



**Auditor of State**  
**Betty Montgomery**

# SPRINGFIELD CITY SCHOOL DISTRICT PERFORMANCE AUDIT

OCTOBER 13, 2005



**Auditor of State  
Betty Montgomery**

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

The Ohio Department of Education placed Springfield City School District in fiscal caution on November 29, 2004. On October 14, 2004, the Springfield City School District Board of Education (the Board) requested that the Auditor of State certify whether a deficit existed for the fiscal year ending June 30, 2005. On January 20, 2005, Springfield CSD was placed in fiscal watch. The District was declared to be in a state of fiscal emergency on February 28, 2005 pursuant to ORC §3316.03.

Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit of the Springfield City School District was initiated. The five functional areas assessed in the performance audit were financial systems, human resources, facilities, transportation, and technology. These areas were selected because they are important components of District's operations and improvements in these areas can assist in eliminating the conditions which brought about the declaration of fiscal emergency. The report includes a follow-up study of the status of recommendations from Springfield CSD's 1998 performance audit.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 13, 2005

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# **Executive Summary**

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## **Project History**

Springfield City School District (Springfield CSD or District) was one of 21 designated urban school districts in Ohio to receive a performance audit during the late 1990s. The Ohio Legislature commissioned the Ohio Auditor of State (AOS) to review the functional operations of these large districts as a condition of their receiving an additional state budget allocation. AOS issued the District's audit on April 15, 1998 with 124 recommendations for increasing efficiencies and reallocating existing resources. The audit projected the District would deplete its cash fund balance reserves and incur a substantial cash deficit within three to four years of the audit unless it reduced spending or increased other revenue. To continue receiving its share of the additional state funding for urban schools, the District was required to adopt a response plan within six months consistent with recommendations of the performance audit. The District responded to the performance audit by compiling its "Economy and Efficiency Plan" in December 1998.

The Ohio Department of Education (ODE) placed the Springfield City School District (Springfield CSD, or the District) in fiscal caution effective November 29, 2004. This action was taken after reviewing the five-year forecast submitted by the District. Prior to ODE declaring fiscal caution, the Springfield City School District Board of Education requested that AOS certify its projected deficit and determine if fiscal watch or emergency conditions exist. On January 20, 2005 AOS certified an operating deficit of \$7,554,000 for the fiscal year ending June 30, 2005 and declared the District to be in a state of fiscal watch pursuant to ORC §3316.03(A)(1). Fiscal emergency was declared on February 28, 2005, pursuant to ORC §3316.03(B)(2), because the Board passed a resolution stating that it could not develop a fiscal watch recovery plan that would allow the District to remain solvent without relying on the passage of a new operating levy. According to Ohio Revised Code (ORC) § 3316.042, AOS may conduct a performance audit of any school district in a state of fiscal caution, fiscal watch or fiscal emergency and review any programs or areas of operation in which it believes that greater operational efficiency, effectiveness and accountability can be achieved.

AOS initiated a performance audit of Springfield CSD in December of 2004. Based on a review of District information and discussions with the Superintendent and Treasurer, the following five functional areas were included in the performance audit, consistent with the 1998 audit:

- Financial Systems;
- Human Resources;

- Facilities;
- Transportation; and
- Technology.

In addition, AOS performed a follow-up review of the status of implementation of the 124 recommendations issued in the 1998 performance audit. These reviews were performed for each functional area in conjunction with the current assessments.

## **District Overview**

The boundaries of Springfield CSD encompass 17.6 square miles within the City of Springfield in Clark County. According to ODE, the District's average daily membership (ADM) was 9,054 students in FY 2004-05. The District operated ten elementary schools, five middle schools, two high schools, an early childhood center, and two alternative schools in FY 2004-05. The District is in the final stages of a \$166 million construction and renovation project with the Ohio School Facilities Commission (OSFC), which, when complete, will reduce the total number of school buildings from 23 to 16.<sup>1-1</sup> In FY 2005-06 two elementary schools, four middle schools, and one alternative school will open, replacing older buildings housing two elementary, five middle, and two alternative schools. In FY 2008-09 the two high schools will be consolidated in one new building.

