



Dave Yost • Auditor of State



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To the residents, administrators and elected officials of the Auburn Career Center:

Based on the request of the Auburn Career Center, a performance audit was initiated on September 1, 2010. The functional areas assessed in the performance audit were: Financial Planning and Management, Human Resources, Program Deployment, and Facilities and Fixed Assets. These areas were selected because they are important components of the Center's operations that support its mission of providing career technical education to students, and because improvements in these areas can assist in managing its financial condition.

The performance audit contains recommendations that identify the potential for cost savings and efficiency improvements. The performance audit also provides an independent assessment of the operations of Auburn Career Center. While the recommendations contained in the audit report are resources intended to assist in future management decision-making, the Center is also encouraged to assess overall operations and develop other alternatives independent of the performance audit.

An executive summary has been prepared that includes the project history; a Career Center overview; the scope, objectives and methodology of the performance audit; and a summary of noteworthy accomplishments, recommendations, issues for further study and financial implications. This report has been provided to Auburn Career Center, and its contents discussed with the appropriate officials and Center management. The Center has been encouraged to use the results of the performance audit as a resource in further improving its overall operations, service delivery, and financial stability.

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

Sincerely,

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

Dave Yost
Auditor of State

July 7, 2011

Table of Contents

Executive Summary	1
Financial Planning & Management	10
Human Resources	22
Program Deployment	43
Facilities and Fixed Assets.....	51
Client Response	64

Executive Summary

Background

Project History

In June 2010, the Auburn Career Center (Auburn CC or the Center) engaged the Auditor of State (AOS) to conduct a performance audit of its financial and strategic management practices, human resource functions, program deployment, and facility and fixed asset management. At the request of the Center, audit work began September 1, 2010. The Auburn CC Board of Education (the Board) requested this independent assessment to determine whether management practices are efficient and effective and to identify areas for improvement.

The overall objective of this project was to identify opportunities for savings and process improvements, as well as the use of leading practices within the Center, by comparing results and processes to leading practices, industry benchmarks, and similar career centers. Where appropriate, recommendations were made that could reduce costs, improve efficiency, or enhance management effectiveness. The resulting recommendations provide options that the Center should consider in its continuing efforts to improve and stabilize its long-term financial condition. This information should be helpful to the Center as it makes decisions about future programs and operations in the context of its limited financial resources.

Career Center Overview

In Ohio, the provision of career-technical education is managed through career-technical planning districts, where each planning district is organized under a single school district, a compact between school districts, or under the auspice of a career center. The Auburn Career-Technical Planning District is governed by the Auburn CC Board of Education and as such, the Board governs the Career Center, as well as the larger planning district. The planning district is comprised of 11 associate school districts from Lake and Geauga Counties: Berkshire Local, Cardinal Local, Chardon Local, Fairport Harbor Exempted Village, Kenston Local, Kirtland Local, Madison Local, Newbury Local, Painesville City, Painesville Township Local, and Perry Local. As a career center, Auburn CC's primary purpose is to provide career-technical and academic education to students in grades 11 and 12, though it provides some selected services to students in grades 7 through 10. The Center reported enrolling 618 students, all in half day programs during the 2009-10 fiscal year (FY). Auburn CC also provides workforce education services to adult learners. For FY 2010-11, the Center had 74 full-time equivalent employees.

Due to the nature of technical programs, career centers tend to have smaller class sizes, use more equipment and supplies, and offer higher salaries to attract experienced professionals. This typically leads to significantly higher per pupil costs in comparison to traditional schools. In FY 2008-09, Auburn CC's assessed valuation, as reported by the Ohio Department of Taxation, was about \$4.7 billion. According to the Center's October 2010 five-year forecast, it is expecting to

receive about \$6.0 million from local taxes and \$3.2 million from the State foundation program and property tax reimbursements. The Center's expenditures from five-year forecast funds are expected to be about \$6.9 million in FY 2010-11 leaving a carryover balance of approximately \$6.5 million. The Center is also expecting to have a positive ending fund balance for the entire five-year forecast period.

Audit Methodology and Scope

Performance audits are defined as engagements that provide assurance or conclusions based on evaluations of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

AOS conducted the performance audit of Auburn CC in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards require that AOS plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives.

To complete this report, auditors gathered and assessed data from Auburn CC; conducted interviews with Career Center personnel; identified applicable benchmarks and leading practices; and developed a composite of four "peer" career centers from across the State. The peer districts include: the Cuyahoga Valley Career Center, the Delaware Area Career Center, the Polaris Career Center, and the Tolles Career and Technical Center. Where appropriate, such as when assessing salaries and collective bargaining agreements, AOS used a set of regional peers that included not only the Cuyahoga Valley Career Center and the Polaris Career Center, but also the Ashtabula County Career Center, the Portage Lakes Career Center, and the Maplewood Career Center. In these cases, the different peer group is noted.

In addition to peer data, AOS used external organizations to identify leading and recommended practices for comparisons. Key external sources included the Ohio Department of Education (ODE), the Government Finance Officers Association (GFOA), the National State Auditors' Association (NSAA), the Society for Human Resource Management (SHRM), the American School and University Magazine (AS&U), the State Employment Relations Board (SERB), the National Center for Education Statistics (NCES), and other industry organizations. Data from peer career centers and external sources used as criteria were not tested for reliability.

The performance audit process involved significant information sharing with Auburn CC, including preliminary drafts of findings and proposed recommendations related to the identified audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the Career Center of key issues impacting selected areas, and to confirm preliminary findings. Throughout the audit process, input from the Career Center was solicited and considered when assessing the selected areas and framing recommendations. Finally, Auburn CC provided verbal comments in response to the various recommendations that were taken into

consideration during the reporting process. Where warranted, AOS modified the final report based on the Career Center's comments.

The Auditor of State and staff express their appreciation to Auburn CC for its cooperation and assistance throughout this audit.

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following summarizes Auburn Career Center noteworthy accomplishment identified throughout the course of the audit.

Benefits Management: Auburn CC has offered medical and prescription drug benefit options to its employees with premiums that are significantly less than the average costs incurred by public employers in the Cleveland Region. In doing so, the Career Center has incurred costs below what it would cost to operate at the SERB regional average. The Career Center offers employees three separate plans. The cost of each is based on the design of the plan. All three plans, however, were less than the SERB averages for the Cleveland Region. The lower cost of each plan is likely due to the fact that employees are subjected to deductibles and co-insurance. Each plan has a different deductible and co-insurance; however, the Career Center's least costly plan requires a \$500/\$1,000 single/family deductible and a co-insurance maximum of \$2,000/\$4,000 for single/family. While this plan has the fewest employees enrolled, the Career Center is making strides to move more employees toward the plan, and has incentivized the plan by giving employees a portion of the savings the Career Center receives in return for requiring employees to bear a greater portion of the cost of health care services. Using current enrollment in each plan, it was determined the Career Center spends approximately \$745,700 on medical and prescription drug insurance annually, approximately \$57,000 less than the SERB Cleveland regional average.

Adult Education: In addition to providing career technical education to high school students in the region, Auburn CC also offers comprehensive training and development programs for adult learners, through the Workforce Education Office. These tuition-based programs provide courses that result in a certificate, such as the licensed practical nursing (LPN) programs, and career enhancement programs that provide short term courses in areas like computer training. Auburn CC has developed a method to set course fees that cover the direct costs of offering the course, such as salary benefits, materials, facility costs, and technology, as well as a reasonable profit margin to cover overhead costs. From those fees, a minimum number of students is then calculated to determine when the course is offered. Through this process, the Career Center has made the adult education fund self-sufficient and has not required a transfer from the General Fund for the past two fiscal years. In comparison, the peer career centers rely heavily on support from the General Fund, with the average support in FY 2009-10 totaling nearly 20 percent of average expenditures within the adult education fund. Moreover, the tuition charged for these courses by Auburn CC is not, on average, significantly different than other career centers in the area.

Conclusions and Key Recommendations

Each section of the audit report contains recommendations that are intended to provide the Center with options to enhance its operational efficiency and improve its long-term financial stability. In order to obtain a full understanding of the assessed areas, the reader is encouraged to review the recommendations in their entirety. The following summarizes the key recommendations from the performance audit report.

1. Financial Planning & Management

- Develop a clearly written, multi-year strategic plan that provides vision and direction for its Board, administrators, and staff.
- Develop and publish a popular annual financial report (PAFR) and consider publishing a comprehensive annual financial report (CAFR).
- Include additional financial information on its website that informs and educates residents about the Center's operations and financial condition.
- Enhance payroll policies and develop written guidelines.
- Reduce the use of printed payroll checks and consider implementing electronic pay stubs.
- Increase the efficiency of food service operations and eliminate the need for the General Fund to subsidize the food service operation.

2. Human Resources

- Develop a formal comprehensive staffing plan that addresses current and future staffing needs.
- Eliminate 1.0 FTE position in the Other Services category and discontinue the Center-funded program at Madison High School.
- Freeze or limit future negotiated wage increases for certificated staff until compensation is more in line with the peer average.
- Freeze or limit future negotiated wage increases for clerical employees and develop multiple salary schedules for these employees to reflect varying job duties.
- Discontinue paying the employee required portion of retirement contributions for all employees except for key administrators.
- Negotiate employee cost sharing for dental and vision coverage.

- Restructure the instructional day to reduce the number of career technical teachers receiving an "eighth period stipend".

3. Program Deployment

- Develop and implement a formal marketing plan to guide recruitment and outreach activities.
- Strengthen program advisory committees and the committee with provide additional administrative support.

4. Facilities and Fixed Assets

- Eliminate 2.0 FTE maintenance worker positions and better define and align maintenance duties.
- Develop and implement a formal energy conservation program that meets leading practices.
- Develop capital improvement and equipment replacement plans that are linked to strategic plans and educational programs.
- Fully implement the computerized maintenance management system and develop a formal preventive maintenance plan.

Issues for Further Study

Auditing standards require the disclosure of significant issues identified during an audit that were not reviewed in depth. These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. The following presents issues requiring further study:

Technology Learning Center: Auburn CC has a separate building called the Technology Learning Center. The building was completed in 2003 at the cost of \$3.6 million. Although the building has a modern design and several rooms with advanced technology for conducting distance learning and conferencing, the Career Center does not use the building extensively; instead it primarily leases and rents space to third party groups. A large portion is occupied by two lessees, the Lake Geauga Computer Association (LGCA) and the Lake Educational Academic Foundation (LEAF). Space is also rented to outside groups for a fee, but this is an insignificant source of revenue for the Career Center. Space is also provided at no charge to Auburn CC associate school districts for various teaching and training purposes.

The administration and Board have explored the idea of alternative uses of the building, but limitations in the building's design and the long-term contract with the LGCA have restricted its ability to extensively repurpose the building. Auburn CC would benefit from a comprehensive review of how the Technology Learning Center (TLC) is used; acknowledging the benefits and

limitations of this building for use as academic and office space. In studying the use of the TLC, the Career Center should determine the ongoing operating cost of the building, as well as the costs and benefits associated with alternative uses. A study of the ITC should be conducted in conjunction with the development of a long-term capital improvement plan (see **R4.1**). Once fully informed, the Career Center's Board can make a decision as to whether the facility should be maintained, repurposed, remodeled, or sold.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Performance Audit Recommendations

Recommendation	Impact
R2.2 Discontinue the program at Madison High School and eliminate 1 FTE from the Other Services staffing category.	\$100,000
R2.5 Discontinue paying the retirement pick-up for all but key administrators.	\$36,500
R2.6 Require employees to contribute toward the cost of dental and vision insurance.	\$15,500
R2.7 Reduce the number of instructors receiving the eighth period stipend.	\$84,000
R4.1 Consider eliminating 2.0 FTE maintenance positions.	\$64,300
R4.2 Develop a formal energy conservation plan that meets leading practices.	\$9,900
Total Cost Savings from Performance Audit Recommendations:	\$310,200

Audit Objectives

The following detailed audit objectives were used to conduct the performance audit of the Auburn Career Center. According to *Government Auditing Standards*, “the objectives are what the audit is intended to accomplish. They identify the audit subject matter and performance aspects to be included, and may also include the potential findings and reporting elements that the auditors expect to develop. Audit objectives can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.” In some instances, objectives were modified based on actions taken by the Center to address its deficit or high-risk environments indentified by the auditors during the course of their work.

Financial Planning & Management

- Does the Career Center’s financial data appear to be valid and reliable?
- How has key financial data changed recently and how do they compare with peer career centers?
- Has the Career Center developed a strategic plan and performance measures that meet recommended practices?
- Do the Career Center’s forecasting and budgeting processes meet leading practices?
- Does the Career Center have an ethics policy for financial staff that meets the standards of the Ohio Ethics Commission?
- Does the Career Center have a comprehensive purchasing policy and corresponding procedures that meet recommended practices?
- Does the Career Center report appropriate financial data to its Board and the community?
- Does the Career Center effectively manage payroll operations?
- Is the Food Service operation self-sufficient?

Human Resources

- How do staffing levels in major personnel categories compare with selected career centers?
- How do compensation costs compare with selected career centers?
- How do employee benefit costs compare with selected career centers, State averages and/or industry benchmarks?
- Are there contract provisions that are costly or overly restrictive?
- How can the Career Center more effectively manage human resources?

Program Deployment

- How do the Career Center’s workforce development program offerings compare to the selected peers?
- Are the Career Center’s marketing and student recruitment efforts comparable to the selected peers?

- How do the efforts undertaken by the Career Center to foster relationships with local business groups and industries compare to the selected peers?
- What changes did Auburn CC make to ensure its adult education program is self-sustaining?

Facilities & Fixed Assets

- How have expenditures on facilities changed over past three years and how do they compare with those of the peer career centers?
- How effectively are facility operations staffed?
- Do enrollment trends and building capacities suggest that the Career Center should change how it plans to use its buildings?
- Does the Career Center follow best practices for managing its service contracts?
- Does the Career Center meet leading practices for capital planning and maintenance?
- How does the Career Center ensure it gets the best value when purchasing fixed assets, equipment, and other facility related items?
- Does the Career Center have a formal energy conservation program that is comparable to leading practices?

Financial Planning & Management

Background

This section focuses on the strategic and financial management systems at the Auburn Career Center (Auburn CC or the Center). It analyzes strategic planning, financial policies and procedures, expenditures, and the budgeting and forecast processes of the Center. Plans, procedures, and results from operations were evaluated and compared to leading practices, operational standards, and selected peer career centers (see **executive summary** for list of peers). Leading practices and operational standards were drawn from various sources, including the Government Finance Officers Association (GFOA), the National State Auditors' Association (NSAA), the National Institute on Governmental Purchasing (NIGP), and the Ohio Ethics Commission (OEC).

Treasurer's Office Operations

The Treasurer has been with Auburn CC since 2005 and has been working as a school treasurer since 1985. At Auburn CC, the Treasurer performs four main functions; chief fiscal officer, treasurer of Center funds, secretary to the Auburn CC Board of Education (the Board), and other duties assigned by the Board. Besides the Treasurer, there are three full-time employees in the Treasurer's Office. One person handles payroll, one handles revenue and accounts payable, and an assistant treasurer handles student activity accounts, benefits, and grants.

Financial Data

Table 1-1 uses financial data from the Ohio Department of Education (ODE) Expenditure Flow Model (EFM) to compare FY 2009-10 spending in five broad categories on a per pupil basis with the selected peer career centers. The purpose of the EFM, as described by ODE, is to categorize and report expenses related to the education of students. Because districts often account for funds unrelated to the education of the students they are required to serve (i.e., adult education and student activities), the EFM does not include all the funds accounted for by a school district. Furthermore, the funds identified within the EFM are broader than the funds included within a district's five-year forecast.

