional time and teacher utilization:

- ! Five teaching periods for high school, three teaching blocks for middle school
- ! Middle school teachers instruct an average of 255 minutes per day (see **F3.30**)
- ! High school teachers instruct an average of 250 minutes per day (see **F3.31**)
- ! Zero minutes per day unaccounted for in teachers’ work day (see **Table 3-11**).

F3.32 **Table 3-13** presents a review of the middle schools’ FY 1998-99 master teaching schedule which revealed 41 traditional periods with 15 or fewer pupils. These classes do not include any special education or vocational classes. Examples of classes with 15 or less pupils include computers, band, art, uniform arts, modular technology, home economics, social studies and language arts.

Table 3-13: Middle School Teaching Periods with 15 or less Pupils

Number of Students	5 or less	6	7	8	9	10	11	12	13	14	15
Number of Periods	1	2	3	6	1	2	2	4	6	8	6

Source: Master teaching schedules

F3.33 **Table 3-14** presents a review of the high schools’ FY 1998-99 master teaching schedule which revealed 37 traditional periods with 15 or less pupils. These classes do not include any special education or vocational classes. Examples of classes with 15 or less pupils include computer application, accounting, general business, Spanish III, Spanish IV, German II, child development, gourmet foods, English II, economic systems, algebra II and health.

Table 3-14: High School Teaching Periods with 15 or less Pupils

Number of Students	5 or less	6	7	8	9	10	11	12	13	14	15
Number of Periods	3	2	3	2	1	2	6	5	3	6	4

Source: Master teaching schedules

F3.34 Minimum standards for elementary and secondary education provide for a ratio of teachers to pupils on a district-wide basis of at least one full-time equivalent classroom teacher per 25 pupils in average daily membership. A building ratio less than 25 to one potentially increases the number of teaching positions.

Table 3-15: Elementary Staffing Levels

Building	Average Daily Membership (ADM)	Non-Special Education Students	Non-Special Education Teachers	Student/Teacher Ratio
Elementary Totals	559	518	26	19.9

Source: EMIS Class database

F3.35 As **Table 3-15** illustrates, the student/teacher ratio of traditional students to traditional teachers in the elementary schools is currently 19.9:1. Although BCSD's student/teacher ratio at the elementary level exceeds state minimum guidelines, Am. Sub. H.B. 650 which became effective FY 1998-99, requires that each district with a Disadvantaged Pupil Impact Aid (DPIA) index of greater than 1.00 must use a portion of their DPIA money to implement all day kindergarten. The districts' DPIA index is less than 1.00 and it is not required to comply with Am. Sub. H.B. 650. BCSD implemented all day kindergarten in the 1997-98 school year.

F3.36 **Table 3-16** illustrates the staffing levels at the middle and high school buildings for FY 1998-99. The student/teacher ratios represent the number of traditional students excluding special education, talented, gifted and vocational education students compared to the number of traditional teachers, excluding special education, vocational education and traveling/itinerant teachers.

Table 3-16: Middle School and High School Staffing Levels

Building	Average Daily Membership (ADM)	Non-Special Education Students	Regular Teachers	Student/Teacher Ratio
Brooklyn Middle	331	299	19	15.7
Brooklyn High	416	363	22	16.5

Source: EMIS class database

F3.37 Traditional student to traditional teacher class size ratios in the middle school and high school average 15.7:1 and 16.5:1 respectively, as illustrated in **Table 3-16**. Average class sizes less than minimum standards require more teaching positions for the same number of students. Currently, BCSD maintains a 15.7:1 student/teacher ratio at the middle school which results in seven additional middle school teaching positions. Also, maintaining a 16.5:1 ratio at the high school level results in seven additional high school teaching positions. Continuing to maintain levels which exceed minimum standards will cost BCSD approximately \$753,425 annually in teachers' salaries and fringe benefits.

- F3.38 Ohio Administrative Code Section 3301.35.02 provides guidelines for educational programs. The OAC provides general guidance for topics of study including career education, citizenship and human relations. The district currently requires 20 units of study for the graduating class of 1999. Am. Sub. S.B. 55 revises the minimum course requirements necessary for graduation for students graduating after September 15, 2001. The total number of units that must be taken in grades nine through 12 increases from 18 to 21 units and reduces the number of elective units that count toward the required number for graduation. Furthermore, S.B. 55 increases the required units of English language arts, mathematics, science and social studies. BCSD has revised its course curriculum as required, effective with the class of 2000.
- F3.39 **Table 3-17** compares the average salary of each classification to the peer districts for FY 1997-98. BCSD has the highest average salaries in four of the 11 classifications as indicated by the bolded numbers.

Table 3-17: Average Salary by Classification

	Brooklyn		Columbia Local		Rocky River		Sheffield/ Sheffield Lake		Peer District Average	
	# FTEs	Avg Salary ¹	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary
Official/Admin.	16.8	\$53,846	8	\$52,157	16.0	\$66,197	11.8	\$60,150	13.2	\$58,088
Prof/Education	114.6	40,107	71.6	37,689	148.5	45,883	129.8	42,406	116.1	41,521
Prof/Other	5.8	32,873	2.0	33,003	2.6	36,317	3.3	41,045	3.4	35,810
Technical	0.0	0	0.0	0	1.6	21,695	0.0	0	1.6	21,695 ¹
Office/Clerical	23.1	23,373	10.9	19,638	37.8	22,398	18.8	22,114	23.0	21,881
Crafts/Trades	1.0	41,684	2.0	21,804	9.0	33,072	4.0	31,356	4	31,979
Transportation	10.9	20,063	13.0	10,867	10.8	20,811	11.4	20,445	12.0	18,047
Laborer	2.0	35,472	0.0	0	0.0	0	0.0	0	2.0	35,472 ²
Custodians	21.3	25,620	6.3	25,133	11.9	28,309	14.0	24,480	13.3	25,886
Food Service	10.7	9,541	8.7	12,679	3.9	15,955	8.4	15,967	8.0	13,536
Other Service	11.8	14,246	4.6	3,765	10.9	14,151	11.9	13,882	10.0	11,511

Source: FY 1997-98 EMIS Profile

¹ Peer district average calculated using only Rocky River

² Peer district average calculated using only Brooklyn

- F3.40 **Table 3-18** illustrates the total FTEs and salaries presented in **Table 3-17** and categorizes them into the six classifications of personnel as defined in **Table 3-7**. The table further provides the percentage of total salaries per classification compared to total district salaries.

Table 3-18: Breakdown of Total FTE Employees and Percentage of Total EMIS Salaries by Classification

Classification	# of Employees	% of Total Employees	Total Salaries	% of Total Salaries
Administrative	14.8	6.8%	\$833,458	11.2%
Teachers	101.8	46.7%	\$4,156,866	56.3%
Pupil Services	10.0	4.6%	\$420,143	5.6%
Support Services	44.3	20.3%	\$957,361	13.0%
Other Classified	45.1	20.7%	\$939,678	13.0%
Technical	2.0	0.9%	\$71,147	0.9%
Total	218.0	100.0%	\$7,378,653	100.00%

Source: FY 1997-98 EMIS Profile

When BCSD's ratio of administrators to total FTEs is compared to their respective salary ratio, administrators make up 6.8 percent of total staffing and 11.2 percent of total salaries. As reflected in **Table 3-19**, teachers make up 46.7 percent of total FTEs. However, teachers' salaries account for 56.3 percent of total salaries.

- F3.41 As indicated in **Table 3-19**, teachers makeup 56.3 percent of BCSD's total salaries which is the lowest percentage when compared to the peer districts. The lower percentage of total teacher salaries corresponds to BCSD's teachers having the lowest percentage of teachers with a master's and above as reflected in **Table 3-20**. Additionally, the support services and other classified percentages of salaries are greater than the peer districts' which correlates to the higher number of FTEs per 1,000 students enrolled when compared to the peer districts as reflected in **Table 3-5**.

Table 3-19: Percentage of Total Employees and EMIS Salaries by Classification

Classification	Brooklyn		Columbia Local		Rocky River		Sheffield/Sheffield Lake		Peer Average ¹	
	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary
Administrative	6.8%	11.2%	6.3%	10.8%	6.7%	11.3%	5.3%	8.8%	6.1%	10.0%
Teachers	46.7%	56.3%	54.0%	66.4%	54.7%	63.0%	58.0%	67.1%	55.5%	65.5%
Pupil Services	4.6%	5.6%	3.9%	5.1%	4.6%	6.0%	4.1%	5.4%	4.0%	5.5%
Support Services	20.3%	13.0%	27.2%	11.7%	15.3%	9.3%	17.7%	10.7%	20.0%	10.6%
Other Classified	20.7%	13.0%	8.6%	6.0%	18.1%	10.0%	14.9%	8.0%	13.8%	8.0%
Technical	0.9%	0.9%	0.0%	0.0%	0.6%	0.4%	0.0%	0.0%	0.6%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

¹ Peer average does not include Brooklyn

F3.42 **Table 3-20** indicates that BCSD’s average teachers’ salary of \$41,397 is the second lowest among the peer districts. Average teachers’ salary will be affected by the adjusted cost of doing business factor (CODBF) and educational attainment. **Table 3-20** adjusts the teachers’ salary for CODBF and also provides information concerning educational attainment and total years of experience. The table below indicates BCSD has the second lowest number of years of experience and the lowest percentage of teachers with masters and above which may correspond with BCSD having the second lowest salaries when compared to the peer districts.

Table 3-20: Average Teachers' Salary

	Brooklyn	Columbia Local	Rocky River	Sheffield/ Sheffield Lake
Average Teaching Salary	\$41,397	\$37,379	\$46,443	\$42,308
Adjusted Average Salary ¹	\$37,120	\$34,343	\$41,645	\$38,871
Average years of experience	14.1	15.1	13.8	15.9
% Non-degree	0	0	0	0
% Bachelors Degree	32.7	32.8	22.6	17.9
% Bachelors Degree + 150 hours	31.9	31.4	31.7	44.3
% Masters and above	35.4	35.8	45.7	37.8

Source: FY 1998-99 EMIS Profile

¹ salary adjusted by the ODE's cost of doing business factor

F3.43 In FY 1996-97, the district negotiated a revised salary schedule which added the category of a Master's/Bachelors plus 36-hours. The salary revision compensates teachers who have additional hours beyond their bachelors degree. Because the salary remains the same if a teacher has a bachelors plus 36-hours or a master's degree, teachers have no financial incentive to earn a masters degree. **Table 3-20** indicates 35.4 percent of BCSD's teachers have a master's and above which is the lowest among the peer districts and correlates to the lower average teachers salary.

R3.9 Because pro-actively advancing educational goals and technological skills benefits the district. BCSD should encourage continued growth and professional development of employees. The district should consider revising the salary schedule to include compensation for teachers who have earned a master's degree. Implementing this recommendation would require future negotiations.

F3.44 **Table 3-21** illustrates that BCSD has the second highest salary when comparing teachers' bachelors beginning salary, the second highest bachelors maximum salary, the highest beginning bachelors plus 36 salary, the second highest masters beginning salary and the second highest masters maximum salary. BCSD's teachers contract does not have a Ph.D. or Doctorate maximum salary specified. Rocky River is the only peer district to have a Ph.D. or Doctorate maximum salary specified. BCSD's teachers' contract has the fewest steps in the salary schedule when compared to the peer districts with 12 steps. Additionally, all of the district's salary schedules provide longevity pay.

Table 3-21: Teachers Salary Schedule

District	Bachelors Beginning Salaries	Bachelors Maximum Salary	Beginning Bachelors + 36 Salary	Masters Beginning Salary	Masters Maximum Salary ¹	Ph.D. or Doctorate Maximum Salary ¹	# of Steps in Salary Step Schedule
Brooklyn	\$28,128	\$50,799	\$30,885	\$30,885	\$58,788	n/a	15 steps plus longevity at 18, 23 and 27 years
Columbia Local	23,963	43,564	24,893	26,569	47,633	n/a	15 steps plus longevity at 20 and 25 years
Rocky River	29,222	59,762	30,683	32,144	64,697	\$65,219	15 steps plus longevity at 17 and 18 years
Sheffield/ Sheffield Lake	26,196	50,181	27,445	28,526	54,643	n/a	13 steps plus longevity at 16 and 21 years
Average	\$26,877	\$51,077	\$28,477	\$29,531	\$56,440	n/a	n/a

Source: FY 1998-99 salary schedules

n/a - The district does not have a salary step above the masters maximum salary.

¹ Maximum salaries are calculated after longevity increments have been applied

F3.45 Although BCSD’s average teaching salary per EMIS for FY 1997-98 was \$41,397, a review of W-2s for teachers reflected gross earnings paid to full-time teachers ranged between \$28,128 to \$68,040. Approximately 43 percent of BCSD’s teachers received more than \$50,000 in wages for the calendar year of 1998. Additionally, approximately 11 percent of BCSD’s teachers received more than the masters maximum salary (\$58,778) which may be attributed to supplemental pay as reflected in F3.46. Table 3-22 represents the range of actual teacher salaries based on the IRS Form W-2 for 1998.

Table 3-22: Range of Actual Teacher Gross Earnings for Calendar Year 1998

Salary Range	# of Teachers per 1998 W-2 Report
63,000-68,040	6
58,789-62,999	5
57,000-58,788	9
53,000-56,999	15
50,000-52,999	8
40,000-49,999	18
30,000-39,999	28
28,128-29,999	10
Total	99

Source: Treasurer’s office - 1998 W-2 report

F3.46 **Table 3-23** illustrates the types of supplemental contracts outlined in the BEA contract which impact the average salary. Each of the supplemental contracts are granted on a one year basis. A job description for each supplemental contract is on file in the superintendent’s office. A review of job descriptions for supplemental positions indicated that each supplemental contract was provided a job description. Of the \$227,586 spent on supplemental pay, teachers received \$164,687 or 72 percent of the total.

Table 3-23: Supplemental Pay for FY 1998-99

Supplemental Type	Amount Paid
Faculty manager	\$4,092
Athletic	131,429
Club	9,994
Performing/Band	13,473
Curricular/Advisors	62,551
Miscellaneous	6,047
Total	\$227,586

Source: Treasurer’s office

Substitutes:

F3.47 **Table 3-24** shows the overall substitute payments made by the district for FY 1997-98. Of the \$147,473 spent on substitute costs, teacher substitutes made up 61 percent of the group. The remaining 39 percent was for classified substitutes.

Table 3-24: Substitute Payments for FY 1997-98

Classification	Amount Paid
Teachers	\$90,154
Clerical	9,520
Cleaners	11,033
Custodians	0
Bus Drivers	21,070
Food Service	7,183
Monitors	8,513
Total	\$147,473

Sources: Treasurer's Office; Business Manager

F3.48 **Table 3-25** compares BCSD and the peer districts’ substitute costs and procedures. This information will be utilized in numerous findings when assessing substitute costs.

Table 3-25: Comparison of Substitute Costs

	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
Auto/Manual Substitute Placement	Manual	Manual	Manual	Manual
Daily Cost of Teacher Substitutes	\$76.94/day On 61st consecutive day in same assignment, applicable step on the teacher’s salary schedule based on experience up to five years plus eligible for full benefits	\$60/day On 61st day in same assignment applicable step on the teacher’s salary schedule	0-10 days \$63/day 11-20 days \$68/day 21-60 days, first step on the teachers salary schedule On 61st day in same assignment applicable step on the salary schedule based upon training and experience up to 10 years	\$65/day long-term substitutes in same assignment start at zero step on the teachers salary schedule \$26,196 plus eligible for full benefits
Hourly Cost of Bus Drivers	\$12.00	\$10.27	\$10.00	\$8.20
Hourly Cost of Clerical, Aides & Monitors	\$9.00 \$10.50	\$8.11 - Office \$7.51 - Aides	\$7.50	\$5.69 - Clerical \$5.40 - Aide
Hourly Cost of Custodial / Maintenance	\$10.00 - Custodians \$7.00 - Cleaners	\$8.30	\$7.50	\$6.19
Hourly Cost of Food Service	\$6.00	\$7.55	\$6.25 - \$7.00 - Cook	\$5.40

Source: Business Manager; Assistant Superintendent

Certificated Substitutes:

F3.49 Teacher positions which require substitutes can be filled by casual/short-term or long-term substitutes. Casual/short-term substitutes are defined as substitutes who work in the district

in the same position or varying positions and are paid \$76.94 per day. Long-term substitutes work in the same position for 60 or more days. On the 61st consecutive day, the substitute teacher is placed on the salary schedule at a step commensurate with their experience, up to five years. Additionally, on the 61st consecutive day in the same position, a substitute is eligible for full benefits.

F3.50 In FY 1997-98, BCSD utilized 97.8 FTE teachers who were contracted to teach 178 days (school year) for a total of 17,409 school days requiring a teacher. **Table 3-26** shows approximately 3.7 percent of total teaching days for FY 1997-98 were taught by a substitute teacher. The table also illustrates that, of the ten periods defined, four periods had 4.5 percent or more of available teaching days taught by a substitute teacher which is indicated by the bolded numbers.

Table 3-26: Substitute Teachers Report for FY 1997-98

Month	Teaching Days Per Period	Total Teaching Days ¹	Total Substitute Days	% of Total Teaching Days Requiring Substitutes
August/September'97	25	2,445	33.8	1.4%
October'97	22	2,152	74.5	3.5%
November'97	17	1,663	74.5	4.5%
December'97	15	1,467	59.5	4.1%
January'98	19	1,858	61.0	3.3%
February'98	18	1,760	85.5	4.9%
March'98	21	2,054	109.5	5.3%
April'98	16	1,565	73.0	4.7%
May'98	20	1,956	78.0	4.0%
June'98	5	489	5.0	1.0%
Total	178	17,409	654.3	3.7%

Source: Assistant Superintendent

¹ Number of teachers multiplied by number of teaching days per period

F3.51 **Table 3-27** illustrates the number of leave days used by BCSD’s teachers for FY 1997-98 which required either a substitute or another staff member to cover for the absence.

Table 3-27: Teachers' Leave Days Taken FY 1997-98

Classification	# Sick days taken	# Personal days taken	# Prof. days taken	# Other days taken	Total Leave Days Taken	# Teachers	Average # Days taken per Teacher
Teachers	617.3	164.3	265.5	0.0	1,047.1	96	10.9

Source: Treasurer's office

F3.52 **Table 3-28** illustrates the average number of sick, personal, professional and other leave days taken per teacher during FY 1997-98 for each of the peer districts.

Table 3-28: Teacher Average Number of Leave Days Taken per Peer District

	Brooklyn		Columbia Local		Rocky River		Sheffield/ Sheffield Lake		Peer Average
	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	
SICK LEAVE	617.3	6.4	302.0	4.3	839.7	6.3	728.0	5.6	5.7
PERS. LEAVE	164.3	1.7	116.5	1.6	215.0	1.6	212.0	1.6	1.6
PROF. LEAVE	265.5	2.8	109.2	1.5	169.5	1.3	0.0	0.0	1.9
OTHER LEAVE	0.0	0.0	52.0	0.8	324.5	2.4	0.0	0.0	1.6
TOTAL ALL LEAVE	1,047.1	10.9	579.7	8.2	1,548.7	11.6	940.0	7.2	10.8
# of eligible teachers	96		70.6		133.5		130.5		

Source: Treasurer's office

F3.53 BCSD's teachers averaged 6.4 sick days per teacher in FY 1997-98 which is higher than the peer district average of 5.7 sick days. Data provided by the Bureau of Labor Statistics indicates that Full-time governmental workers averaged 4.5 sick days per person in 1998 which is lower than the peer group average and significantly lower than BCSD's teacher average. In addition to the increased cost of substitute teachers, excessive leave creates interruptions in the flow of teachers' curriculum and may have an impact on the quality of education provided to students.

F3.54 As evidenced by the 2.8 days per year of professional leave taken by BCSD's teachers, district management encourages professional growth and staff development. According to the BEA teachers agreement, each building is to establish a professional growth committee which submits an annual request to the building principal regarding the estimated funds needed for professional growth in the respective building for the following school year (excluding the cost of substitutes). The increased use of professional leave days may be attributed to staff training and development being done at the building level.

R3.10 The district indicated the primary and most important role of teachers is to provide quality instruction to students. Although continued professional growth and development of staff is important, BCSD should review the number of days of professional leave utilized by the staff and weigh the benefits and results of the training programs which remove teachers from the classroom in relation to the impact on education. BCSD should consider implementing performance measures to evaluate the training programs and their impact on teachers attending them. Additionally, the district should consider linking professional leave with employee evaluations and future growth of employees to ensure professional leave is being used appropriately.

The utilization of professional leave days should not only be linked to the certification requirements and procedures through the Office of the Superintendent, but additional monitoring should be implemented to determine that weaknesses identified through the evaluation process are addressed by the use of professional leave days.

F3.55 The assumptions used for the following statistics are based upon the average daily substitute rate of \$76.94/day. BCSD's teachers are provided with 15 days of sick leave annually and averaged 6.4 days of sick leave use per teacher. Sick leave use cost the district approximately \$47,272 for substitute salaries in FY 1997-98. BCSD's teachers are provided three days of personal leave per year. In FY 1997-98, teachers averaged 1.7 days, and cost the district approximately \$12,557 for substitute salaries. BCSD's union agreement does not stipulate a specific number of professional leave days available to each teacher. In FY 1997-98, BCSD's teachers averaged 2.8 days of professional leave which cost the district \$20,681 for substitute salaries. The estimate is conservative because it does not consider the increased rate for long-term substitute teachers. Using leave as defined above, \$80,510 could have been spent on substitute teachers. The district maintains records which separately identify reasons for substitute teachers. In addition to the increased cost for substitute teachers, time off creates interruptions in the flow of teachers' instruction and may have an impact on the quality of education provided to students.

R3.11 BCSD should take steps to reduce the use of sick leave by staff. A lower usage of sick leave by the teachers would limit the need for substitutes, minimize interruptions in the flow of curriculum delivery, and may have a positive impact on the quality of education provided to

the students. However, BCSD spent \$90,154 on substitute teacher payments for FY 1997-98. Contributing to this expense was sick days used by all employees. The savings associated with a reduction of sick leave are illustrated in **Table 3-29**.

Table 3-29: Annual Savings Calculated for Reduction in Usage of Teachers’ Sick Leave

	Sick leave reduced by one day	Sick leave reduced by two days
Savings	\$7,386	\$14,772

Financial Implication: Reducing the average number of sick days taken by one day per teacher would save BCSD approximately \$7,386 annually in substitute costs. Reducing the number of sick days taken by two days which would bring BCSD in line with the average taken by full-time governmental workers of 4.5 days as reported by the Bureau of Labor Statistics and would save BCSD approximately \$14,772 in substitute costs. The financial implications may be greater depending on utilization of long-term substitutes whose salaries are considerably higher.

F3.56 As specified in the BEA contract, teachers will be asked to substitute only when a qualified full-day substitute cannot be found. When a full-day outside substitute cannot be found, administrators can be called upon to substitute.

F3.57 **Table 3-30** illustrates that all four peer districts pay teachers for coverage when a standard substitute is not available. In FY 1997-98, there were approximately 477 days when a standard substitute was not available. The district spent approximately \$43,574 on teachers to cover a class when a standard substitute could not be placed.

Table 3-30: Rates Paid for Teachers to Fill in for Substitutes

Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
\$18.27/period	.46 a minute for a minimum of 30 minutes (\$13.80)	\$8.40 per hour	regular hourly rate of the teacher times the number of periods taught

Source: Teacher contracts

F3.58 In order to reduce the shortage of substitute teachers, the following efforts were made by the HRD prior to and/or during the 1998-99 school year:

- ! Advertised on the Internet, in school bulletins and through the PTA
- ! Mailed letters to teacher applicants

- ! Maintained contact with interested retirees, stating re-employment standards
- ! Screened all substitutes looking for full-time employment.

R3.12 Additional strategies BCSD should consider implementing to reduce the shortage of substitute teachers include the following:

- ! Utilizing para professionals with the approval of the ODE
- ! Mailing letters to student teachers
- ! Placing flyers in university placement offices
- ! Implementing a guaranteed substitute pool establishing a maximum number of teachers
- ! Recruiting recent graduates to serve as substitutes
- ! Advertising on the local television channel
- ! Advertising in the local newspapers in July and August for substitute teachers
- ! Offering flexibility with both a.m. and p.m. or full-day shifts and either day-to-day substitute teaching or guaranteed daily substitute teaching for the school year
- ! Holding meetings for interested substitutes prior to start of school year
- ! Developing a substitute teachers' handbook.

Classified Substitutes:

F3.59 BCSD Maintenance, transportation, food service and monitor positions which require substitutes are filled by short-hour employees and on call employees within the bargaining unit. On call substitutes are not regular employees of the district, they receive the substitute rate of pay and are called in to substitute based on a sign up list. Benefits are not provided to on call substitutes at any time. Short-hour substitutes are district employees who work in various classified positions. They receive their regular rate of pay for two days and on the third day they receive the rate of pay for the classification for which they are substituting.