According to the 2000 U.S. Census, 65,358 persons lived in the City of Springfield, including 16,712 residents less than 18 years of age (25.6 percent). However, the Census estimates the city's population has fallen to 63,609 (a 2.7 percent decrease) in 2004. Springfield CSD is one of 21 urban school districts in the State, and as such, residents face socioeconomic challenges often identified with urban school districts. The City's median income of \$32,193 was 21 percent below the statewide average and the percent of families below the poverty level was 13.5 percent compared with a statewide average of 7.8 percent.

The major revenue factors contributing to the District's bleak financial projections include the failure to pass a levy for new operating money since 1991. Also, new development within District boundaries is very limited and property values have stagnated. The District has experienced significant reductions in State revenue, due both to a declining student population (approximately 1,600 students lost since FY 1997-98) and smaller increases in the statewide funding formula resulting from Ohio's economic crisis. Increased utility costs related to new construction mandates for facilities, double-digit health care increases, the District's delay in

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<sup>1-1</sup> Prior to the FY 2004-05, the District maintained 14 elementary schools. The number of buildings was reduced to 10 elementary schools as new buildings were opened. One of buildings was converted to the early childhood center.

making decisions on needed reductions, and State spending requirements for textbook purchases also contributed to the District's fiscal crisis.

The District is expected to employ approximately 1,035 full-time equivalent (FTE) employees at the start of FY 2005-06, including approximately 375 certificated regular teacher FTEs. Because of its deteriorating financial condition, the District has reduced staff by more than 350 FTE positions (25 percent) since FY 2001-02, including 71 teaching positions. This has increased the student to teacher ratio for regular instruction from 17.0:1 to 18.9:1. In several areas of staffing, Springfield CSD appears more efficient because of these reductions.

According to ODE's FY 2004-05 Local Report Card, Springfield CSD met 2 of 23 academic performance indicators and remains in academic watch. In FY 2003-04, Springfield CSD met 6 of 18 academic performance indicators, which resulted in an academic watch rating. In the previous two years, the District was in academic watch, having met 3 of 22 indicators in FY 2002-03 and 6 of 22 indicators in FY 2001-02.

Although the District has made many hard decisions about staffing and educational programs, additional cuts will likely be required to regain financial stability. However, further service level reductions may negatively affect the education of Springfield CSD students. Given its financial outlook, Springfield CSD should consider implementing the recommendations in this performance audit to reduce projected deficits and avoid future financial difficulties. See **R2.G** and **Table 2-15** in the **financial systems** section of this report for the proposed financial recovery plan showing the impact of performance audit recommendations on General Fund ending balances.

## **Objectives, Scope, and Methodology**

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Audit work was conducted between February 2005 and August 2005. The goal of the performance audit process was to assist Springfield CSD management in identifying cost saving opportunities, with the primary objective of eliminating the conditions which brought about the declaration of fiscal emergency. The recommendations comprise options that Springfield CSD can consider in its efforts to improve and stabilize its financial condition. This performance audit assessed the key operations of Springfield CSD in the areas of financial systems, human resources, facilities, transportation, and technology. Major assessments included the following:

- The District's May 2005 five-year financial forecast, including its underlying financial data and the accompanying notes and assumptions, was assessed for reasonableness in the **financial systems** section.

- District-wide staffing levels, collective bargaining agreements and benefit costs were core areas assessed in the **human resources** section.
- Building capacity and utilization, and custodial and maintenance operations were examined in the **facilities** section.
- Key operational statistics, such as staffing levels and average costs per bus, per student, and per mile, were reviewed to identify potential efficiency improvements and cost savings in the **transportation** section.
- Assessments of organization and staffing; data processing planning and management; technical architecture; instructional technology; technical training, and educational management information system data were evaluated in the **technology** section.

To complete this report, auditors gathered and assessed data from various sources pertaining to key operations, conducted interviews with Springfield CSD personnel, and assessed requested information from the selected comparison (peer) districts. Throughout this report, comparisons are made to three similar school districts including Barberton City School District (Barberton CSD) in Summit County; Hamilton City School District (Hamilton CSD) in Butler County; and Newark City School District (Newark CSD) in Licking County. These districts were selected as peers based on their ranking as comparable districts by the Ohio Department of Education (ODE)<sup>1-2</sup>, reviews of various demographic information, and input from Springfield CSD personnel. Best practice information was used from ODE, the State Employment Relations Board (SERB), American Schools and Universities (AS&U), and related service industries.