Table 1-1: FY 2009-10 Expenditures by EFM Category

	Expenditure Per Pupil	Peer Average Expenditure Per Pupil	Expenditure Per Pupil Difference	Percent Difference Per Pupil
Administration	\$5,081	\$4,677	\$404	8.6%
Building Operations	\$3,520	\$3,616	(\$96)	(2.7%)
Staff Support	\$470	\$1,348	(\$878)	(65.1%)
Pupil Support	\$1,855	\$2,828	(\$973)	(34.4%)
Instruction	\$12,469	\$11,143	\$1,326	11.9%
Total Expenditures	\$23,395	\$23,612	(\$217)	(0.9%)

Source: FY 2009-10 ODE Expenditure Flow Model Inclusion Reports.

Note: Totals may not sum due to rounding.

Table 1-1 shows that Auburn CC FY 2009-10 expenditures per pupil overall were slightly below the peer career center average. Administrative and instruction expenditures were higher than the peer average but they were offset by lower spending in the building operations, staff support, and pupil support categories.

Table 1-2 compares FY 2009-10 expenditures per pupil by object of expenditure.

Table 1-2: FY 2009-10 Expenditures by Object

Object of Expenditure	Expenditure Per Pupil	Peer Average Expenditures Per Pupil	Expenditures Per Pupil Difference	Percent Difference Per Pupil
Personal Services	\$13,455	\$13,377	\$78	0.6%
Retirement and Insurance Benefits	\$4,423	\$4,661	(\$238)	(5.1%)
Purchased Services	\$3,511	\$2,553	\$958	37.5%
Supplies and Materials	\$1,010	\$1,728	(\$718)	(41.6%)
Capital Outlay	\$359	\$454	(\$95)	(20.9%)
Capital Outlay – Replacement	\$75	\$254	(\$179)	(70.5%)
Other Objects	\$562	\$585	(\$23)	(3.9%)
Total Expenditures	\$23,395	\$23,612	(\$217)	(0.9%)

Source: FY 2009-10 ODE Expenditure Flow Model Inclusion Reports

Note: Totals may not sum due to rounding.

Table 1-2 shows that purchased services were significantly higher at Auburn CC than the average of the peer career centers. This is primarily due to Auburn CC contracting for cleaning services that are typically performed by career center employees in the peers.

Financial Policies and Procedures

Although the Center does not have a formal purchasing manual, it has detailed purchasing policies and corresponding administrative guidelines that meet recommended practices. Furthermore, the Center has a credit card policy and a corresponding administrative guideline that is very detailed, contains elements of leading practices, and contains the proper levels of internal controls. The Center also has a "Payment of Claims" policy that stresses the need for timely payments.

Finally, Auburn CC has policies covering administrator ethics, staff ethics, whistleblower protection, staff gifts, and outside activities of staff. Taken together, these policies meet the standards of the Ohio Ethics Commission, the Ohio Revised Code, and the Ohio Administrative Code.

Forecasting and Budgeting

The Center's forecasting and budgeting processes meet most leading practices. Furthermore, the Treasurer's forecast assumptions and calculations for major line items appear reasonable and are sufficiently documented. The Superintendent and Treasurer work together to develop the Center and departmental budgets. They examine trends from prior years when preparing these budgets and develop and maintain a budget history report. However, individual departments are not responsible for tracking their spending.

Recommendations

R1.1 Develop a comprehensive strategic plan that identifies priorities and performance measures.

Auburn CC should develop a clearly written, multi-year strategic plan that provides vision and direction for its Board, administrators, and staff. The plan should incorporate the Comprehensive Continuous Improvement Plan (CCIP) and any other educational and operational plans. In developing the strategic plan, the Board should identify and formally adopt a limited number of priorities to guide its strategies and major financial and program decisions. The strategic plan should clearly delineate the Center's goals and objectives and the strategies for achieving them. In addition, the plan should identify the priorities the Board assigns to its goals, objectives, and strategies; the performance measures and standards the Center will use to judge its progress toward meeting its goals; and the persons or departments responsible for implementing the strategies. Once a comprehensive strategy is adopted and approved, the Center should assess all parts of the strategic plan on an annual basis and, as appropriate, amend its priorities to reflect changes in internal and external conditions.

Auburn CC does not have a strategic plan that can be used to guide operations and make program decisions. The Center's last strategic plan expired in 2009. According to the Treasurer, the Center is planning to use the results of this performance audit to help it develop a new strategic plan.

According to OAC 3301-35-03(A), a strategic plan guides school districts and key stakeholders in the ongoing measurement of performance to assure adequate progress is being made toward strategic goals and objectives. *Recommended Budget Practices on the Establishment of Strategic Plans* (GFOA, 2005), states that every government entity should develop a multi-year strategic plan that provides a long-term perspective for services delivered and budgeting, thus establishing logical links between authorized spending and annual goals based on identified needs, projected enrollment, and revenues. Accordingly, the Center should take the following actions when developing its strategic plan:

- Initiate the strategic planning process;
- Prepare a mission statement;
- Assess environmental factors and critical issues;
- Agree on a small number of goals and develop strategies and action plans to achieve them;
- Develop measurable objectives and incorporate performance measures;
- Approve, implement and monitor the plan; and
- Reassess the strategic plan annually.

Both the North Union Local School District (Union County) and the Westerville City School District (Franklin County) have successfully developed strategic plans that embrace leading practice criteria and could serve as models for the Center to use.

By developing and maintaining a new strategic plan, the Center can gain a better perspective on its future financial needs and develop a more comprehensive approach to balancing its finances with its educational mission. In addition, a strategic plan can serve as a tool to improve communication between the Center and the community; provide direction for the Board; and help align the planning and budgeting processes.

R1.2 Develop and publish a Popular Annual Financial Report.

Auburn CC should develop a popular annual financial report (PAFR) and consider developing a comprehensive annual financial report (CAFR). These reports could be used by Board members and administrators as a way to increase their understanding of the Center's finances and financial history. Auburn CC should also ensure that these reports are made available to the public upon request and are publicized through several forms of communication, such as postings at public libraries, mailings to major businesses and member districts, posting on the Center's website (see recommendation 1.3), and press releases to the local media.

Auburn CC does not issue a CAFR or a PAFR; however, the Treasurer noted during interviews that she would like to begin putting together some type of comprehensive financial report.

According to *Governmental Accounting, Auditing, and Financial Reporting Practices* (GFOA, 2006), state and local governments should not be satisfied with issuing only the basic financial statements required by Generally Accepted Accounting Principles (GAAP), but should instead publish a comprehensive annual financial report (CAFR). According to *Using Websites to Improve Access to Budget Documents and Financial Reports* (GFOA, 2003), a CAFR is an unparalleled means of demonstrating financial accountability, as recognized by the National Council of Governmental Accounting (NCGA) and reiterated by the Governmental Accounting Standards Board (GASB). In addition, in *Preparing Popular Reports* (GFOA, 2001), GFOA recommends that each government entity issue a PAFR. A PAFR is designed to assist those who need or desire a less detailed overview of government financial activities than the CAFR provides. A PAFR can take the form of consolidated or aggregated presentations, or a variety of other forms. GFOA recommends that popular reports exhibit the following characteristics to be most effective:

- The popular report should be issued on a timely basis, no later than six months after the close of the fiscal year, so that the information it contains is still relevant.
- The popular report should mention the existence of the CAFR for the benefit of readers desiring more detailed information.
- The popular report should attract and hold readers' interest, convey financial information in an easily understood manner, present information in an attractive and easy-to-follow format, and be written in a concise and clear style.
- The popular report should avoid technical jargon to meet the needs of a broad, general audience and the report's message should be underscored, as appropriate, by photographs, charts, or other graphics. Narratives should be used, as appropriate, to highlight and explain items of particular importance.
- The popular report should use comparative data constructively to help identify trends

useful in the interpretation of financial data.

- Most importantly, the popular report should establish credibility with its intended readers by presenting information in a balanced and objective manner.

Several Ohio school districts, including the Westerville City School District in Franklin County, develop both a CAFR and a PAFR. The CAFR and PAFR can be used by community members, Board members, staff, and local businesses to gain insight into the financial operations of the district.

Providing enhanced financial and statistical reporting through a CAFR and PAFR would provide stakeholders with insight into the Center's operations and a better understanding of its financial condition and outlook. Although there are costs associated with the preparation and printing of CAFR and PAFR documents, some components of this work could be performed in-house. The Treasurer's office could develop the CAFR and the tables and graphs associated with the PAFR and publish these documents on the website in electronic form. Using electronic media to publish the CAFR and PAFR would greatly reduce the cost of production and distribution.

R1.3 Increase the amount of financial information available on the Center's website.

Auburn CC should include additional financial information on its website that informs and educates its residents about the Center's operations and financial condition. This information should include, but should not be limited to, budget documents, the CAFR and PAFR (see recommendation 1.2), the District's five-year forecast, and copies of the monthly financial reports provided to the Board.

The Center's website includes a link to Board Policies, copies of Board meeting minutes, a calendar of events, and contact information for key administrators. However, it does not include a sufficient amount of financial information. During interviews, the Treasurer stated that she would like to increase the amount of financial information on the Center's website.

According to *Using Websites to Improve Access to Budget Documents and Financial Reports* (GFOA, 2003), each government entity should publish its budget document and CAFR on its website. GFOA further recommends that governments comply with the following guidelines when presenting these documents on their websites:

- The electronic budget document and the electronic CAFR should be identical to the printed versions of these documents;
- The website should prominently notify users that the information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report;
- The website should prominently inform users whether the budget document presented represents the preliminary budget or the approved budget;
- If a government elects to present the budget documents and CAFRs from prior years, the website should clearly identify these documents as "dated information for historical reference only" and clearly segregate them from current information. A "library" or "archive" section of the website is advisable for this purpose; and

- The security of the website should be evaluated to protect it from manipulation by external or unauthorized persons.

School districts in Ohio such as Lakota Local School District (Butler County), Westerville City School District (Franklin County), and Olentangy Local School District (Delaware County) provide a wide range of financial information on their websites. This information includes some or all of the following:

- **Levy Information** – Levy Facts, Reappraised Home Values and School Taxes, Property Tax Calendar, Income Tax Calculator, Ohio School District Income Tax, and a Glossary of Terms;
- **Expenditures By Object/Function** – Illustrates salaries, benefits, purchased services, capital outlay, maintenance, transportation, and extracurricular expenditures;
- **Budget Appropriations** – Current Five-Year Forecast, Tips on Understanding the Five-Year Forecast, FY Appropriations, FY Tax Budget, and Historical Year-End Analysis;
- **Taxes/Millage/Valuations** – Tax Calculator, Presentation of Governor’s Blue Ribbon Task Force on Student Success, County Area Effective Tax Rates (Historical Information), Tax Rate History, and Q&A on Taxes and Millage;
- **Annual Reports** – Historical information, CAFRs, and PAFRs; and
- **Miscellaneous** – Audit Findings, School Finance Terms, State Financial Designations, ODE Local District Report Cards, Reports on enrollment, and Finance and Audit Committee information.

The Center is in a time of transition with a relatively new Superintendent who is making many changes designed to improve operations including updates to the Center's website. Placing financial information on the Center's website has not been a priority in the past.

By providing key financial information on its website, the Center can increase awareness and understanding of its financial condition. Posting financial information on the Center’s website also reduces the time needed for public document requests and eliminates the costs associated with providing the information in paper form. In addition, the electronic format provides the users with a computerized tool to find, extract, and analyze data contained in these often lengthy documents. Although staff time is required to develop, maintain, and update the information on the website, the Center could use its website to enhance the types of financial reports available to the public at little additional cost.

R1.4 Create a payroll policy and procedures manual.

Auburn CC should enhance its payroll policies and develop written guidelines that detail the internal controls over its payroll processes. Payroll policies and guidelines should be updated as payroll processes change. Documented and updated procedures for all payroll functions will help ensure the accuracy and efficiency of the payroll process. The Treasurer’s Office should also consistently document compliance with internal control procedures.

The payroll function is handled by an experienced administrative assistant who abides by the

Board's payroll bylaws and policies. However, the Treasurer's Office does not have any written payroll guidelines or procedures. While Board policies include payroll authorizations and deductions, there are not policies and guidelines that address all of the elements of leading practices, such as timesheet preparation and internal controls. While there is evidence that certain cross-checking and internal control functions occur, the Center does not consistently document compliance with its informal payroll procedures and controls.

According to *Enhancing Management Involvement with Internal Control* (GFOA, 2004), government entities should maintain clearly documented internal control policies over all program areas (e.g. the payroll process). Internal controls should be evaluated periodically to ensure that those procedures are adequately designed to achieve their intended purpose, have actually been implemented, and continue to function as designed. Evaluations should also encompass the effectiveness and timeliness of the entity's response to potential control weaknesses. Furthermore, *Assessing Internal Controls in Performance Audits* (GAO, 1990) recommends a government entity's system of internal controls be clearly documented and address the following issues:

- Recording of transactions and events;
- Execution of transactions and events;
- Separation of duties;
- Supervision; and
- Access to and accountability for resources.

Akron City School District has an example of a payroll policy manual that is consistent with leading practices. The manual includes timelines and deadlines, payroll reporting instructions for all classifications of employees, supplemental and stipend payments, distribution of paychecks, mandatory deductions, changing filing status for tax withholding, independent contractors, and changing employee data.

Auburn CC has used informal processes in place of creating a formal payroll manual. Since staff in the Treasurer's Office is experienced and have been cross-trained, a manual was not considered necessary.

Although Auburn CC has an experienced Treasurer and payroll employee, it should enhance its written payroll policies and develop guidelines to improve internal controls as staffing changes will inevitably occur. By maintaining appropriate written procedures and internal controls over payroll operations, the Center can promote accountability, improve efficiency, and reduce the risk of errors.

R1.5 Minimize the use of printed payroll checks and consider using electronic pay stubs.

Auburn CC should reduce the use of printed pay checks to minimize staff time and the costs associated with processing and mailing checks. Furthermore, the Center should consider discontinuing the practice of issuing paper pay stubs, and instead issue only electronic pay stubs. Finally, the Center should adopt written procedures to govern its direct deposit and electronic pay stub programs and their related processes.

Auburn CC has partially implemented direct deposit, but still continues to print pay checks and mail a portion of them to certain staff and Board Members. The Center indicated that several off-campus trainers, especially firefighters, teach only occasional classes and that it would be more time-consuming to set up the electronic process than pay those individuals by paper check. A few teachers have asked to sign and pick up their checks, and Board Members do not use direct deposit.

According to *Costs and Benefits of Direct Deposit of Salary Checks* (National Federation of Independent Businesses (NFIB), 2004), direct deposit of paychecks provides many benefits to both employers and employees. Benefits to employers include:

- Reduced risk of check fraud and lost or stolen checks;
- Greater control over payroll and payroll expenses;
- Timely payment of salary checks, even when employees are away from the office;
- Reduced time spent on bookkeeping because of direct payments into employee accounts (no lost checks, delayed check cashing, etc.); and
- Online transaction reports are available immediately.

Benefits to employees include:

- Reduced time required for checks to clear;
- Reduced chance of losing checks or having checks stolen;
- No need to spend time visiting a bank or ATM to deposit paychecks;
- Payments can be divided automatically among designated employee accounts; and
- There is no cost to employees for direct deposit.

Accounting Best Practices (Bragg, 2007) indicates that issuing paychecks directly into an employee's bank account carries the advantage of putting money in the employee bank accounts at once, so those employees who are off-site on payday do not worry about how their money will be received.

While a sample pay period indicated that some checks were being printed for temporary staff or due to special requests, several of the checks printed and mailed were for Board Members. Board members and some personnel continue to receive paper checks because of personal preferences. The Center has not required a transition to direct deposit for all employees.

Although the savings associated with implementing mandatory direct deposit and electronic pay stubs are difficult to quantify, a 2005 report by the U.S. Treasury Department's Office of the Comptroller of the Currency recognized that the "the typical cost to an employer of a direct deposit transaction is 20 cents" and "the cost of a paper check is estimated at \$1 to \$2." Further, the time employees spend printing checks and stuffing envelopes could be allocated to other activities.