F3.60 **Table 3-31** illustrates the number of days of leave used by BCSD’s classified staff for FY 1997-98 which could have required either a substitute or another staff member to cover for the vacancy.

Table 3-31: Classified Personnel Days Taken FY 1997-98

Classification	# Sick days taken	# Pers. days taken	# Prof. days taken	# Vacation Leave	# Other days ¹	Total days taken	# Empl. per Class	Average # Total Days Taken per Employee
Clerical/Office	170.8	48.5	3.0	245.3	0.0	467.6	23	20.3
Custodian/Maintenance Cleaners	328.0	55.0	0.5	157.0	0.0	540.5	22	24.5
Food Service	103.3	22.0	7.0	0.0	0.0	132.3	12	11.0
Transportation	158.3	17.5	13.0	65.0	0.0	253.8	16	15.9
Monitors	107.0	10.3	0.0	0.0	0.0	117.3	10	11.7
Totals	867.4	153.3	23.5	467.3	0.0	1,511.5	83	16.7

Source: Treasurer’s office

¹ Other days include days off without pay and jury duty, the district was unable to provide the number of other days taken

F3.61 **Table 3-32** illustrates that BCSD’s classified employees took an average of approximately 10.5 days of sick leave. Custodial/maintenance and cleaner personnel utilized 14.9 days of sick leave, transportation personnel utilized 9.9 days of sick leave and monitor personnel utilized 10.7 days of sick leave in FY 1997-98.

Table 3-32: Average Days Leave Taken FY 1997-98 - Classified Personnel

Classification	Avg. # Sick Days Taken	Avg. # Per. Days Taken	Avg. # Prof. Days Taken	Avg. # Vacation Days Taken ¹	Avg. # Other Days Taken
Clerical/Office	7.4	2.1	0.1	10.6	0.0
Custodian/Maintenance/Cleaners	14.9	2.5	0.0	9.8	0.0
Food Service	9.4	1.8	0.6	n/a	0.0
Transportation	9.9	1.1	0.8	16.3	0.0
Monitors	10.7	1.0	n/a	n/a	0.0
Totals	10.5	1.7	0.5	12.2	0.0

Source: Staff attendance reports

¹ Calculated based on eligible employees

n/a - not eligible for vacation

F3.62 **Table 3-33** presents cost information for FY 1997-98 substitute costs for classified employees assuming an average daily substitute rate as defined in **Table 3-25** and an average number of total leave days taken per employee as established in **Table 3-32** for each classification of employee.

Table 3-33: Classified Personnel Substitute Costs FY 1997-98

Classification	Avg. # total days taken per employee	Hours per day	Rate per hour	# of Employees included in group	Estimated Substitute Cost to the District
Clerical/Office	20.3	8.0	\$9.00	23	\$33,617
Custodian/Maintenance	19.9	7.5	\$10.00	9	13,433
Cleaners	22.6	6.5	\$7.00	16	16,453
Food Service	11.0	6.0	\$6.00	12	4,752
Transportation	15.9	5.0	\$12.00	16	15,264
Monitors	11.7	7.0	\$10.50	10	8,600
Total					\$92,119

Source: Staff attendance reports

F3.63 Using the assumptions above, BCSD had a total maximum exposure for classified substitute services of \$92,119 versus the approximate amount of \$57,319 which was actually spent on substitute services. In an effort to limit substitute and overtime expenditures, it is the district’s policy to use short-hour employees within the bargaining unit as substitutes for custodial positions. For all hours of work that will result in overtime payment to short-hour employees, the district has the option of assigning the work to regular employees or obtaining a substitute. An analysis of the overtime for maintenance and cleaners indicates the district spent approximately \$84,791 in overtime. The estimated substitute cost for custodial/maintenance and cleaner personnel is approximately \$29,886.

F3.64 **Table 3-34** compares the average number of sick days taken by BCSD’s classified staff to the peer districts for FY 1997-98.

Table 3-34: Average Number of Sick Days Taken FY 1997-98

	Brooklyn		Columbia Local		Rocky River		Sheffield/ Sheffield Lake		Peer District Average
	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	
Clerical/Office	171	7.4	17	1.8	128	4.4	339	5.0	4.7
Custodian/Maintenance Cleaners	328	14.9	25	3.1	284	11.4	217	8.7	9.5
Food Service	103	9.4	111	9.2	30	4.0	43	2.0	6.2
Transportation	158	9.9	106	7.5	125	8.3	168	11.9	9.4
Monitors	107	10.7	13	2.6	273	6.5	0	0	6.6
Totals	867	10.5	272	4.8	840	6.9	767	6.9	7.3

Source: Peer district bench marking surveys

Table 3-34 indicates that BCSD's classified staff averaged 10.5 sick days during FY 1997-98. Custodian/maintenance/cleaners, food service, transportation and monitors utilized 14.9, 9.4, 9.9 and 10.7 days of sick leave respectively in FY 1997-98. BCSD's classified staff used the highest average number of sick days at approximately 2.7 to 5.4 more days when compared by classification to the peer districts.

The classified staff provides critical resources to the educational process by:

- ! Functioning as a support resource to staff and students
- ! Providing a clean and secure environment
- ! Ensuring nutritious lunches
- ! Fulfilling additional functions as required by curriculum and/or other district needs.

Because excessive sick leave limits the districts' resources, daily routines are disrupted and can weaken the quality of education. In addition, the district incurs significant financial expenditures through the utilization of overtime.

R3.13 BCSD spent approximately \$57,319 on classified employee substitute payments. Additionally, \$84,791 was spent on overtime in lieu of using substitutes. Contributing to this expense were sick days utilized by these employees. The classified employee population averaged 10.5 sick days per person in FY 1997-98 which is 5.8 days higher than the average taken by full-time governmental workers of 4.5 days as reported by the Bureau of Labor Statistics. If BCSD would reduce the amount of sick leave taken, it would eliminate

additional administrative time, enhance the quality of education by eliminating interruptions in the flow of work and reduce the overall substitute and overtime cost incurred as shown in **Table 3-35** below.

Table 3-35 Annual Savings Calculated from Reductions in Classified Sick Leave Usage

Employee Classification	Annual Savings		
	Sick leave reduced by 4 days	Sick leave reduced by 5 days	Sick leave reduced by 6 days
Clerical/Office	\$6,624	\$8,280	\$9,936
Custodian/Maintenance	3,600	4,500	5,400
Food Service	3,168	3,960	4,752
Transportation	3,840	4,800	5,760
Miscellaneous	3,150	3,938	4,725
Totals	\$20,382	\$25,478	\$30,573

Financial Implication: Reducing the number of sick days taken by each employee by four days would save BCSD approximately \$20,382 annually in substitute/overtime costs. Reducing the number of sick days taken by each employee by five days would save BCSD approximately \$25,478 annually in substitute/overtime costs. Further, reducing the number of sick days taken by six days which would bring BCSD in line with the average taken by full-time governmental workers of 4.5 days as reported by the Bureau of Labor Statistics would save BCSD approximately \$30,573 annually in substitute/overtime costs.

R3.14 BCSD's sick leave days taken per employee currently range between 7.4 and 14.9 days. The district needs to make managing and reducing the amount of sick leave taken a high priority among the administration. BCSD's HRD should provide departmental management with sick leave reports containing, at a minimum, the amount of leave taken by employees, leave balances by employee, reasons for absences and any additional information regarding sick leave taken.

Additionally, because of the amount of sick leave taken per employee, the costs associated with obtaining substitutes to cover for absences and the costs associated with assigning maintenance personnel overtime, BCSD may need to implement policies to assist with further reduction of sick leave. Policies might include the following:

- ! Implement a sick leave abuse policy such as a rolling year occurrence policy where employees are held accountable for the number of times taken off rather than the length of each time taken off.
- ! Implement an attendance incentive where employees are rewarded for perfect attendance.

- ! Require a certified statement from the employee's physician if the employee is off sick for three or more consecutive days.
- ! Require all employees to complete a standardized sick leave explanation form.
- ! Require sick leave taken to be a component of the employee's evaluation.
- ! Do not include sick leave days in the "active pay status" category when calculating an employee's overtime eligibility.

In order for sick leave management to be effective, all administrators should go through initial and on-going training to ensure complete understanding of the policies and consistent implementation of such policies.

Benefits Administration:

- F3.65 The administration of benefits for BCSD is handled by the treasurer's department. The assistant treasurer is responsible for conducting new employee orientation and distributing benefit information packets to employees, processing enrollment additions and changes, reconciling carrier coverage records and ensuring corresponding payroll deductions are processed properly. In addition, the assistant treasurer is responsible for the administration of health, dental, vision and life insurance claims. The secretary to the director of business affairs is responsible for the processing of workers' compensation and unemployment claims.
- F3.66 BCSD utilizes two health care plans, Medical Mutual of Ohio (which is a traditional plan) and Kaiser Permanente (which is a Health Maintenance Organization). Employees are required to contribute five percent toward the cost of the premium for either plan. The district uses Medical Life Insurance Company for life insurance benefits. It is the responsibility of the treasurer and the business manager to annually review the district's benefit package and to obtain quotes for renewal and evaluate whether any changes are needed.
- F3.67 The district convened a joint insurance committee which met for the 1997-98 school year. The committee was created to review and report on the current health insurance program and associated costs and investigate other health insurance programs and their associated costs. The committee was composed of three administrators appointed by the superintendent, three teachers appointed by Brooklyn Education Association (BEA) and three classified employees appointed by the Brooklyn Classified Employees (BCE).
- R3.15** The district should consider establishing a joint insurance committee on a permanent basis whose primary purpose would be to review the health insurance programs and their associated costs to determine whether the same or better coverage can be provided at a lower cost. The committee should work to reduce the annual benefit cost per employee. Areas the committee could address include the following:

- ! Request periodic comparative information to determine possible cost containment strategies
- ! Conduct employee surveys on areas of concern regarding existing benefit plans
- ! Review and limit benefits included in the medical plans
- ! Review employee annual deductibles and out of pocket maximums
- ! Distribute a request for proposal to multiple health care carriers for benefit and cost comparisons
- ! Review feasibility of increasing contributions toward monthly premiums.

F3.68 Full-time participating employees contribute five percent toward the cost of single and family medical insurance coverage as indicated in **Table 3-36**. The board pays the employee portion for medical, dental and vision benefits for the administrative and exempted groups. A single plan under Medical Mutual of Ohio costs \$206.23 per month and a single plan under Kaiser Permanente costs \$158.16 per month. Kaiser is significantly lower than the average monthly medical premium cost of \$184.09 for single coverage as reported by SERB, see **F3.70**. A family plan under Medical Mutual of Ohio costs \$532.15 per month and a family plan under Kaiser Permanente costs \$474.48 per month. Kaiser is slightly lower than the average monthly medical premium cost of \$469.17 for family coverage as reported by SERB. The SERB report indicated that 46 percent of employers require an employee contribution toward the cost of single insurance coverage and 60 percent require an employee contribution toward the cost of family insurance coverage.

Table 3-36 Health Plan Cost Obligations

	Medical Mutual of Ohio	Kaiser Permanente
Full-time Employees Monthly Single Plan Rate	\$206.23	\$158.16
% paid by employee	5%	5%
\$ paid by employee	\$10.31	\$7.91
\$ paid by employer	\$195.92	\$150.25
Full-time Employees Monthly Family Plan Rate	\$532.12	\$474.48
% paid by employee	5%	5%
\$ paid by employee	\$26.61	\$23.72
\$ paid by employer	\$505.54	\$450.76

Source: BCSD’s schedule of benefits FY 1997-98

F3.69 All full-time certificated and classified employees are eligible to receive health care benefits. Most employees are considered full-time if they work 37.5 or more hours per week. BCSD has implemented a graduated benefit scale designed to prorate the contributions required of part-time employees under single coverage only. Part-time employees who elect family

coverage pay the entire difference between the single and family premium. Those part-time employees who wish to have medical coverage are required to contribute toward the premium costs based on the number of hours that each employee works, as shown in **Table 3-37**.

Table 3-37 Contribution Scale for Benefits

Number of hours worked per year	% of Premium Paid by Employee	% of Premium Paid by Board
1450 or more hours	5%	95%
1,344	12%	88%
1,176	23%	77%
980	35%	65%
768	50%	50%
582	62%	38%

C3.2 The district has implemented a graduated benefit scale designed to prorate the contributions required by part-time employees. Requiring part-time employees to contribute toward the benefit costs based on total hours worked reduces benefit expenditures for the district.

F3.70 A report on the *Cost of Health Insurance in Ohio’s Public Sector* was completed by SERB. Based on the 1998 study, approximately 60 percent of the responding employers required their employees to pay a portion of the cost of a family premium. Forty-six percent required their employees to share the cost for the single plan. The average monthly employee contribution is \$21.44 for single and \$61.72 for family. These rates amount to 11.7 percent of the cost of a single plan and 13.1 percent of the monthly family premium. Other findings from the study include the following:

- ! Estimated cost of medical and other health care benefits will average \$5,376 per covered employee in 1998.
- ! Monthly medical insurance premiums currently average \$184.09 for single coverage and \$469.17 for a family plan.
- ! Average total monthly cost of employee health care benefits stands at \$223.92 and \$536.43 for single and family coverage, respectively.
- ! Approximately 87 percent of public employers offer some level of dental coverage, 50 percent provide a vision plan and 93 percent offer life insurance.
- ! Dental coverage costs an average of \$26.59 a month for single and \$47.16 a month for family. The cost of optical insurance averages \$7.40 for single and \$13.03 for family coverage.
- ! Twenty-nine percent of employers offer insurance coverage through an HMO. Forty-three percent contract at least some health services through a provider network.

F3.71 **Table 3-38** provides certain details about health care information. Brooklyn requires employee contributions toward both the single and family medical premiums. Columbia Local School District requires employee contributions toward the family medical premium and is the only peer district that is self-insured. Rocky River and Sheffield/Sheffield Lake require no employee contributions toward medical premiums.

Table 3-38 Hospitalization

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Emp. Share	Monthly Premium For Family	Full-Time Emp. Share	# of Emp. In Each Plan	Self Insured
Brooklyn	Medical Mutual of Ohio ¹	\$206.23	\$10.31	\$532.15	\$26.61	66/114	No
	Kaiser Permanente	\$158.16	\$7.91	\$474.48	\$23.72	6/4	No
Columbia Local	Lake Erie Regional Employee Protection Plan ³	\$136.48	\$0	\$321.26 - classified \$311.91 - certificated	\$9.36 - classified \$18.71 - certificated	36/54	No
Rocky River	Medical Mutual of Ohio ²	\$252.54	\$0	\$653.17	\$0	11/20	No
	Medical Mutual of Ohio HMO ²	\$222.01	\$0	\$570.13	\$0	70/142	No
Sheffield/Sheffield Lake	Lake Erie Regional Employee Protection Plan ⁴	\$161.96	\$0	\$429.16	\$0	55/155	No

Source: Schedule of benefits

¹ Premium includes medical, prescription, dental and vision

² Prescription plan is included in medical benefits premium costs

³ Premium includes medical only. The district does not offer prescription benefits

⁴ Premium includes \$31.38 for single prescription plan and \$83.17 for family prescription plan

F3.72 Certain benefits affect the overall cost of medical plans. **Table 3-39** compares some key features which are considered when comparing benefits to costs when choosing a medical plan. BCSD has a minimum employee deductible which increases the overall premium costs to the district.

Table 3-39: Key Medical Plan Benefits

	<u>Brooklyn</u>	<u>Columbia Local</u>	<u>Rocky River</u>	<u>Sheffield/Sheffield Lake</u>
	Medical Mutual of Ohio Kaiser Permanente	Lake Erie Regional Employee Protection Plan	Medical Mutual of Ohio Medical Mutual of Ohio HMO	Lake Erie Regional Employee Protection Plan
Office Visits	80%/20% 100%	No	80%/20% 100%	90%/10%
Employee Annual Deductible	\$100 S/ \$200 F N/A	\$250 S/ \$500 F	\$200S/\$400F N/A	\$50S/\$100F
Prescription Plan Included?	Yes Yes	No	No No	No
Need to Choose Primary Physician	No No	No	No Yes	No
Maternity	\$100 deductible 80%/20% prenatal/delivery \$400 out of pocket 100% 100%	100%	100% 100%	100%
Well Child Care	\$500 maximum per year per child 100%	n/a	100% to \$500 year maximum 100% to \$500 year maximum - Network	0-12 months \$500 maximum 1 year \$150 maximum
Inpatient Hospital Care	100% no maximum	80%/20% - 730 days	100% 100% - Network 90%/10% - Non-Network	100%

Source: Schedule of benefits

F3.73 **Table 3-40** illustrates that all peer districts provide dental benefits to their employees. BCSD provides dental coverage through Medical Mutual of Ohio for all full-time employees. For the employees who select Medical Mutual, the cost of dental coverage is included in the medical premium. Employees electing Kaiser Permanente have the option of choosing dental and vision benefits through Medical Mutual. However, the employees are required to contribute five percent toward the cost of both the single and family plans. Columbia Local only requires employee contributions toward family dental coverage. Both Rocky River and Sheffield/Sheffield Lake require no employee contributions toward dental benefits. **Table 3-40** shows the average premiums paid for both single and family dental plans.

Table 3-40: Dental Insurance

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Emp. Share	Monthly Premium For Family	Full-Time Emp. Share	Number Enrolled: Single/Family	Self-Insured
Brooklyn	Medical Mutual of Ohio Kaiser Permanente ¹	Included in health plan	n/a	Included in health plan	n/a	n/a	No
		\$30.84	\$1.54	\$88.59	\$4.43	5/3	n/a
Columbia Local	Lake Erie Regional Employee Protection Plan	\$17.35	\$0	\$45.96	\$2.86	25/50	No
Rocky River	Medical Mutual of Ohio	\$19.34	\$0	\$64.47	\$0	71/177	No
Sheffield/Sheffield Lake	Lake Erie Regional Employee Protection Plan	\$15.94	\$0	\$42.25	\$0	54/151	No

Source: Schedule of benefits

¹ Employees with Kaiser pay five percent of the premium which includes both dental and vision benefits through Medical Mutual of Ohio

F3.74 **Table 3-41** shows the average premiums paid for both single and family vision plans. BCSD provides vision coverage through Medical Mutual of Ohio for all full-time employees. For the employees who select Medical Mutual, the cost of vision coverage is included in the monthly medical premium. As indicated in (F3.73), dental and vision benefits through Medical Mutual are optional to employees electing Kaiser Permanente. However, the employees are required to contribute five percent toward the cost for the single and family plans. Columbia Local and Rocky River do not provide vision coverage. Sheffield/Sheffield Lake provides vision coverage and does not require employee contributions.

Table 3-41: Vision Insurance

School	Provider(s)	Premium Cost/Mth per Emp. Single	Full-Time Emp. Share	Premium Cost/Mth. per Emp. Family	Full-Time Emp. Share	Number Enrolled: Single/Family	Self-Insured
Brooklyn	Medical Mutual of Ohio Kaiser Permanente ¹	Included in health plan	n/a	Included in health plan	n/a	n/a	No
		Included in dental plan	n/a	Included in dental plan	n/a	n/a	n/a
Columbia Local ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rocky River ²	Medical Mutual of Ohio Medical Mutual of Ohio HMO	n/a	n/a	n/a	n/a	n/a	n/a
		n/a	n/a	n/a	n/a	n/a	n/a
Sheffield/Sheffield Lake	Lake Erie Regional Employee Protection Plan	\$1.48	\$0	\$3.93	\$0	51/151	No

Source: Schedule of benefits

¹ Employees with Kaiser pay five percent of the premium which includes both dental and vision benefits through Medical Mutual of Ohio

² Columbia Local and Rocky River do not offer vision plans

F3.75 **Table 3-42** shows the average monthly premiums paid for both single and family prescription insurance plans. Prescription coverage is included with hospitalization coverage for BCSD and Rocky River City School District. Columbia Local does not provide prescription coverage. Sheffield/Sheffield Lake offers an individual prescription plan and requires no employee contributions.

Table 3-42: Prescription Insurance

School	Provider(s)	Cost/Mth per Emp. Single	Full-Time Emp. Share	Cost/Mth. per Emp. - Family	Full-Time Emp. Share	Number Enrolled: Single/Family	Self Insured
Brooklyn	Medical Mutual of Ohio	Included in health plan	n/a	Included in health plan	n/a	n/a	n/a
	Kaiser Permanente	Included in health plan	n/a	Included in health plan	n/a	n/a	n/a
Columbia Local ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rocky River	Medical Mutual of Ohio	Included in health plan	n/a	Included in health plan	n/a	n/a	n/a
	Medical Mutual of Ohio HMO	Included in health plan	n/a	Included in health plan	n/a	n/a	n/a
Sheffield/Sheffield Lake	Lake Erie Regional Employee Protection Plan	\$31.38	\$0	\$83.17	\$0	52/147	No

Source: Schedule of benefits

¹ Columbia local does not offer a prescription plan

F3.76 **Table 3-43** presents the average yearly total cost for certain benefits for FY 1997-98 for all peer districts. BCSD has the second highest annual cost per employee among the peer districts at \$5,185 which is slightly lower than the annual cost of health care of \$5,376 per covered employee in 1998 as estimated in the SERB report. Factors contributing to BCSD’s high annual insurance cost per employee include the following:

- ! Full-time employees are required to contribute a minimal percentage toward the monthly premiums for all medical, dental and vision plans
- ! Administrative and exempted employees are not required to pay the employee portion of the benefits
- ! Employees are required to pay minimum employee annual deductibles.

Table 3-43: Yearly Total of All Insurance Costs for FY 1997-98

School	Health Care Costs	Dental Costs	Prescription Costs	Vision Costs	Life Insurance Costs	Totals	Annual Cost per Employee ¹
Brooklyn	\$864,423	\$6,354	²	²	\$24,943	\$895,720	\$5,185
Columbia Local	\$257,027	\$31,131	n/a	n/a	\$12,353	\$300,511	\$3,271
Rocky River	\$1,348,086	\$153,412	²	n/a	\$18,080	\$1,519,578	\$6,166
Sheffield/ Sheffield Lake	\$729,724	\$86,886	\$166,293	\$8,027	\$11,360	\$1,002,290	\$4,774

Source: Treasurer's office

¹ Does not include life insurance costs

² Included in health care premiums

F3.77 **Table 3-44** indicates that BCSD's fringe benefit expenditures for certificated personnel are below the peer average and the statewide average. Additionally, fringe benefit expenditures for classified personnel are below the peer average and slightly above the statewide average.

Table 3-44: Fringe Benefit Expenditures as a Percentage of Total Operating Expenses

Expenditure Breakdown	Brooklyn	Columbia Local	Rocky River	Sheffield/ Sheffield Lake	Peer Average	State Average
Certificated Benefits	11.9%	11.2%	11.3%	13.7%	12.0%	13.0%
Classified Benefits	4.3%	4.8%	4.1%	4.9%	4.5%	4.2%

Source: FY 1997-98 EMIS profile

R3.16 BCSD requires full-time employees to contribute five percent towards the monthly premium for benefits. Certificated and classified part-time employees are required to contribute toward the monthly premiums on a prorated basis. If BCSD would require full-time employees enrolled in all medical plans to contribute a higher percentage toward the monthly premium, the overall insurance expenses would be reduced as shown in **Table 3-45**. Implementing this recommendation would require future negotiations.

Table 3-45: Annual Savings Resulting from Increased Employee Contributions for Insurance

	Annual Savings Calculated at		
	10%	15%	20%
Medical Plan - Single	\$6,725	\$15,459	\$24,194
Medical Plan - Family	\$38,268	\$75,809	\$113,351
Total Annual Savings	\$44,993	\$91,268	\$137,545

Financial Implication: Requiring a 10 percent contribution from all employees for medical benefits would save BCSD approximately \$44,993 annually. Increasing the contributions to 15 percent would save BCSD approximately \$91,268 annually. Increasing the contributions to 20 percent would save BCSD approximately \$137,545 annually.

F3.78 The board pays the employee portion for medical, dental and vision benefits for the administrative and exempted groups which consist of fifteen employees.

R3.17 To reduce benefit costs, the board should consider having the employees included in the administrative and exempted groups pay the appropriate employee portion of the benefit premiums as indicated in **Table 3-36**.

Financial Implication: The financial implication for this recommendation was calculated in **R3.16**.

F3.79 BCSD pays 9 and 9.3 percent respectively for the administrative and exempted employees' portion of STRS or SERS contributions (see **F3.78**). The portion of STRS and SERS paid by the board for FY 1998-99 was approximately \$98,494. The district indicated the assistant superintendent, network manager, EMIS coordinator and director of pupil services positions have been eliminated and will not be replaced. These personnel reductions may affect the amount paid by the board for STRS or SERS contributions in FY 1999-2000.