In addition to these current assessments, audit objectives included analyzing the implementation status of recommendations made in the 1998 performance audit and identifying cost savings for unimplemented recommendations that remain feasible for Springfield CSD to implement. The scope included assessing the 1998 recommendations to determine if they were still relevant, the District Economy and Efficiency Plan response, and the current implementation status of the 1998 recommendation. During the course of this review, auditors often determined that both the 1998 and current audit methodology were synonymous and unimplemented recommendations were still valid.

The performance audit process involved significant information sharing with the District about identified audit areas and proposed recommendations. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and share proposed recommendations to improve or enhance operational efficiency or

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<sup>1-2</sup> Criteria considered in ODE's comparable district listings include geographic size, average daily membership (ADM), Ohio Proficiency Test ratings, per pupil expenditures, socioeconomic demographics, population density, and real property valuation

effectiveness. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District was given an opportunity to provide written comments in response to the various recommendations for inclusion in the final report.

The Auditor of State and staff express their appreciation to the Springfield CSD and the peer school districts for their cooperation and assistance throughout this audit.

## **Noteworthy Accomplishments**

### *Financial Systems*

- Discretionary expenditures, as a percentage of total expenditures, are lower than those of the peer districts. Springfield CSD has made a strong effort to control discretionary expenditure
- Purchased services have decreased, with the exception of utilities and tuition. While the District is attempting to better manage utility costs, new buildings generally consume more energy than older facilities due to Environmental Protection Agency air exchange requirements. The District will be better able to control the use of energy resources through its new automated building controls.

### *Human Resources*

- The District has taken steps to partner with the Springfield-Clark County Joint Vocational School to have vocational services provided to Springfield CSD students.
- District staff is knowledgeable about EMIS reporting requirements and the District has a thorough process to ensure the accuracy of EMIS data.
- The District has taken proactive measures to reduce its Worker's Compensation costs, reassigning risk management duties to a full-time administrator. Further, it will save 10 percent each year on premiums by taking part in a Bureau of Workers Compensation drug-free workplace program.

### *Facilities*

- The square footage maintained by the Springfield CSD maintenance staff exceeds the FY 2004-05 peer average by 47 percent and the AS&U Cost Study National Median by 51 percent, indicating the District is able to operate efficiently and maintain square footage in excess of peer and AS&U averages.



*Transportation*

- The Transportation Department has instituted a method for counting students on buses during the 1<sup>st</sup> full week in October. The District is now identifying and reporting students transported that live less than one mile from their assigned schools (a 1998 recommendation).
- The District spent \$641 per bus on insurance in FY 2003-04, compared to a peer average \$1,335 per bus. Maintenance and repair costs are also lower than the peer average.
- Springfield CSD's maintenance and repair cost per active bus was lower than any peer district in FY 2004-05. All buses passed inspection to start the school year.

*Technology*

- Springfield CSD has a portable wireless laptop lab that can be transported from building to building for training. The Technology Department provides substantial technical training to teachers.
- The District offers incentive grade/step increases for certification in information technology. This has helped retain key staff and allowed the District to maintain all Windows 2000 servers and routers internally.
- The District is transferring phone services to Internet Protocol telephony so that all intra-district calls can go through the network, saving the District approximately \$30,000 to \$35,000 in annual Centrex charges.
- The District maintains a repair log database system through the Internet. Technical problems are submitted into the system and pending jobs are tracked on a priority basis. The database has the capability to sort each problem by building or individual computer.

**Status of 1998 Audit Recommendations**

Springfield CSD fully or partially implemented 75 out of 124 (60 percent) of the 1998 performance audit recommendations. Twelve recommendations are no longer relevant, leaving 38 recommendations which were not implemented. **Table 1-1** summarizes the status of the 1998 performance audit recommendation by report section. Note that some recommendations from the 1998 audit were transferred to a more appropriate section for follow up (e.g., a technology-related financial recommendation was transferred to the **technology** section).