R1.6 Increase the efficiency of food service operations and eliminate the need to subsidize the food service operation.

Auburn CC should charge a portion of its utility and trash removal expenses to the Food Service Fund in order have a better understanding of the full cost of the operation. It should also take steps to increase the efficiency of the food service operation and make it self-sufficient. In order to eliminate or reduce the need for the General Fund to subsidize the Food Service Fund, the Center must generate additional revenue and decrease expenditures. Raising meal prices and increasing and program participation could generate additional revenue. The Center could also reduce food service labor hours to reduce costs, improve efficiency, and bring the operation more in line with industry standards. If unable to eliminate or significantly reduce deficits in the Food Service Fund, Auburn CC should consider sharing services with another school district or outsourcing the operation.

Food service operations at the Center are managed by a full-time Food Service Director, who is responsible for menu planning, purchasing, reporting requirements for meal reimbursement, and overseeing day-to-day activities. The Director supervises four employees who work between two and six hours per day. The food service operation provides both breakfast and lunch to students at the Center. However, because students attend classes at Auburn CC either in the morning or afternoon, the food service operation is able to provide breakfast only to students enrolled in morning programs and lunch only to students enrolled in the afternoon programs.

The Food Service program is an enterprise operation, relying on charges for services to cover operating expenses. However, the food service operation at Auburn CC is not self-sufficient and the Food Service Fund required a transfer from the General Fund of nearly \$52,000 in FY 2009-10. Moreover, while most food service expenses are charged to the Food Service Fund, the Center does not charge food service for a portion of utilities and trash removal expenses. Charging all legitimate expenses is appropriate and important for understanding the total cost of the food operation.

Measuring the Cost of Government Services (GFOA, 2002), suggests governments should measure the full cost of their services. ORC 3313.81 emphasizes the need for this practice with the food service program by stating that “All receipts and disbursements in connection with the operation of food service for school food service purposes and the maintenance, improvement, and purchase of equipment for school food service purposes shall be paid directly into and disbursed from the food service fund which shall be kept in a legally designated depository of the board.” In general, costs that would be incurred regardless of the operation of a food service program should be paid out of the General Fund, while those directly incurred as a result of the food service operation should be appropriately charged to the Food Service Fund.

As an enterprise fund, the Center has two options to close the operational deficit in the Food Service Fund: increase revenues, or decrease expenditures. One way to generate additional revenues is through increasing meal prices. **Table 1-3** compares breakfast and lunch prices with regional career centers.

Table 1-3: Meal Price Comparison FY 2010-11

	Auburn CC	Ashtabula CO JVSD	Cuyahoga Valley CC	Maplewood CC	Polaris CC	Regional Peer Average	Above (Below) Peer Average
Breakfast	\$1.25	N/A	N/A	\$1.50	\$2.00	\$1.75	(\$0.50)
Lunch	\$3.00	\$2.90	\$3.00	\$2.25	\$3.00	\$2.79	\$0.21

Source: Auburn CC and regional peer career center FY 2010-11 site applications to ODE.

Note: Breakfast is also available at Auburn a price of 2.25 and 2.65. Portage Lakes CC does not have a food service operation.

As **Table 1-3** indicates, meal prices for breakfast are below the regional peer average while lunch prices are slightly above the peer average. While increasing breakfast prices may have an adverse effect on participation, the difference in prices suggests that a small increase would allow the food service operation to generate additional revenues. Similarly, working to increase participation can assist the food service operation in increasing revenues through student charges and reimbursements through the National School Lunch program.

On the expenditure side, the Center could control expenditures by reducing labor hours. Meals per Labor Hour (MPLH) is an industry standard used to measure a food service operation's productivity and efficiency. The measurement is calculated by dividing the total labor hours worked by the total average meal equivalents (breakfast, lunch, and a la carte meals) served per day at each building. The industry standard for MPLH employed by auditors assumes the more meal equivalents served per day, the greater the efficiency. **Table 1-4** compares Auburn CC's actual food service labor hours to the industry standard for efficient operations.

Table 1-4: Meals Per Labor Hour Comparison FY 2010-11

Building	Meal Equivalents Served per Day	Daily Labor Hours	MPLH	Industry Benchmark	Equivalent Labor Hours Over/(Under) Industry Standard
Auburn Career Center	195	18.0	10.9	14.0	4.0

Source: Auburn CC, Ohio Department of Education, National Food Service Management Institute, and *School Foodservice Management for the 21st Century*

Table 1-4 indicates that the food service operation operates at a level less efficient than the industry standard and could eliminate up to 4 labor hours each day. *School Foodservice Management for the 21st Century* notes several factors that affect MPLH and the number of hours required to staff the operation. These factors include the type and size of the food service operation; menu design and type of food used; number of lunch periods and serving lines; equipment and kitchen design; and the experience and training of staff.

Finally, the Career Center could examine the possibility of contracting out the food service operation. According to the Treasurer, the Center, through the Ohio School Council, conducted a review of contracting out the food service operation (along with the custodial staff) and it was determined at the time it would not be a viable option for the Center. While privatization was considered, the Center has not considered the possibility of contracting with another school district for food service operations or sharing the services of a food service supervisor.

GFOA *Best Practices in Public Budgeting* (2000), states that entities should evaluate alternative delivery mechanisms to ensure the best approach is selected for delivering a service. A government should institute a process to review existing service delivery methods in the context of how well they meet programmatic and operating policies and plans. The process should include an examination of how a government traditionally provides the service versus whether the service could be delivered more effectively or more efficiently if provided in a different way, either by the government itself or by entities outside of the government. Considerations in evaluating service delivery mechanisms, whether provided directly by a government or contracted out, include: cost of service, including short and long-term direct costs, costs to administer and oversee the service, impact on rates and charges, and impact on costs of other government services; and service quality and control, including safety and reliability, ability to control service levels and who receives the service, ability of the government to make internal changes to improve its own performance, ability to change the delivery mechanism in the future, and risk of contractual nonperformance and default.

Part of the difficulty in operating without support from the General Fund is the size of the food service operation. As indicated in **Table 1-4** the career center serves less than 200 meal equivalents per day, including breakfast, lunch, and a la carte sales. The operation is limited in the number of students to whom it can provide breakfast and lunch, due to the fact that students only attend the Center for half of the day and the number of students is limited.

By not including all of the costs associated with the Food Service Fund, the District is understating the operation's cost. Capturing all costs in the Food Service Fund will allow the Center to better evaluate the performance of its food service operation and make more informed decisions. Additionally, operating less efficiently than established industry standards and peer comparisons is costly to the food service operation. Reducing staff, increasing meal prices, and/or increasing participation are necessary to reduce or eliminate transfers from the General Fund. In the event that operational changes do not allow the Center to eliminate this subsidy, the Center should examine alternative delivery mechanisms, such as partnering with a local school districts or sharing the function of food service supervisor.

Human Resources

Background

This section of the performance audit focuses on the Auburn Career Center (Auburn CC or the Center) human resource (HR) functions, including staffing levels, compensation, employee benefits, negotiated agreements, and other human resource management issues. The Center's HR functions were evaluated and compared to leading practices, industry benchmarks, operational standards, the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), and selected peer districts (see **executive summary** for list of peers). Leading practices and industry standards were drawn from the State Employment Relations Board (SERB), the Society for Human Resource Management (SHRM), the Ohio Department of Education (ODE), and the Ohio Department of Administrative Services (DAS).

Organizational Structure and Function

Auburn CC's Superintendent reports directly to the Board of Education (the Board) and is responsible for the overall management of the Center, including program and staff decisions. The Superintendent, Treasurer, Principal, two Assistant Principals, and the Director of Adult Education constitute the management team at the Center. The Superintendent's Office is responsible for the maintenance of personnel records, including evaluations, while the Treasurer's Office is responsible for the administration of benefits. The small size of the Center has led to the fragmentation of HR duties between the Center's administrative team.

Staffing

Table 2-1 illustrates the full-time equivalent (FTE) staffing levels per 100 students at Auburn CC compared with the average of the peer career centers. Staffing data for both the Center and the peers is fiscal year (FY) 2009-10 data, as reported to ODE through EMIS. While staffing data obtained through EMIS represents staffing as of October, 2009, staff levels for Auburn CC were updated to reflect staffing for FY 2010-11. EMIS position codes were grouped into categories that represent broad functional areas and do not match the sub-totals shown on EMIS reports. The staff levels shown in **Table 2-1** have been presented on a per 100 student basis because staffing levels are partially dependent on the number of students served. In addition, presenting staffing data in this manner decreases variances attributable to the size of the peers.

Table 2-1: Staffing Comparison Summary (in FTEs)¹

	Auburn FTE Staff	Auburn FTE/100 Students	Peer Avg. FTE/100 Students	Difference per 100 Students	FTE Adjustment Needed
Administrative	5.00	1.39	1.59	(0.20)	(0.70)
Office/Clerical	9.00	2.50	2.82	(0.32)	(1.13)
Teaching	27.50	7.65	8.13	(0.48)	(1.70)
Education Service Personnel (ESP)	2.00	0.56	0.72	(0.16)	(0.57)
Educational Support	4.00	1.11	0.97	0.14	0.50
Other Services	9.50	2.64	2.28	0.36	1.32
Non-Certificated Classroom Support	5.00	1.39	1.52	(0.13)	(0.48)
Technical/Professional Staff	3.00	0.83	0.84	(0.01)	(0.04)
Operations	9.00	2.50	2.35	0.15	0.56
Total Staff	74.00	20.57	21.22	(0.65)	(2.24)

Source: Auburn CC, peer career centers, and the Ohio Department of Education

Notes: For FY 2009-10, Auburn CC enrolled 359.3 FTE students and the peer career centers enrolled an average of 564.5 FTE students, the basis for comparison. Staff at both Auburn CC and the peer career centers who are responsible specifically for the administration or instruction of adult education students were excluded from the analysis, as the provision of adult education is not related to the number of students enrolled in a career center, the basis for this comparison. Totals may vary due to rounding.

¹ According to the FY 2010 EMIS Reporting Manual (ODE, 2010) instructions for reporting staff data, full-time equivalency (FTE) is the ratio between the amount of time normally required to perform a part-time assignment and the time normally required to perform the same assignment full-time.

According to **Table 2-1**, Auburn CC operates with staffing levels that are below that of the peer career centers, with the exception of Educational Support, Other Services, and Operations categories. In the area of Educational Support, the Center employs 0.1 FTE per 100 students more than the peer average, or the equivalent of 0.5 FTE. The four employees in this category are instructing and providing services to special education students and are bound by State guidelines in the number of students they can serve. The second area where Auburn CC has a greater number of staff is in the Other Services classification, that captures the staff employed to provide career development, marketing and recruitment, and other ancillary services. The Center is overstaffed by 1.3 FTE in this area when compared to the peer career centers (see **recommendation 2.2**). The final area where Auburn CC has more staff in comparison to the peer career centers is in the area of Operations. Staffing levels in operations area are assessed separately based on industry standards (see **facilities**).

Compensation

The majority of Auburn CC staff is paid according to the negotiated certificated and classified salary schedules in the Center's collective bargaining agreements. **Table 2-2** shows the Center's average salary and salary cost per student in comparison to the peer average for FY 2009-10. Average salaries are impacted by beginning wage rates, years of service, negotiated salary schedules, education or skill level attained, and in some cases other personnel benefits. Both average salaries and the number of staff employed impact the salary cost per student. Therefore, a career center can have higher average salaries but fewer people employed, and thus a lower salary cost per student. Conversely, a career center could have low average salaries but more staff than the peers, causing its salary cost per student to be higher than the peers.

Table 2-2: Salary Comparison Summary

	Average Salaries			Salaries Per Student Educated ¹		
	Auburn CC	Peer District Average	Percent Difference	Auburn CC	Peer Salaries per Student	Difference
Administrative	\$91,715	\$97,057	(5.5%)	\$1,276	\$1,558	(18.1%)
Office/Clerical	\$42,967	\$43,849	(2.0%)	\$1,076	\$1,224	(12.1%)
Teaching	\$71,069	\$69,738	1.9%	\$5,439	\$5,690	(4.4%)
Education Service Personnel (ESP)	\$62,021	\$69,738	(10.0%)	\$345	\$492	(29.8%)
Educational Support	\$63,932	\$65,853	(2.9%)	\$712	\$646	10.1%
Other Student Services	\$61,988	\$65,555	(5.4%)	\$1,639	\$1,458	12.4%
Non-Certificated Classroom Support	\$22,167	\$22,130	0.2%	\$308	\$343	(10.1%)
Technical/Professional Staff	\$75,469	\$53,363	41.4%	\$630	\$454	38.7%
Operations	\$29,752	\$42,960	(30.7%)	\$745	\$988	(24.5%)
Total Staff	\$59,099	\$60,400	(2.2%)	\$12,170	\$12,853	(5.3%)

Source: Auburn CC and the Ohio Department of Education

Note: Totals may vary due to rounding.

¹ Students Educated reflects the number of FTE students receiving educational services from district and excludes the percent of time students are receiving educational services outside of the district.

Table 2-2 indicates that both average salaries and the salary cost per student educated is less than the peer average. Moreover, the only category where average salaries are significantly above the peer average is the technical/professional staff category comprising the Center's 3.0 FTE technology staff. As a result, the average salary cost per student is higher in this category. Similarly, the average salary cost per student at Auburn CC is higher in two of the areas identified in **Table 2-1** as having higher staffing levels than the peer average. The Center could reduce its salary cost per student for other student services by reducing 1.0 FTE as recommended in **R 2.2**.

Because experience and skill level impact the average salary comparison presented in **Table 2-2**, a separate analysis was completed that compared salary schedules at Auburn CC to similar career centers in the area (Ashtabula County JVSD, Cuyahoga Valley CC, Maplewood CC, Polaris CC, and Portage Lakes CC). The majority of employees are paid on a certificated salary schedule. When examining the master's and master's +30 schedules to the regional peer average, it was determined that the Center compensates certificated staff at an average of 3.5 percent and 4.2 percent more, respectively, over the course of a 30 year timeframe (see **R2.3**). Additionally, the support staff positions of administrative assistant, maintenance, teacher's assistant, and kitchen assistant were compared to the same regional average. For the latter three, the average hourly rate was below the peer average; however, it was determined that the Center's compensation of administrative assistants was significantly higher (see **R2.4**).

In addition to salary schedules, the Center's provision of retirement pick-up was examined. This benefit, commonly reserved to key administrators, represents a less transparent form of compensation. Retirement pick-up is the practice of the employer picking up the employees' required retirement contribution in lieu of the employee making this payment out of his or her salary. Auburn CC provides this benefit to several employees outside of the Center's

administrative team (see **R2.5**). Finally, compensation provided to certificated substitutes and was determined to be slightly higher than the regional peer average.

Benefits

Auburn CC provides employees with a comprehensive health insurance benefit package. The Center offers employees the choice of three medical plans that include prescription drug coverage, and provides employees with vision, dental, and life insurance coverage. **Table 2-3** compares the Center's monthly medical premiums and employee contribution rates for FY 2009-10 to the State Employment Relations Board (SERB) averages for the Cleveland region.

Table 2-3: Medical Premium and Contribution Comparison

	Medical Premiums		Employee Contributions	
	Single	Family	Single	Family
Auburn Career Center	\$385.14	\$867.34	0.0%	0.0%
SERB Cleveland Region Average	\$462.00	\$1,169.00	8.2%	8.0%
Difference	(\$76.86)	(\$301.66)	(8.2%)	(8.0%)

Source: Auburn CC and 18th Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2010)

Note: Medical premiums and employee contributions for Auburn CC represents the Center's Plan #2, the plan that the majority of employees have selected.