R3.18 BCSD should review the costs associated with picking up the employee portion of STRS and SERS payments for administrative and exempted personnel and should consider

eliminating this benefit. Few districts pick up the full retirement benefit cost for all administrative and exempted employees due to the high cost. In addition, BCSD's salaries are competitive with surrounding districts without payment of this benefit. Savings generated by eliminating this benefit could be used to support the district's educational priorities or to reduce overall district expenditures.

Financial Implication: If the employees in the administrative and exempted groups were required to pay the employee portion of STRS or SERS contributions, the district would save approximately \$98,494 annually.

F3.80 BCSD offers employees who separate employment continuous medical benefits in compliance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) put into law by the federal government in 1986. The administration of COBRA benefits is handled by the treasurer.

F3.81 The contractual agreements between both the BEA, the BCE and the board of education for the period July 1, 1998 through June 30, 2000 defines an early retirement incentive plan (ERI) available to eligible certificated and classified employees. The provisions of the ERI included the following:

- ! Employees who have attained the age of fifty prior to the date the plan expires and will qualify after purchase of service credit for retirement under STRS or SERS guidelines are eligible for participation.
- ! An irrevocable letter of resignation must be sent to the superintendent's office no later than March 15th of each year specifying the effective date of retirement.
- ! The Board will pay the cost of a maximum of three years of eligible service credit or one-fifth of each member's total eligible service credit, whichever is less.
- ! Employees who opt to take the ERI will receive severance pay in accordance with the bargaining agreements. However, employees will receive payment in three equal installments beginning in January of the year following the retirement.

A total of four administrators, 11 certificated and seven classified employees elected to participate in the ERI. The district calculated an approximate cost of \$1,346,748 for implementation of the ERI which included \$967,879 in service credit purchase cost and \$378,869 in severance costs. The district calculated an approximate salary cost savings of \$2,785,889 by not replacing personnel resulting in an actual positive ERI plan impact to the district of \$1,439,141.

R3.19 Prior to offering early retirement incentive plans, several factors should be taken into consideration, such as the financial stability of the district, the number of eligible employees, the replacement cost of teachers and administrators, the impact of the severance payout if

more employees retire than anticipated, an assessment of replacing tenured teachers with new teachers and the educational impact to the students. Therefore, BCSD should consider having a cost-benefit analysis completed by an accredited organization such as the Ohio School Board Association in order to determine whether it is cost effective for the district to offer an early retirement incentive plan. Additionally, offering future ERIs to classified employees should be evaluated.

Because of the BCSD's current financial situation, it is imperative that the district be able to provide funding for any future ERIs, thereby reducing expenditures associated with deferring the payment of severance costs and eliminating interest expenditures which would be required with long-term financing.

Workers' Compensation:

- F3.82 In an attempt to control worker's compensation costs, BCSD was previously enrolled in the Ohio Schools Board Association (OSBA) group experience rating plan for 1995, 1996 and 1997. The district enrolled in the BWC premium discount program for 1998 and 1999 when they were penalty rated and did not qualify for group rating. The BWC's premium discount program provides a premium savings of ten percent, ten percent, five percent and five percent over a four-year period. Ohio employers who are substantially similar can apply for group coverage and potentially achieve lower premium rates than they could individually. The employers within the group must be members of an organization formed for a purpose other than obtaining group workers' compensation coverage and must reapply each year to be considered for group premium rates. Group members are expected to have an effective workplace safety program in place which the Bureau of Workers' Compensation (BWC) annually reviews.
- F3.83 **Table 3-46** illustrates workers' compensation benefits for the three peer districts for 1998. The district filed seven medical claims which was the highest number of claims per employee while the average number of workers' compensation medical claims filed by the three peer districts in 1998 was 4.7. BCSD had one lost time claim, defined as the number of workers' compensation claims exceeding eight days. Additionally, BCSD had the highest premium cost per employee among the peer districts.

Table 3-46: Peer District Comparison of Workers' Compensation Benefits for FY 1998

District	Total Employees	# Medical Claims Allowed	# Lost Time Claims Allowed	Claims/Employee	Premium	Premium Cost/Employee	Experience Modifier Status	Retro Rating
Brooklyn	218.0	7	1	0.036	\$48,666	\$223	1.32	Yes
Columbia Local	127.1	3	0	0.023	\$27,687	\$218	0.53	No
Rocky River	253.0	6	2	0.031	\$31,528	\$125	0.53	No
Sheffield/Sheffield Lake	213.4	3	1	0.018	\$23,588	\$111	0.53	No
Group Average	202.8	4.7	1.3	0.027	\$32,867	\$169	0.73	n/a

Source: Bureau of Workers' Compensation and total employees provided by EMIS 1997-98 district profiles

F3.84 BCSD's medical and lost time claims have fluctuated over the past four years. As the number of lost time claims has fluctuated, the Experience Modifier (EM) status has also changed accordingly as reflected in **Table 3-47**.

As a result of the district leaving the group experience rating plan in 1997, the district's EM was increased significantly. The EM status is based upon factors such as the number of total claims in any previous time period, the severity of those claims and the extent to which lost time claims went into effect.

Table 3-47: Approximate Number of Claims

	# Medical Claims Allowed	# Lost Time Claims Allowed	Experience Premium Costs	Experience Modifier
1995	13	2	\$62,416	0.65
1996 ¹	10	3	\$51,539	0.65
1997 ²	11	5	\$19,811	0.48
1998 ³	7	1	\$48,666	1.32

Source: Bureau of Workers' Compensation

¹ In 1996, BCSD received a dividend credit of \$8,590

² In 1997, BCSD received a dividend credit of \$8,490

³ In 1998, BCSD received a rebate of \$67,109 which is not reflected in the table above

F3.85 The district has not implemented a return to work program for the purpose of controlling workers' compensation costs. The National Council on Compensation Insurance (NCCI) has reported that of the nearly 600,000 employees who are disabled annually, 50 percent do not return to work. Frequently, this translates into long-term outlays in benefits payments, as well as losses in productivity and costs incurred to train adequate replacements.

As a result, many employers are implementing a return-to-work program in which injured employees are encouraged to accept light duty work at the work site as an alternative to lost time claims. A pro-active modified duty program may allow many potential lost time claims to become simply “medical only” claims, thereby significantly decreasing the Experience Modifier. Benefits of a return-to-work, or modified duty program include:

- ! Reduced workers’ compensation costs
- ! Faster recoveries of employees in appropriate light duty jobs
- ! Physicians’ accelerating employees’ return to work when they are aware that the entity offers such programs
- ! A net gain for the district of the productive work of employees who otherwise would have been off duty.

R3.20 The district should design and implement a modified duty program which allows injured employees to return to work to perform less strenuous tasks rather than remaining on off-site disability leave. Effective modified duty programs have several elements in common. The most important element of any return to work program is management’s vocal endorsement of the program. Employees must understand that abuse of disability leave will be met with discipline and that light duty programs exist to allow employees to continue working in some capacity.

F3.86 Although, the district does not currently employ a risk coordinator, BCSD contracts with Gates McDonald, who serves as a risk management consultant. The business manager, in conjunction with the consultant, currently administers facilitating organizational safety systems and processes. The risk coordinator does not assume operational responsibility for safety and health, but supports line management, supervision and employees in the development of effective safety systems.

F3.87 Effective workers’ compensation programs have become successful through the implementation of innovative techniques designed to enhance safety and training and diminish unavoidable claims costs. Some examples of such techniques include the following:

- ! Provide departmental workers’ compensation liaisons with claims handling training, manuals which outline their responsibilities and employer/employee rights, and monthly listings of employees in their departments with open claims, including claim status, type and cost to date
- ! Implement medical utilization reviews to include all disability claims, including outpatient medical service and long-term medical management of severe and complicated workers’ compensation costs
- ! Provide risk manager training on the benefits of early intervention programs
- ! Encourage employees to get second medical opinions when physicians prescribe costly medical procedures

- ! Require supervisors to review questionable claims with the risk manager and the BWC business consultant, respond to all requests for investigations, notify supervisors and consultants when claims are denied, and when appropriate, forward copies of denied medical bills to employees so that they can submit them to their health insurance carriers for payment
- ! Require supervisory review of initial permanent disability advances to help ensure that advances are appropriate as to potential future awards
- ! Direct departmental safety officers to interview each employee who files a workers' compensation claim for safety-related concerns. Direct the risk manager or his designee to interview each employee who files more than two claims in a year and follow up with the departmental safety officer and BWC business consultant.

R3.21 As indicated in **Table 3-46** BCSD has the highest premium cost per employee and the highest experience modifier status when compared to the peer districts. Brooklyn could benefit from each of the above techniques utilized in successful workers' compensation programs with little expense.

Contractual Issues:

Certain major contractual issues which have been assessed and compared to the peer districts are illustrated in the following pages. Because contractual issues directly affect the district's operating budget, many of the major contractual issues have also been assessed to show the financial implication to the district. The implementation of any of the following contractual recommendations would require union negotiations.

F3.88 **Table 3-48** compares the number of bargaining groups for each of the peer districts. Each of the three districts, including BCSD, has at least two bargaining groups

Table 3-48: Comparison of Organized Labor Environment

	Brooklyn	Columbia Local	Rocky River	Sheffield/ Sheffield Lake
Bargaining Groups	2	2	2	3

F3.89 **Table 3-49** shows that BCSD has two primary collective bargaining units. Of the 219 BCSD permanent employees, 85 percent of BCSD employees were covered by a union agreement as of FY 1998-99. The remaining 15 percent consist of administrative personnel.

Table 3-49: Union Staffing Report

Classification	Union Affiliation	# of members
Teachers, therapists, tutors, librarians, counselors and nurses - Certificated	Brooklyn Education Association	108
Transportation personnel, custodial personnel, food service personnel, educational aides, maintenance personnel, mechanics, secretarial personnel, library personnel and health aides-Classified	Brooklyn Classified Employees (OEA/NEA)	79
Total Union Employees		187

Source: Superintendent’s office and Treasurer’s office

- F3.90 Teachers and classified employees hired by the district are required to join the union or pay a fair share fee. Currently, there are four district employees that pay fair share fees. The above table includes employees paying fair share fees.
- F3.91 BCSD’s union agreement with the Brooklyn Education Association expires August 31, 2000. The union agreement with the Brooklyn Classified Employees/Ohio Education Association/National Education Association (BCE/OEA/NEA) expires on June 30, 2000.

BEA - Contractual Issues:

- F3.92 **Table 3-50** compares some key BEA contractual issues between BCSD and the peer districts.

Table 3-50: BEA Contractual Issues

BEA Article	Description	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
	Academic Instructional Minutes? ¹	n/a ¹	n/a ¹	n/a ¹	n/a ¹
Article 313.01	Length of Work Day	Grades K-5 7 hours and 30 minutes Grades 6-12 7 hours and 45 minutes	Grades K-12 7 hours and 30 minutes	7 hours and 30 minutes	7 hours and 15 minutes
	Maximum Class Size	n/a ¹	State minimum 25:1	Grades K-2 - 22:1 Grades 3-5 - 24:1 Grades 6-12 - 25:1	Grades K-6 -28:1 Grades 7-8 180 students per teaching day Grades 9-12; 205 students per teaching day

BEA Article	Description	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
Article 311.01	# Contract days # of Instructional Days # of In-service Days # of Parent-Teacher Conferences # of Professional Development Days # of Paid Holidays	186 178 4 2 0 2	183 178 3 2 0 0	186 180 2 3 1 0	184 180 4 0 0 0
Article 404.02	Maximum # of Sick Days Accrued	Unlimited	250 days	Unlimited	Unlimited
	Sick leave incentives? Paid out or additional days?	n/a ¹	n/a ¹	Yes Minimum of 150 accumulated sick leave days will result in one day of unrestricted personal leave	Yes For each 125 days of accumulated unused sick leave will result in one day of bonus leave
Article 503.01	Maximum # of sick days paid out at retirement/ % of payout.	32 % of accumulated sick leave up to a maximum payout of 99.2 days	25% of accumulated sick leave up to a maximum payout of 62 days	Ten or more years of service 25% of accumulated sick leave up to a maximum of 40 days 30 years of service credit 33% of accumulated sick leave up to a maximum of 70 days	25% of accumulated sick leave up to a maximum payout of 70 days
Article 503.01	# of years required for severance pay	Five years with the district and eligibility requirements under STRS	Eligibility requirements under STRS	Ten or more years with the district and eligibility requirements under STRS	Ten years with the district and eligibility requirements under STRS
Article 402.01	# of Personal Days, Notice required?	3 days 24 hour notice required	3 days As much notice as possible required	3 days 3 days notice required	3 days 3 days notice required
Article 407.01	# of other leave days	Uncompensated leave in a three year period up to 10 days	1 year	n/a ¹	2 years
Article 405.01	Sabbatical/Professional leave; Requirement to return? Compensated?	Yes If employed by the district for five years. Must agree to return for three full school years. Teachers salary will be the difference between teacher/substitute salary	Yes If employed by the district for seven years. Leave will be for one year and without compensation	Yes If employed by the district for three years. Leave will be for one year and without compensation	Yes If employed by the district for five years. Leave will be for one year. Teachers salary will be equal to the difference between the teacher's regular contract salary and the salary of the teacher employed to replace that teacher

BEA Article	Description	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
	# of Association leave days	n/a ¹	3 days	n/a ¹	n/a ¹
Article 303.03	# of days to file grievance	15 days	28 days	15 days	20 days
Article 509.02C	Notice of separation required?	Yes	n/a ¹	n/a ¹	n/a ¹
Article 507	Cost of Living Increase per each year of contract	9/98 - 4.0% 9/99 - 4.0% 9/00 - 3.0%	8/97 - 3.0% 8/98 - 3.0% 8/99 - 3.0%	1/99 - 3.0% 1/00 - 3.0% 1/01 - 1.4%	8/98 - 3.5% 8/99 - 3.0% 8/00 - 2.5%
	Past Practice Clause	n/a ¹	n/a ¹	n/a ¹	n/a ¹

Source: Teacher Contracts

¹ n/a - nothing stated in contract

F3.93 The BEA contract specifies a total of 186 contract days. The board adopts an annual school calendar which further establishes the structure of the teachers' contract year. For FY 1998-99, BCSD established 178 instructional days, four in-service days, two parent-teacher conference days and two paid holidays.

F3.94 BCSD has implemented a professional growth program for all certificated staff. Professional growth credit may be obtained by a staff member participating in an activity which will benefit Brooklyn City Schools and also be of value to a teacher in their teaching or supplementary assignment (district-sponsored workshops, in-service programs, professional workshops, conventions, research, publications and curriculum committee assignments). Payment for professional growth credits is made at the rate of .0035 of the base salary per growth credit. All growth credits must be submitted within a three-year consecutive period and college/university credits will not be interpreted as professional growth credits. The administration determines the number of professional growth credits to be assigned for each administrative activity proposed.

C3.3 The initiation of a professional growth program for certificated employees encourages continued growth and development of employees and benefits the district by pro-actively advancing educational goals and technological skills.

R3.22 BCSD should consider eliminating professional growth credits and the accompanying salary increases. The role of the professional growth credit advisory committee should be incorporated with the local professional development committee (LPDC). The LPDC should work closely with the superintendent to ensure that professional growth activities undertaken by staff are linked with the certificate/license renewal process administered by the LPDC. Additionally, the district should consider linking professional growth activities to the employee's evaluation in an effort to monitor progress and improvement.

F3.95 Full-time teachers are granted three days personal leave per school year. Unused personal days is converted to sick leave at the end of the year. No more than ten percent of the staff in any building can be on personal leave in one day. Additionally, 24-hours notice is required and personal days are not permitted the first or last day of school, on parent-teacher conference days, or to extend a vacation or holiday period.

C3.4 Restricting the use of personal leave by limiting the number of employees permitted on leave on any given day at a particular work site prevents excessive interruptions in the flow of curriculum and reduces substitute costs.

R3.23 Because adequate notice of employee requests for personal leave allows the district to identify substitute needs in a timely manner, the district should consider negotiating with the BEA and BCE a clause which would require teachers and classified staff to provide the district with a minimum of three days notice for personal leave

F3.96 A lump sum buyout incentive is granted to BEA members who elect to retire in the first year of eligibility. Employees must have 15 years of service with the district and notify the district of their intent to retire by March 15th. Employees must have 15 years of service with the district to qualify. A teacher at the bachelors maximum salary of \$50,779 would receive a 28 percent lump sum payment of approximately \$14,218. However, the district has indicated no employees have taken a lump sum buyout.

C3.5 The offering of a lump sum buyout incentive by BCSD to certificated employees who elect to retire in the first year of eligibility and notify the district by March 15th, enables the district to identify staffing needs for the following school year in a timely manner and results in significantly lower salaries through the hiring of new teachers which has a positive impact on the district.

F3.97 Severance pay is granted to BEA members who are eligible to retire under the State Teachers Retirement System. Members retiring with five or more years of service with the district receive 32 percent of accumulated unused sick days for a maximum of 99.2 days times the per diem rate of the employee's yearly contract salary in effect at the time of retirement.

R3.24 The payout of severance has a significant effect on the district's overall budget. BCSD should consider renegotiating the severance payout policy to be more in line with the peer districts and to lessen the financial burden to the district.

One option BCSD should consider is the Ohio Revised Code, section 124.39, which provides payout of 25 percent of accrued but unused sick leave credit, upon retirement, up to 120 sick days (30-day payout) for persons with 10 or more years of service. The law permits districts to provide for more than 25 percent (but not less) and the number of years

to be less than 10 (but not more). A second option the district may consider would be to cap the teachers’ payout at 42 days (25 percent of first 120 days and 10 percent of the second 120 days) which is comparable to Springfield City School District’s policy. However, a renegotiated severance payout policy would only apply to employees hired after the new policy was implemented. **Table 3-51** illustrates the cost savings resulting from implementation of either of these two options.

Table 3-51: Cost Avoidance Resulting from Severance Payout Restructure

	Payout Structures			
	Current Policy	Option 1 Payout at 25 Percent of 30 days	Option 2 Maximum Payout of 42 Days	Cost Avoidance
Sick Leave Payout Total				
Cost Avoidance	\$196,159	\$66,872	\$92,387	\$103,772- \$129,287

Financial Implication: By renegotiating the provisions of contract to limit severance payout for sick leave to 25 percent (maximum 120 days) or maximum payout of 42 days, BCSD would achieve a cost avoidance of approximately \$103,772 to \$129,287 providing employees elected to retire upon eligibility. Because a renegotiated severance payout policy would only apply to newly hired employees, the district would not realize a financial benefit until such time new employees are eligible for retirement.

F3.98 The BEA contract states that an unlimited amount of sick leave may be transferred to the district from other boards of education or other political sub-divisions in Ohio. It is the district practice to pay for these days at severance.

R3.25 BCSD should consider establishing a policy which can reduce costs associated with severance payout. One option might be to allow employees to transfer an unlimited number of days into the district but restrict the use of these days to long-term sick leave only and stipulate the days are not eligible for payout at retirement. Another option might be to establish a policy which limits the amount of days that can be transferred into the district or limits the amount of days eligible for severance.

F3.99 BCSD teachers may be granted up to two school years of parental leave and classified employees may be granted up to eight months of parental leave. This policy allows for more leave time than the Family and Medical Leave Act of 1993 which provides for leave up to 12 weeks without an option to extend leave.

R3.26 Because the Family and Medical Leave Act of 1993 was designed to provide a reasonable amount of time off, additional excessive long-term leave provided by the district precludes

it from effectively recruiting and planning future staffing needs. BCSD should consider limiting the amount of parental leave granted to only that provided by the Family Act of 1993.

F3.100 The BEA contract stipulates that teachers who have five years of service may be granted sabbatical leave for one or two semesters. Upon being granted a sabbatical leave, a teacher is compensated a partial annual salary which will be the difference between the substitute’s pay and the teacher’s expected salary. In addition, a teacher on sabbatical leave may continue all insurance programs at their own expense. After completion of sabbatical leave, teachers are required to return to service for a period of at least three full school years.

C3.6 Requiring teachers to teach in the district for three years upon returning from sabbatical leave benefits the district by providing the entire faculty with an opportunity to benefit from the transfer of knowledge gained by the teacher while on sabbatical leave and the sharing of new and progressive ideas toward education.

R3.27 BCSD provides teachers with sabbatical leave. Teachers on sabbatical leave are entitled to a partial annual salary which will be the difference between the substitute’s pay and the teacher’s expected salary. The district should consider restricting teachers on sabbatical leave from receiving compensation.

BCE/OEA/NEA - Contractual Issues:

F3.101 **Table 3-52** compares some key classified contractual issues between BCSD and the peer districts.

Table 3-52: BCE/OEA/NEA(Classified) Contractual Issues

BCE/OEA /NEA Article	Description	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
Article 27	Evaluations required?	Yes - annually	n/a ¹	n/a ¹	Yes - annually
Article 23.10	Minimum call in hours paid to employees for unscheduled emergencies? (Custodians)	2 hours	2 hours	2 hours	2 hours
Article 13.9	Vacation time to accumulate	1 year - 10 days 8 years - 15 days 13 years - 20 days 22 years - 25 days	1 year - 10 days 9 years - 15 days 20 years - 20 days	1year - 10 days 5 years - 20 days	1 year - 10 days 6 years - 15 days 11 years - 20 days 16 years - 25 days
	Sick leave incentive?	n/a ¹	Yes	Yes	Yes
Article 13.1	# of sick days to accumulate	Unlimited	245 days	245 days	Unlimited

BCE/OEA /NEA Article	Description	Brooklyn	Columbia Local	Rocky River	Sheffield/Sheffield Lake
Article 13	Max # of sick days paid out at retirement/ % of payout.	32 % of accumulated sick leave up to a maximum payout of 99.2 days	25% of accumulated sick leave up to a maximum payout of 60 days	33% of accumulated sick leave up to a maximum payout of 75 days	25% of accumulated sick leave up to a maximum payout of 70 days
Article 13.3	# of Personal Days, Notice required?	3 days 24 hour notice required	3 days As much notice as possible required	3 days 3 days notice required	3 days 3 days notice required
Article 14	Holiday Paid	12 month employees 13 holidays < 12 month employees 12 holidays	10 holidays	11 month employees 7 holidays 12 month employees 12 holidays	9 month employees 8 holidays 10 month employees 10 holidays 12 month employees 12 holidays
Article 21	# of days to file a grievance	10 days	15 days	15 days	15 days
	Labor-Management Committee	n/a ¹	Yes	n/a ¹	n/a ¹
Article 24	Cost of Living Increase per each year of contract	7/97 - 4.0% 7/98 - 4.0% 7/99 - 3.0%	8/97 - 2.9% 8/98 - 2.9% 8/99 - 2.9%	1/99 - 3.0% 1/00 - 3.0% 1/01 - 1.5%	7/98 - 3.5% 7/99 - 3.0% 7/00 - 2.5%

Source: BEC/OEA/NEA Contract

¹ n/a - Nothing stated in contract

F3.102 Currently, it is the district’s practice to compensate employees for a minimum of two hours for all emergency call-in situations. The employee is compensated for the full two hours regardless if less than two hours are actually worked. Additional compensation is provided for hours worked in excess of the minimum.

R3.28 Providing a minimum of two hours compensation for all emergency call-in situations appears to be consistent with the majority of the school districts having performance audits conducted to date. However, in order to further optimize the district’s efficiency, BCSD should also consider renegotiating the contract so that, if an employee is called in and paid for two hours of work, the employee is required to work the entire two hours.

F3.103 Article eight of the contract states that the board reserves the right to direct the work force, decide the duties to be performed, the means, methods and equipment to be used, to assign, transfer, and promote employees, to schedule the days and hours of work and starting and quitting time of employees, to hire, discharge, and discipline employees and to make such rules and regulations as are necessary to maintain the orderly and efficient operation of the schools.

- C3.7** Contract language providing management with decision-making authority to effectively manage the employee work force allows the district more flexibility to make sound personnel decisions.
- F3.104 Article 25 contains a subcontracting provision which allows the board to subcontract work that it feels can be more efficiently and economically accomplished. However, the article states the board will not subcontract work which would cause an employee to be laid off.
- R3.29** Having specific personnel reduction restrictions identified in the contract may preclude BCSD from reducing the work force for business, educational or financial reasons. The contract language should be modified to eliminate language which prohibits the district from making sound management decisions.
- F3.105 The union contract does not specify a certain date when employees must notify the district of their intent to retire. This prevents the district from accurately identifying staffing needs for the following school year.
- R3.30** In order to more accurately identify staffing needs for the following school year, BCSD should establish a policy that requires employees to notify the district by March 1st of their intentions to retire the following school year. One option the district could consider would be to reduce the amount of severance pay if the employee does not notify the district by the March 1st date. Currently, the BCE contract requires early notification only from employees who elect to participate in the lump sum retirement buyout.
- F3.106 Severance pay is granted to BCE members who have five years with the district and are eligible to retire under the State Employees Retirement Systems (SERS). Members retiring with five or more years of service with the district receive 32 percent of accumulated unused sick days for a maximum of 99.2 days times the per diem rate of the employee's yearly contract salary in effect at the time of retirement.
- R3.31** The payout of severance has a significant effect on the district's overall budget. BCSD should renegotiate the severance payout policy to be more in line with the peer districts and to lessen the financial burden to district.