**Table 1-1: Implementation Status of 1998  
Performance Audit Recommendations**

Report Section										
	Financial Systems		Human Resources		Facilities		Transportation		Technology	
Status	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Fully Implemented</b>	16	39%	3	17%	4	40%	3	16%	20	57%
<b>Partially Implemented</b>	9	22%	5	28%	2	20%	5	26%	8	23%
<b>Not Implemented</b>	16	39%	10	55%	1	10%	7	37%	3	9%
<b>No Longer Relevant</b>	0	0%	1	5%	3	30%	4	21%	4	11%

Source: Performance Audit Sections

## Key Recommendations

The performance audit contains several recommendations pertaining to Springfield CSD. The following are the key recommendations from the report. Current recommendations that were implemented as part of the District's May 2005 recovery plan are also denoted. Recommendations originally made in the 1998 performance audit that still need to be implemented are identified with an asterisk (\*). Other recommendations from both current and follow-up analyses are detailed in each individual section.

### *Financial Systems*

- **Revise the revenue assumptions and projections in the following categories: Real Estate Property Tax, Personal Property Tax, Unrestricted Grants-in-Aid, and Restricted Grants-in-Aid. Also, improve the assumptions and projections presented in the five-year forecast using the most comprehensive and complete information available to increase the reliability of financial decision-making information.**
- **Adjust projected expenditures in the areas of salaries and wages, benefits, and purchased services. Current projections may not adequately capture costs to the District and may increase the likelihood of overstating salary expenditures and understating benefit expenditures.**
- **When preparing the five-year forecast for purchased services, separately calculate line items that do not follow normal inflationary trends, such as community school and open enrollment payments, and utilities.**

- **Consider reallocating monies toward those programs and priorities that have the greatest impact on improving the students' educational outcomes and proficiency test results. (Partially Implemented)**
- **Work with constituents and stakeholders to identify the quality of service level desired by District residents, then work with District residents to either secure adequate revenue to support the level of educational programming desired or implement spending decreases to the level recommended in this report.**
- **Analyze and use the proposed financial recovery plan to evaluate the recommendations presented within this performance audit and determine the impact of the related cost savings on the District's financial condition. Springfield CSD should consider implementing the recommendations in this performance audit to improve its current and future financial situation, and update its forecast on an ongoing basis as it addresses critical financial issues.**
- **More closely link strategies and action plans to achieve improvement to the financial forecasting process, resulting in a broader, more comprehensive plan for the District. \***
- **Expand the five-year financial forecast and accompanying assumptions and notes, developed by the Treasurer to present more detailed historic and projected information and explanations. The forecast should be updated during the year as situations occur which materially affect the District's financial situation. The Treasurer should lead the Board through an analysis in which significant variances between estimated revenues and expenditures and actual results are identified and explained. \***
- **Modify policies and alter appropriation procedures to comply with the ORC. The authority over appropriations cannot be ceded to the Superintendent or the Treasurer, but must be retained and used by the Board as part of its fiduciary responsibility to constituents. The Treasurer's Office should continue to set system flags for all funds so that the budget controls over spending could be automated rather than manually applied. Request for budgetary transfers or increases should be prepared by the affected operational unit and presented for approval before the purchase is authorized.\***
- **Design new management reports to provide principals, department heads, administrators, and the Board with additional management information. Performance measures should be presented to enable users to monitor progress toward achievement of financial, service and program goals. \***

- **Provide principals and department heads with in-service training on budget preparation, performance measurement, and management reporting. Board members and the Superintendent’s Cabinet should also attend. Written manuals should also be developed and provided, outlining the specific steps to be followed and control mechanisms to be employed for the budgetary, revenue, purchasing, and payroll processes, as well as for grant management. \***
- **Develop a Purchasing Policies and Procedures Manual for site users, which would describe Board purchasing policies, delineate approval paths, reiterate statutory requirements for competitive bidding, blanket purchase orders and certification of funds, describe procedures for emergency purchases and employee reimbursements, and outline the steps in the on-line requisitioning process. \***
- **Consider installing an automated time and attendance system at the various buildings throughout the district. Automation would increase the accuracy of the time capture process. \***

*Human Resources*

- **Consider the following staffing changes and reductions, particularly in light of the District’s current financial condition:**
  - **Consolidate the two facility management positions into one, reflecting peer practices as well as a declining building inventory and facility staff. (Implemented)**
  - **Use existing monies being directed to the Clark County Educational Service Center (ESC) to fill several key administrative needs. Redirecting its current ESC deductions would allow the District to fill these critical slots without adding to its current General Fund obligations. (Implemented)**
  - **Consider additional reductions within its regular teaching ranks. Without additional revenue, the District may have to move toward state minimum standards in this classification. This should remain an option of last resort until all other reductions have been implemented. (Partially Implemented)**
  - **Reduce staff in the Educational Service Personnel category to state minimum levels if additional revenues are not obtained.**
  - **Reallocate counselor staffing, and eliminate four counselor positions to reflect peer averages. (Implemented)**