As shown in **Table 2-3**, the Center's premium for both single and family coverage is significantly less than the SERB average for the Cleveland region. However, an employee contribution for this coverage is not required. It is important to note that some employees are enrolled in a medical plan that is more expensive than the plan reflected in **Table 2-3**. However, employees enrolled in this plan are required to contribute 8.6 percent toward the cost of the premium, though this is still below the Cleveland regional average. Conversely, the Career Center's third medical plan has a premium below what is stated in **Table 2-3**; it provides a rebate to employees who enroll in this plan. In total, the cost to the Center for providing medical insurance is 7.1 percent less than the average premium costs reported by SERB for the Cleveland region, despite lower rates of employee cost sharing (see **noteworthy accomplishments** in the **executive summary**).

Auburn CC also provides dental and vision insurance for staff members. **Table 2-4** compares the District's monthly dental and vision premiums and employee contribution rates to the SERB averages for the Cleveland region.

Table 2-4: Dental and Vision Premiums and Contributions Comparison

	Dental Premiums		Employee Contributions	
	Single	Family	Single	Family
Auburn Career Center	\$33.44	\$85.24	0.0%	0.0%
SERB Cleveland Region Average	\$36.36	\$83.24	14.9% ¹	17.3% ¹
Difference	(\$2.92)	\$2.00	(14.9%)	(17.3%)
	Vision Premiums		Employee Contributions	
	Single	Family	Single	Family
Auburn Career Center	\$7.28	\$15.66	0.0%	0.0%
SERB Cleveland Region Average	\$9.01	\$18.32	26.0% ¹	31.5% ¹
Difference	(\$1.73)	(\$2.66)	(26.0%)	(31.5%)

Source: Auburn CC and 18th Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2010)

¹ Average when employee contribution is required.

As shown in **Table 2-4**, Auburn CC pays premiums for both dental and vision coverage that are generally in line with the Cleveland regional averages reported by SERB. However, the Center does not require an employee contribution. Unlike with medical insurance, the Center's dental and vision premiums are not low enough to offset the cost of not having employee contributions (see **R2.6**). Separately, life insurance coverage is provided at a monthly cost for each \$1,000 of coverage that is less than the monthly premium paid by the State of Ohio for its employees.

Other HR Issues

The Auburn CC Board of Education and the Career and Technical Association (CATA) have a collective bargaining agreement that is in effect until June 30, 2012. CATA represents all full and part-time certificated and classified employees. Several bargaining agreement policies and provisions were reviewed and determined to be consistent with industry and peer practices.

As part of the audit, certain HR issues such as leave usage, employee communications, evaluations, and professional development were compared to peer, industry benchmarks, and other leading practices. Sick leave usage was reviewed and determined to be consistent with State averages for FY 2009-10. All usage and leave approvals are tracked through the HR Kiosk software program. The payroll clerk is responsible for checking department calendars periodically for sick leave used against payroll records. Also, the Center uses a coordinator to track professional development (PD) hours for staff. In addition, the HR Kiosk software program provides online access for staff to view their own PD hours. Additionally, the Superintendent has enforced a contract provision that all overtime must be pre-approved. In FY 2009-10, Auburn CC overtime costs were \$41 per student compared to the peer average of \$50 per student. Auburn CC has also conducted several employee surveys in the past and these surveys are used by administrators when planning changes. Finally, the Center provides several forms of communications to staff. For example, the Superintendent distributes newsletters for staff and has weekly breakfasts, and the Assistant Principal has regular meetings with teachers, counselors, and special educators.

A few of the personnel practices reviewed showed Auburn CC to be in the midst of improving some of its HR functions. The Center is in the process of updating job descriptions, but has not

established a process for ensuring job descriptions stay current through regular review and that updates are tracked. The AOS employee survey of Center employees indicated that 71.4 percent of staff agree or strongly agree that job descriptions are accurate; however, survey comments indicate a few may still need to be updated. The Center also has not established a formal process for tracking employee evaluations. Finally, Auburn CC recently developed a comprehensive employee handbook, but at the time of the audit, it had not been ratified or distributed.

Recommendations

R2.1 Implement a comprehensive staffing plan.

Auburn CC should develop and implement a formal and comprehensive staffing plan that addresses current and future staffing needs. Establishing staffing allocations for administrative, certificated, and support staff will assist the Center in better planning for the future. Additionally, the development of a formal staffing plan will help Auburn CC ensure it is in compliance with State and federal requirements. The development of a staffing plan will help formalize the extensive program and building level staffing data gathered by the Center; identify and achieve staffing goals; and better communicate those goals to its administrators, the Board, and the public.

Auburn CC has developed informal processes for analyzing staffing and is using various methods for studying career program deployment, enrollment fluctuations, and the impact of implementing a comprehensive "Tech Prep" curriculum. While these steps can assist the Center in developing a staffing plan, a formal plan that meets recommended practices has not been implemented, though it is reportedly under development. The Superintendent described an informal process of making staffing changes by looking at organizational needs and attempting to protect the core of teaching and student services. However, maintenance staffing, in particular, has been based only on an evaluation of the work performed and is not based on benchmarks such as square footage cleaned or maintained (see **facilities** for a detailed discussion of maintenance staffing). Auburn CC could apply many of the informal processes and elements it has in place to develop a formal, multi-year strategic staffing plan.

Strategic Staffing Plans (SHRM, 2002) notes that high performing organizations use plans and a system to monitor and control the cost of engaging human capital. A strategic staffing plan forms an infrastructure to support effective decision-making in an organization. In addition, *Estimating Future Staffing Levels* (SHRM, 2006) notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its strategic mission. Once this question is answered, the organization can focus on recruiting, developing, motivating, and retaining the number and mix of employees that will be required at each point in time.

Lakota Local School District (Butler County) has established a staffing plan that incorporates staffing allocation factors such as State and federal regulations, workload measures, and other leading practices. In general, staffing benchmarks in this plan are calibrated to available General Fund revenues and the plan assists the district in ensuring a balanced budget. Staffing plans can not only be used as guides for determining staffing levels on an annual basis, but can also aid in determining mid-year staffing levels should changes be necessary. The Cincinnati City School District (Hamilton County) has developed a staffing plan that incorporates State requirements, contractual agreements, available resources, and educational goals. In addition, the plan includes central and site-based administrators in the process and serves as a valuable planning tool for the district's leadership team.

The Superintendent reports that the necessity of making reductions in the staffing force has stopped the development of a formal plan.

By implementing a formalized, comprehensive and strategic staffing plan, Auburn CC can openly communicate staffing strategies and priorities. Furthermore, the Center can explain or defend its decisions to hire or reduce personnel based on the objective analysis and clear reasoning that a staffing plan offers.

R2.2 Discontinue the Madison High School transition program for 9th and 10th graders and eliminate 1 FTE from the *Other Services* staffing category.

Auburn CC should consider eliminating 1.0 FTE position in the other services category. Specifically, the Center should consider eliminating the Madison High School transition program for 9th and 10th graders. This program is unique when compared to the peer career centers, and is not a critical or mission-oriented function of the Center. Moreover, the elimination of the program would reduce salary and benefit costs and make staffing levels for other services more consistent with the peer average.

As identified in **Table 2-1**, Auburn CC employs 9.5 FTE employees within the Other Services classification. Compared to the peer career centers, this constitutes a staffing level 0.4 FTEs per 100 students or 1.3 FTEs more than the peers.

The other services classification comprises several different program areas within student services department and captures the staff employed to provide career development, marketing and recruitment, and other ancillary services. The programs at Auburn CC include a GRADS (Graduation, Reality, and Dual-Role Skills) program, where 2 FTE employees work with pregnant and new mothers to help them remain in school. These employees work with students in the associate school districts, as well as with students at the Center. Auburn CC also employs 2 FTE enrollment specialists who work to recruit students from each of the 11 high schools the Center serves. These employees also provide career development to 7th and 8th grade students at each of the associate school districts, along with the 2 FTE employees who provide career develop to elementary students and vocational evaluations for at risk students. The Center also offers the services of 1.5 FTE job coaches, who work to help students transition into the workforce and gain employment. Additionally, 1 FTE employee at Auburn CC serves as a business development director, and works to develop online academic content for associate school districts within the Center's planning district as well as provide technical services to area businesses and organizations. Finally, Auburn CC employs a teacher (1 FTE) to instruct a program at one of the associate school district schools (Madison High School).

The career-technical programs offered by Auburn CC and the peers are elective in nature; therefore, career centers have developed programs to market their services and recruit students. Career centers in Ohio also provide other ancillary services that work to meet the goal of educating students about vocational opportunities.

An analysis of the peer career centers indicated that many of the same programs carried out by the Auburn CC staff are also provided at the peer career centers. While the peers varied in the

titles, focus, or number of staff dedicated to each program, the peers employed staff to market and recruit students from associated districts to the career center. Many also provide career development to elementary and middle school students, and assist career-technical students with job placement opportunities. Some career centers have employed staff to foster relationships with area businesses, and others have operated a GRADS program similar to Auburn CC.

While there is much overlap in the outreach functions operated by Auburn CC and the peer career centers, none of the peer career centers had a similar program to the one Auburn CC operates at Madison High School. While other career centers operate successful satellite programs, where career center teachers instruct students at associate high schools, these are 11th and 12th grade students who are enrolled in career-technical courses and counted as students of the career center. The students taught by the Auburn CC teacher who teaches at Madison High Schools are not enrolled at Auburn CC.

According to the Center administration, the program at Madison High School was designed for 9th and 10th grade students who could easily transition into a compatible career development program at the Center. While designed as a feeder program, this goal has not materialized.

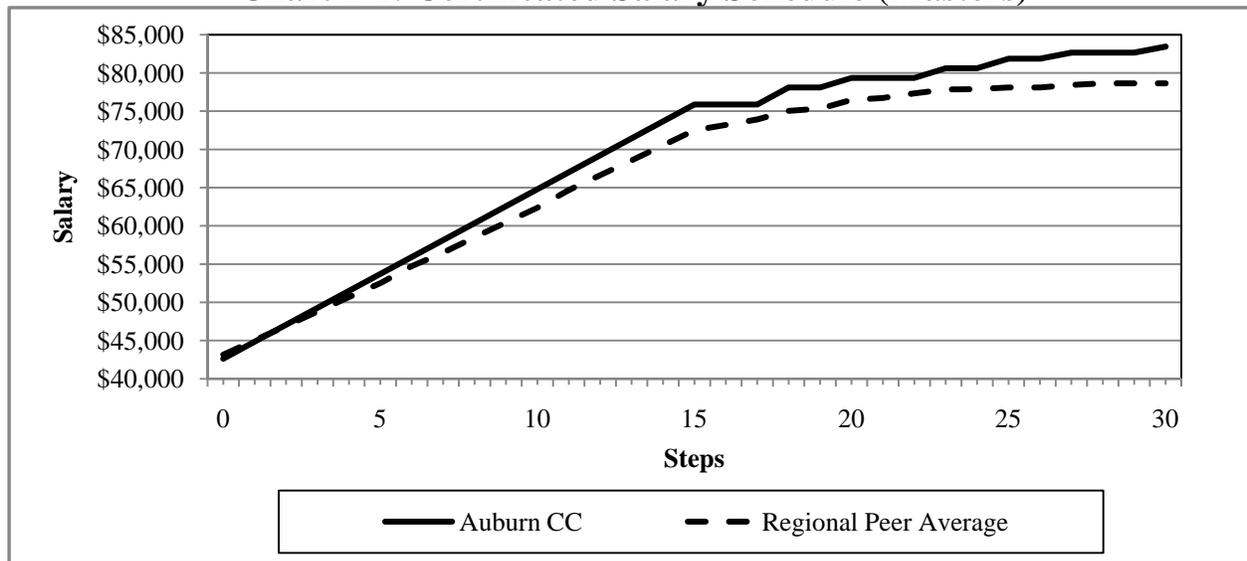
The teacher operating this program is paid by Auburn CC; however, the students the employee instructs are counted as students of the Madison Local School District. In effect, the Center has provided one of their 11 associate school districts with a teacher at no cost. Moreover, the success of the course in attracting students to the Center has not materialized and students who do not intend to enroll at the Center are permitted to take the course. In fact enrollment in the compatible course at Auburn CC has also seen a decline in enrollment. The cost of the program significantly outweighs the benefit and does not have a strong link to the mission of the organization.

Financial Implication: Eliminating 1.0 FTE within the other services classification would save the Center approximately \$100,000 annually in salary and benefit costs.

R2.3 Limit future negotiated wage increases for certificated staff.

Auburn CC should freeze or limit future negotiated wage increases to the base wage for certificated staff. Freezing or limiting negotiated wage increases will help bring certificated wages in line with the averages of similar career centers in the area, and help the Center reduce the rate of expenditure growth and maintain a positive financial outlook.

The Center is in the second year of a three-year negotiated agreement covering both certificated and classified staff. The agreement provided for a 1.0 percent increase in the base wage for FY 2010-11 and a scheduled 2.0 percent increase to the base wage in FY 2011-12. Certificated salary schedules were compared to five area career centers, including Ashtabula County Joint Vocational School District, Cuyahoga Valley Career Center, Maplewood Career Center, Polaris Career Center, and Portage Lakes Career Center. **Chart 2-1** examines the master's salary schedule.

Chart 2-1: Certificated Salary Schedule (Masters)

Source: Auburn Career Center and peer career centers

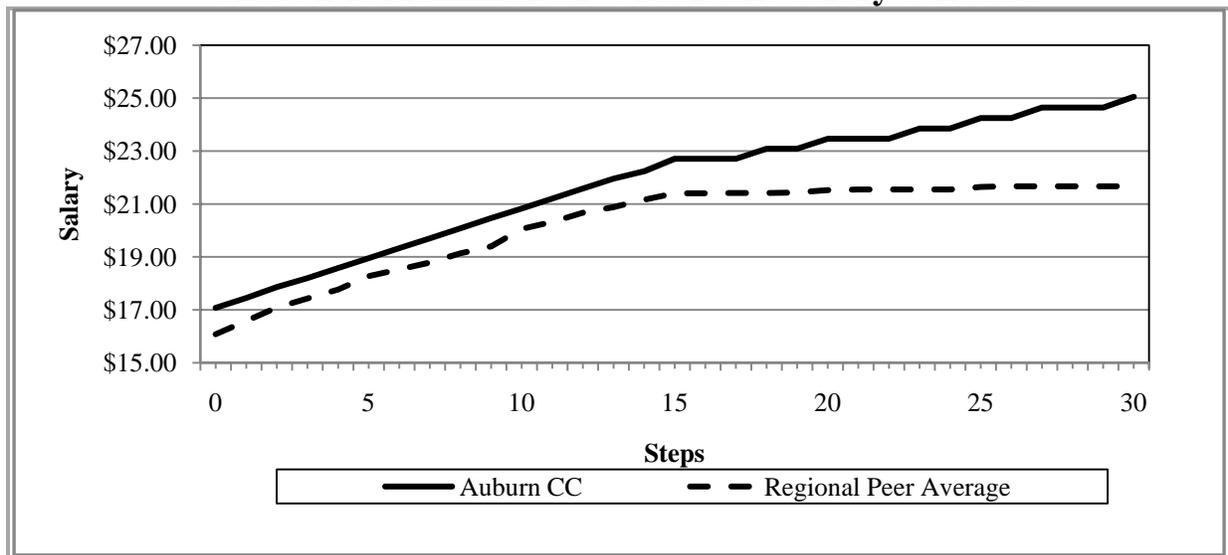
Chart 2-1 illustrates that a certificated staff member at the Center is compensated, on average, 3.5 percent more than the regional peer average throughout the steps reflected in the agreement. While not displayed, a similar comparison of the master's +30 salary schedule indicates that Auburn Center is, on average, 4.2 percent greater than the regional peer average.

Compensating employees at higher levels than comparable benchmarks has resulted in higher costs and increases the likelihood of financial instability. By freezing or limiting future salary increases, the Center can bring personnel costs more in line with the peer career centers. In general, career centers pay higher salaries for teachers in order to attract people with business and industry experience.