One option BCSD should consider is the Ohio Revised Code, section 124.39, which provides payout of 25 percent of accrued but unused sick leave credit, upon retirement, up to 120 sick days (30-day payout), for persons with 10 or more years of service. The law permits districts to provide for more than 25 percent (but not less) and the number of years to be less than 10 (but not more). A second option the district may consider would be to cap the teachers' payout at 42 days (25 percent of first 120 days and 10 percent of the second 120 days) which is comparable to Springfield City School District's policy. However, a

renegotiated severance payout policy would only apply to employees hired after the new policy was implemented. **Table 3-53** illustrates the cost savings resulting from implementation of either of these two options.

Table 3-53: Cost Avoidance Resulting from Severance Payout Restructure

	Payout Structures			
	Current Policy	Option 1 Payout at 25 Percent of 30 days	Option 2 Maximum Payout of 42 Days	Cost Avoidance
Sick Leave Payout Total Cost Avoidance	\$34,745	\$16,876	\$21,320	\$13,425 - \$17,869

Financial Implication: By renegotiating the provisions of the contract to limit severance payout for sick leave to 25 percent (maximum 120 days) or maximum payout of 42 days, BCSD would achieve a cost avoidance of approximately \$13,425 to \$17,869 providing employees elected to retire upon eligibility. Because a renegotiated severance payout policy would only apply to newly hired employees, the district would not realize a financial benefit until such time new employees are eligible for retirement.

F3.107 The Fair Labor Standards Act (FLSA) sets forth the minimum wage that must be paid to employees covered by the act. In addition, it requires a premium wage (overtime) to be paid for hours worked in excess of forty during a given work week. These requirements are also reflected in Ohio law. For non-teaching employees that are covered under the FLSA, the school district is only required to pay overtime for actual hours worked in excess of forty per week. In determining the total hours worked, the school district is not required to include personal leave, professional leave, compensatory leave and vacation leave used. However, BCSD currently provides more than is required by the FLSA. Specifically, the district pays overtime for hours worked in excess of seven and one half hours per day or 37.5 hours per week. The district includes holidays, vacation, paid sick leave, personal days and any other time spent in active pay status when calculating the total hours worked for overtime pay. An analysis of the overtime expenditures for maintenance and cleaners indicated that the majority of the \$84,791 spent in overtime, was a result of assigning regular employees to fill in as substitutes. Providing overtime provisions which are much greater than outlined in the FLSA and Ohio law is a costly practice to the district.

R3.32 Because of the excessive overtime currently being expended at BCSD, the district should review its current overtime policy and consider negotiating the policy to be more in line with the guidelines set forth by the FLSA. The district should consider limiting leaves that are included in the “active pay status” category when calculating overtime to only include vacation, holidays and bereavement leaves.

F3.108 After the completion of one full year of service, BCSD's classified employees can take their accumulated vacation before the following July first. Vacation time during the year will be at the discretion of the superintendent. Employees are required to give two weeks notice prior to taking vacation leave. Additionally, except for unusual circumstances, no vacation leave is allowed the last or first weeks of school. Furthermore, if an employee is called back to work during their vacation period, they will receive one and one half times their regular rate of pay plus an additional vacation day.

R3.33 The district should consider negotiating a provision which requires employees to take vacation during the summer when regular school is not in session or during the winter or spring periods when school is not in regular session in an effort to promote efficiency and reduce the use of substitutes and overtime while employees utilize vacation time.

F3.109 Vacation days may not be accumulated from one year to succeeding years. Any accumulated but unused vacation leave beyond five days will be forfeited unless a greater carryover or payment in excess of the five days is approved by the superintendent.

C3.8 The establishment of a "use it or lose it" policy for vacation days encourages the annual use of vacation earned, allows employees to operate at a higher level of efficiency and encourages employee morale. Additionally, it limits the accumulation of excessive vacation days and the potential financial liability for the district and may also reduce eventual expenses incurred by increased sick leave utilization.

F3.110 Ohio Revised Code section 3317.01 allows the superintendent to declare up to five calamity days for teaching and non-essential employees. Calamity days are defined as days in which schools are closed due to severe weather conditions, mechanical emergencies or other acts or conditions beyond the control of the district. Any calamity days in excess of the five provided by the ORC must be made up by the district and teaching and non-essential employees are not provided with additional compensation. The ORC does not provide for calamity days for essential or 12-month employees. Currently, BCSD provides calamity days compensation for all employees. District staff required to work, receive one and one half times their regular rate of pay for all hours worked. All other personnel receive straight time for all calamity days taken.

R3.34 During FY 1998-99, BCSD experienced four calamity days as a result of weather conditions. The district should establish a policy which defines essential employees including administrators, building custodians, assistant custodians, snow plow personnel, 12-month, exempt employees and other personnel necessary to prepare the district for re-opening following a calamity day. If an essential employee does not report to work on a calamity day, the employee should be required to use one of the following:

- ! Use of a compensatory day
- ! Use of a sick leave day, if ill

- ! Use of a vacation day
- ! Use of a personal leave day
- ! Use of a day without pay.

F3.111 Both the BEA and the BCE contracts contain detailed descriptions of the grievance process which include an informal step to be taken before the formal grievance process is started. The informal grievance procedure entails a discussion with the building principal or immediate supervisor in an effort to arrive at an informal solution to the problem. The BEA agreement requires an informal grievance to be filed within 15 days and the BCE agreement requires an informal grievance to be filed within five days.

C3.9 Establishing a maximum of five days to file grievances as reflected in the BCE contract, precludes duplicate grievances from being filed as a result of an unresolved issue. Filing written grievances sooner initiates prompt responses from all parties which can lead to more timely resolutions.

R3.35 Although the BCE requires grievances to be filed within five days, the district should consider requiring grievances to be filed within a reasonable amount of time for all bargaining units. For example, the district could negotiate a maximum of five to 10 days to file a grievance in the BEA agreement. Establishing a maximum of five to 10 days to file grievances precludes duplicate grievances from being filed as a result of an unresolved issue. Filing written grievances sooner should initiate prompt responses from all parties which can lead to more timely resolutions.

F3.112 Article 10.A establishes a probationary period of 120 days to allow the board to determine the fitness and adaptability of any new employee to do the work required. During the probationary period, the employee will not be subject to contractual provisions dealing with discipline, termination or non-renewal of employment and the employment of such persons may be terminated at any time for any reason or no reason at all.

R3.36 The district should consider extending the probationary period which would provide the district with additional time to assess the potential employee and enhance the ability of the board to employ qualified, dedicated and hard-working personnel.

Financial Implications Summary

The following table summarizes the total estimated savings from the above recommendations. BCSD should consider the potential educational effect certain of the recommendations might cause.

Summary of Financial Implications for Human Resources

Recommendation	Estimated Annual Cost Savings	Implementation Costs	Cost Avoidance
R3.1 - Implement a HRIS		\$11,125	
R3.4 - Establish educational service personnel staffing levels comparable to peer districts	\$107,632 - \$215,264		
R3.5 - Establish library/media aide staffing levels comparable to peer districts	\$24,800		
R3.6 - Establish teaching aide staffing levels comparable to peer districts	\$97,385		
R3.7 - Establish food service staffing levels comparable to peer districts	\$55,338		
R3.8 - Establish monitor staffing levels comparable to peer districts	\$148,728		
R3.11 - Reduce sick leave usage by certificated staff	\$7,386 - \$14,772		
R3.13 - Reduce sick leave usage by classified	\$20,382 - \$30,573		
R3.16 - Increase employee contributions toward health care premiums	\$44,993 - \$137,545		
R3.18 - Require administrative and exempted groups to contribute employee portion of SERS and STRS	\$98,494		
R3.24 - Achieve cost avoidance by implementing a reduced payout of sick leave for severance payments to certificated staff			\$103,772 - \$129,287
R3.31 - Achieve cost avoidance by implementing a reduced payout of sick leave for severance payments for classified staff			\$13,425 - \$17,869
Total	\$605,139 - \$822,900	\$11,125	\$117,197 - \$147,156

Conclusion Statement

Because BCSD is currently in fiscal emergency, the district will be forced to make difficult decisions to reduce operating costs. Preliminary peer district comparisons of BCSD's staffing levels per 1,000 students reflected possible areas for reduction. Because BCSD may be overstaffed in multiple areas, the district should complete a comprehensive staff analysis and consider staff reductions in those areas. Despite the current financial situation, BCSD in cooperation with the district's teachers, has effectively and efficiently structured the teachers' work day by utilizing contractual provisions and district policy to manage and maximize teacher staffing levels and instructional operations. An analysis of the teacher's work day illustrated that teachers were fulfilling their contractual obligations in terms of the teacher work day.

Approximately 3.7 percent of the total teaching days for FY 1997-98 were taught by a substitute teacher resulting in substitute expenditures of \$90,154. Additionally, when standard substitutes could not be placed, BCSD spent \$43,574 on teachers to cover classrooms. BCSD's teachers average 10.9 leave days per teacher which includes 6.4 sick leave days. Classified employees averaged 10.5 sick days per person which was the highest average among the peer districts. Because of the high amount of sick leave used by classified employees, BCSD should aggressively manage and monitor the amount of sick leave taken. In addition to the increased substitute and overtime costs, excessive time off creates interruptions in the flow of work and may have an impact on the quality of education provided to the students.

During FY 1997-98, BCSD had the second lowest annual benefit cost per employee among the peer districts at \$5,185. Lower benefit costs may be attributed to requiring full-time employees to pay five percent toward monthly premiums, implementing a graduated benefit scale for part-time employees and administering a cost effective health care plan which includes medical, prescription, dental and vision benefits. The district could save approximately \$91,628 annually if employees were required to contribute 15 percent toward medical premiums.

The district provided an early retirement incentive plan to all eligible certificated and classified employees for the period of July 1, 1998 through June 30, 2000. Prior to offering any future early retirement incentive plan, the district should consider having a cost and benefit analysis completed by an accredited organization which would take into consideration the financial stability of the district. BCSD initially calculated a salary cost savings of \$2,785,889 by not replacing personnel who elected to participate in the early retirement incentive program. The treasurer now indicates that actual savings will total \$2,008,000.

BCSD was enrolled in BWC's premium discount program for 1998 and 1999. However, the district needs to enhance its efforts to control workers' compensation costs by implementing programs such as accident prevention, return to work, formal safety and training, claims closure and safety incentives.

BCSD has negotiated contracts which contain favorable contractual language providing management with flexibility to effectively manage the work force. The BEA contract establishes the teachers' annual contract days at 186 days, establishes a seven-hour and forty-five minute teacher work day and provides for a professional growth program. Additionally, the BCE contract also contains provisions which positively impact the operations of the district such as a management rights clause which allows the district to direct the work force, a "use it or lose it" policy for vacation days and a subcontracting provision.

Areas within the contracts that BCSD may need to renegotiate include limiting the payment of calamity days for classified personnel, calculating overtime based on hours beyond 40 in a given work week, excluding sick leave and vacation leave from overtime calculation and requiring deadlines for notification of retirement in order to qualify for severance benefits. Additionally, BCSD has a generous severance policy which includes a cash payment of 32 percent of accumulated sick leave up for a maximum payout of 99.2 days.

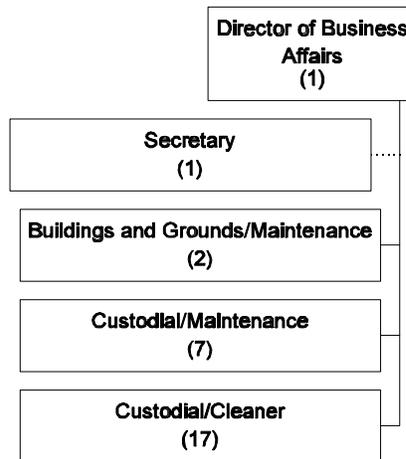
Facilities

Background

Organizational Chart

The facilities support staff is responsible for maintaining Brooklyn City School District’s (BCSD) buildings. The director of business affairs is responsible for managing custodial and maintenance operations. The organizational structure and staffing levels are depicted in the following chart.

Chart 4-1: Facilities Support Staff



Organizational Function

The facilities support staff is responsible for the operation and upkeep of the district’s buildings. The buildings and grounds/maintenance and the custodial/maintenance employees are responsible for maintaining all the facilities and for keeping them safe and in a state of good repair. The buildings and grounds/maintenance employees are responsible for completing all the grounds work in the district, preparing and maintaining the athletic fields, and completing snow removal during the winter months. The custodial/maintenance employees are responsible for opening and closing the buildings,

completing work orders, and performing preventive maintenance tasks. The custodian/cleaners are responsible for providing a clean and attractive environment for the individuals who use the facilities.

Summary of Operations

The facilities support staff is responsible for maintaining 6 sites in the district: 4 schools, 1 stadium complex, and 1 transportation center. The high school, middle school, and administrative offices are housed in one building. For purposes of this report, the high school and middle school are being counted as separate sites. The administrative offices have been included in the middle school square footage.

While the custodial/maintenance staff and the custodian/cleaners are assigned to specific buildings, the buildings and grounds/maintenance staff operates as a mobile crew which travels from building to building. Each school is assigned at least one custodial/maintenance staff member. The district refers to the custodial/maintenance employees as head custodians or night custodians, depending on which shift they work, even though these employees serve as the maintenance staff. The custodial/maintenance employees are responsible for opening the buildings, monitoring the buildings' heating and mechanical systems, completing work orders and preventive maintenance tasks, and ordering supplies. The night custodians are responsible for closing and securing the buildings, completing work orders and preventive maintenance tasks, and performing other duties as assigned. They are not responsible for cleaning the buildings and do not supervise the custodian/cleaners. The custodian/cleaners are responsible for cleaning the facilities and are supervised by the principals and the director of business affairs.

Staffing

The facilities support staff consists of 28 people which equates to 25.4 full-time equivalents (FTEs). The administrative group is made up of 2 employees which equates to 1.4 FTEs. The director of business affairs and his secretary each spend approximately 70 percent of their time working on facilities-related issues, including processing of payroll and overtime, ordering materials and supplies, budgeting, and processing purchase orders. The remaining 30 percent of their time is spent handling transportation, food service, and personnel issues. The maintenance staff consists of nine full-time employees: two buildings and grounds/maintenance positions and seven custodial/maintenance employees. The cleaning staff consists of 17 people. The difference between the number of people and FTEs is due to 4 five-hour custodian/cleaner positions (2.68 FTEs), 2 six-hour custodian/cleaner positions (1.6 FTEs), and 4 seven-hour custodian/cleaner positions (3.72 FTEs). The rest of the cleaning staff consists of 7 full-time custodian/cleaner positions. The staffing levels are shown in **Table 4-1**.

Table 4-1: Number of Budgeted Employees (FTEs) for FY 1998-99

Classification	Admin Office	Mobile Crew	School Based	Total	Actual FTEs
Director of Business Affairs	1			1	.7
Secretary	1			1	.7
Total Administration	2			2	1.4
Buildings and Grounds/Maintenance		2		2	2
Custodial/Maintenance			7	7	7
Total Maintenance		2	7	9	9
Custodian/cleaner			17	17	15
Total Custodial			17	17	15
Total	2	2	24	28	25.4

Source: Director of business affairs

Key Statistics

Key statistics related to the maintenance and operation of BCSD are presented in the following table. In addition, results from the 1998 AS&U Maintenance & Operations Cost Study are included in the table and throughout this section. The study surveyed schools across the country to gather information about their staffing levels, expenditures, and salaries for maintenance and custodial operations. Overall, the AS&U study found that, “current attention being focused on the deteriorating condition of America’s school facilities has put the spotlight on past practices that have contributed to the present dilemma. Although poor design and construction decisions made in the 1960s and early 1970s by many school districts that wanted to get buildings up ‘fast and cheap’ to meet burgeoning enrollments are the primary culprit, decades of deferred maintenance, insufficient building upkeep procedures, and years of siphoning dollars from maintenance budgets have significantly contributed to the current condition.” In the study, Region 5 includes the states of Ohio, Indiana, Illinois, Michigan, Minnesota and Wisconsin.

Columbia Local, Rocky River City, and Sheffield-Sheffield Lake City School Districts have been identified as the peer group for Brooklyn City School District. Unless otherwise noted, the peer district averages in **Table 4-2** and all other tables in this section include statistics for Brooklyn.

Table 4-2: Indicators

Number of Sites	6¹
- Elementary Schools	2
- Middle Schools	1
- High School	1
- Stadium	1
- Transportation Facility	1
Total Square Feet Maintained	350,818
- Elementary Schools	100,200
- Middle Schools	50,600 ²
- High School	190,000
- Stadium	4,268
- Transportation Facility	5,750
Square Feet Per Custodial Staff Member (15)	23,388
- Elementary Schools (5.01)	20,000
- Middle Schools (3.86)	13,109
- High School (5.46)	34,799
- Stadium (.33)	12,933
- Transportation Facility (.34)	16,912
AS&U Cost Study Region 5 Average	23,875
AS&U Cost Study National Average	20,612
Urban 21 District Average	20,488
Peer District Average	23,927
BCSD Square Feet Per Custodial/Maintenance Employee (7)	50,117
AS&U Cost Study Region 5 Average	75,000
AS&U Cost Study National Average	73,245
Urban 21 District Average	114,749
Peer District Average	77,423
1997-98 Maintenance and Operations Expenditures Per Square Foot	\$3.84
- Custodial	1.22
- Maintenance	1.88
- Utilities	.74
AS&U Cost Study Region 5 Average	\$3.79
AS&U Cost Study National Average	\$3.64
Peer District Average	\$4.49
1997-98 Facilities Expenditures as a % of Total MCSD General Fund Expenditure	11.0%
AS&U Cost Study Region 5 Average	9.2%
Peer District Average	11.3%

Sources: Treasurer’s office; director of business affairs; peer districts; 1998 AS&U Maintenance & Operations Cost Study; Auditor of State Performance Audit Legislative Update

¹ The high school and middle school are housed in the same building. For analyses purposes, the high school and middle school are being counted as separate sites.

² The middle school is 49,000 square feet, and the administrative offices consist of 1,600 square feet.

Financial Data

The following two tables show the expenditures made to maintain and operate BCSD facilities for FY 1996-97 and FY 1997-98 and the budget for FY 1998-99.

Table 4-3: Maintenance and Operations Expenditures: FY 1996-97 vs FY 1997-98

Accounts	Maintenance	Operations	FY 1996-97 Total	FY 1997-98 Total	Difference	Percentage Change
Salaries	\$527,549	\$189,504	\$717,053	\$739,733	22,680	3.2%
Benefits	69,007	24,246	93,253	105,488	12,235	13.1%
Purchased Services	70,749	83,852	154,601	109,957	(44,644)	(28.9)%
Utilities	0	286,739	286,739	260,443	(26,296)	(9.2)%
Supplies/ Materials	95,865	10,884	106,749	120,484	13,735	12.9%
Capital Outlay	138,999	27,518	166,517	12,812	(153,705)	(92.3)%
Other	0	0	0	0	0	0%
Total	\$902,169	\$622,743	\$1,524,912	1,348,917	(175,995)	(11.5)%

Source: BCSD treasurer's office

Table 4-4: Maintenance and Operations Expenditures: FY 1997-98 vs FY 1998-99

Accounts	Maintenance	Operations	FY 1997-98 Total	FY 1998-99 Budget	Difference	Percentage Change
Salaries	\$501,066	\$238,667	\$739,733	\$646,128	\$(93,605)	(12.7)%
Benefits	59,073	46,415	105,488	189,966	84,478	80.1%
Purchased Services	16,730	93,227	109,957	82,426	(27,531)	(25.0)%
Utilities	0	260,443	260,443	283,851	23,408	9.0%
Supplies/ Materials	74,554	45,930	120,484	57,383	(63,101)	(52.4)%
Capital Outlay	9,562	3,250	12,812	0	(12,812)	(100.0)%
Other	0	0	0	0	0	0%
Total	\$660,985	\$687,932	\$1,348,917	\$1,259,754	\$(89,163)	(6.6)%

Source: BCSD treasurer's office

An explanation for some of the more significant variances in **Table 4-3** and **Table 4-4** are as follows:

- ! *A decrease in the salaries budget for FY 1998-99:* The district reduced its custodial and maintenance overtime budget by approximately 68 percent. District officials were unable to identify any specific steps taken to achieve these reductions and actual expenditures exceeded budgeted amounts by \$171,594 for the fiscal year.
- ! *An increase in benefit expenditures for FY 1997-98 and FY 1998-99 budget:* The district's worker's compensation premium increased. For more information, see the **Human Resources** section.
- ! *A decrease in purchased services for FY 1997-98 and for FY 1998-99 budget and a decrease in supplies and materials for FY 1998-99 budget:* In FY 1996-97, the district began operating in a deficit. In an attempt to improve its financial position, the district reduced its purchased services and began limiting supplies and materials purchases.
- ! *A decrease in capital outlay expenditures for FY 1997-98 and FY 1998-99 budget:* In FY 1996-97, the district completed a major renovation project started in FY 1994-95. To complete this renovation, the district used general fund revenue as well as revenue obtained using H.B. 264 (**F4.12**). In an effort to improve the district's financial condition, capital outlay expenditures have been significantly reduced.

Performance Measures

The following is a list of performance measures that were used to conduct the analysis of the BCSD's facilities operation:

- ! Utilization of existing facilities
- ! Effectiveness of long range facilities planning
- ! Effectiveness of current needs assessment and prioritization processes and procedures
- ! Cost effectiveness of facilities maintenance
- ! Cost effectiveness of custodial services
- ! Adequacy of preventive maintenance system
- ! Utilization of staffing resources
- ! Effectiveness of energy conservation programs.

Findings / Commendations / Recommendations

- F4.1 BCSD consists of 6 facilities with a total of 350,818 square feet. There are 2 elementary schools, 1 middle school, 1 high school, 1 stadium and 1 transportation facility. The average age of the school buildings is about 50 years. The middle school building is 60 years old, one elementary school building is over 50 years old, and the two other school buildings are between 40 and 45 years old. The high school, which was built in 1957, is the most recently constructed school building in the district.
- F4.2 The Ohio Public School Facility Survey of 1990 by the Ohio Department of Education (the 1990 Survey) estimated the cost to repair and upgrade BCSD's facilities to current design standards would be \$15.2 million. The report estimated it would require \$2.9 million for repairs, \$11.2 million for new buildings and \$1.1 million for additions to bring the buildings up to these standards.
- F4.3 In July 1997, the Ohio Legislative Budget Office (LBO) updated the figures from the 1990 Survey. To perform the analysis, LBO used data provided by the Ohio Department of Education. The data included the results of the 1990 Survey and an on-site review of seven of the poorer districts in the state to update the 1990 data for those districts. The review of the seven districts, made in the spring of 1997, showed the cost to upgrade the facilities in those seven districts had risen by a factor of 1.97 since the 1990 Survey was completed. In performing its analysis, LBO applied the 1.97 factor to 60 to 70 of the poorer districts in the state and a factor of 1.50 was arbitrarily applied to the rest. After multiplying the 1990 figure by one of the two factors, LBO then subtracted the total capital outlay expenditures reported by each district for FY 1989-90 through FY 1995-96 to produce its updated cost estimates. LBO's cost estimate to update the district's facilities to current design standards is \$23.8 million. District officials question this estimate based on recent improvements and the generally good condition of the schools.
- F4.4 Revenue from the general fund and a permanent improvement levy passed in 1996 are used to support the maintenance and operation of the district's facilities. As shown in **Table 4-4**, the general fund provides approximately \$1.3 million annually to pay for custodial and maintenance employees' salaries and benefits, supplies and materials, purchased services, and capital outlay. Funds from the permanent improvement levy are used to finance capital improvement projects (**F4.5**). The following table illustrates BCSD's FY 1997-98 general fund maintenance and operations facilities-related expenditures in terms of cost per square foot.

Table 4-6: 1997-98 General Fund M&O Expenditures per Square Foot

Expenditure	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer Average	AS&U Region 5 Average
Custodial Salaries and Benefits	\$0.81	\$1.49	\$1.26	\$2.23	\$1.45	\$1.43
Maintenance Salaries and Benefits	\$1.60	\$0.61	\$1.49	\$0.23	\$0.98	\$0.33
Purchased Services	\$0.31	\$0.20	\$1.15	\$0.71	\$0.59	\$0.67
Utilities	\$0.74	\$1.09	\$1.47	\$0.88	\$1.05	\$1.07
Supplies/ Materials	\$0.34	\$0.34	\$0.48	\$0.22	\$0.35	\$0.29
Capital Outlay	\$0.04	\$0.05	\$0.14	\$0.01	\$0.06	N/A
Other	\$0.00	\$0.01	\$0.00	\$0.03	\$0.01	N/A
Total M&O Budget	\$3.84	\$3.79	\$5.99	\$4.31	\$4.49	\$3.79
Total M&O Budget as % of District Budget	11.0%	10.3%	13.2%	10.7%	11.3%	9.2%

Sources: BCSD treasurer's office; peer districts; 1998 AS&U Maintenance & Operations Cost Study

BCSD spends approximately 11 percent of its total budget on maintaining and operating its facilities, which is more than two of the peer districts. However, BCSD's overall expenditures per square foot are lower than two of the peer districts'. BCSD has the lowest custodial salaries and benefits and utilities expenditures. Brooklyn completed a number of energy conservation projects as described in (F4.12), which led to reduced utility usage and lower expenditures. BCSD's low custodial salary and benefit expenditures are due in part to lower salaries (F4.21) and the employment of fewer custodian/cleaners (F4.18). Brooklyn's maintenance salary and benefit expenditures are significantly higher than the peer districts' expenditures as well as the AS&U Region 5 Average. Factors which contribute to BCSD's high maintenance salary and benefit expenditures include high salaries (F4.31), the district's overtime policy (F4.32), and the employment of a significant number of custodial/maintenance employees (F4.25).

F4.5 The district's general fund expenditures are supplemented by revenue generated from a 1.0 mill permanent improvement renewal levy the district passed in November 1996. The levy generates approximately \$225,000 annually. In FY 1997-98, BCSD spent approximately \$193,926 of the permanent improvement fund revenue on facilities-related expenditures. As shown in the following table, only one of the three peer districts passed a permanent improvement levy to help maintain its facilities. The following table illustrates the districts' total facilities related expenditures per square foot.

Table 4-7: FY 1997-98 Total Facilities Related Expenditures per Square Foot

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer District Average
Total permanent improvement levy (PIL) revenue generated in FY 1997-98	\$225,000	\$335,000	N/A	N/A	\$280,000
PIL revenue used to finance facilities related capital improvements	\$193,926	\$284,749	N/A	N/A	\$239,338
PIL facilities related expenditures per square foot	\$0.55	\$1.74	N/A	N/A	\$1.15
Total general fund M&O expenditures per square foot	\$3.84	\$3.79	\$5.99	\$4.31	\$4.49
Total facilities related expenditures per square foot	\$4.39	\$5.53	\$5.99	\$4.31	\$5.06

Sources: BCSD treasurer's office; peer districts

BCSD's total facilities-related expenditures per square foot are lower than two of the peer districts' expenditures. The permanent improvement levy revenue contributed an additional \$0.55 per square foot for facilities-related capital improvements in FY 1997-98.

- F4.6 H.B. 412 requires school districts to establish financial set-asides for critical educational items including textbooks and capital improvements. In FY 1998-99, districts were to begin phasing in these set-asides with two percent of their general fund revenue dedicated to each set-aside category. General fund revenue is defined as property taxes, other than homestead and rollback, and basic state foundation aid. The set-aside amount increases to three percent in FY 1999-2000 and is capped at three percent in subsequent years. BCSD's FY 1999-2000 forecast identifies \$17,000 in general fund revenue for capital improvement set-asides. In FY 2000-01, \$89,000 is to be set aside; and in FY 2001-02, \$189,000 is to be set aside. These amounts do not include permanent improvement levy revenue of approximately \$225,000 per year which also qualifies when calculating H.B. 412 set-aside requirements. For further analysis of the capital improvement set asides, see the **Financial Planning** section of this report.
- F4.7 The voters of BCSD have been supportive, passing permanent improvement levies for more than 20 consecutive years. The current 1.0 mill levy provides the district with approximately \$225,000 annually. The district does not have a capital improvement plan to guide how these funds will be used. The director of business affairs prepared a capital project list detailing how the permanent improvement levy revenue is going to be spent in FY 1999-2000. According to the list, the funds will be used to renovate classrooms, reshape the baseball diamonds, and repair sidewalks and parking lots.

R4.1 The district should develop and document a multi-year capital improvement plan to help ensure the most critical repair work is completed as funds become available. The plan should categorize projects by type of work or by building and should assign priorities to each task to help ensure the work is completed in a timely manner and to minimize both safety hazards and facility deterioration. The development of a formal capital improvement plan will also provide the facilities support staff with a clearer, more detailed plan for deploying its limited resources. Administrators can also use the document to communicate funding requirements to the board and voters.

F4.8 BCSD does not have a long-range facilities plan to address its future needs. A long-range facilities plan can be used to provide a continuous basis for planning educational facilities that will meet the changing needs of the community and can assist the district in making more effective decisions regarding the allocation of limited resources to achieve the district's goals and objectives. A comprehensive facilities plan can be used to determine the appropriate number of schools required to serve both current and future student populations; estimate the funding needed for repairs, renovations, and new construction; document the need for school closings and consolidations; justify buying and selling properties; and develop cost-effective alternative uses for existing facilities.

R4.2 The district should develop a comprehensive facilities plan which contains historical information about the district's demographics and community characteristics; educational programs, goals, and practices; enrollment projections; facility evaluations and capital improvement needs; capacity and space utilization analyses; an implementation plan and budget which includes funding sources; and an evaluation process. When developing the plan, the district should obtain input from a variety of sources including design professionals, community groups, business representatives, parents, teachers, administrators, and students. The plan should be updated on a regular basis and adjusted for factors such as housing starts and shifts in employment, which could impact the district.

F4.9 In the last 10 years, BCSD's student population has increased by 133 students. According to Table 4-8, the student population grew annually from the 1993-94 school year until the 1997-98 school year, when enrollment reached its height. District officials attributed the five percent increase in enrollment during 1997-98 to the addition of full-day kindergarten that year. The head count data in the following table contains all the students enrolled in BCSD.

Table 4-8: Head Count History

School Year	Head Count	Percent of Change From the Previous Year
1989-1990	1,216	(N/A)
1990-1991	1,274	4.77%
1991-1992	1,266	(.63)%
1992-1993	1,279	1.03%
1993-1994	1,231	(3.75)%
1994-1995	1,277	3.74%
1995-1996	1,303	2.04%
1996-1997	1,317	1.07%
1997-1998	1,383	5.01%
1998-1999	1,349	(2.46)%

Source: Treasurer's office; EMIS enrollment report

F4.10 The district does not develop student enrollment projections, which is one of the key components of a comprehensive facilities plan (**R4.2**). Enrollment projections are essential for determining the appropriate number of school buildings needed and are useful for estimating staffing needs, projecting state funding, and developing five year financial forecasts. The Ohio Department of Education (ODE) prepares enrollment projections for each school district in the state. These projections are made using live birth data and a grade-to-grade survival ratio. The following table contains ODE's 10-year enrollment projection for BCSD.

Table 4-9 ODE's 10-Year Enrollment Projection

School Year	Projection	Percent of Change From the Previous Year
1998-1999	1,378	N/A
1999-2000	1,419	2.98%
2000-2001	1,453	2.40%
2001-2002	1,475	1.51%
2002-2003	1,503	1.90%
2003-2004	1,513	0.67%
2004-2005	1,515	0.13%
2005-2006	1,545	1.98%
2006-2007	1,529	(1.04)%
2007-2008	1,533	0.26%

Source: ODE's Division of Information Management Service

The difference between the 1998-99 head count and ODE's projection is 29 students. ODE is projecting the district's enrollment will increase by an average of 1.2 percent, or 17 students per year, over the next nine years.

R4.3 The district should start developing enrollment projections as part of the comprehensive facilities plan recommended in **R4.2**. The methodology adopted should factor in live birth data, historical enrollment and a grade-to-grade survival ratio. Because enrollment projections are a valuable planning tool, they should be done annually. The district could use the enrollment projections to help determine the amount of state funding to be received in the future, to complete financial forecasts, to determine the appropriate number of teachers to hire and to evaluate building usage and capacity.

F4.11 The district has not examined building capacity and utilization for several years. BCSD students are currently occupying about 63 percent of the school buildings' functional capacity, as shown in **Table 4-10**. Based on the current configuration of the buildings, the district has substantial excess capacity in its schools.

The capacity shown in **Table 4-10** was developed using a standard methodology often employed by educational planners and other school districts. The capacity for the elementary school buildings is calculated by multiplying the number of regular classrooms by 25 students

and the number of special education classrooms by 10 students. Classrooms used for music, art, and computer labs are excluded from the number of rooms used in the calculation. The capacity in the middle and high schools is calculated by multiplying the number of teaching stations by 25 students and then multiplying the product by an 85 percent utilization factor. Each school's capacity is shown in the following table.

Table 4-10: Capacity Analysis

School	Year Built	Building Capacity	1998-99 Headcount	Over/(Under) Capacity	Percent
Elementary School (2):					
Roadoan (grades K-2)	1948	415	304	(111)	73.3%
Brookridge (grades 3-5)	1954	505	296	(209)	58.6%
Total Elementary Schools		920	600	(320)	65.2%
Middle School (1):					
Brooklyn Middle (grades	1939	531	331	(200)	62.3%
Total Middle School		531	331	(200)	62.3%
High Schools (1):					
Brooklyn High	1957	680	418	(262)	61.5%
Total High School		680	418	(262)	61.5%
Overall Total		2,131	1,349	(782)	63.3%

Sources: BCSD business office; EMIS report

As **Table 4-10** indicates, BCSD is currently utilizing about 63 percent of the functional capacity of its school buildings and has excess capacity in the elementary, middle and high school buildings. However, with the current configuration of the schools, the projected increase in enrollment, and a plan to reduce class size, school closures do not appear to be feasible.

R4.4 Building capacity and utilization should be reviewed periodically in conjunction with enrollment projections to determine the appropriate number of school buildings needed to house the current and projected student populations. A methodology that accounts for the district's needs and educational programs should be adopted by the district and used to determine school building capacity at least every two to three years.

F4.12 In 1985, the state legislature passed H.B. 264 which authorizes school districts to issue debt without voter approval to finance capital projects which produce energy savings. The savings generated should equal or exceed the project cost. The law also states that as long H.B. 264 debt remains outstanding, the board of education is to monitor the energy consumption for the buildings in which modifications were made, and the district is to maintain and annually

update a report documenting the reductions in energy consumption and the resulting operational and maintenance cost savings. The report is to be certified by an architect or engineer who is independent of the parties which provided the goods or services under the H.B. 264 project. The resultant savings are to be certified by the school district treasurer.

The Ohio School Facility Commission approved BCSD's H.B. 264 proposal in July 1994, for \$4.2 million. BCSD chose Honeywell to serve as the contractor. Honeywell indicated the district would report a claimed savings of a minimum of \$306,867 annually, \$89,992 in energy savings and \$216,875 in operational cost avoidance. The energy conservation measures completed included:

- ! Upgrading the lighting district wide to meet federal guidelines
- ! Completing temperature control restoration in all the buildings
- ! Replacing existing fire alarm and security equipment
- ! Installing a district-wide building automation system
- ! Completing roof, door and window replacements.

Honeywell provides the district with an annual energy and operations analysis report which quantifies the savings and effectiveness of the energy conservation measures that have been implemented. According to the report, the district's actual energy cost avoidance from June 1994 to May 1998 was \$309,091. The amount of the district's operational cost avoidance is unclear.

In addition to completing the above projects, the district also spent over \$695,000 of H.B. 264 funds to purchase carpeting, mini-blinds, window treatments, computers, printers, computer software, furniture, televisions and treadmills. The intent of H.B. 264 is to provide school districts with a funding option for improvements designed to reduce energy consumption. Several of the expenditures made by BCSD appear to be inappropriate because they cannot be adequately linked to the reduction of energy consumption or energy related cost savings

R4.5 The district should have a certified architect or engineer who is independent of the parties which provided the goods and services under the H.B. 264 project review and certify the accuracy of the calculations and savings reported by Honeywell. The cost savings report should also be certified by the treasurer and should be retained in the district files until it is requested by the OSFC.

In addition, the Ohio Department of Education or the Ohio School Facilities Commission should review the district's H.B. 264 expenditure records for compliance with the approved proposal and with any pertinent statutory regulations or guidelines. To the extent that inappropriate expenditures are identified, those costs should be transferred to the district's general fund.

F4.13 Due to deregulation of the gas industry, school districts can purchase gas from any supplier and pay the local utility to transport the gas. BCSD started purchasing self-help gas through the Ohio Schools Council and East Ohio Gas in 1995. The district saved over \$16,000 in FYs 1997-98 and 1998-99.

C4.1 By taking advantage of the deregulation of the gas industry, the district has decreased its utility expenditures and increased funding available to support other educational or facilities-related programs.

F4.14 BCSD, through the Ohio Schools Council, entered into the Energy for Education Program in February 1998. The proceeds from the sale of \$119 million in bonds was used to prepay the participating school districts' estimated electrical energy costs for the next eight years. In return for this prepayment, BCSD receive a 19.26 percent discount on the base electric rates for their classroom-related facilities. The Ohio Schools Council estimates the district will save approximately \$219,000 in electrical energy costs over the next eight years.

C4.2 The savings from the district's participation in the electricity savings program increases funding available for educational and facilities-related programs.

F4.15 The following table presents a comparison of the operations and maintenance staffs at BCSD and its peer districts. Since each district's operations and maintenance departments are structured differently, this analysis attempts to include all the staff members that perform the same functions performed at Brooklyn City School District.

Table 4-11: Comparison of Facilities Divisions: Maintenance and Custodial Services

Size	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
Number of Sites	6 ¹	6	6 ²	8
Building Sq. Feet:				
Maintained by Custodians	350,818	159,562	367,701	252,401
Maintained by Tradesmen	350,818	163,704	367,701	263,516

Position by FTE

Administration	1.4	1	2	1
Maintenance Tradesmen and Supervisors	7	2	8	2
Grounds Workers	2	0	1	0
Custodians/Laborers	15	6.26	13	13.61
Total	25.4	9.26	24	16.61

Comparison

Sq.Ft. Per Custodial Staff	23,388	25,489	25,489	18,545
Sq.Ft. Per Tradesman	50,117	81,852	81,852	131,758
Average Base Custodial Salary	\$19,426	\$19,700	\$30,093	\$20,788
Average Base Tradesmen Salary	\$35,764	\$26,159	\$31,934	\$28,560

Characteristics

Average Age of School Buildings	50	51	61	47
Square Miles in District	4.2	25	4.0	15
Preventive Maintenance	Limited	Limited	Yes	Limited
Use of Deregulated (Self-Help) Gas	Yes	Yes	Yes	Yes
Use of Energy Savings Program	Yes	Yes	Yes	Yes
Use of Temporary Employees or Outside Contractors	Yes	Yes	Yes	Yes
Mobile Grounds Crew	Yes	No	Yes	No
Weekend Inspections	Yes	Yes	Yes	No

Sources: Business office; treasurer’s office; peer districts

¹The high school and middle school are housed in the same building. For analyses purposes, the high school and middle school are being counted as separate sites.

²Two of the facilities are leased to other organizations and are not maintained by the district staff.

Custodial Services

F4.16 The custodian/cleaners are responsible for cleaning the facilities and are supervised by the principals and the director of business affairs. In addition to the cleaners, each school is assigned at least one custodial/maintenance staff member. In BCSD, the custodial/maintenance employees are referred to as head custodians or night custodians, depending on which shift they are assigned to work. However, the custodial/maintenance employees are not responsible for cleaning the facilities; they serve as the maintenance staff. They are responsible for opening and closing the buildings, monitoring the buildings' heating and mechanical systems, completing work orders and preventive maintenance tasks, ordering supplies and performing other duties as assigned. The following is a brief description of the responsibilities of the custodian/cleaners according to their job description which was updated in January 1996.

! *Custodian/Cleaner* - The custodian/cleaner is responsible for cleaning classrooms, offices and other areas of the building as assigned. Tasks performed include dusting, sweeping and mopping floors, emptying trash containers and pencil sharpeners, removing snow from entrance ways, cleaning and disinfecting restrooms, and performing other duties and responsibilities as assigned.

F4.17 The director of business affairs is responsible for managing custodial, maintenance and food service operations and the transportation department; developing and monitoring the custodial and maintenance budgets; scheduling and managing capital improvement projects; developing energy conservation measures and preventive maintenance programs; ordering materials and supplies; completing contract renegotiations; and resolving personnel matters.

F4.18 The director of business affairs is responsible for determining the custodial staffing levels in the district. According to the director of business affairs, his predecessor determined the district's current staffing levels using time studies and square footage data, however, there is no documentation to support this. **Table 4-12** shows the average square footage per custodial employee for Brooklyn, the peer districts and the AS&U Region 5 average.

Table 4-12: FY 1997-98 Square Footage per Custodial Employee

Brooklyn City School District	23,388
Peer Districts:	
-Columbia	25,489
-Rocky River	28,285
-Sheffield-Sheffield Lake	18,545
Peer District Average	23,927
Difference	(539)
AS&U Region 5 Average	23,875
Difference	(487)

Sources: Custodial and maintenance departments; peer districts

BCSD's custodial staffing level results in one FTE custodian/cleaner for every 23,388 square feet, which is 539 square feet less than the peer district average and 487 square feet less than the AS&U region 5 average.

- F4.19 The following table compares the peer districts' school facilities and cleaning staffs. Based on the information in the table, it does not appear that the work is evenly distributed among the custodian/cleaners in BCSD. The custodian/cleaners at the high school are responsible for maintaining the most square footage, 34,799 square feet per person. The elementary and middle school cleaning staffs maintain smaller areas. The square footage per custodian/cleaner at the middle school level is significantly lower than the peer districts and is approximately 57 percent lower than the peer district average.

Table 4-13: Comparison of School Facilities and Cleaning Staffs (FTEs)

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer Average	Difference Between BCSD and Peer Average
Elementary Buildings	2	1	2	4		
Total Sq. Footage	100,200	41,000	126,790	107,108		
Sq. Footage per Building	50,100	41,000	63,395	26,777		
Number of Custodians	5.01	2	4	6.3		
Sq. Footage Per Custodian	19,960	20,500	31,698	17,001	22,290	(2,330)
Middle School Buildings	1	1	1	1		
Total Sq. Footage	50,600 ¹	52,000	99,280	55,944		
Sq. Footage per Building	50,600	52,000	99,280	55,944		
Number of Custodians	3.86	2	4	3		
Sq. Footage per Custodian	13,109	26,000	24,820	18,648	20,644	(7,535)
High School Buildings	1	1	1	1		
Total Sq. Footage	190,000	60,000	141,631	84,349		
Sq. Footage per Building	190,000	60,000	141,631	84,349		
Number of Custodians	5.46	2	5	4		
Sq. Footage per Custodian	34,799	30,000	28,326	21,087	28,553	6,246
Administrative Buildings and Others	2	2	N/A	1		
Total Sq. Footage	10,018	6,562	N/A	5,000		
Sq. Footage per Building	5,009	3,281	N/A	5,000		
Number of Custodians	.67	.26	N/A	.31		
Sq. Footage per Custodian	14,952	25,238	N/A	16,129	18,773	(3,821)
Total Sq. for All Buildings	350,818	159,562	367,701	252,401		
Total Custodial Staff	15	6.26	13	13.61		
Sq. Footage per Custodian	23,388	25,489	28,285	18,545	23,927	(539)

Sources: BCSD business office; peer district custodial supervisors

F4.20 On July 1, 1999, BCSD temporarily reduced the number of custodian/cleaners by 5 FTEs as part of its fiscal recovery plan. According to district officials, after BCSD's financial situation improves, some of the custodian/cleaner positions will be reinstated. Each member of the cleaning staff is now responsible for 35,082 square feet, an increase of 11,694 square feet, or 50 percent. Because the custodian/cleaners scope of work is limited to cleaning the facilities, the reduced staff should be able to adequately clean the buildings. Unlike custodial staffs in other districts, BCSD's cleaners are not responsible for opening and closing the buildings, maintaining the grounds, or completing minor maintenance tasks. Based on the weighted salary average in **Table 4-15**, this reduction should save the district approximately \$126,000 annually in salaries and benefits. The following table compares the FY 1998-99 and the FY 1999-2000 custodial staffing levels.

Table 4-14: FY 1998-99 Staffing Levels Compared to FY 1999-2000 Staffing Levels

Type of Facility	FY 1998-99 Staffing Level	FY 1999-2000 Staffing Level	Number of Positions Reduced	Peer District Average
Elementary Schools:	2			
Total Square Feet	100,200	100,200		
Number of Custodians	5.01	3.01	2	
Square Feet per Custodian	19,960	33,289		22,290
Middle School:	1			
Total Square Feet	50,600 ¹	50,600		
Number of Custodians	3.86	1.86	2	
Square Feet per Custodian	13,109	26,344		20,644
High School:	1			
Total Square Feet	190,000	190,000		
Number of Custodians	5.46	4.46	1	
Square Feet per Custodian	34,799	42,601		28,553
Administrative and Other Buildings	2			
Total Square Feet	10,018	10,018		
Number of Custodians	.67	.67	0	
Square Feet per Custodian	14,952	14,952		18,773
Total:				
Total Square Feet	350,818	350,818		
Number of Custodians	15	10	5	
Square Feet per Custodian	23,388	35,082		23,927
AS&U Region 5 Average				23,875

Source: Business office

R4.6 Before the district decides to reinstate any of the reduced custodian/cleaner positions, it should develop a methodology to allocate custodian/cleaners to buildings using quantitative data, such as square footage, to determine the most efficient staffing level. Factors that should be taken into consideration when establishing an allocation methodology include the square footage to be cleaned and maintained, the number of students, the number and age of the buildings, the number of classrooms, the number of bathrooms, the number of special facilities, the type of floor covering, the frequency of community and extracurricular programs held in the buildings and the desired level of cleanliness.

F4.21 The following table shows the average base salary for BCSD's custodian/cleaners for FY 1997-98 as well as their average gross wages for 1998. The base salary weighted average for the custodian/cleaners is \$19,426. The gross wages weighted average is \$20,065, which is 3.3 percent higher than the base salary weighted average. The table also shows the average base salary and gross wages for the peer districts and the AS&U Region 5 average.

Table 4-15: Custodial Salaries

Position	FY 1998-99 Average Base Salary	1998 Average Gross Wages	Difference as a Percentage of Base Salary
Custodian/Cleaner	\$19,426	\$20,065	3.3%
BCSD Weighted Average	\$19,426	\$20,065	3.3%
Peer Districts:			
-Columbia	\$19,700	\$22,661	15.0%
-Rocky River	30,093	33,824 ¹	12.4%
-Sheffield-Sheffield Lake	20,778	22,544	8.5%
Peer District Average	\$22,499	\$24,774	10.1%
Difference	\$(3,073)	\$(4,709)	N/A
AS&U Region 5 Average	\$23,717	N/A	N/A
Difference	\$(4,291)	N/A	N/A

Sources: BCSD treasurer's office; payroll department; peer districts

¹ The gross wages are for FY 1997-98.

BCSD's custodial base salary is the lowest of the peer districts. On average, the custodian/cleaners gross wages are 3.3 percent higher than their base salary amounts.

F4.22 In FY 1997-98, BCSD custodian/cleaners were paid a total of \$24,149 in overtime, compared to \$33,867 in FY 1998-99, an increase of \$9,718. Custodian/cleaners are paid overtime for all hours worked in excess of 37.5 hours in one work week and for all hours worked beyond 7.5 hours in one day. The district usually pays overtime for absentee coverage and for working activity permits. The district keeps track of how much is spent on overtime, but does not monitor why costs are incurred. The following table compares BCSD's custodial overtime expenditures to its peers for FY 1997-98. BCSD has the highest amount of overtime paid per full-time custodian, which is almost double what two of the peer districts pay.

Table 4-16: FY 1997-98 Custodial Overtime Expenditures by District

District	Number of Full-Time Custodians	Total Operations Salaries	Total Custodial Overtime	Amount of Overtime per Full-Time Custodian	Overtime as a Percentage of Total Salaries
Brooklyn	6	\$238,667	\$24,149	\$4,025	10.1%
Columbia	6	\$178,449	\$22,733	\$3,789	12.7%
Rocky River	13	\$370,070	\$29,516	\$2,270	8.0%
Sheffield-Sheffield Lake	12	\$421,407	\$26,489	\$2,207	6.3%

Sources: Treasurer's office; peer districts

R4.7 During the next round of union contract negotiations, the district should try to increase the length of the work week from 37.5 hours to 40 hours, in an effort to reduce overtime expenditures and increase efficiency. The district should also consider negotiating the removal of any language referring to work hours and starting and ending times. Stating the starting and ending times in the union contract can limit management's ability to effectively schedule the facilities support staff.