R2.4 Develop additional clerical salary schedules to reflect different job duties and, for all clerical schedules, limit future negotiated wage increases.

The Center should freeze or limit future negotiated wage increases for clerical staff in order to bring compensation levels more in line with the peer average. Moreover, the Center should end the practice of compensating all clerical employees using the same salary schedule and develop additional salary schedules commensurate with the job duties, in a manner similar to the regional peer career centers.

Clerical employees at the Center are covered under the same negotiated agreement as certificated employees. This is the second year of a three-year agreement. Employees who fall into this category include bookkeepers in the Treasurer's Office, administrative assistants in the high school and adult education offices, and receptionists. These employees are all compensated on the same salary schedule annualized for 9 or 12 month employees. The clerical salary schedule at the Center was compared to five area career centers, including Ashtabula County Joint Vocational School District, Cuyahoga Valley Career Center, Maplewood Career Center, Polaris Career Center, and Portage Lakes Career Center. **Chart 2-2** illustrates this comparison.

Chart 2-2: Administrative Assistant Salary Schedule

Source: Auburn Career Center and peer career centers

Chart 2-2 illustrates that the salary schedule for clerical employees at Auburn CC is at a level higher than the regional peer average for the entirety of the 30 year period an employee would move through the schedule, and on average, would earn 7.7 percent more per year. However, the chart does not illustrate the magnitude of the variance between compensation at the Center and the regional peer average. While Auburn CC has negotiated a single salary schedule for clerical employees, the five regional peers have between three and five schedules for clerical employees. **Chart 2-2** only examines the highest paid salary schedules at each of the regional peer career centers. If the regional peer average included all of the clerical salary schedules contained within peer negotiated agreements, the variance between Auburn CC and the regional peer average would be much greater.

In examining the regional peer career center's compensation structure for clerical employees, it is clear that multiple schedules are used to differentiate the function and technical skills required by this group of employees. Auburn CC has chosen to compensate these employees at the same rate, regardless of specific job duties. By freezing or limiting future salary increases in conjunction with the development of additional salary schedules for clerical employees, the Center can bring personnel costs more in line with the peers.

R2.5 Discontinue paying the retirement pick-up for all but key administrators.

Auburn CC should discontinue the practice of picking up the employees' share of retirement contributions for all employees except its key administrators. While not required, it is a common practice for school boards to pay the employee portion of retirement contributions for its key administrators. However, it is far less common for a school board to pay the employees' required retirement contribution for all administrators and certain other employees.

Auburn CC provides retirement pick-up to all administrators (both certificated and classified)

plus two IT staff members, one enrollment specialist, and the assistant treasurer; a total of 12 individuals. The Superintendent and Treasurer also receive an additional pick-up on the pick-up. The total cost to the Center in providing this benefit to these employees in FY 2009-10 was approximately \$93,000.

The practice of retirement pick-up varies at surrounding career centers. Ashtabula County Joint Vocational School District only provides the benefit to the Superintendent and Treasurer, while Maplewood Career Center and Cuyahoga Valley Career Center provides the benefit to all administrative and central office personnel. Polaris Career Center limits retirement pick-up to key administrators, while Portage Lakes Career Center provides the benefit to key administrators, as well as a portion of retirement contribution of the Assistant Treasurer and Executive Assistant to the Superintendent.

Both the State Teachers Retirement Systems (STRS) and the School Employees Retirement Systems (SERS) require employers and employees to contribute specified percentages of the employee's salary to the retirement funds. Picking up the employees' retirement contribution is allowed under State law, but it is a form of compensation that is not transparent to stakeholders. While it is a common practice for boards to pay the employee retirement contribution for its key administrators, it is less common for every school administrator and other staff members to receive the benefit.

The retirement pick up has been negotiated as part of employee compensation packages. Historically, school districts have used this form of compensation as a means to attract candidates for positions and to provide wage increases without increasing the base wage. However, it becomes a "hidden" form of compensation as districts rarely provide employees or constituents information on the total compensation provided to employees.

Paying the employee required retirement contribution for administrators does not promote full disclosure of a public official's total compensation. Moreover, given the Center's desire to identify opportunities for financial savings, offering this benefit represents an extra form of compensation.

Financial Implication: By limiting the Board pickup of employee retirement contributions to just key central office administrators and building principals, the District could save about \$36,500 annually.

R2.6 Require employees to contribute toward the cost of dental and vision insurance.

Auburn CC should seek to renegotiate provisions within the collective bargaining agreement and establish an employee contribution toward the cost of providing dental and vision insurance. Establishing an employee contribution similar to the average employee contributions reported by the State Employee Relations Board (SERB) for the Cleveland region would reduce the Board's cost for dental and vision coverage.

The Center offers single and family dental and vision insurance to its employees. As indicated in **Table 2-4**, employees who elect to have this coverage receive the benefit at no cost. While the

premiums paid by Auburn CC for dental and vision insurance are similar to the averages for the Cleveland region, the total cost to the Center is greater than the average costs reported by the SERB. **Table 2-5** examines the cost for the provision of dental benefits compared to what the cost would be at the SERB Cleveland region average.

Table 2-5: Dental Insurance Cost Comparison

	Single	Family	Total
Auburn CC Monthly Premiums	\$33.44	\$85.24	NA
Employees Enrolled	16	65	81
Monthly Cost for Dental Insurance	\$535.04	\$5,540.60	\$6,075.64
Employee Contribution	\$0.00	\$0.00	\$0.00
Auburn CC Monthly Cost	\$535.04	\$5,540.60	\$6,075.64
Auburn CC Total Annual Cost			\$72,907.68
SERB Avg. Monthly Premiums	\$36.36	\$83.24	NA
Employees Enrolled	16	65	81
Monthly Cost at SERB Premiums	\$581.76	\$5,410.60	\$5,992.36
Employee Contribution at SERB Avg. ¹	\$86.68	\$936.03	\$1,022.71
Auburn CC Cost at SERB Avg.	\$495.08	\$4,474.57	\$4,969.65
Auburn CC Total Annual Cost at SERB Avg.			\$59,635.80

Source: Auburn CC and the 18th Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2010)

¹SERB Cleveland region reported an average employee contribution of 14.9 percent and 17.3 percent for single and family dental plans, respectively, when an employee contribution is required.

As **Table 2-5** displays, the Center's annual cost is nearly \$73,000. Comparatively, the estimated cost using the SERB Cleveland region averages based on the Center's enrollment was less than \$60,000. Based on this comparison, Auburn CC could lower its cost of providing dental coverage by 22.2 percent, or approximately \$13,000 if employee contributions were more in line with the SERB Cleveland region averages. Using a similar approach, **Table 2-6** examines the cost of vision benefits compared to what the cost would be at the SERB Cleveland region average.

Table 2-6: Vision Insurance Cost Comparison

	Single	Family	Total
Auburn CC Monthly Premiums	\$7.28	\$15.66	NA
Employees Enrolled	16	65	81
Monthly Cost for Vision Health Insurance	\$116.48	\$1,017.90	\$1,134.38
Employee Contribution	\$0.00	\$0.00	\$0.00
Auburn CC Monthly Cost	\$116.48	\$1,017.90	\$1,134.38
Auburn CC Total Annual District Cost			\$13,612.56
SERB Average Monthly Premiums	\$9.01	\$18.32	NA
Employees Enrolled	16	65	81
Monthly Cost at SERB Premiums	\$144.16	\$1,190.80	\$1,334.96
Employee Contribution at SERB Avg. ¹	\$37.48	\$375.10	\$412.58
Auburn CC Cost at SERB Avg.	\$106.68	\$815.70	\$922.38
Auburn CC Total Annual District Cost at SERB Avg.			\$11,068.56

Source: Auburn CC and the 18th Annual Report on the Cost of Health Insurance in Ohio's Public Sector (SERB, 2010)

¹ SERB Cleveland region reported an average employee contribution of 26.0 percent and 31.5 percent for single and family vision plans, respectively, when an employee contribution is required.

Auburn CC costs for providing dental and vision insurance are higher than they would be if insurance premiums and employee contributions were equal to the SERB averages in the Cleveland region. While insurance premiums are similar to the SERB averages, not requiring employee contributions results in total annual cost being higher than the benchmark.

By renegotiating vision and dental benefits to include employee cost sharing, the Center can reduce its annual costs for providing this benefit.

Financial Implication: By requiring an employee contribution for dental and vision insurance in line with the SERB averages for the Cleveland region, Auburn CC could save an estimated \$15,500 annually.

R2.7 Reduce the number of instructors receiving the eighth period stipend.

Auburn CC should change the structure of its instructional day so that more teachers have unassigned planning periods and fewer fall under the contract provision requiring additional compensation in the form of a stipend. While the provision is not uncommon with career centers, the provision (known as the eighth period stipend) represents additional compensation beyond the negotiated salary schedule and is costly to the Center. Auburn CC should work to limit the benefit in both the number of employees who receive it and the size of the stipend provided. By negotiating a lesser amount of compensation or a cap for those teachers receiving additional compensation, the Center can reduce salary costs and provide compensation more in line with regional career centers.

The negotiated agreement for certificated staff sets the teacher work day from 7:30 a.m. to 3:00 p.m. with teachers required to attend two meetings per month that extend their day to 4:00 pm. In exchange for the extended day, teachers are able to leave at 2:30 p.m. on Fridays. During the course of the day, teachers are also provided a 30 minute duty free lunch. OAC 3301-35-

05(A)(9), requires that classroom teachers assigned a school day of six hours or longer, be given two hundred minutes per week for planning purposes. Due to the schedule at the Center many teachers are not afforded 200 minutes per week of planning time. According to provisions within the negotiated agreement, when this occurs, teachers assigned classroom instruction duties in lieu of a planning period shall be compensated at a rate of 10 percent of the teacher's annual salary.

Nearly all of the peer and regional peer career centers have provisions similar to Auburn CC that compensate teachers who are assigned students during their planning period. However, the cost to the career center, as well as the number of employees receiving this benefit varied. Tolles Career and Technical Center was the only peer with a negotiated agreement that had a provision requiring stipends for additional time worked. According to the Tolles CC Treasurer, only one teacher receives any type of additional pay. That employee gave up his planning period when another teacher retired mid-year, and is compensated at the substitute rate of \$18.00 an hour, or \$14.10 per day. This benefit costs the career center approximately \$2,500 over the course of a year. Maplewood Career Center and Portage Lakes Career Center both have provisions for additional time worked but have successfully capped the amount paid to teachers. At Maplewood CC, career-technical instructors in "one-teacher programs" receive an additional \$1,000. This applies to all but four of the career-technical programs. However, these teachers still receive planning time before and after classes without assigned duties. Similarly, career-technical instructors at Portage Lakes CC assigned to a "double-lab," receive an additional \$2,000. Finally, Cuyahoga Valley Career Center, Polaris Career Center, and Delaware Area Career Center all have similar provisions with stipends comparable to Auburn CC; however, not all of their employees receive this benefit. At Polaris Career Center, the Treasurer estimated that 40 percent of the teachers receive the benefit.

The schedule that administrators have implemented does not allocate career-technical employees 40 minutes of unassigned planning time between 7:30 am and 3:00 pm. Moreover, the Center's decision to instruct academic courses on-line makes the few career-technical instructors not receiving the stipend eligible for the benefit in FY 2011-12.

The effect of this provision translates into 18 of the career center's 28 teaching staff receiving compensation for assignments during planning periods at a cost in FY 2010-11 of nearly \$120,000. All but six of the career technical instructors receive this additional compensation. These six employees do not receive the stipend because their students are enrolled in math or English classes at the Center. However, beginning in FY 2011-12, in conjunction with the implementation of tech-prep standards, all of the Center's math and English classes will be provided on-line, meaning that students will not leave their morning or afternoon classes to receive academic instruction. This will have the effect of making all of the career-technical instructors at the Center eligible for additional compensation.

It should be noted, that the salary comparison summary in **Table 2-2** and master's salary schedule analysis in **R2.3** do not reflect this additional compensation (approximately an additional 10 percent of salary). Factoring in that additional compensation could make certificated salaries even more disparate than what was identified.

Financial Implication: If the District were to cap additional compensation for assignments during planning periods in a manner similar to Maplewood Career Center or Portage Lakes Career Center, it could save more than \$84,000.

Appendix 2A- Employee Survey Results

The following tables represent the online survey results of Auburn Career Center's employees that was conducted by AOS during the audit process. The survey consisted of 7 functional components:

- Human Resources;
- Internal Operations;
- Facilities;
- Equipment Needs;
- Program Offerings;
- Business Sector Collaboration; and
- Student Recruitment and Marketing.

Table 2A-1: Composition of Survey Respondents

Position	Number of Respondents	Percent of Respondents
Administrative Staff	10	12.7
Teaching Staff	42	53.2
Non-Teaching Staff	27	34.1

Source: Employee Survey

Table 2A-2: Human Resources Survey Responses

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
I am aware of the duties required in my job description.	3	5	3	17	42	0
My job description accurately reflects my job duties and responsibilities.	5	4	9	18	32	2
Cross training has been implemented in my department.	8	9	15	19	13	6
Staff training is effective in my department.	3	11	14	24	16	2
I have received adequate training to do my job.	2	7	9	27	24	1
I am satisfied with how human resources activities are managed at the Career Center.	6	20	14	19	9	2
I am satisfied with the overall effectiveness of personnel policies and procedures.	6	25	14	16	7	2
The Career Center's overall employee recruitment process is effective.	7	13	15	20	10	5
The Career Center's procedures regarding job posting and hiring are effective.	4	12	13	22	15	4
The Career Center solicits employee feedback on a routine basis.	10	14	14	21	8	3

Source: Employee Survey

Table 2A-3: Internal Operations Survey Responses

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
Internal communication mechanisms keep employees informed of developments and changes at the Career Center.	10	15	16	19	8	0
The reporting structure (chain of command) at the Career Center allows for clear and consistent communication.	10	22	13	15	8	0
I can access and consistently use the most up-to-date forms, guidelines, instructions, etc.	2	7	13	29	17	0
I am well informed about the issues that affect the Career Center and the work it does.	6	17	18	19	8	0
I am aware of the policies and procedures of the Career Center.	1	15	6	36	10	0
The Career Center's policies and procedures are easily accessible.	2	19	10	25	10	2
The Career Center has policies and procedures in place that allow for a professional work environment.	5	13	12	25	11	2

Source: Employee Survey

Table 2A-4: Facilities Survey Results

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
The Career Center has appropriate facilities for the programs it offers.	5	31	13	11	7	0
Classrooms and other space are used as efficiently and effectively as possible.	5	15	12	27	6	2
Work order requests are responded to in a timely manner.	5	9	14	22	12	5
I am notified in advance of work to be performed in my area.	4	13	17	20	9	4
Work is scheduled to minimize disruptions.	1	13	14	20	15	4
Overall, I am satisfied with the work of the maintenance staff.	1	3	4	21	38	0
The regular cleaning schedule appears to be appropriate.	1	9	11	26	20	0
Custodial tasks are completed efficiently.	2	3	12	24	25	1
Facilities are adequately cleaned.	2	11	7	29	18	0
There appears to be a sufficient number of custodians in my building.	1	8	13	21	21	3
School grounds are adequately maintained.	1	1	6	29	30	0
Custodial staff cooperate with other staff regarding safety of equipment on school grounds.	1	1	9	16	35	5
Work appears to be scheduled according to priorities.	3	5	16	17	22	4
Workers show respect for school property.	1	0	4	30	31	1
Classroom equipment is properly maintained.	2	5	16	25	13	6
Overall, I am satisfied with the custodial staff's work.	1	3	13	19	30	1