R4.8 The district should start monitoring its overtime usage and the reasons for its use. Tracking overtime expenditures and documenting the reason for their occurrence will allow the district to identify areas where efficiency improvements can be made and help keep the department's operational costs in line with its established budget. In FY 1998-99, the district overspent its custodial overtime budget by several thousand dollars.

Financial Implication: See R4.9 and R4.16 for financial implications related to overtime payments and potential reductions.

F4.23 When a custodian/cleaner is absent, the custodian/cleaners are first offered the overtime opportunity. If they decline, then the work is offered to other district employees, such as cafeteria workers, who sign up to be on an on-call list. If the individuals signed up on the on-call list decline the work, then the director of business affairs can go outside the district to get a substitute. According to the director of business affairs, a district employee always takes the overtime. The facilities support staff took an average of 14.9 sick days and 2.5 personal days in FY 1997-98.

R4.9 During the next round of contract negotiations, the district should try to revise the substitute provision to allow for the use of a substitute pool. The use of custodial substitutes could allow the district to reduce overtime expenditures. Using the average base salary in **Table 4-15**, the district pays an average of \$14.94 an hour plus salary-driven benefits for custodial

overtime. It would be more cost-effective for the district to pay \$8 to \$10 an hour to a substitute for absentee coverage than an average of \$14.94 an hour plus salary-driven benefits to a full-time custodian/cleaner.

Financial Implication: Last year, the district paid \$24,149 in custodial/cleaner overtime. Based on the average number of sick and personal days taken by each full-time custodial/cleaner, it appears that approximately \$14,791 was used for absentee coverage. If the district was able to reduce the custodial/cleaner overtime expenditures for absentee coverage by 50 percent using custodial substitutes who are paid \$8 to \$10 an hour, the district would save approximately \$2,445 to \$3,435 annually. The district would also incur additional savings because the cost of salary-driven benefits would be avoided

Maintenance Operations

- F4.24 The maintenance staff consists of seven custodial/maintenance employees and two buildings and grounds/maintenance employees. The custodial/maintenance employees are responsible for maintaining all of the facilities and for keeping them safe and in a state of good repair. The custodial/maintenance employees are assigned to specific buildings and are responsible for opening and closing the buildings, monitoring the buildings' heating and mechanical systems, completing work orders, and performing preventive maintenance tasks. The district refers to these employees as head custodians or night custodians, depending on which shift they work. The buildings and grounds/maintenance staff operates as a mobile crew which travels from building to building and is responsible for completing all the grounds work, preparing and maintaining the athletic fields, and removing snow during the winter months.
- F4.25 The following table shows the average square footage each custodial/maintenance employee (tradesman) was responsible for maintaining in FY 1998-99. The two buildings and grounds/maintenance employees have been omitted from the square footage calculations. In BCSD, each tradesman was responsible for maintaining 50,117 square feet which is 27,306 square feet less than the peer district average, and 24,883 square feet less than the AS&U Region 5 average. These differences are shown in the following table.

Table 4-17: FY 1998-99 Square Footage per Maintenance Employee

Brooklyn City School District	50,117
Peer Districts:	
-Columbia	81,852
-Rocky River	45,963
-Sheffield-Sheffield Lake	131,758
Average for Peer Districts	77,423
Difference	(27,306)
AS&U Region 5 Average	75,000
Difference	(24,883)

Sources: Maintenance department; 1998 AS&U Maintenance & Operations Cost Study

In FY 1998-99, BCSD's tradesmen were responsible for maintaining less square footage than two of the three peer districts. The tradesmen in Brooklyn are not responsible for completing any of the grounds work in the district, but they are responsible for opening and closing the school buildings each day.

F4.26 As part of its fiscal recovery plan, BCSD reduced the number of custodial/maintenance employees by 3 FTEs. After BCSD's financial situation improves, some of the custodial/maintenance positions may be reinstated. Each custodial/maintenance employee is now responsible for maintaining 88,705 square feet, a 77 percent, or 38,588 square feet, increase. Based on the weighted salary average in **Table 4-18**, this staffing reduction should save the district approximately \$139,000 annually in salaries and benefits.

R4.10 The district may not need to reinstate any of the custodial/maintenance positions after its financial situation improves. The amount of square footage maintained per tradesman prior to FY 1999-2000 was rather low when compared to two of the three peer districts and other smaller school districts located in northern Ohio. School districts in Ohio are typically staffed with one tradesman per 80,000 to 100,000 square feet. The reduction of three custodial/maintenance positions increases the square footage maintained per tradesman to 88,705 square feet, which is within that range.

F4.27 The district does not use the state John Deere contract to purchase lawn equipment and is currently using a variety of grounds equipment manufactured by different companies. John Deere also offers a trade-in program which allows school districts to trade-in used John Deere equipment for new machines.

R4.11 When replacing old mowers and tractors, the district should consider replacing the equipment with machines made by John Deere in order to take advantage of the trade-in program for its lawn equipment needs. According to officials in South-Western and Columbus Public Schools, the dealer's trade-in price is usually close to the discounted price the district receives from using the state contract, which allows their districts to get new machines every year or two for \$100 to \$600 apiece, depending on how long the equipment was run. By taking advantage of the trade-in program, the district should be able to increase productivity, eliminate equipment downtime and reduce maintenance expenditures.

F4.28 The current work order processing system limits management's ability to make effective decisions regarding the needs of the maintenance department. Under the district's site-based management system, work orders are generated by staff members who then send the requests to the building principal. The principal reviews the work request and then gives it to the custodial/maintenance employee for completion. After the work order is completed, the date it was completed, the time it took to complete the task, and the materials used are recorded on the work order form. The form is then submitted to the director of business affairs for review. After the director of business affairs reviews the work orders, they are logged into a data base. The district does not know how many work orders are currently outstanding and has not established a method to monitor worker productivity.

R4.12 After a work order is written, it should be submitted to the director of business affairs. The director of business affairs should review and prioritize each request. After the work orders have been prioritized, they should be logged into a database and then sent out to the appropriate custodial/maintenance employee. The district should continue to have the tradesmen record the completion date, amount of time and materials used to do the job on the work order form before resubmitting it to the director of business affairs. The completed forms should be reviewed and the data base should be updated.

R4.13 The district should make an effort to better utilize the completion time and material use information recorded on each work order form. This information should be compiled on an on-going basis and entered into a data base to enable to the district to keep track of the costs associated with each work order and how much is being spent on supplies, materials, and labor. Management can use this information to monitor staff productivity and the department's expenditures. Utilizing accurate cost data and time-to-complete information will result in better resource allocation decisions and lower operational costs.

F4.29 The maintenance staff is not required to complete daily work logs, and the current work order processing system does not allow the director of business affairs to monitor productivity. As a result, it is unclear how much work the maintenance staff is completing on a daily basis.

R4.14 Management should require the tradesmen to keep daily logs documenting how their work days are spent in 30 minute increments. The logs should be turned in weekly and reviewed by management in an effort to monitor productivity. Completing the daily logs will increase the staff's accountability and should improve productivity. The information recorded on the daily logs should be compared to the time recorded on the work orders (**F4.28**) to ensure accuracy.

F4.30 The custodial/maintenance employees are responsible for completing all the preventive maintenance in the district. However, the district does not have a written preventive maintenance schedule detailing when each task is to be performed, nor does it have a log book to record when the preventive maintenance tasks are completed. It is unclear whether or not the preventive maintenance is being done in the district.

R4.15 A planned preventive maintenance program should be developed and implemented to help maintain the district's facilities. The district should develop preventive maintenance schedules and log books for each facility. The schedules should identify the tasks which are to be performed. The log books should be reviewed periodically by the director of business affairs to ensure this work is being done. An effective preventive maintenance program can reduce overtime, decrease energy consumption, reduce maintenance and capital expenditures, reduce the number of work orders, and improve worker productivity by proactively maintaining equipment rather than responding to breakdowns and emergencies.

F4.31 The following table shows the average base salary for BCSD's maintenance staff for FY 1998-99 as well as the staff's average gross wages for 1998. The base salary weighted average for the custodial/maintenance employees is \$35,764. The gross wages weighted average is \$43,251, which is approximately 20.9 percent higher than the base salary weighted average. The table also shows the average base salary and gross wages for the peer districts and the AS&U Region 5 average.

Table 4-18: Maintenance Department Salaries

Position	FY 1998-99 Average Base Salary	1998 Average Gross Wages	Difference as a Percentage of Base Salary
Custodial/Maintenance	\$35,337	\$44,307	25.4%
Buildings and Grounds/Maintenance	37,259	39,557	6.2%
BCSD Weighted Average	\$35,764	\$43,251	20.9%
Peer Districts:			
-Columbia	\$26,159	\$27,292	14.5%
-Rocky River	31,934	36,576 ¹	4.3%
-Sheffield-Sheffield Lake	28,560	31,951	11.9%
Peer District Average	\$30,604	\$34,768	13.6%
Difference	\$5,160	\$8,483	N/A
AS&U Region 5 Average	\$31,221	N/A	N/A
Difference	\$4,543	N/A	N/A

Sources: MCSD treasurer's office; payroll department; peer districts

¹ The gross wages are for FY 1997-98.

The base salary weighted average for the maintenance staff is \$5,160, or approximately 17 percent, higher than the peer district average and \$4,543, or approximately 15 percent, higher than the AS&U Region 5 average.

F4.32 In FY 1997-98, BCSD maintenance employees were paid a total of \$60,642 in overtime. Employees are paid overtime for all hours worked in excess of 37.5 hours in one work week and for all hours worked beyond 7.5 hours in one day. The custodial/maintenance employees usually get overtime for absentee coverage and for working activity permits.

The following table contains overtime expenditures for BCSD and the peer districts for FY 1997-98. BCSD's maintenance overtime expenditures are significantly higher than the peer districts.

Table 4-19: FY 1997-98 Maintenance Overtime Expenditures by District

District	Number of Full-Time Tradesmen	Total Maintenance Salaries	Total Maintenance Overtime	Amount of Overtime per Full-Time Tradesmen	Overtime as a Percentage of Salaries
Brooklyn	9 ¹	\$501,066	\$60,642	\$6,738	12.1%
Columbia	2	\$74,500	\$994	\$497	8.0%
Rocky River	9	\$467,090	\$43,742	\$4,860	1.3%
Sheffield-Sheffield Lake	2	\$50,774	\$6,781	\$3,391	13.4%

Sources: Treasurer's office; peer districts

¹ The total includes 7 custodial/maintenance employees and 2 buildings and grounds/maintenance employees.

R4.16 During the next round of contract negotiations, the district should try to revise the substitute provision to allow for the use of a substitute pool. The use of custodial substitutes could allow the district to reduce overtime expenditures. Using the average base salary in **Table 4-18**, the district pays an average of \$27.51 an hour plus salary-driven benefits for overtime. It would be more cost-effective for the district to pay \$8 to \$10 an hour to a substitute for absentee coverage than an average of \$27.51 an hour plus salary-driven benefits to a custodial/maintenance employee.

Financial Implication: In FY 1997-98, the district paid \$60,642 in custodial/maintenance overtime. Based on the average number of sick and personal days taken by each custodian/maintenance person, it appears that approximately \$ 27,235 was used for absentee coverage. If the district were able to reduce the custodial/maintenance overtime expenditures for absentee coverage by 50 percent using a pool of custodial substitutes who are paid \$8 to \$10 an hour, the district would save approximately \$8,675 to \$9,657 annually. The district would also incur additional savings because of the cost of salary-driven benefits would be avoided.

R4.17 During the next round of union contract negotiations, the district should try to increase the length of the work week from 37.5 hours to 40 hours in an effort to reduce overtime expenditures and increase efficiency. The district should also consider negotiating the removal of any language referring to work hours and starting and ending times. Stating the starting and ending times in the union contract can limit management's ability to effectively schedule the facilities support staff.

R4.18 The district should start monitoring its overtime usage and the reasons for its use. Tracking overtime expenditures and documenting the reason for their occurrence will allow the district to identify areas where efficiency improvements can be made and help keep the department's operational costs in line with its established budget. In FY 1998-99, the district overspent its maintenance overtime budget by several thousand dollars.

F4.33 The custodial/maintenance employees are required to perform building checks year round on Saturdays, Sundays, and holidays and receive one hour regular pay for each check that is performed. According to the director of business affairs, the checks are completed to make sure the equipment is functioning properly and to ensure the building is secure. The district purchased a security system which is monitored by Honeywell using motion detectors, heat sensors and door contacts. Sensors have also been placed on the boiler and are tied into the energy management system (F4.12).

R4.19 BCSD should renegotiate the union contract and discontinue weekend building checks. The district should rely upon the technology it purchased to monitor buildings. The boilers and heating equipment can be monitored using the sensors and the energy management system during the winter months. A broken window or forced entry can be detected by the security system's motion detectors and heat sensors.

Financial Implication: The district could save approximately \$8,100 annually if weekend building checks were discontinued.

Financial Implications Summary

The following table represents a summary of the annual cost savings for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Facilities

Recommendation	Annual Cost Savings
R4.9 Reduction in custodian/cleaner overtime	\$2,445 - \$3,435
R4.16 Reduction in custodial/maintenance employee overtime	\$8,675 - \$9,657
R4.19 Discontinue weekend building inspections	\$8,100
Total	\$19,220 - \$21,192

Estimates by the Ohio Legislative Budget Office place the capital cost to upgrade BCSD's facilities to the current design standards at \$23.8 million.

Conclusion Statement

BCSD has neglected to develop a long-range facilities plan to address its future needs. A lack of planning can lead to increased expenditures and impede efficiency. A facilities plan can be used to provide a continuous basis for planning educational facilities that will meet the needs of the community and can assist the district in making more effective decisions regarding the allocation of limited resources to achieve the district's goals and objectives. Even though the district has had a permanent improvement levy for more than 20 consecutive years, it does not have a capital improvement plan to guide how these funds are used. A capital improvement plan can help ensure that the most critical repair work is completed as funds become available, while providing the facilities support staff with a clearer, more detailed plan for deploying its limited resources. Administrators can also use the document to communicate funding requirements to the board and voters.

In the last 10 years, the student population has increased by 133 students. The district does not develop enrollment projections which are essential for determining the appropriate number of school buildings needed. Currently, all of the school buildings are operating under capacity. However, based on the Ohio Department of Education's enrollment projections, the current configuration of the schools, and a plan to reduce class size, school closures do not appear to be feasible.

In FY 1994-95, the district began a major renovation project which was completed in FY 1996-97. The work was completed using revenue from the general fund, the permanent improvement levy, and H.B. 264. As part of the renovation, a number of energy conservation measures were taken which has led to reduced utility usage and lower costs. In an effort to further reduce utility costs, the district is participating in a self-help gas program and Energy for Education, which provides electricity at a discounted rate.

In the early 1990s, cleaning schedules were developed for each building. However, it does not appear that any quantitative data, such as square footage per custodial staff member, or the building's age, condition, size, and layout were taken into consideration when determining staffing levels. As a result, the work does not appear to be evenly distributed among the custodial staff. In FY 1999-2000, the district reduced the number of custodian/cleaners by 5 FTEs as part of its fiscal recovery plan, and each cleaner is now responsible for 33,082 square feet. Because the cleaners' scope of work is limited to cleaning the buildings, the reduced staff should be able to adequately clean the facilities, and none of these positions should be reinstated in the future. The district should examine the distribution of cleaners, in an effort to distribute the work more evenly among the reduced staff.

It is unclear how much work the maintenance staff is completing on a daily basis because there is not a system in place to monitor the staff's productivity. The district does not have an adequate work order processing system. The business office does not keep track of the number or types of work orders which are generated which limits management's ability to make more effective decisions regarding the needs of the department.

In FY 1998-99, the custodial/maintenance employees were responsible for an average of 50,117 square feet, which is approximately 35 percent less than the peer district average. As part of its fiscal recovery plan, the number of custodial/maintenance employees were reduced by 3 FTEs, increasing the amount of square footage to 88,705 per worker. If the district implements a system to account for the maintenance staff's work day, productivity should increase which would allow the department to properly function with a reduced maintenance staff.

With the reduction of 8 FTE facilities support staff positions in FY 1999-2000, the district has taken steps to significantly reduce its operating expenses. The district could further reduce expenditures by taking actions to reduce overtime. In addition to monitoring overtime usage and reasons for its use, the district should try to revise the classified substitute policy and increase the length of the work week during the next round of contract negotiations.

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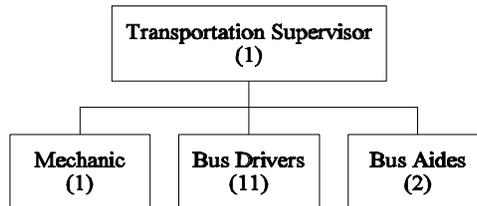
Transportation

Background

Organization Chart

The chart below provides an overview of the organizational structure and staffing levels for the Brooklyn City School District (BCSD) transportation department.

Chart 5-1: Transportation Department



Organization Function

The primary responsibility of the transportation department is to provide a safe, efficient and economically effective method of transporting students to and from school. BCSD uses the same criteria for providing transportation to students who attend public and non-public schools. The district’s transportation department operates its own fleet of school buses, providing transportation to all students in grade kindergarten. The district also provides transportation to students in grades 1-8 who reside three-tenths of a mile or more from their designated school. While it is the policy of BCSD to provide transportation to students in grades 7-12 who reside two miles or more from their designated school, it is not the district’s current practice to provide transportation to public students, grades 9-12.

Summary of Operations

In FY 1997-98, the average daily membership for BCSD, as reported by the Ohio Department of Education, was 1,306. District buses for the regular transportation program traveled 152,460 miles, carrying an estimated 751 public and 108 non-public students daily. There were also 97 non-public students whose parents received payment “in lieu of transportation”. In total, transportation services were provided for 956 regular needs students.

The special education program transported approximately 27 students daily using various transportation means. District buses, traveling 29,995 miles, carried 23 of the special education students. Two special needs students were transported by board-owned vans and two students were transported by taxi.

Overall, the BCSD’s vehicles traveled 182,455 miles, transporting 884 students. There were also 97 students/guardians to whom the district provided payment in lieu of transportation. Combining all methods of transportation, the district provided for the transportation of 983 students at a cost of \$539,554. Approximately 32 percent, or \$170,660 of the transportation expenditures were funded by the state.

Staffing

The following table displays the staffing levels for the transportation department.

Table 5-1: Staffing Level

Position	Number of Employees	Full Time Equivalent
Transportation Supervisor	1.0	1.0
Bus Drivers	11.0	7.8
Bus Aides	2.0	1.4
Mechanic	1.0	1.0
Total	15.0	11.2

Source: BCSD transportation department

Financial Data

The following table shows the actual transportation expenditures for the past three years. The transportation expenditures for FY 1997-98 shown below include the cost of field trips and repairs to other vehicles, which was approximately \$31,166. These costs are not related to home-to-school transportation and have been excluded in the operational analyses performed throughout this section.

Table 5-2: Financial Table

Component	Actual FY 1996-97 Expenditures	Actual FY 1997-98 Expenditures	Actual FY 1998-99 Expenditures
Salaries	\$383,738	\$377,669	\$348,049
Benefits	\$11,670	\$15,753	\$25,651
Purchased Services	\$19,541	\$61,462	\$44,382
Materials & Supplies	\$56,827	\$69,233	\$48,465
Miscellaneous	\$0	\$0	\$0
Subtotal	\$471,776	\$524,117	\$466,547
Capital	\$0	\$52,569	\$0
Total	\$471,776	\$576,686	\$466,547

Source: FY 1996-97, FY 1997-98 and FY 1998-99 4502

The transportation expenditures have fluctuated. Salaries reflect a 1.5 percent and an 8 percent decline from FY 1996-97 through FY 1998-99. Benefits reflect a 35 percent and a 54 percent increase from FY 1996-97 through the 1998-99 fiscal year. The treasurer of the BCSD attributes this inconsistency to a three-year early retirement buy-out and severance package which decreased appropriations for salaries and increased appropriations for benefits. Expenditures for purchased services and materials and supplies appear to be even more sporadic. In FY 1997-98, purchased services increased 214 percent, while decreasing 27 percent in the 1998-99 fiscal year. Similarly, materials and supplies increased 21 percent in FY 1997-98 and decreased 30 percent in the 1998-99 fiscal year. The treasurer of the BCSD attributes this inconsistency largely to the mis-classification of expenditures. In addition, a contributing factor to inconsistent expenditures for purchased services was the charging of transportation expenses from FY 1996-97 to the FY 1997-98 budget. Capital expenditure was used to purchase a bus for regular needs transportation in FY 1997-98.

Table 5-3 details some of the basic operating statistics for each of the peer districts.

Table 5-3: Operational Statistics and Ratios

FY 1997-98	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
Operational Statistics:				
Eligible Students				
- Regular students	956 ¹	1,282	1,371	1,750
- Special needs	27	16	26	17
- Total	983	1,298	1,397	1,767
Expenditures				
- Regular students	\$472,466	\$340,656	\$473,076	\$472,466
- Special needs	\$83,772	\$65,560	\$89,571	\$36,861
- Total	\$556,238	\$406,216	\$562,647	\$509,327
State Reimbursements				
- Regular students	\$129,488	\$155,988	\$112,059	\$166,308
- Special needs	\$41,172	\$56,443	\$25,492	\$13,912
- Bus purchase allowance	\$15,934	\$27,380	\$17,136	\$40,157
- Other bus reimbursement	\$0	\$0	\$0	\$0
- Total	\$186,594	\$239,811	\$154,687	\$220,377
Miles Driven				
- Regular students	152,460	150,840	106,020	156,240
- Special needs	29,995	52,200	6,120	12,960
- Total	182,455	203,040	112,140	169,200
Operational Ratios:				
Regular Students: Yellow Bus				
- Cost per Mile	\$2.99	\$1.68	\$3.27	\$3.59
- Cost per Bus	\$50,642	\$26,191	\$32,246	\$31,178
- Cost per Student	\$531	\$266	\$329	\$320
- Students per Bus	95	99	98	97
- Cost per Student all methods	\$494	\$266	\$334	\$267
Special Needs Students:				
- Cost per Student all methods	\$3,103	\$4,098	\$3,445	\$2,168
School Sites				
- Public	4	4	3	6
- Non-public	2	8	5	6
Active Buses	11	15	16	19
Spare Buses	1	8	4	4
Square Miles in District	4.2	25.0	4.0	15.0

Source: FY 1997-98 T-1, T-2 and T-11 Forms; FY 1997-98 4502 Report

¹BCSD filed inaccurate transportation reports with the Ohio Department of Education and could not provide the source of documents used to compile rider-ship data. Therefore, student transportation counts are based on the average daily membership (ADM) of regular needs students, grades K-8 and non-public T-Form estimates.

The following table provides the number of staff and full time equivalents (FTE) by position for each of the peer districts.

Table 5-4: Peer District Staffing Level Comparison

Staffing	Brooklyn		Columbia		Rocky River		Sheffield-Sheffield Lake	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Supervisor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Bus Driver	11.0	7.8	14.0	9.0	16.0	10.8	19.0	11.6
Bus Aid	2.0	1.4	0.0	.0	3.0	1.2	1.0	1.0
Mechanic	1.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0
Clerical	.0	.0	1.0	0.5	1.0	1.0	.0	.0
Total	15.0	11.2	17.0	11.5	23.0	16.0	23.0	14.6

Source: School districts' transportation departments

Performance Measures

The following is a list of performance measures that were used to conduct the analysis of the transportation department:

- ! Assessment of district's transportation policies in relationship to state minimum standards
- ! Adequacy of reporting operational information to secure state transportation aid
- ! Cost effectiveness of pupil transportation services by type of transportation (regular and special needs transportation):
 - Cost per mile, cost per bus and cost per student
 - Bus capacity utilization
 - Comparative bus driver wage rates and benefits
 - Effectiveness of coordination between the special education department and the transportation department to assure efficient transportation of special needs students
- ! Effectiveness and efficiency of transportation routing
 - Manual or computerized routing
 - Use of municipal transportation services
 - Assessment of district's bell schedules to support tiered routing
- ! Assessment of department staff and personnel matters
 - Review of the collective bargaining agreement
 - Analysis of absenteeism and leave usage
- ! Assessment of bus fleet
 - Review of bus fleet and required capital investment
 - Review of district's practices regarding school bus replacement
- ! Assessment of technology
 - Review of routing, scheduling and planning software
 - Review of fleet maintenance software
 - Review of fuel usage and monitoring
- ! Assessment of privatization
 - High level analysis of opportunities for privatization

Findings / Commendations / Recommendations

Policy

F5.1 The BCSD's Board of Education adopted a policy for providing transportation to include all resident students in grade kindergarten. The transportation policy also provides transportation to students in grades one through four who live more than three-tenths of a mile, grades five and six who live more than one mile, and grades 7-12 who live more than two miles from the school in their designated attendance area. It is the district's current practice to provide transportation to all kindergartners and to students in grades 1 through 8 who live more than three-tenths of a mile. The district does not currently transport any public school students in grades 9 through 12. However, it has been the district's practice to provide payment in lieu of transportation to non-public students, grades 9-12. The transportation policy also extends to resident students with physical or mental disabilities that make walking impossible or unsafe. Exceptions to the established areas are determined on a case-by-case basis and made by the business manager in conjunction with the transportation supervisor for the following reasons.