Source: Employee Survey

Table 2A-5: Equipment Needs Survey Results

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
The Career Center has appropriate equipment for its instructional programs.	5	14	27	10	3	5
Equipment needs are evaluated on a regular basis.	4	20	13	16	6	6
Equipment is well-maintained and upgraded when necessary.	4	27	18	6	5	5
Student input is sought when making equipment selections.	9	17	20	6	1	12
Staff input is sought when making equipment selections.	7	14	17	14	5	8
Business sector input is sought when making equipment selections.	10	8	24	7	4	12
Independent research is conducted when making equipment selections.	4	10	26	9	3	12
The equipment used in Career Center programs allows students to be well-prepared for careers in their chosen field.	3	10	27	15	5	6

Source: Employee Survey

Table 2A-6: Program Offerings Survey Results

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
The Career Center's programs have been designed to meet the needs of students as well as industry requirements.	1	9	18	21	14	1
The Career Center responds well to changing industry demands.	4	17	17	18	8	1
The Career Center effectively alters the number of programs it offers based upon student enrollment figures.	6	11	13	23	10	2
The Career Center has an appropriate number of teaching staff based on the number of programs and students enrolled.	4	7	19	21	10	3

Source: Employee Survey

Table 2A-7: Business Sector Collaboration Survey Results

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
The Career Center has a strong working relationship with area businesses.	3	4	11	23	12	4
The Career Center has a strong working relationship with program advisory committees.	3	1	5	27	15	6
The Career Center effectively uses its business sector contacts and advisory committees to help its students gain relevant field experience.	3	3	5	29	12	5
The Career Center's business contacts and advisory committees are often interested in hiring Career Center graduates.	3	1	13	23	10	7
Area businesses are aware of the Career Center's programs.	4	2	12	25	9	5
Area businesses have respect for the Career Center's programs.	3	6	13	23	7	5
Business contacts and advisory committees provide input regarding classroom instruction and equipment selections.	3	1	10	25	10	8

Source: Employee Survey

Table 2A-8: Student Recruitment & Marketing Survey Results

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion
Overall, the Career Center's student recruitment and marketing efforts have been successful.	5	9	13	21	6	3
The Career Center should direct additional resources toward its student recruitment and marketing efforts.	3	5	12	22	13	2
The Career Center has good working relationships with area high schools.	3	9	14	23	6	1
Generally speaking, area residents are aware of the Career Center and the programs it offers.	5	9	10	28	4	1
The adult education programs are adequately publicized.	8	6	15	15	5	6
Eighth grade tours are an effective recruitment activity.	6	7	11	21	8	4
Hands on Days are an effective recruitment activity.	2	0	7	26	19	3

Source: Employee Survey

Program Deployment

Background

This section of the performance audit focuses on the Auburn Career Center (Auburn CC or the Center) program deployment functions, including program offerings, marketing, recruitment, and business sector collaboration. Programs were evaluated and compared to leading practices, the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), and selected peer career centers (see **executive summary** for list of peers). Leading practices were identified through interviews with peer career centers.

Auburn CC has two major areas of program operation, secondary and adult education. Secondary education, or the instruction of high school students from the planning district's eleven associate school districts, is the primary function of the Center. The secondary instruction is provided through career-technical workforce development programs, organized into 16 nationally recognized career fields. The Center offers multiple workforce development programs within each career field. Each program is required to have a workforce development advisory committee. Advisory committees at Auburn CC are comprised of business and industry representatives, parents, former students, and other community leaders. The advisory committees work to support each program by providing input on course curriculum and equipment to ensure programs remain relevant; opportunities for internships and field trips; and presentations to students (see **R3.2**). **Table 3-1** displays the number of career fields and workforce development programs offered at Auburn CC compared to those offered at the peer career centers.

Table 3-1: FY 2009-10 Program Enrollment Comparison

	Auburn CC	Peer Average	Percent Difference
Career Fields at the Career Center	12	12.8	(6.3%)
Programs at the Career Center	19	24.3	(21.8%)
Programs per Career Field	1.6	1.9	(15.8%)
Career Center Enrollment	618	765	(19.2%)
Career Center Enrollment per Career Field	51.5	60.7	(15.2%)
Career Center Enrollment per Program	32.5	31.7	2.5%
Planning District Enrollment	8,183	10,107	(19.0%)
Planning District Enrollment per Career Field	681.9	804.8	(15.3%)
Planning District Enrollment per Program	430.7	422.6	1.9%
Career Center Enrollment as a % of Planning District Enrollment	7.6%	7.5%	1.3%

Source: Auburn CC and peer career center EMIS reports, FY 2009-10.

¹ Career Center Enrollment reflects a headcount of students enrolled in workforce development programs offered within the career center facilities. Excludes students enrolled in multiple career field programs, foundation courses, and career-based intervention.

² Planning District Enrollment reflects 9-12 enrollment in the Career Technical Planning District including the career center and any associate school districts. Planning district enrollment reflects FY 2008-09 enrollment.

Table 3-1 illustrates that Auburn CC is smaller than the peer average in terms of the students enrolled in the Center's workforce development programs as well as the student population within the planning district. Similarly, the Center offers fewer programs in fewer career fields than the peer career centers. While offering fewer programs, Auburn CC enrolled a slightly higher number of students per program. Using the same data comprising **Table 3-1**, a separate analysis was completed to examine the number of career-technical instructors per student. The student per career-technical instructor at Auburn CC (30.9) was higher than the peer career center average (26.6), indicating the Center is operating in a manner more efficient than the peers (also see **Table 2-1**, *teaching staff*).

In addition to enrolling more students per program and ensuring that program instructors teach a larger number of students, the Center has been successful in enrolling a similar percentage of its planning district, or students from associate high schools, as the peer career centers. This is particularly important to note as all workforce development programs are elective in nature, meaning none of the programs offered are required for students to earn a high school diploma. Therefore, marketing and student recruitment are necessary functions for a career center to ensure adequate enrollment to sustain program offerings.

Marketing and recruitment activities are managed through the Student Services Department led by one of the Center's two Assistant Principals. Auburn CC employs two enrollment specialists who work to enroll students from associate school districts through various recruitment activities. As most programs at the Center are designed for 11th and 12th grade students, the majority of the recruiting efforts are targeted to 10th grade students. Recruiting activities include interactive presentations at each associate school district and opportunities for prospective students to visit the Center. The Center also works to provide career development to

7th and 8th grade students and opened an interactive lab in Lake County to introduce students to career exploration and the opportunities available to them at Auburn CC.

The Center's recruitment efforts geared toward students are only one part of the Center's ongoing effort to promote awareness of the programs available to students and adult learners, and the customized training available to the business community. The Student Services Department prepares print and informational material related to secondary instruction and hosts associate school district principals, special education teachers, and guidance counselors to foster relationships, while the Adult Education Department sends out targeted information about career center opportunities for adult learners. These activities, however, are not guided by a formal marketing or recruitment plan (see **R3.1**).

In addition to marketing and recruitment efforts, enrollment is also influenced by the number of students accepted into each program. In FY 2010-11, most of the Center's courses have a maximum enrollment of 24 students per class (24 juniors and 24 seniors), though some courses follow a tech-prep content standard and are limited to 20 students. For FY 2011-12, Auburn CC plans to only offer programs under tech-prep standards. All career-technical courses will have to follow these standards beginning in FY 2012-13. Along with this decision to implement tech-prep standards, the Center is considering limiting all courses to 20 students. While this goal may be in line with internal goals and standards, limiting the students that can enroll in a course could lower the student teacher ratios, increase staffing, and decrease the overall efficiency as compared to the peer career centers (see **Table 3-1**). Moreover, in speaking with ODE, it was confirmed that limiting class sizes to 20 students is a local decision made by Auburn CC and not a State standard or requirement associated with tech-prep content standards.

While the primary function of Auburn CC is the provision of secondary workforce development programs for students, the Center also provides adult education programs and training resources for local businesses and community members. The Center's adult education program is self-sufficient, and, as such, a more in-depth review of adult education operations was not deemed necessary (see **noteworthy accomplishments**).

Recommendations

R3.1 Develop, implement, and appropriately fund a marketing plan.

Auburn CC should implement a marketing plan that supports its goals and objectives related to the enrollment of students into secondary programs, as well as the promotion of the other important services offered at Auburn CC. The plan should include specific and measureable strategies to help direct marketing activities, events, and expenditures. The image of the Center and the recruitment of both secondary and adult students are critical to meeting its mission. The identification of innovative techniques in the areas of marketing and student recruitment will serve as a critical component of Center's ability to operate in an efficient and effective manner, and help ensure continued success.

The Center, through the Student Services Department, has sought to engage prospective students, and provide career development and exploration to students at each of its 11 associate school districts. Some of these activities have proven to be successful in promoting the services the Center provides students. One particular outreach activity, unique when compared to the peer career centers, is the regular breakfast meetings with special education teachers, guidance counselors, and principals from the high schools and middle schools the Center serves. These meetings, held three times each year, help the Center communicate with the staff at the associate schools about any changes in service delivery and allow Auburn CC to solicit feedback for improving services. Moreover, this regular communication helps ensure that relevant staff at the associate school districts are well informed of the Center's programs; makes staff more likely to recommend programs to students; and allows staff to field questions from perspective students about the Center's programs.

While the Center has sought creative ways to recruit students and market the services it provides, it has made significant changes in recent years to marketing activities. In FY 2009-10, Auburn CC eliminated an external public affairs position as well as an expensive contract with a marketing consultant that provided the Center with recruitment materials. These changes were made in an effort to reduce expenditures but, as both of these changes are recent, the short and long term effects of these changes on the marketing and recruitment efforts at the Center are unknown.

Regardless of unique marketing efforts or recent changes to recruitment strategies, the Center does not have a formal marketing plan that identifies measureable goals and outlines strategies to achieve those goals. Marketing efforts are driven by a calendar that notes time frames and dates for specific recruitment events or activities.

Polaris Career Center has a marketing plan that is used to guide its decisions and actions. The plan is linked to the organization's mission statement. The plan outlines specific activities Polaris CC engages in, populations served (including adult learners), and identifies specific goals, such as increased enrollment and local media coverage. Delaware Area Career Center is in the process of creating a marketing plan, however, in the interim, has worked to develop a measure of the effectiveness of various marketing activities. For example, after redesigning its website, the

career center doubled the number of visitors to the website from the prior year.

According to Business Owner’s Toolkit: Building a Successful Marketing Plan (n.d.), there are five major elements of a marketing plan:

- The “situation analysis” describes the environment in which the entity competes;
- The “opportunity and issue analysis” analyzes major external opportunities and threats to the entity, and internal strengths and weaknesses;
- The “goals and objectives section” outlines the entities major goals and financial objectives;
- The “marketing strategy” provides a written guideline that sets forth the marketing strategy by defining the entity and its programs and services, identifying its targeted users, and outlining the type and amount of resources that will be invested in marketing activities; and
- The “marketing plan” outlines each marketing event or action including its timing, goals and objectives, and costs.

The type of marketing activities each career center pursues in part determines the annual amount spent on these activities. **Table 3-2** shows an analysis of the FY 2009-10 marketing expenditures of the Center in comparison to peer career center averages.

Table 3-2: Marketing Expenditures Comparison

	Auburn CC	Peer Average	Percent Difference
Planning District Enrollment	8,183	10,107	(19.0%)
Career Center Enrollment	618	765	(19.2%)
Marketing Expenditures- FY 2009 (General Fund Only)	\$55,014	\$124,928	(56.0%)
General Fund Expenditures- FY 2010	\$7,902,486	\$11,695,860	(32.4%)
Marketing Expenditures as a % of General Fund Expenditures	0.70%	1.06%	(34.0%)
Marketing Expenditures per Planning District Enrollment	\$6.72	\$12.37	(45.7%)
Marketing Expenditures per Career Center Enrollment	\$89.02	\$162.78	(45.3%)

Source: Auburn CC and peer career centers.

Table 3-2 shows that the Center’s expenditures per career center student enrolled, per planning district enrollment, and as a percentage of General Fund expenditures, are all less than the peer averages. This indicates that Auburn CC is investing less in its marketing activities and strategies. However, **Table 3-1**, illustrates the Center is enrolling a similar percentage of students from the associate high schools as the peer career centers. While enrollment is comparable to the peer career centers, the effects of reductions to marketing expenditures are not yet known.

A formal written marketing plan would help identify the strengths and weaknesses of the Center and connect marketing expenditures to strategies. During the development of its marketing plan, the Center should solicit feedback from stakeholders from associate school districts, area businesses, and adult learners regarding marketing efforts. A review of specific marketing activities other career centers engage in did not yield significant differences from

those employed by Auburn CC however, the Center should continue to communicate with and seek out suggestions from other career centers regarding effective marketing techniques. Finally, while the Center is spending less in the area of marketing than the peers, a marketing plan would help direct future expenditures in a more efficient manner and tie the expenditures to measurable goals and outcomes.

R3.2 Improve the quality of advisory committees and provide greater support to program instructors.

Auburn CC should seek to bolster the effectiveness of its program advisory committees. These groups add value to the instruction students receive inside the classroom and provide program instructors with input and perspective from fields closely associated with the program course. They are considered integral to the success of the Center. While Auburn CC has constituted these groups and meets minimum requirements, the effectiveness of many of these groups could be improved. The Center should seek to provide administrative support to those advisory committees that are less effective and aid program instructors in recruiting new members with the desire to be involved in the Center's programs. Working to ensure that program instructors maximize the benefits advisory committees can offer students and instructors alike, will assist the Center in maintaining effective programming.

As required, Auburn CC has established advisory committees for each of its programs. The advisory committees, comprised of 12-15 individuals representing business, industry, labor, higher education, and civic leaders, as well as instructors, parents, and program alumni, are required to meet at least twice annually. These committees provide students with opportunities such as internships, job shadowing, mock interviews, as well as classroom and worksite visits, although some are more effective than others. The Center principals are responsible for the advisory committees associated with the programs they oversee. According to the principals, the dynamic of each advisory committee is largely dependent upon the desire of the advisory committee members to engage students and find ways to become involved in the Center's programs, as well as efforts made by the program instructor. This has resulted in some program advisory committees that flourish and serve as an integral part of the program, while other committees are not actively engaged in the program they advise. Administrators provide instructors with information regarding their advisory committee responsibilities and forms for committee members to indicate how they can assist the committee. Administrators also seek to ensure that program instructors submit advisory committee rosters, agendas, minutes, and supporting documentation from their required bi-annual meetings.

Workforce development programs are required to have “advisory committees reflecting career fields and authorized by local board of education shall engage business/industry and postsecondary representatives and utilize input from professional associations, labor, government, and the community. Advisory committees shall identify new and emerging careers; advise current programs in curriculum, assessment, work-based learning, facilities and equipment; and engage educators to improve and expand programs.” (ORC 3301.61.03)

Analysis of peer career center advisory committee practices indicates that Auburn CC is similar to the peers in requirements regarding the size, composition, and frequency of meetings. At

Polaris Career Center (Polaris CC), the Coordinator of Corporate Partnerships (the Coordinator) is responsible for the task of connecting the business community with program instructors through advisory committees. The desire to cultivate meaningful relationships between the career center and area industry, labor, and civic leaders has been a priority at Polaris CC for the past several years. While the career center previously focused on devoting resources toward job placement services for students, the Coordinator seeks to connect the business community to the classroom through field trips, project based learning, guest speakers, job shadowing, internships, donations, mock interviews, and other options. As a result, the Coordinator activity seeks out and engages businesses in career center activities, including recruiting advisory committee members, arranging speaking engagements, and coordinating visits. While these things are encouraged at the other peer career centers, the role of the Coordinator at Polaris CC provides greater support to program instructors and allows for greater involvement by advisory committee members.