- ! Transportation will be provided in situations where the student suffers a medical disability or temporary physical handicap which makes walking impossible or unsafe.
- ! Accommodations will be provided where walking conditions to the student's school are extremely hazardous and/or walking conditions are inadequate at the present time due to construction or a temporary safety hazard.

State law requires school districts to provide transportation for resident students, grades K - 8, who live more than 2.0 miles from their assigned school or who have physical or mental disabilities that make walking impractical or unsafe. The transportation of high school students or intra-district open enrollment is optional.

Other key provisions of the transportation policy include:

- ! School bus safety program
- ! Student conduct on school buses
- ! Drug testing for drivers.

The district's transportation policy also covers non-routine use of school buses and transportation by private vehicles.

F5.2 The following table shows how the transportation policy of BCSD compares to those of its peer districts.

Table 5-5: Transportation Policies

Transportation Policy	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
K	No mile limit	No mile limit	No mile limit	1 mile
1-2	3/10 mile	No mile limit	No mile limit	1 mile
3-4	3/10 mile	No mile limit	1 mile	1 mile
5	1 mile	No mile limit	1 mile	1 mile
6	1 mile	No mile limit	2 miles	1 mile
7-8	2 miles	No mile limit	2 miles	1 mile
9-12	2 miles ¹	No mile limit	No	1 mile
Intra-district open enrollment	No	Yes	No	Yes

Source: District’s policies

¹Note: BCSD’s actual practice above differs from the stated board policy, where transportation is not provided for public students in grades 9-12. However, non-public students in grades 9-12 are provided transportation by payment in lieu of transportation.

F5.3 While it is the BCSD’s policy to provide transportation to all resident students subject to a two mile eligibility distance or less from the student’s school of attendance, it is not the district’s policy to provide transportation due to hazardous conditions. Hazardous conditions within the district could include situations where a student would be required to cross a high-traffic two-lane highway in order to reach school. The business manager stated that the district has a procedure for ensuring students who are ineligible for transportation are provided with a safe walking route. In these instances, BCSD, at a total cost to the City of Brooklyn, utilizes crossing guards or constructs walk routes where students would not have to cross a high traffic street to reach school.

F5.4 BCSD’s transportation practice differs from its stated board policy. It is the district’s stated policy to provide transportation services for all students subject to a two mile eligibility distance or less from the student’s school of attendance. However, it is the district’s current practice not to provide transportation to public students, grades 9-12. In addition, the policy of transporting all resident students exceeds the state minimum standard of two miles for grades kindergarten through eight.

R5.1 BCSD should provide for the transportation of students attending public schools and non-public schools using the same criteria and in a manner consistent with the requirements of state law and various determinations made by the Board of Education. BCSD should consider changing the transportation policy to reflect the current practice of not providing transportation to public students, grades 9-12, and to include non-public students, grades 9-12. While the district is reimbursed by the State of Ohio at 100 percent for payment in lieu

of transportation, there remains an unquantifiable expense to the district in distributing payments and tracking this service. Additionally, the district's practice of providing transportation services to non-public students, grades 9-12 and not public students, grades 9-12 may be contestable.

R5.2 BCSD should consider purchasing and implementing transportation routing software which would allow it to run various scenarios to determine the impact of the current transportation policy on the district's transportation costs. A combination of "what if" scenarios should be run ranging from moving the district to state minimum standards, maintaining the current policy and changing school opening and closing times to determine their effect on transportation requirements. Currently, low fleet capacity utilization, short walking limits in grades 1 through 8, and restrictive opening and closing times reduce the efficiency of the fleet. If BCSD increased capacity utilization to that attained in South-Western City School District, and reduced eligibility by 100 students, it could eliminate two to three buses.

Financial Implication: If BCSD could reduce its bus fleet by two to three buses, it could save an estimated \$89,956 to \$134,934. The district would also realize a cost avoidance of \$110,000 to \$165,000 by not replacing these buses. However, any transportation reductions should be examined thoroughly so that the district is not compromising the educational needs or the safety of the students.

F5.5 BCSD does not have an intra-district open enrollment policy because it has only one high school (9-12), one middle school (6-8), one intermediate elementary school (1-5), and one elementary school (K and Pre-K). BCSD does not allow for inter-district open enrollment.

F5.6 The district utilizes various starting and ending times for its schools (**Table 5-6**). Since the district does not provide transportation to resident public students in grades 9-12, the bell schedule for the high school is not a factor. The bell schedules for the middle and elementary schools involves basically two starting and ending times and, therefore, limits the majority of the routes to one or two runs per vehicle.

Table 5-6: Bell Schedules

	Start Time	Dismissal Time
High School	8:10 a.m.	2:53 p.m.
Middle School	8:10 a.m.	3:05 p.m.
Intermediate School	8:05 a.m.	2:30 p.m.
Elementary School	8:35 a.m.	2:55 p.m.

Source: BCSD’s transportation department

F5.7 **Table 5-7** illustrates how the peer districts compare with respect to bell schedules that affect transportation routing.

Table 5-7: Peer District Bell Schedule Comparison

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
Number of Tiers	2 Tier	2 Tier	2 Tier	2 Tier

Source: Transportation departments

F5.8 BCSD’s transportation department uses a combination of one to four runs per route with the highest percentages of morning routes having two runs and the highest percentage of evening routes having one run.

Table 5-8: Analysis of Bus Routes

FY 1997-98	AM Routes	Percent of Total	PM Routes	Percent of Total
One run	2	22%	5	56%
Two runs	6	67%	3	33%
Three runs	0	0%	1	11%
Four	1	11%	0	0%
Total	9	100%	9	100%

Source: BCSD transportation department

F5.9 **Table 5-9** shows the number of runs per route by peer district. All of the districts utilize a two-tiered bus schedule, limiting them to two runs on the majority of routes. Of the peer districts, BCSD’s transportation department has the highest percentage of routes with one run.

Table 5-9: Peer Analysis of Bus Routing Tiers

	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
FY 1997-98	Percent of Total	Percent of Total	Percent of Total	Percent of Total
One run	38%	24%	4%	14%
Two runs	50%	68%	75%	31%
Three runs	6%	8%	21%	19%
Four runs	6%	0%	0%	36%
Total	100%	100%	100%	100%

Source: Peer district transportation departments

- F5.10 The BCSD's transportation department does not utilize computerized routing software, but a manual routing system is used to design routes from historically developed cluster and corner stops. The business manager stated that a manual routing system has proved effective because bus routes have not significantly changed over the years. However, manually designing routes does not allow for a database that can be reviewed for routing options, thereby, making it difficult to maximize routes and determine with certainty the most effective and cost efficient route plan. See **F5.36** and **R5.15** for further discussion on bus routing technology.
- F5.11 The BCSD may not be properly utilizing the capacity of the buses in its fleet. The district's transportation department operates one bus for every 95 students receiving regular transportation services. If the transportation department had a computerized routing system, it could run various scenarios that could possibly increase the number of students on a bus. In relation to its peer districts, BCSD transports the lowest number of students per district bus. (**Table 5-3**). See **F5.17** and **R5.5** for further discussion on bus capacity utilization.

State Funding

- F5.12 School districts must file annual forms with the Ohio Department of Education (ODE) regarding their transportation services. These forms are used by ODE to determine the reimbursement the districts will receive related to their regular and special needs transportation programs.

The state funding for transportation is passed through to the district in the state foundation payments twice a month. The state bases the amount of the current year funding on the prior year's information until the T-1 Form is completed in October. The amount of funding is then adjusted the following January. For FY 1997-98, the district's funding was generated by cost per mile for Type I transportation on board-owned buses and dollars per pupil for Type IV

payments to parents in lieu of transportation. The district received \$129,488 for the transportation of regular education students. This state funding represents approximately 28 percent of the district's transportation costs related to regular education students.

The T-Forms submitted by BCSD for FY 1997-98 contained inaccurate data. A reconciliation of the T-Forms revealed that the district identified total eligible students and not the total number of students actually riding district buses on the T-1 Form. In determining the average number of students that are being transported on district buses, the transportation department did not use October Survey forms and could not state with certainty the actual average number of students transported on district buses. Therefore, an actual regular needs student transportation count could not be verified. In addition, BCSD identified capital expenditures for the purchase of a new bus which is not related to home-to-school transportation on the T-2 Form. The district also identified two special needs students under both Type V regular needs transportation on the T-1 and T-2 Forms and special needs transportation on the T-11 Form.

R5.3 The BCSD submitted the T- Forms with incorrect data to the Ohio Department of Education. The district should submit corrected FY 1998-99 T- Forms to the ODE. In addition, the district should develop procedures to ensure that accurate reports are prepared. Included in the preparation of these reports should be representatives from the transportation department, treasurer's office and superintendent's office whose signatures on these forms certify the accuracy of the data reported. In addition there should be a review process by a person that is independent of the data gathering process to ensure the policy was followed and accurate amounts are reported to the Ohio Department of Education. BCSD should contact ODE to receive the necessary assistance and training in meeting these objectives.

The accuracy of these reports is necessary to ensure the district receives the maximum allotment of funding without overstating amounts and possibly incurring a liability for the funds they receive based on the overstatement of the numbers. In addition, the ability to capture accurate district operational data is vital in developing comparative statistics used by ODE, the district and the community stakeholders.

Financial Implication: BCSD identified two students under both Type V regular needs transportation and special needs transportation; therefore, the district reported an excess expenditure of \$17,775 on the T-2 Form for regular needs transportation. Because BCSD's transportation allowance is based on the cost per mile, the inaccurate data would not have affected the district's regular needs transportation allowance from the state. In addition, BCSD identified capital expenditures for the purchase of a bus on the T-2 Form for \$52,569. Because bus purchases are capital expenditures and not an operating expenditures, the district should not list this expenditure on the T-2 Form.

Although not directly used for reimbursement purposes, the information is important for developing comparative statistics and trends on both a statewide and local level. In addition, ODE uses the information to ensure school districts have not been reimbursed more than their actual expenditures for regular needs transportation.

General Operations

F5.13 The following table illustrates the increase in actual transportation costs.

Table 5-10: Actual Expenditures

	FY '96-97 Actual	FY '97-98 Actual	Dollar Increase	Percent Increase	FY '98-99 Actual	Dollar Increase	Percent Increase
Total Cost	\$471,776	\$524,859	\$52,343	11%	\$466,547	(\$58,890)	(11%)

Source: FYs 1996-97, 1997-1998 and 1998-1999 4502 Reports

The treasurer attributes the inconsistency in expenditures largely to the mis-classification of expenditures. In addition, another contributing factor was the charging of purchased services from FY 1996-97 to the FY 1997-98 budget.

F5.14 Approximately 983 regular education public and non-public students are eligible for transportation within the BCSD boundaries. Non-public students are students who live within BCSD boundaries but attend private or parochial schools. The overall cost to transport a BCSD regular education student, for all methods of transportation, is \$494 based on FY 1997-98 actual expenditures.

As with most school districts, the cost for BCSD to transport special needs students is dramatically higher than the cost to serve regular education students. An estimated 27 special needs students were eligible for transportation. The cost per special needs student during FY 1997-98 was \$3,103 or \$2,675 more than the cost to serve regular education students. The following factors contribute to the higher cost for special needs student transportation:

- ! The number of special needs students requiring transportation and the location of the special education classes to which students are assigned.
- ! The use of aides on the special needs routes. Aides are assigned to these routes to help the driver load/unload students, to maintain order on the buses and to attend to the special needs of the students. The billing rate for bus monitors averages \$9.85 per hour.
- ! Special needs students may require door-to-door service not available to regular education students. The time required to load/unload special needs students is higher than regular students. Both of these factors directly impact the length of time for the route.
- ! Special equipment is needed to transport special needs students. Some buses purchased for special needs programs require special features (lifts, restraints, etc.) which makes these buses more expensive to purchase and maintain.

! The number of special needs students per bus is usually lower than for regular transportation routes. This is due mainly to the location of the students, the displacement of regular seats, the need for special equipment, the riding time considerations and the individual attention needed by students on these routes.

The following table details the number of students and cost per student for regular and special needs students.

Table 5-11: Transportation Cost

	Eligible Students	FY 1997-98 Costs	Cost per Student
Regular Education	956	\$472,466	\$531
Special Needs	27	\$83,772	\$3,103
Total	983	\$556,238	

Source: FY 1997-98 T-1, T-2, T-11 Forms, and BCSD transportation department

F5.15 Performance of transportation services can be measured by various means. The following table presents selected operating ratios for BCSD and other peer districts for regular education students.

Table 5-12: Regular Education Operational Ratio Peer Comparison

Regular Education FY 1997-98	Brooklyn	Columbia	Rocky River	Sheffield- Sheffield Lake	Peer Average
District Buses:					
Operational Data:					
Active Buses	9	13	14	18	14
Average Driver Wage	\$15.72	\$11.97	\$15.50	\$13.40	\$14.15
Operational Ratios:					
Cost per Mile	\$2.99	\$1.68	\$3.27	\$3.59	\$2.88
Cost per Bus	\$50,642	\$26,191	\$32,246	\$31,178	\$35,064
Cost per Student	\$531	\$266	\$329	\$320	\$362
Students per Bus	95	99	98	97	97
Number of Students	859	1,282	1,371	1750	1,316
Contracted Yellow Buses:					
Cost per Student	N/A	N/A	\$663	N/A	\$663
Number of Students	N/A	N/A	4	N/A	4
Public Transportation:					
Cost per Student	N/A	N/A	N/A	N/A	N/A
Number of Students	N/A	N/A	N/A	N/A	N/A
Payment In Lieu of Transportation:					
Cost per Student	\$172	\$172	\$172	\$172	\$172
Number of Students	97	1	9	19	31
Board owned other than school bus:					
Cost per Student	N/A	N/A	\$1,199	N/A	\$1,199
Number of Students	N/A	N/A	1	N/A	1
Contractor owned other than school bus:					
Cost per Student	N/A	N/A	\$492	N/A	\$492
Number of Students	N/A	N/A	33	N/A	33
All Modes of Transportation:					
Cost per student	\$494	\$266	\$334	\$267	\$340
Number of Students	956	1,283	1,418	1,769	1,357

Source: BCSD's FY 1997-98 T-1 and T-2 Forms

Regular needs operational ratios within the BCSD transportation department do not compare favorably with those of its peer districts. The district has the highest cost per student on district buses of \$531, as compared to Columbia, Rocky River and Sheffield-Sheffield Lake City School Districts at \$266, \$329 and \$320 respectively. The cost per bus of \$50,642 in BCSD was also the highest among the peer districts with Columbia, Rocky River and

Sheffield-Sheffield Lake at \$26,191, \$32,246 and \$31,178 respectively (**Table 5-12**). Some of the contributing factors that explain BCSD's higher operating costs are the transportation department not taking advantage of automated routing software for regular education busing (**R5.4** and **R5.15**) and a low student capacity per district bus, coupled with a high number of transportation routes scheduled with one and two runs per route (**R5.5**). Comparatively, Rocky River City School District operates a high number of routes with two and three runs. (**Table 5-9**). The high amount of overtime usage (**R5.9**) and a high percentage of sick leave for bus drivers in the transportation department (**R5.11**) also contribute to the district's high operating costs.

F5.16 The district does not use routing software to design bus routes. Instead, routes and stops are manually adjusted from the previous school year routes, with the majority of students assigned to historically established cluster or corner stops. However, due to unfavorable school bell times and the inability to use optimization in designing routes, BCSD is not currently designing bus routes at the optimal efficiency level that can be achieved using automated routing software.

R5.4 The district should thoroughly examine the possibility of implementing any options and tools that could incrementally increase bus capacity levels for regular education students transported on district-owned yellow buses. Additional efficiencies may not be possible using the current manual process.

If BCSD utilized transportation routing software, the district could decrease transportation costs through more efficient route design and bus capacity utilization. The use of the available route optimization software during the annual route design process would allow the department to test multiple route and school bell scenarios that could identify optimally efficient student per bus levels. The testing of various route and bell schedules could allow for more efficient route design which would help the district limit driver idle time and comply with board eligibility criteria. The result of these efforts could allow the district to realize additional efficiencies in terms of transportation costs. Options available to help ease the transition and learning curve include training from the vendor or entering into an annual contract with the vendor for the performance of all route design and optimization duties. See **F5.36** and **R5.5** for further discussion on bus routing technology.

F5.17 **Table 5-12** shows that the BCSD school district operates one bus for every 95 students receiving transportation. Based on the district's current bus capacity utilization of 95 students per bus, the district is not operating its transportation department at full capacity. Bus capacity utilization is defined at 85 percent of the manufacturer's seating capacity for the bus. Based on the information provided on the T-1 Form, the BCSD's bus capacity utilization is operating at 81 percent. However, due to inaccurate reporting on the T-1 Form, it is estimated that regular needs student transportation counts are lower than reported, which may affect bus capacity estimates (**F5.12**).

R5.5 The district’s low bus capacity utilization contributes to its high operating ratios of \$531 per student. The district should examine its bus capacity utilization to determine maximum transportation efficiency. To attain a bus utilization capacity of 85 percent, the district should be transporting 100 students per bus. However, even small incremental increases in the number of students per bus could reduce transportation costs.

Table 5-13 identifies the implications of selected incremental increases in bus capacity levels from the current level of 95 students per bus (48 total students per bus among two runs per route) which represents 81 percent of the manufacturer’s seating capacity. Although increases in bus capacity utilization to 85 percent of the manufacturer’s capacity may appear optimistic, achieving levels realized in other districts, as footnoted in **Table 5-13**, would potentially allow the district to realize significant costs savings.

Table 5-13 Regular Needs Student Per Bus Capacity Utilization Analysis

Students per Bus	Number of Buses Required	Potential Buses Reduced ¹	Potential Cost Savings ⁴
95 ²	9	N/A	N/A
100	8	1	\$44,978
105	7	2	\$89,956
110	6	3	\$134,934
115 ³	5	4	\$179,912

Note: The district needs to average students per bus to reach 85 percent of the manufacturer’s seating capacity.

¹Based on 859 regular education students transported on district yellow buses.

²Current students per bus average capacity is approximately 48 students per bus as BCSD basically operates two runs per route in the morning and one run per route in the afternoon.

³While Mansfield City School District and Warren City School District average 102 and 103 students respectively, Hamilton City School District Euclid City School District, and Southwestern City School District averages 110,117 and 130 students per bus.

⁴Based on BCSD cost per bus of \$44,978 for district-owned regular yellow school bus transportation. The calculation for the cost per bus is different than in **Table 5-3** because administrative and overhead costs have been deducted.

Financial Implication: The savings associated with a reduction in the size of the bus fleet are reflected in **R5.2**.

F5.18 The following table illustrates the special needs transportation operational ratios of the peer districts. The emphasis of the comparison is on the cost of transportation per student by the various methods used to transport special needs students.

Table 5-14: Special Needs Operational Ratios Peer Comparison

Special Needs Education FY 1997-98	Brooklyn	Columbia	Rocky River	Sheffield- Sheffield Lake	Peer Average
District Buses:					
Operational Data:					
Average Driver Wage	\$15.72	\$11.97	\$15.50	\$13.40	\$14.15
Average Bus Monitor Wage	\$9.85	N/A	\$10.27	\$8.41	\$9.51
Operational Ratios:					
Cost per Mile	\$1.51	\$1.25	\$8.30	\$2.66	\$3.43
Cost per Student	\$3,103	\$4,098	\$3,445	\$2,168	\$3,203
Number of Students	23	16	26	12	19
Contracted Yellow Buses:					
Cost per Student	N/A	N/A	N/A	N/A	N/A
Number of Students	N/A	N/A	N/A	N/A	N/A
District Owned Other Vehicles:					
Cost per Student	\$8,888	N/A	\$6,730	\$475	\$5,364
Number of Students	2	N/A	2	5	3
Contracted Other Vehicles:					
Cost per Student	N/A	N/A	\$2,407	N/A	\$2,407
Number of Students	N/A	N/A	14	N/A	14
Parent/Guardian Contract:					
Cost per Student	N/A	N/A	N/A	N/A	N/A
Number of Students	N/A	N/A	N/A	N/A	N/A
Public Transportation:					
Cost per Students	N/A	N/A	N/A	N/A	N/A
Number of Students	N/A	N/A	N/A	N/A	N/A
Taxi:					
Cost per Student	\$10,334	N/A	\$2,524	N/A	\$6,429
Number of Students	2	N/A	2	N/A	2
All Modes of Transportation:					
Cost per Student	\$3,103	\$4,098	\$3,445	\$2,168	\$3,203
Number of Students	27	16	44	17	26

Source: BCSD's T-11 Form and transportation department records

The BCSD's transportation department transports special needs students on district operated other vehicles at a high cost of \$8,888 per student. The district's special needs transportation cost of \$10,334 per student for taxi services is also high. Rocky River City School District, for example, has a cost of \$2,524 per student for taxi services. Some of the contributing factors that explain BCSD's high operating costs for special needs busing on district owned

vehicles are the salary rates of the senior bus drivers who bid on special needs routes, coupled with the extended school year of 210 days (**Table 5-14**). Other contributing factors include the high amount of overtime, averaging 11 days or \$2,010 a year per employee (**R5.9**), and the high number of sick days taken, averaging 9.9 days per employee (**R5.11**). Some of the contributing factors that explain BCSD's high operating costs for special needs busing by taxi services are the district's lack of review standards on the cost effectiveness of other means of transportation (**R5.6**) and the district's non-use of parental contracts (**R5.7**).

R5.6 BCSD should explore more cost effective methods of delivering its special needs transportation services. Other districts in the greater Cleveland area are able to provide contracted special needs transportation at significantly lower costs. Euclid City School District spends \$1,026 per student and Cleveland Heights-University Heights City School District spends \$3,954 per student for contracted special needs transportation services. Toledo and Akron City School Districts spend an average of \$630 per student for parental contracts to transport special needs students.

Financial Implication: The district currently transports two special needs students on contracted other vehicles at a cost of \$10,334 per student. If the district was able to reduce its costs for contracted special needs transportation services to those in Cleveland Heights-University Heights, it could realize an annual savings of approximately \$12,760.

F5.19 BCSD identifies special education students as required by federal and state laws and follows the steps outlined in "*Whose IDEA is This?: A Resource Guide for Parents*" published by the Ohio Department of Education. Once it is determined that a child has a disability, an individualized education program (IEP) is written for the child. The IEP includes a statement of specific special education and related services, including transportation. The IEP indicates if specialized busing service is required and the type of service needed.

Not all special education students require specialized transportation. Those students who can be accommodated through the regular transportation program are classified as regular riders. Only those special education students requiring special transportation services are classified as special needs riders. Therefore, the number of special education students found elsewhere in this report may exceed the number of special needs students used in the transportation section. Ohio Administrative Code Section, 3301-51-10(C)(2) states that "School district transportation personnel shall be consulted in the preparation of the Individualized Education Program (IEP) when transportation is required as a related service and when children's needs are such that information to ensure the safe transportation and well-being of the child is necessary to improve such transportation."

F5.20 The department of pupil services works with the special needs programs located within the various schools where students are transported. Personnel in the department of pupil services

state that the district does not determine attendance times at schools for special needs students. However, if a student requires a special start and/or end time, an accommodation is made. The department of pupil services, the staff in each school, the special needs student and the student's guardian are involved in the development of the IEP. When a determination is made that a student requires special transportation, the appropriate paperwork is forwarded from the department of pupil services to the department of transportation for the delivery of transportation services.

R5.7 Transportation personnel should be included in the IEP process for students who require special transportation services. This involvement would allow individuals who are experienced with transporting students with special needs to give their input in the IEP. BCSD's cost per student on district buses for regular transportation is \$452, as compared to special needs transportation which is \$3,103. Since the cost of regular transportation is less than the cost of special needs transportation, the district would benefit by ensuring all students requiring special needs transportation actually need the additional service.

F5.21 The following table presents statistics relating to non-public riders in the peer districts.

Table 5-15: Non-public Student Transportation Peer Comparison

FY 1997-98	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake
Non-public Students Eligible to Ride	205	123	367	285
Non-public Students on District Buses	108	122	358	266
% On District Buses	53%	99%	98%	93%
Cost per Student	\$531	\$266	\$329	\$320
Non-public Students on Contracted Buses	N/A	N/A	N/A	N/A
% On Contracted Buses	N/A	N/A	N/A	N/A
Cost per Student	N/A	N/A	N/A	N/A
Paid "In Lieu of Being Transported"	97	1	9	19
% Paid "In Lieu of Being Transported"	47%	1%	2%	7%
Cost per Student	\$172	\$172	\$172	\$172
Non-public Students on Public Transportation	N/A	N/A	N/A	N/A
% On Public Transportation	N/A	N/A	N/A	N/A
Cost per Student	N/A	N/A	N/A	N/A
Average Cost Per Student	\$494	\$266	\$334	\$267

Source: Transportation departments' T-1 and T-2 Forms

F5.22 **Table 5-16** details statistics relating to non-public students and cost per student by transportation method for the BCSD. BCSD utilizes parents to transport students to non-public schools in lieu of transportation on district buses. Parents were paid \$172 per child during school year 1997-98 to transport their children. The state advances school districts 100 percent of this annually determined amount based on data reported on the T-1 Form.

Table 5-16: Cost of Transportation for Non-public Students

Non-public Students	Eligible Students	Total Cost	Cost per Student
Bused by BCSD	108	\$48,816	\$531
Paid “In Lieu of Being Transported”	97	\$16,684	\$172
Total	205	\$65,500	

Source: FY 1997-98 T-1 Forms, T-2 Forms and transportation department records

Personnel

F5.23 **Table 5-17** presents an analysis of key contractual issues among the peer districts that have the potential to affect the cost effectiveness of providing transportation services.

Table 5-17 Comparisons of Transportation Staff Contractual Issues

	Brooklyn	Columbia	Rocky River	Sheffield - Sheffield Lake
Number of Guaranteed Hours:				
Bus Drivers	Hours assigned	Hours assigned	Two hours a.m. and two hours p.m.	Four hours a day
Monitors/Aides	Same as bus drivers	Same as bus drivers	Same as bus drivers	Same as bus drivers
Substitutes	No	No	No	No
In-service days	daily rate	daily rate	two hr min	daily rate
Pre-trip, fueling and cleaning	15 min	30 min	30 min	15 min
Overtime	7.5 hours/day 37.5hours/week	not stated	40 hours/wk	8 hours/day 40 hours/week

	Brooklyn	Columbia	Rocky River	Sheffield - Sheffield Lake
Route Bidding:				
Annual	By seniority	By seniority	By seniority	By seniority
Vacancy	By seniority, no limit	By seniority, no limit	By seniority, no limit	By seniority, no limit
Benefits:				
Sick Leave	15 days After 5 years 32% payout After 15 years 30% max 50 days	15 days max accum 245 days	15 days max accum 245 days	15 days unlimited accum
Attendance Incentive	None	Yes. \$18.75 a month for 8 hr. Then pro-rated Perfect attend, then pro-rated	150 sick leave days accum One extra personal day	Perfect attend, one day's pay 130 sick leave days accum One extra personal day
Number of Guaranteed Hours:				
Vacation	Must work summer runs to qualify	No	One day for each month worked. Must work at least six months. Max 10 days	No
Personal Leave	3 days	3 days	3 days	3 days
Probation Period	120 days	None	180 days	75 days
Evaluation Process and Frequency	annually	none stated	none stated	twice annually
Ability to Sub-contract	Yes	Yes	Yes	No

F5.24 The transportation department is managed by a transportation supervisor. The department also has one full-time mechanic, eleven bus drivers and two bus monitors, all reporting to the transportation supervisor. The transportation supervisor reports to the business manager.

The BCSD transportation employees are represented by the Ohio Education Association (OEA) and the National Education Association (NEA). The contract between the board of education and the OEA and the NEA continues through June 30, 2000.

F5.25 All transportation personnel receive sick leave, personal leave and holiday pay. Bus drivers and bus aides are considered full-time employees and receive the following leave benefits:

- ! Sick leave is accumulated at a rate of one and one-fourth days per month
- ! Three personal days
- ! Eleven holidays

F5.26 Bus drivers and bus monitors receive overtime at a rate of one and one-half times the employee's regular rate of pay for hours in excess of 37.5 hours per week and hours in excess of 7.5 hours per day.

R5.8 BCSD should take steps to better control overtime payments to transportation personnel. One option would be to negotiate contract language that would allow overtime payment only when an employees' weekly hours exceed 37.5.

Financial Implications: In FY 1997-98, BCSD's transportation department spent an estimated \$24,118 in overtime, averaging approximately 11 days or \$2,010 a year per employee for 12 bus drivers. If BCSD could reduce overtime use by 10 to 15 percent, the district could realize salary and benefit savings of \$2,800 to \$4,200.

F5.27 BCSD's transportation employees averaged 9.9 days of sick leave in FY 1997-1998. The agreement with OEA/NEA requires an employee to provide a physician's medical certificate and a return to duties release form if absent for more than ten consecutive work days. Further analysis on leave usage is covered in the **human resources** section of this report.

R5.9 BCSD does not provide transportation employees with attendance incentive programs to deter absenteeism and motivate employees to come to work. With an absentee rate averaging 9.9 sick days for transportation employees, the BCSD should consider implementing an attendance incentive program.

The Mansfield City School District; for example, operates an effective program to improve employee attendance and had the lowest absent rate (5.3 days a year per employee) of the 21 urban school districts receiving the state mandated performance audit. For FY 1998-99, the incentive included employees receiving one-half day off with pay for perfect attendance from the start of the school year through January 17th, and one full day off with pay for perfect attendance for the entire year

F5.28 Regularly scheduled bus runs to be bid for the upcoming school year are posted one week prior to the scheduled bid date. Bid runs are awarded to the employee holding the highest seniority. Bus drivers retain the bid run for the entire year unless a run becomes vacant. In the event a run becomes vacant or a new run is established after the school year has begun,

the run shall is posted for bid and the most senior driver is awarded the run. As a result, his or her run becomes available for bid.

R5.10 BCSD should limit the number of runs to be bid upon in an effort to restrict the domino effect and keep bus drivers on their assigned routes. This procedure also allows bus drivers to become familiar with the route, students and school personnel, while students and school personnel become familiar with the bus driver.

Bus Fleet

F5.29 The transportation department operates 12 buses with no spares. Operating statistics that are commonly used to review the age and condition of the bus fleet are based on the average bus age and the average mileage by model year. The BCSD's bus fleet has an average age of 11.1 years.

There are no state guidelines for bus replacement. A general consensus among the Department of Education, private bus contractors and transportation departments is that buses should be replaced at 12 years of age or 200,000 miles for diesel buses and 150,000 miles for gasoline buses. However, regardless of age or mileage, as long as a bus can pass inspection, the district may continue to use the bus for transportation. In FY 1998-99, the BCSD's bus fleet of 12 passed inspection by the Ohio Highway Patrol. BCSD currently has eight buses in its fleet that exceed the parameter for replacement due to age. Of the eight buses, two exceed the replacement guidelines due to mileage.

F5.30 **Table 5-18** provides the number of buses by model year, seat capacity and an average mileage for the model year.

Table 5-18 Bus Fleet Analysis

Model Year	Number of Buses by Seat Capacity						Current Average Mileage FY 1998-99
	22	36	66	72	84	Total	
1977			1			1	105,478
1979			1			1	139,720
1983					2	2	113,172
1984		1				1	135,950
1985		3				3	160,129
1991	2					2	135,787
1992			1			1	63,901
1997				1		1	13,446
Total	2	4	3	1	2	12	

Source: BCSD’s transportation department

Table 5-19 illustrates that the district would need to spend approximately \$450,000 to upgrade the bus fleet in order to be consistent with general replacement guidelines.

Table 5-19 Bus Replacement Plan

Current Bus Condition	Regular Bus Estimated Replacement \$55,000	Lift/Handicapped Bus Estimated Replacement \$60,000	Total Estimated Replacement Cost
200,000+ miles	N/A	N/A	\$N/A
12+ years	6	2	\$450,000
Total	6	2	\$450,000

Source: Transportation department

F5.31 Bus replacement is funded in part by the state and the balance by the school district. Each school district is reviewed independently by ODE using a complex formula to determine the regular bus purchase allowance. The BCSD does not currently have a bus replacement schedule; however, it is the practice of the district to purchase a bus when enough money is accumulated in the transportation budget from the state’s bus purchase allowance.

R5.11 Maintaining an effective and pro-active preventive maintenance program could potentially extend the useful life of district buses and help the district avoid a strict interpretation of replacement guidelines. However, the district should prepare a formal bus replacement plan. Included in this plan should be the number of buses to be replaced each fiscal year along with the average age at the time of replacement and the estimated cost of replacement. Further, the district should investigate and analyze the various potential funding methods for the bus purchases. The funding method(s) selected should be included in the bus replacement plan.

F5.32 In FY 1997-98, the district purchased one 71-passenger regular needs school bus for \$52,569. The bus was purchased through the Ohio Schools Council Cooperative Purchase of School Bus Chassis and Bodies.

C5.1 The transportation department utilized a purchasing cooperative which maximized their purchasing power. The cost to join the cooperative for bus purchases was \$550. This fee enabled the district to minimize its overhead costs for a bid because the fee included legal advertising, bid preparation, bid printing, bid distribution and bid tabulations.

It is also commendable that the district’s business manager takes an active role in the cooperative’s bus purchasing committee. His participation makes him knowledgeable about the marketplace.

F5.33 The BCSD’s transportation department employs one full-time mechanic to service the district’s 12 buses and 2 other board owned vehicles. The table below illustrates operational data including the number of mechanics and servicemen employed to service district buses and other vehicles as compared with its peer districts.

Table 5-20: Mechanic Staffing Levels by Peer District

Operational Data	Brooklyn	Columbia	Rocky River	Sheffield-Sheffield Lake	Peer Average
Number of Mechanics /Servicemen	1.0	1.0	2.0	2.0	1.5
Buses per Mechanics/Servicemen	12.0	23.0	10.0	11.5	14.0
All Vehicles per Mechanic/Servicemen	14.0	26.0	16.5	15.5	18.0
Avg. Mechanic’s Hourly Wage Rate	\$22.45	\$12.20	\$14.78	\$14.56	\$15.99

Source: School districts’ transportation departments

F5.34 The BCSD employs one mechanic to service 12 buses and two other vehicles in its transportation department. The district’s transportation department employs fewer mechanics than its peer districts. BCSD has the lowest all vehicles ratio of 14.0, as compared

to its peer average of 18.0. In addition, BCSD has the highest average mechanic wage rate (\$22.45) of its peer districts.

R5.12 The BCSD has a relatively small bus fleet (**F5.34**). A smaller bus fleet affords the department the ability to save on administrative costs. However, the district's average mechanic wage rate of \$22.45 is the highest of its peer districts and is a contributing factor to high transportation costs.

Financial Implication: BCSD should consider hiring a substitute mechanic to work the overtime hours that were worked by the district mechanic in FY 1998-99. If a substitute mechanic was hired at the peer average rate of \$15.99 per hour, based on the amount of overtime worked by the mechanic (225 hours) at an average hourly overtime rate of \$33.67 (\$22.45 x 1.5), the district could save \$3,978 annually in transportation costs.

F5.35 BCSD's transportation department purchases its fuel from a retail service station, BP Oil, which is located within the district. Drivers are responsible for fueling their assigned buses by using the department's credit card. The transportation supervisor monitors and records fuel information and submits fuel receipts to the office of the treasurer once a month. While BCSD uses a vendor who has the ability to identify each purchase and deduct the federal fuel tax from the retail price, the district does not take advantage of this option.

R5.13 The district should file an IRS Form 843 to request a refund on the federal excise taxes of \$0.244 per gallon on 26,554 gallons of fuel that were purchased in FY 1997-98. In addition, the district should take advantage of utilizing BP Oil to deduct the federal fuel tax from the retail price of fuel, from which it is exempt.

Financial Implication: If BCSD filed for a refund, it could recapture an estimated \$6,479 that was paid in federal excise taxes.

Technology

F5.36 The BCSD currently does not utilize computerized routing software. Bus routes are manually designed from historically developed cluster or corner bus stops. **Table 5-21** provides an assessment of the technology utilized in the BCSD’s transportation department.

Table 5-21: Transportation Department Technology Assessment

Transportation System Functionality	Functionality Available?	Functionality Used?
<i>Routing, Scheduling and Planning</i>		
Maintain geographical maps that can be edited by district staff	No	N/A
Create boundaries (school limits, walk limits) that can be edited by district staff	No	N/A
Interface with the student information system to allow downloading/uploading of student data	No	N/A
Create and schedule bus routes	No	N/A
Optimize routes to allow for the minimization of the number of buses and run times and the maximization of bus capacity	No	N/A
Allow customization of data fields and route development so that special needs and hazardous conditions can be taken into consideration	No	N/A
Has real-time on-line query capability to allow users to quickly access needed information	No	N/A
Perform “what if” scenarios with different variables (bell times, tiers, bus capacities, policy changes) to assist with transportation planning and analyses	No	N/A
Generate standard and custom reports (management, driver schedules, route directions, financial)	No	N/A
<i>Fleet Maintenance</i>		
Maintain history of maintenance activities for individual vehicles	No	N/A
Interface with fuel usage/monitoring system	No	N/A
Schedule preventive maintenance activities	No	N/A

Transportation System Functionality	Functionality Available?	Functionality Used?
Classify and prioritize work orders and generate outstanding work order listing to enable backlog analyses	No	N/A
Track status of work orders to allow for evaluation of labor productivity	No	N/A
Maintain perpetual inventory of parts (quantities, unit cost, location)	No	N/A
Track parts movement to help identify surplus, obsolete, and slow-moving items	No	N/A
Generate standard and custom reports	No	N/A
Fuel usage/monitoring		
Interface with fleet maintenance software	No	N/A
Contains security features and controls to prevent unauthorized access to fuel pumps (fuel card/key, identification numbers)	No	N/A
Allow monitoring of fuel tanks to ensure fuel quality and detect leaks	No	N/A
Generate management reports	No	N/A

R5.14 The district should consider the use of technology to better manage its resources and increase the efficiency and effectiveness of its transportation department as follows:

- ! The district should consider using transportation routing software. Transportation software uses technology to consider and evaluate more alternatives for scheduling than can be accomplished manually. The efficiencies that are gained through the use of transportation routing software include the use of interactive updating capabilities of the student data base and the running of “what if” scenarios. Several alternative sets of runs and/or routes can be easily produced and evaluated to help transportation management select the best case scenario consistent with district policies in an informed, uniform manner. The effective use of route optimization software is widely used to achieve route capacity and run time efficiencies, resulting in reduced bus fleet needs. The software also allows for the generation of a wide range of standard and custom reports.
- ! Another software consideration is boundary planning/enrollment analysis. This software can accurately tally and locate students living within any area specified by the district and can simulate various school boundary changes which could assist in the closing/opening of schools. Other software could include a custom report writer which would allow the user to generate a wide variety of reports in minutes instead of hours or days. Besides

the transportation department, the custom report writer could be used by administrators, principals and attendance personnel providing a valuable tool for management analysis and decision making.

- ! In addition, the district should consider the purchase of fleet maintenance software that would allow the district to more efficiently and effectively manage its bus fleet. The incorporation of such software would allow the district to maintain equipment histories, schedule preventive maintenance programs, generate work order reports and monitor expense data, productivity and inventory levels.

Financial Implication: One routing software vendor, Education Logistics, Inc., promotes that the effective use of its school bus transportation routing optimization software can typically produce savings in the range of 10 to 25 percent of the total fleet size. Based on FY 1997-98 operating information (**Table 5-3**), if BCSD's transportation department would effectively utilize routing software, the district could reduce its fleet by one to three buses. See **R5.2** for an analysis of potential cost savings resulting from increased bus fleet efficiency. In addition to the savings resulting from a reduced number of buses, the district can continually improve on its cost efficiencies by monitoring the routes and schedules during the year. The effective use of technology in the transportation operation should also allow for more efficient and effective allocation of the limited administrative staffing resources.

In recent performance audits, pricing for transportation routing software was acquired. It is estimated that the transportation routing software will cost approximately \$15,000. Also, the district should plan on allowing an estimated \$5,000 for implementation.

With the potential savings that could be generated through the effective use of routing software, the payback is estimated at less than one year. Canton City School District, which uses Edulog software, and the Parma City School District, which uses VersaTrans software, can provide quality references on the effective use of automated routing/scheduling.

Privatization

In performing a high level of potential privatization opportunities within the transportation department, the major transportation functions and activities were evaluated with respect to a number of criteria which are important considerations in assessing privatization opportunities. The following table details the assessment criteria and provides a description of the key issues.

Table 5-22: Privatization Opportunities Assessment Criteria

Assessment Criteria	Description / Key Issues
Sufficient Volume?	Is the volume of work associated with function/activity sufficient to justify internal performance? Does the function/activity require a sufficient “critical mass” of resources to enable operations?
Prohibitive control requirements?	Are the management, oversight and control requirements associated with external performance of the functions excessive? <ul style="list-style-type: none"> - Would management time requirements increase as a result of external performance of the function/activity? - Would standardization of work methods and service levels be difficult to achieve?
Complexity?	Is the function/activity too complex to be performed by external resources? <ul style="list-style-type: none"> - Are the technical skill requirements of the activity excessive? - Are the workload requirements associated with the function/activity difficult to predict? - Does performance of the function/activity involve coordination requirements among multiple BCSD departments?
Influenced by regulatory/compliance environment?	Is the performance of the function/activity regulated? <ul style="list-style-type: none"> - Are regulatory issues complex? - Are non-compliance liabilities significant? - Are documentation and reporting requirements significant?
Significant capital investment?	Are significant capital investments required in association with the internal performance of the function/activity?
Procurable services?	Are high quality, external service providers available to perform the function/activity? <ul style="list-style-type: none"> - Do a number of alternative service providers exist? - Is the performance of the functions/activity unique? - Are high quality resources available?
Significant operating cost?	Will the potential benefits of utilizing external resources likely offset/exceed the potential costs?
Quality?	Is there a high probability that external performance of the function/activity would reduce quality and service levels? <ul style="list-style-type: none"> - Would customers’ complaints likely increase? - Would responsiveness decline? - Would the quality of workmanship decrease?

Based on our assessment, it appears that student transportation has a moderate to high potential for privatization. However, as discussed throughout this report, there are a number of areas which

require detailed evaluation and change in the systems, processes and organization of the transportation department. Consequently, a true evaluation and comparison of the BCSD's transportation department to private vendors cannot be performed until these issues are addressed.

Table 5-23: Initial Privatization Assessment

Assessment Criteria	Regular Transportation Services	Special Needs Transportation Services
Sufficient Volume	No	No
Prohibitive Control Requirements	Yes	Yes
Complexity	No	No
Regulatory Influence	No	No
Capital Investments	Yes	Yes
Procurable Services	Yes	Yes
Operating Costs	Yes	Yes
Quality	No	No
Potential Privatization Opportunity	Moderate	Moderate

While the opportunity for privatization exists, the following two considerations that should be addressed prior to pursuing privatization:

- ! Significant improvements can likely be realized internally without outsourcing.
- ! Assessing outsourcing from only a cost perspective would ignore important subjective costs associated with privatization such as loss of control and potential lack of responsiveness.

Contracting operations could relieve BCSD of administrative tasks such as driver management, payroll processing and maintaining the transportation department. Contracted services can bring added flexibility to school district operations. Changes in staff levels, enrollment and school schedules can all impact service levels which can be met by contractors on an as needed basis. In contrast, the district may have to over-staff its department in order to meet periodic surges in demand for busing which would contribute to higher than necessary overall costs.

There are many options available for the provision of pupil transportation and BCSD may competitively contract for all or some of its busing. BCSD may own, lease, share or sell capital assets. In addition, BCSD may competitively contract for maintenance, management, operations or a combination of services.

Privatization can take at least two forms. One form would include BCSD signing a short-term contract with a private vendor to provide transportation services and would reserve the right to change vendors after a specified time. For this option, BCSD would retain ownership of its assets. The other form would include the district selling its buses to a private contractor. The contractor(s) would then lease the assets back to the district and provide staff for maintenance and upkeep. The district could also rent its transportation facilities to the contractor.

Postponing consideration of privatization opportunities until cost savings improvements have been identified and implemented, at a minimum, ensures maximum cost savings generated by privatizing, and may preclude the need to privatize altogether. Initially, privatization when compared to current operations may appear to offer an opportunity for cost savings. However, private vendors have a financial incentive to achieve cost savings at a level somewhat below the district's current operations, but not necessarily at the lowest cost.

By further improving internal operations, BCSD would have an opportunity to realistically assess the advantages and disadvantages of privatization. Once a district has reduced its current operating costs, it is in a better position to negotiate with vendors to determine whether more efficient and lower cost operations can be provided.

To assess the total cost of contractor services, contract administration costs should be included. Contract administration costs would include procurement, contract negotiations, contract award, the processing of amendments and change orders, the resolution of disputes, the processing of contractor invoices, and contract monitoring and evaluation. In addition, a true cost of transportation should be calculated to include the value of land, facilities, maintenance of the facilities, utilities and insurance.

Financial Implications Summary

The following table represents a summary of annual cost savings, cost avoidance, additional revenue and implementation costs. This table represents the savings that BCSD could potentially realize without utilizing a private contractor. For the purposes of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Transportation

Recommendations	Annual Cost Savings	Cost Avoidance	Implementation Cost
R5.2 Implement routing software to improve routing efficiency	\$89,956 - \$134,934	\$110,000 - \$165,000	
R5.6 Explore less costly options for contracted special needs student transportation	\$12,760		
R5.8 Reduce overtime for bus drivers	\$2,800-\$4,200		
R5.12 Reduce mechanic overtime by hiring a part-time mechanic	\$3,978		
R5.13 Utilize vendor to deduct federal excise tax for fuel purchases	\$6,479		
R5.14 Purchase and implement routing software			\$20,000
Total	\$115,973 - \$162,351	\$110,000 - \$165,000	\$20,000

Actual versus estimated annual cost savings could vary greatly depending on the total number of buses reduced due to changes in transportation policies and efficiencies in routing. The estimated cost for bus replacement addressed in **Table 5-19** is not included in the above table. The capital outlay required for the bus replacement plan is estimated at \$450,000.

Conclusion Statement

The Brooklyn City School District's (BCSD) transportation department is currently operating at a high cost with respect to the transportation of regular and special needs students. Significant factors that explain the district's high operating costs are the district's lack of automated routing software to design routes and utilize bus capacity more efficiently, the high amount of sick leave used, the overtime paid to transportation personnel, and the lack of review standards on the cost effectiveness of other means of transportation for special needs students. Additionally, the filing of inaccurately prepared transportation reports with the Ohio Department of Education and the inability to secure supporting documentation for reported data has hindered the department's ability to ensure accountability and measure performance.

In order to realize significant reductions in operating costs, there are several options BCSD should consider. BCSD should consider purchasing automated routing software to test various route and bell schedule modules to ensure that bus capacities are optimally designed and drivers are utilized at the most effective levels. In addition, the district should consider implementing incentive programs to reduce sick leave usage and should decrease the amount of overtime paid to transportation personnel, which totaled \$31,689 in FY 1997-98. The district should also explore more cost effective methods of delivering its special needs transportation services by actively seeking price quotations from special needs transportation providers, in addition to evaluating the feasibility of providing this service internally.

The transportation department should develop procedures to ensure that accurate reports are prepared when determining the number of students transported on district buses. The actual average number of students being transported on district buses, as opposed to the total number of eligible students, should be reported on state forms. In addition, representatives from the transportation department, treasurer's office and superintendent's office who sign these forms should take responsibility for certifying the accuracy of the data reported.

BCSD's transportation policy allows for the transportation of all resident students in kindergarten. The policy also provides for the transportation of students in grades 1-4 who reside more than three-tenths of a mile, grades 5-6 who reside more than one mile and grades 7-12 who reside more than two miles from the school in their designated attendance area. If the district was able to reduce its transportation fleet by up to three buses by increasing capacity utilization, improving routing, and moving closer to state minimum standards, it could reduce transportation costs. However, the district should always ensure that operational changes do not compromise the educational needs and safety of students.

An analysis to determine if the district is a viable candidate for privatization indicates that a moderate potential for privatization exists. However, postponing consideration of privatization until improved operating efficiencies are achieved, ensures maximum cost savings are generated by privatizing and

gives the district the opportunity to realistically assess the advantages and disadvantages of privatization. Further increases in transportation department efficiency could serve to reduce the viability of privatization even more. Finally, any efficiencies gained in the transportation department would result in a higher percentage of funding available for general education.

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