Polaris CC has developed a matrix that tracks advisory committee members for each program and the manner those members have pledged to support the program. On an annual basis, program instructors are required to meet with the Coordinator and identify a list of advisory committee members to be approved by the Board. During this meeting it is determined how each advisory committee member can contribute to the success of the program and add value to the educational experience. The Coordinator then works with program instructors to ensure they maximize the use of their program advisory committees and help find new members when necessary. This administrative support provides assistance to program instructors, who may find it difficult to foster relationships with their advisory committees. Additionally, Polaris CC provides handbooks and other materials to program instructors and advisory committee members that discuss the function, roles, responsibilities, and composition of committees.

Tolles Career and Technical Center provides similar information to its advisory committee members and seeks feedback on how each member wants to be involved in programs at the career center. Moreover, administrators at the career center communicate expectations to program instructors regarding the benefits and need to take advantage of the opportunities advisory committees are able to afford students. However, unlike Polaris CC, Tolles CTC does not assign the responsibility of advisory committees to a single administrator, but rather assigns this duty to several administrators. Tolles CTC acknowledged the difficulty in enforcing expectations due to the limited time their administrators can afford to devote to each committee.

While it is primarily the responsibility of the program instructor to foster an effective advisory committee, Auburn CC does not have a monitoring mechanism in place that provides effective enforcement of expectations. Further, Auburn CC does not have a formal process for recognizing and supporting program instructors who are struggling to connect with the business community or develop a more effective business advisory committee. Unlike Polaris CC, there is not a single administrator at the Center who has been given the charge to make each advisory committee successful. At Auburn CC, building administrators provide support to the advisory committees of the programs. Program instructors may have time outside of classroom instruction to develop and maintain an effective advisory committee; however, resources have not been dedicated to making effective advisory committees a priority.

Placing more importance on the functioning of the advisory committees will have a direct impact on the educational process and the resources available to students. Having contacts with people actively involved in the career field they represent will offer perspectives and information backed with "real-world" experience. Getting input on the latest technologies and processes of the various industries is vital to the advancement of each program and the eventual job placement for Auburn CC's students. The challenges surrounding advisory committees are not unique to the Center. However, Polaris CC provides a model that administrators at Auburn CC can build upon to more effectively connect members of the business community to program instructors. While it may not be possible to devote an employee at the Center specifically toward this effort, Auburn CC should seek to enforce the current framework and continually evaluate the effectiveness of advisory committees as well as the strategies used to reach out to areas businesses and industry.

Facilities and Fixed Assets

Background

This section focuses on the maintenance and operations of facilities in the Auburn Career Center (Auburn CC or the Center) including maintenance and custodial staffing, expenditures, policies and procedures, facility operations, and building utilization. The Center's maintenance and operations were evaluated and compared with leading practices, industry benchmarks, operational standards, and peer career centers (see **executive summary** for list of peers). Leading practices and industry benchmarks were derived from various sources including; the American School and University Magazine (AS&U), the National Center for Educational Statistics (NCES), the International Sanitary Supply Association (ISSA), the United States Department of Energy (DOE), the Government Finance Officers Association (GFOA), and the Texas School Performance Review (TSPR).

Summary of Operations

Auburn CC has four primary buildings: the main building, the Technology Learning Center (TLC), the horticulture building, and a nursing annex. Most programs are housed in the main building, a 126,000 square foot building originally built in 1968 and repeatedly remodeled and expanded. The main building houses a variety of programs including cosmetology, heating and air conditioning, automotive, carpentry, technology, and emergency response training. The 20,000 square foot TLC was built in 2003 and designed as a technologically-forward campus facility with several distance-learning communications rooms. The TLC, located across the street from the main building, currently leases space to the Lake Geauga Computer Association (LGCA) and the Lake Educational Area Foundation (LEAF). Much of the remaining available space in the TLC is provided at no charge to Auburn CC associate school districts or on occasion rented to other outside business, community, or educational groups. The campus also includes a horticulture building with large greenhouses and storage space for landscaping equipment, and a nursing annex used for the adult education practical nursing program. Auburn CC also owns a few other small buildings used for storage or non-classroom purposes.

Staffing

Table 4-1 presents the staffing for facility maintenance and operations.

Table 4-1: Facility Staffing Distribution

Classification	Total Number of Positions	Number of Full-time Equivalents (FTEs)
Director	1	0.5 ¹
Day Shift Maintenance Workers	2	2.0
Late Shift Maintenance Workers	1	1.0
Part-time Mid-day Workers	1	0.4
Total Maintenance	5.0	3.9

Source: Auburn CC Maintenance Director

¹The Maintenance Director's time is equally divided between administrative and active maintenance repair activities. Administrative time is not included as part of the FTEs in this table.

As shown in **Table 4-1**, facility staffing consists of the Maintenance Director, and three full-time and one part-time maintenance employees. Maintenance workers are responsible for repairing and upkeep of the buildings and classrooms, including supervising all HVAC, plumbing, and electrical repairs. Maintenance employees are not certified in these areas, but all the full-time employees have been at the Center for at least three years. Staff are also responsible for safety and security issues, audio/visual equipment maintenance, pickups, deliveries, shipping and receiving, and landscaping and mowing around the Horticulture Building during the summer months. Custodial functions, portions of snow removal, and landscaping and mowing at the main building complex are contracted to outside service providers. The Maintenance Director supervises the maintenance employees, performs some maintenance work, and manages contracted services. The Director reports spending approximately 50 percent of his time on administrative tasks and 50 percent on direct maintenance service requests. Two of the full-time maintenance workers share the day shift and one works the evening shift. The part-time employee covers the time between these two shifts.

The custodial function is contracted to a third-party organization that performs all daily cleaning of facilities. The Director obtains three estimates and uses these to contract annually for services. Auburn CC used the Ohio School Council Study's recommended custodial service level as a guide when negotiating the cleaning contract and to monitor contract performance. Information from a prior survey is also used as a benchmark for staffing and cleaning levels expected in the buildings. In addition, a specification sheet details expectations from the cleaning service company. **Table 4-2** presents an analysis of the cost of custodial services in comparison to the staffing levels that would be expected based on the amount of square feet cleaned.

Table 4-2: Custodial Benchmark Comparison

	Total Square Footage Cleaned	NCES Benchmark	FTE Staff Needed Based on Benchmark	Contract Cost	Salary & Benefits at FTE Benchmark	Contracted Cost Savings
Auburn CC	132,552	29,500	4.5	\$213,560	\$251,757	\$38,197

Source: Auburn CC and the National Center for Education Statistics (NCES).

As presented in **Table 4-2**, the total cleaning area is 132,552 square feet. Based on the NCES benchmark mark of 29,500 square feet cleaned per FTE employee, Auburn CC would need approximately 4.5 FTE employees to clean its buildings. The contracted cost of these

services is below the average expected cost for hiring equivalent Center employees.

Auburn CC does not have a maintenance employee handbook; however, it has a small number of employees who are experienced. Training is performed on required safety procedures. The Superintendent has increased her supervision of the daily tasks performed by the maintenance employees in an effort to determine productivity and the extent of projects. An analysis of overtime indicated that Auburn CC is consistent with the peer average, spending only \$0.08 per square foot for overtime.

Expenditures and Key Statistics

Table 4-3 presents financial and general statistical information about Auburn CC facilities in comparison to the peer averages.

Table 4-3: Key Facility Statistics

	Auburn CC	Peer Average	Difference	Percent Difference
Facility Expenditures (FY 2009-10)	\$1,180,544	\$1,504,359	(\$323,815)	(21.5%)
FTE Students (FY 2009-10)	359.3	564.5	(205.2)	(36.4%)
Total Square Footage	165,483	244,592	(79,109)	(32.3%)
Expenditures Per FTE Student	\$3,285	\$2,685	\$600	22.3%
Expenditures Per Square Foot	\$7.13	\$6.15	\$0.98	15.9%
Square Feet per Student	460.5	436.1	24.4	5.6%

Source: Ohio Department of Education

As shown in **Table 4-3**, Auburn CC has a slightly higher square footage per student (460.5) compared to the peer average (436.1). However, Auburn CC spends 22.4 percent more per student and 16.0 percent more per square foot on facilities than the peers.

Table 4-4 compares Auburn CC facility expenditures per square foot with two national medians.

Table 4-4: FY 2009-10 Facility Expenditures National Comparison

Object of Expenditure	Auburn CC		AS&U for Schools		AS&U for Colleges	
	Expenditures	Expenditure Per Sq. Ft.	Expenditure Per Sq. Ft.	Difference	Expenditure Per Sq. Ft.	Difference
Salaries & Benefits	\$337,734	\$2.04	\$2.07	(\$0.03)	\$3.11	(\$1.07)
Purchased Services (excl. Utilities)	\$311,576	\$1.88	\$0.23	\$1.65	\$0.04	\$1.84
Utilities	\$400,489	\$2.42	\$1.43	\$0.99	\$1.90	\$0.52
Supplies & Equipment	\$117,641	\$0.71	\$0.33	\$0.38	\$0.23	\$0.48
Other	\$13,104	\$0.08	\$0.36	(\$0.28)	\$0.21	(\$0.13)
Total	\$1,180,544	\$7.13	\$4.42	\$2.71	\$5.49	\$1.64

Source: Auburn CC financial reports and the American School and University Magazine (AS&U).

Note: The AS&U *38th Maintenance & Operations Cost Study* is based on a national survey that is released in April each year.

As shown in **Table 4-4**, Auburn CC expenditures per square feet were higher than the national medians for schools and for colleges. Auburn CC spending was \$2.71 per square foot higher than the national median for school maintenance and operations expenditures, and \$1.64 per square foot higher than the national medium for colleges.

Table 4-5 provides a more detailed comparison of facility expenditures with the peer career centers on a per square foot basis.

Table 4-5: Facility Expenditures Peer Comparison

Object of Expenditure	Auburn CC		Peer Average		Difference	
	Expenditures	Expenditure Per Sq. Ft.	Expenditures	Expenditure Per Sq. Ft.	Expenditures Per Sq. Ft.	Percent
Salaries	\$225,911	\$1.37	\$498,787	\$2.03	(\$0.66)	(32.5%)
Regular Salaries	\$213,106	\$1.29	\$477,473	\$1.95	(\$0.66)	(33.8%)
Overtime	\$12,805	\$0.08	\$21,314	\$0.08	(\$0.00)	(0.0%)
Benefits	\$111,822	\$0.68	\$198,498	\$0.82	(\$0.14)	(17.1%)
Purchased Services	\$712,066	\$4.30	\$666,296	\$2.71	\$1.59	58.7%
Purchased Services (excl. Utilities)	\$311,577	\$1.88	\$236,416	\$0.94	\$0.94	100.0%
Utilities	\$400,489	\$2.42	\$429,880	\$1.77	\$0.65	36.7%
Electricity	\$256,862	\$1.55	\$335,125	\$1.37	\$0.18	13.1%
Water & Sewage	\$8,217	\$0.05	\$13,843	\$0.06	(\$0.01)	(16.7%)
Gas	\$135,410	\$0.82	\$80,912	\$0.34	\$0.48	141.2%
Supplies/Materials	\$81,504	\$0.48	\$91,336	\$0.38	\$0.10	26.3%
Capital Outlay	\$36,137	\$0.22	\$33,454	\$0.14	\$0.08	57.1%
Other	\$13,104	\$0.08	\$15,988	\$0.07	\$0.01	14.3%
Total Facility Expenditures	\$1,180,544	\$7.13	\$1,504,359	\$6.15	\$0.98	15.9%

Source: Auburn CC and peer career center financial reports

Note: Expenditures are from ODE's expenditure flow model (EFM)

Table 4-5 shows that expenditures at Auburn CC are \$0.98 per square foot higher than the peer average. The most significant differences are in the categories of purchased services and supplies and materials. Purchased services are also higher than peers on a Center-wide basis (see **Table 1-2** in **financial systems**). Purchased services include utility expenditures, property insurance, and various contracted services. The major reason purchased services (excluding utilities) is higher than the peer averages is because Auburn CC contracts out for its custodial services. While Auburn CC uses consortiums for electricity and natural gas purchasing, utility costs could be reduced by the implementation of an energy conservation program (see **R4.2**).

Although Auburn CC is higher than peers in facility spending on supplies and materials (see **Table 4-5**), the Center was significantly below the peer average in overall supplies and materials spending (see **Table 1-2** in **financial systems**). Based on a review of coding practices, Auburn CC appears to assign some software and facility maintenance agreements to its facilities function, whereas the peers do not.

Capacity

The functional capacity of a school building can vary from one year to the next depending on how the available space is used and the types of programs offered. To determine the number and use of classrooms, auditors conducted a visual examination of the Center's building use. Based on building floor plans, the visual observations of the staff auditor, and input from the Maintenance Director, building capacity was determined for career technical programs assuming a maximum enrollment of 25 students. Since the Center is considering limiting program enrollment to 20 students, the functional capacity under a 20 student maximum was also developed. **Table 4-6** represents capacity and utilization figures for the main building, where all career technical programs are held.

Table 4-6: Utilization of Functional Capacity (FY 2009-10)

	Program Max of 25 Students	Program Max of 20 Students
Functional Building Capacity ¹	487.9	446.3
Total FTE Enrollment	359.3	359.3
Functional Capacity Utilization	73.6%	80.5%
Headcount – 11 th Grade	391	391
11th Grade Utilization	80.1%	87.6%
Headcount – 12 th Grade	321	321
12th Grade Utilization	65.8%	71.9%

¹ Functional building capacity is based on the capacity of the rooms used as classrooms multiplied by a factor of 0.85 to adjust for the inefficiencies in block scheduling and the planning periods required for teachers.

As shown in **Table 4-6**, with a program maximum of 25 students, the main building has a functional capacity of 487.9 students. If programs were limited to 20 students, the functional capacity of the building would drop to 446.3 students assuming the use of classrooms does not change. Based on the FY 2009-10 enrollment of 359.3 FTE students and a maximum class size of 25 students, the utilization rate was 73.6 percent. The industry standard for optimal utilization in schools is 85 percent. Buildings with utilization rates significantly below 85 percent would be considered under-utilized, while buildings significantly above this benchmark tend to experience issues with overcrowding. If the Center chose to lower maximum program enrollment to 20 students, the corresponding utilization rate would be 80.5 percent, indicating that if enrollment stayed constant, the Center has enough space to lower class sizes.

Since career technical programs are two year programs and there is some attrition from 11th to 12th grade, the Center's total FTE enrollment is expected to be less than the number of students in 11th grade programs. Because enrollment in 11th grade is a practical constraint, an additional analysis is presented in **Table 4-6** that illustrates 11th and 12th grade utilization rates separately. In FY 2009-10, at the 25 student program maximum, the utilization rate for 11th graders was 80.1 percent and for 12th graders 65.8 percent. At the 20 student program maximum, the ratios would be 87.6 percent and 71.9 percent respectively, indicating that the 11th grade utilization rate would be slightly higher than the optimal utilization rate.

Finally, the Center has significant space used for offices, presentation rooms, testing rooms, and other purposes that could potentially be rearranged or moved to created additional classroom space. For example, while the majority of non-classroom space in the main building is for

offices, food service, or storage, there are several rooms used for group activities that could be repurposed as classrooms. In addition, Auburn CC leases a large portion of the TLC building and also schedules space in that building for proctoring various certification tests, for use by associate school districts, and for use by external public and private groups. Since 2007, total income from rentals for distance learning and board rooms to external groups was only \$14,800, so if space in the TLC was repurposed, the loss in revenue would not be significant.

Recommendations

R4.1 Consider eliminating 2.0 FTE maintenance positions.

Auburn CC should eliminate 2.0 FTE maintenance positions to bring its staffing levels more in line with the industry benchmark. By prioritizing maintenance requests (see R4.4) and reallocating non-maintenance duties to other staff, Auburn CC could reduce the number of maintenance staff needed and improve efficiency. In order to continue to meet the Center's needs with fewer positions, Auburn CC should review maintenance responsibilities and workloads, then realign duties so that maintenance staff can focus on the facility needs of the Center.

Auburn CC uses 3.9 FTE employees to handle maintenance and other building operations (see Table 4-1). Table 4-7 compares Auburn CC maintenance staffing levels based on a national benchmark.

Table 4-7: Maintenance Benchmark Comparison

	Total Square Footage Maintained	FTE Staffing	Auburn CC Sq. Ft. per FTE Staff	AS&U School Benchmark	FTE Staff Needed Based on Benchmark	FTE Staff Over (Under) Benchmark
Auburn CC	165,483	3.9	42,432	95,000	1.7	2.2

Source: Auburn CC and the American School and University Magazine (AS&U).

Note: The AS&U *38th Maintenance & Operations Cost Study* is based on a national survey that is released in April each year. AOS uses the national medians as benchmarks are for school districts.

As shown in Table 4-7, Auburn CC's 3.9 FTE maintenance staff maintain 165,483 square feet of buildings, or 42,432 square feet per FTE worker. The amount of square feet maintained per FTE maintenance worker is significantly lower than the benchmark.

A review of the data from the past five annual American School and University Magazine (AS&U), *Maintenance & Operations Cost Study* (2004-2009), shows that the national median for maintenance staffing is about one maintenance worker for every 95,000 square feet of building space maintained. Auburn CC has about 165,500 square feet of buildings to maintain, so using the 95,000 square feet per FTE maintenance worker as a benchmark suggests that the Center should employ about 1.7 FTE maintenance workers. Thus, for Auburn CC to be in line with the AS&U median, it would need to operate with about 2.0 FTE fewer maintenance staff.

Auburn CC maintenance staff are also less efficient than the peer career centers' staff. The average number of square feet maintained per FTE worker at the peer career centers is 80,400. All four peer career centers maintain more square feet per FTE maintenance worker than the 42,432 square feet maintained per FTE at Auburn CC.

Auburn CC maintenance workers perform additional duties such as supervising the parking lot during the afternoon dismissal of students and making weekly shopping trips to local vendors to pick-up office and program supplies. The use of maintenance staff to perform these functions

lowers the efficiency of the function and exaggerates maintenance costs. Without consistent performance standards and expectations, Auburn CC has developed maintenance staffing levels based on informal assessments of facility needs.

Aligning staffing with suggested national benchmarks will assist the Center in maintaining more efficient staffing levels. Further, developing a formal staffing standard will help Auburn CC create consistent staffing levels linked to clear expectations and recognized performance benchmarks. By adjusting the allocation of time dedicated to clearly defined custodial, maintenance, and administrative functions, Auburn CC should be able to reduce up to 2.0 FTE positions and bring departmental staffing more in line with the industry benchmark. Alternatively, some purchased services such as landscaping and snow removal, could potentially be performed by maintenance staff and allow the Center to reduce something less than the 2.0 FTE positions.

Financial Implication: Eliminating 2 FTE maintenance positions would save approximately \$64,300 in salaries and benefits starting in FY 2010-11.

R4.2 Develop a formal energy conservation plan that meets leading practices.

Auburn CC should develop and implement an energy conservation program. The program should include training for staff, teachers, and students to inform and promote energy conservation. The Center should conduct a review of its facilities to determine possible sources of energy cost savings and incorporate them into its program plans for reducing overall energy consumption.

Auburn CC does not have a formal energy conservation plan. It has technology that assists in adjusting heating and cooling systems and the Assistant Treasurer tracks utility costs. Gas and electricity cooperative agreements are also being used. While some efforts have been made to replace light bulbs and make low-cost energy improvements, formal energy audits are not conducted.

Table 4-8 presents a breakdown of the Center's FY 2009-10 utility expenditures by category compared to the peer district averages.

Table 4-8: Utilities Expenditures Per Square Foot Comparison FY 2009-10

Cost Area	Auburn CC Expenditures	Per Square Foot		
		Auburn CC	Peer Average	Difference
Electricity	\$256,862	\$1.55	\$1.37	\$0.18
Water & Sewage	\$8,217	\$0.05	\$0.06	(\$0.01)
Gas	\$135,410	\$0.82	\$0.34	\$0.48
Utilities	\$400,489	\$2.42	\$1.77	\$0.65

Source: Auburn CC and peer career center financial reports

Note: Totals may not sum due to rounding.

As shown in **Table 4-8**, FY 2009-10 utility costs were \$0.65 per square foot higher than the peer average. Electricity costs per square foot were higher than three of the four peer career centers. Gas costs per square foot were higher than all four peers. While the Center belongs to consortiums for both electricity and natural gas, the Treasurer indicated that it experienced higher per unit costs for both electricity and gas in FY 2009-10 due to external factors. For example, when the Energy for Education III agreement ended, the Center paid for gas for six months at higher rates. In addition, the Ohio School Council gas consortium was temporarily locked into pre-purchased higher per unit prices when market rates decreased unexpectedly. The higher energy requirements associated with the Lake Geauga Computer Association's use of the Technology Learning Center is also contributing to the Center's higher per square foot electricity costs. Because the computer association's usage is not separately metered, the extent of the impact has not been factored into the analysis and may explain a portion of the higher per square foot utility costs.

According to *School Operations and Maintenance: Best Practices for Controlling Energy Costs* (U.S. Department of Energy, 2004), a successful maintenance and operations program will typically achieve savings of between \$0.06 and \$0.30 per square foot in annual utility costs, depending on the program type, aggressiveness of changes, the state of current maintenance and operations practices, and the conditions of plants. First year costs may be somewhat higher if the district purchases software or program equipment or contracts for initial consulting assistance. Costs will be less if substantial assistance is provided by utilities or other parties.

Effective energy management practices have been identified in several Ohio school districts, including Lakota Local School District in Butler County and Mansfield City School District in Richland County. Mansfield City School District implemented an aggressive energy conservation program. It developed energy conservation policies that were distributed to all employees. All employees were required to participate in the program. Administrators and support personnel (particularly custodians) were invested in the process and enlisted to help ensure its success. The policy not only contained recommended practices outlined in NCEC and U.S. Department of Energy publications, but also included several other leading practices. Some of the stipulations of the policy that exceed recommended practices included the following:

- Controlling temperatures within the range of 74-78 degrees during summer and 68-72 degrees during winter;
- Turning off the lights when areas are unoccupied including the gym, auditorium, and

cafeteria;

- Turning off exterior lights during the day;
- Eliminating personal electric devices (space heaters, microwaves, hot plates, personal refrigerators, etc) from all buildings;
- Turning off all computers, monitors, printers, etc when not in use; and
- Closing blinds and doors to conserve heat.

The steps outlined in the policy serve to save energy dollars while eliminating energy waste in the district's buildings. The policy also educates students and staff to contribute to energy efficiency in the district.

The Center's high energy use and costs has largely been considered a product of the age of the facility. While energy has been monitored and controlled using technology, other energy improvements are considered to require substantial financial investments, and therefore are considered too expensive without grant money.

By developing a formal energy conservation policy and providing training to students and staff, the Center should be better able to control all utility costs.

Financial Implication: By implementing an energy conservation training program, Auburn CC should be able to realize additional savings. An aggressive energy conservation policy should allow the District to achieve a savings of approximately \$9,900 per year based on the conservative rate of \$0.06 per square foot in savings.

R4.3 Develop formal capital improvement and equipment replacement plans.

Auburn CC should develop a formal five-year capital improvement plan to be used as a road map for addressing the current and future facility needs to support its educational programs. The capital plan should be linked to the Center's overall strategic plan (see R1.1 in financial systems) and include an equipment replacement plan, as well as a facility assessment. Plans should be updated on an annual basis to ensure that critical repairs or equipment replacements are completed. The capital plan should include a project categorization and prioritization system that provides management with cost estimates, project timelines, and breakdowns between maintenance tasks and capital projects. Finally, Auburn CC should expand on the current system of building inspections to create a routine of regular comprehensive building audits that will not only identify important maintenance issues, but will also assess the overall condition of facilities and equipment, and serve as references for capital improvement planning.

Auburn CC developed a Master Facilities Plan in 2005 with the help of the Ohio School Facilities Commission, but it has no formal capital improvement or equipment replacement plans. The Center has a tagged inventory system and uses a fixed asset management company that certifies inventory for insurance purposes. Equipment purchasing is not centralized, although the Superintendent has final approval. Quotes and research are requested for purchases over \$5,000 or at the discretion of the Superintendent. Major purchases are recommended to the Board for approval after providing pertinent cost and research information. Instructional

equipment is purchased with guidance from the business advisory committees.

The Maintenance Director periodically conducts building audits for health and safety issues, but formal building audits for planning and maintenance purposes have not been routinely conducted. The Maintenance Director generates some written documentation in the form of multiple lists and responses to certain audit issues. There are also hand-written year-end project lists that are shared with the Treasurer but they are only informally used in planning and budgeting.

Creating a Successful Facilities Master Plan (DeJong, 2001) states that school districts should develop long-term facilities master plans that contain information on capital improvements, preventative maintenance, and building conditions. The plans should be developed based on foundations of sound data and community input. A district-wide facilities master plan is typically a 10-year plan that should be updated periodically to incorporate improvements that have been made, changes in demographics, or other educational directions. *Preventative Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor, 2000) describes a capital improvement plan as a schedule of capital improvement projects listed in priority order over a number of years (usually five or more). Capital improvement plans typically include remodeling and new construction, as well as major maintenance projects.

Planning Guide for Maintaining School Facilities (NCES, 2003) recommends that facility audits be a routine part of the facilities maintenance program. A facility audit is a comprehensive review of a school district's buildings. The audits are a standard method for establishing a baseline of information about the components, policies, and procedures of existing facilities. Facility audits are important because they help planners, managers, and staff know the condition of the facilities, service history, and maintenance needs. The audits rely on facts, not guesswork, to establish plans for maintaining and improving school facilities and allow in-depth analyses of product life-cycles to occur on a routine basis. Once initiated, audits must be performed on a regular basis (e.g., annually) because conditions change constantly. Further, by integrating the findings of annual audits over time, planners can uncover information on the impact of various maintenance strategies and the demands placed on the infrastructure. This information can be used to increase the efficiency and cost-effectiveness of maintenance efforts.

Auburn CC has not traditionally created multi-year plans for equipment replacement, instead setting aside annual replacement budgets based on expected needs. The Center has delayed creation of a capital improvement plan because it wants it to coincide with the creation of a Center-wide strategic plan. Although the Maintenance Director conducts building inspections and develops some informal documentation, this practice is not formalized and not has been incorporated into a formal planning process. The Maintenance Director indicated that performing direct maintenance duties limits the time available for developing more detailed and comprehensive planning documents.

Regular building audits would help develop routines and baselines for recognizing repair issues that could be shared with the Board and used for planning purposes. By integrating the findings of annual building audits over time, planners could ascertain data on realized versus expected product life cycles, the impact of various maintenance strategies, and the future demands the

aging process might place on the infrastructure of the Center. This information can be used to increase the efficiency and cost-effectiveness of facility maintenance efforts. By addressing maintenance issues at an early stage, Auburn CC can also reduce maintenance costs, breakdown repair costs, and ultimately the staff time required for maintenance and repairs. Furthermore, developing and using a five-year capital improvement plan and a preventative maintenance plan (see **R4.4**) will help Auburn CC ensure that facility needs are assessed on a regular basis and that it funds projects essential to protecting the condition and quality of its facilities.

R4.4 Fully implement a computerized work order system and formal preventive maintenance plan.

Auburn CC should implement its computerized maintenance management system (CMMS) to help manage and improve the efficiency of its facility maintenance efforts. By tracking maintenance activities through its CMMS, the Center can review productivity statistics and track job completion. As part of the implementation, the Center should include written guidelines that specify how to prioritize and schedule emergency, health and safety, preventative maintenance, and unscheduled requests. A clearly written standard will ensure that staff are aware of how requests are prioritized, and that all emergency issues are responded to appropriately. In addition, the Center should establish a formal preventive maintenance (PM) plan that incorporates existing PM activities and is linked to the CMMS system. The PM plan should be based on informal activities already in place and ensure that all necessary repairs, equipment replacement, and routine maintenance are completed as recommended by the manufacturer.

Auburn CC has purchased an online maintenance work order system but has not yet established its use across the Center for reporting maintenance requests. Staff primarily contact the Maintenance Department directly through phone calls or by hand-held radio. Recently daily task lists have been tracked and compiled in a spreadsheet in order to review workload and performance data, but the process is outside of the automated system and does not provide real time data. Furthermore, while maintenance workers perform preventative maintenance (PM) activities, the Center has not developed a formal PM plan.

Planning Guide for Maintaining School Facilities (NCES, 2003) recommends the development and implementation of a work order system. Work order systems help school districts register and acknowledge work requests, assign tasks to staff, confirm that work was done, and track the cost of parts and labor. At a minimum, a proper work order system should account for the date the request was received, the date the request was approved, a job tracking number, and the job status. NCES also recommends that a good work order system should allow the maintenance department to establish job priority status including identifying whether the task is routine, preventative, or emergency in nature. After assigning the status, the work order should be updated in the record so that the person who initiated it can view the status.

NCES also recommends that all districts have formal PM programs focused on regularly scheduled equipment maintenance to prevent sudden unexpected equipment failure. NCES notes that many school districts practice “breakdown maintenance,” whereby maintenance problems are fixed as they occur. This method often defers major repairs and allows damage to compound

over time. A well-designed facility management system generally encompasses four categories of maintenance: including emergency (or response), routine, preventative, and predictive. Maintenance tasks should be scheduled through the work order system and are typically based on manufacturer recommended service intervals. *Best Practices: Maximizing Maintenance* (FacilitiesNet, 2003) suggests that a leading practice is for 30 percent of work orders to be based on PM activities.

Auburn CC has not fully implemented the CMMS because of a preference for the faster response time of maintenance workers to phone and radio calls. However, permitting direct communication for all levels of maintenance work requests has created an expectation among staff for an immediate response. Furthermore, such a process reduces the ability of the maintenance employees to prioritize requests.

Using the computer-based system will help the Maintenance Director formally prioritize maintenance work, better manage staff workloads, and establish clear expectations for Center staff. By tracking maintenance activities, CMMS users can review productivity statistics and job completion information useful in evaluating the efficiency and effectiveness of maintenance activities.

Client Response

The letter that follows is the Auburn Career Center's official response to the performance audit. Throughout the audit process, staff met with Career Center officials to ensure substantial agreement on the factual information presented in the report. When the Career Center disagreed with information contained in the report and provided supporting documentation, revisions were made to the audit report.



June 10, 2011

Mr. Dave Yost, Auditor of State
Auditor of State Office
88 East Broad Street
Columbus, OH 43215

Dear Mr. Yost,

First of all, on behalf of Auburn Vocational School District's Board of Education, I want to commend the highly professional and complete audit conducted by your office through the work products of Scott Bennington, Senior Audit Manager and Aaron Rausch and Kathy Frato, Staff Auditors. We were very excited to cooperate with the Auditors so that Auburn Career Center could use the results as a basis of comparison with other Career Centers. A comparative resource for Career Centers and Career Technical Education is not readily available. Also, the administrative team appreciated the receptivity of the team toward questions and input regarding our unique mission to provide Career and Technical Education to high school and adult students in Northeastern Ohio.

In many ways, the timing of this audit has proven to be extremely helpful for the district. Not only did it follow major budget reductions which affirmed previous decisions, it also will help the Board of Education evaluate additional areas for economic efficiency. In addition, the timing and recommendations regarding energy efficiency, will coincide with our roof and HVAC replacement project along with other energy upgrades. The Auburn Board of Education believes that this Performance Audit will assist our community in understanding the many operational facets of Auburn Career Center through the transparency of this report.

Another recommendation included in the Performance Audit focused on Auburn's need to review marketing efforts. Currently, a subcommittee of Board members are working on student recruitment and are exploring the marketing strategies.

Again, this Performance Audit is an excellent tool and resource for the Auburn Vocational School District.

Yours truly,

Margaret T. Lynch
Superintendent

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