- **Reduce four special education positions by not filling four vacancies created for the FY 2005-06. (Implemented)**
- **Reduce up to seven instructional paraprofessional staff to achieve the peer average for these positions.**
- **Eliminate the Library Technician position, as the peer districts do not report a similar position and these duties could be overseen by the Media Specialist position. (Implemented)**
- **Reduce up to five clerical positions to reflect staffing averages at peer districts. (Implemented)**

**Springfield CSD should carefully consider the impact of staffing reductions, particularly in direct instructional areas, as they may impact student educational attainment.**

- **Negotiate to limit future cost of living increases for all staff to no more than 1 percent in FY 2006-07, 1 percent in FY 2007-08, and 2 percent in FY 2008-09.**
- **Reduce several benefits granted to members in SASO/SAST including reducing Board pickup of pension payments to 5 percent, terminating longevity pay, and eliminating additional education payments.**
- **Negotiate with staff to lower medical premium costs paid by the District to levels closer to those paid by other Ohio local governments. It could accomplish this by raising the premium contributions of all staff to the 17 percent level currently paid by certificated employees and redesigning its health care plan to more closely reflect peer benefits.**
- **Negotiate to require employee contributions to help offset the rising costs of dental insurance premiums by having employees contribute 20 percent of monthly premiums similar to peer practices.**
- **Negotiate to strengthen language in collective bargaining agreements to ensure proper use of sick leave by including guidelines and policies that include prohibitions against “pattern abuse”, eliminating the practice of annually advancing all sick leave, and adopting an incentive plan that provides financial rewards for good attendance**
- **Negotiate to redesign the criteria and governance of the sick leave bank by restricting eligibility to borrow, maximum withdrawals or expenditures, rate of compensation, and committee membership. This would help ensure that use of the bank is reserved only**

**for the most serious illnesses or injuries, and provide better management/labor balance in granting leaves.**

*Facilities*

- **Convert to a just-in-time inventory system and discontinue storing inventory at the service center warehouse which would allow the District to process inventory more efficiently, as it could reduce two related positions. (Implemented)**
- **Update school facility rental rates to ensure that costs for using facilities are adequately covered. Enforce rental rates and collect all funds chargeable to each client regardless of the organizations' classification.**
- **Develop and formally adopt a five to ten-year forecast methodology for realistically projecting student enrollment in conjunction with completing the facilities master plan. Periodically review projections for accuracy and compare the data with building capacities to determine the appropriate number of school buildings and classrooms required to house actual and projected student populations.**
- **Close the Beacon Early Childhood Center (Beacon Center) and relocate its programs to elementary schools with excess capacity to achieve cost-savings, including the reduction of six support positions, and increased utilization of newer elementary school buildings. (Implemented)**
- **Relocate administrative offices to the South High School facility. Also, begin seeking a tenant for space that will be opened upon South's closure as a high school in FY 2008-09 to help shoulder maintenance and operation costs and maintain the historic structure's function as a community asset. (Implemented)**
- **Reduce seven clerical and three site-based administrator positions related to operating two high school sites upon consolidation of the high schools in FY 2008-09.**
- **Demolish all facilities for which OSFC funding is available, including the Beacon Center and Elmwood Alternative School, and market all closed facilities and lands to avoid utility, grounds-keeping, and insurance costs, and obtain one-time revenue. (Implemented)**

*Transportation*

- **Determine what level of transportation service is the most effective and efficient within the constraints of Springfield CSD's financial condition. Clearly articulate the level of**

service that will be provided, along with conditions and procedures for granting exceptions, in a written policy formally approved by the Board of Education.

- **Ensure that the service levels provided and transportation practices employed adhere to the approved policy.**
- **Seek assistance from the Ohio Department of Education’s Pupil Transportation Office to more efficiently route buses in order to reduce costs. (Implemented) The District may be able to reduce up to eight additional buses from its route schedule based on ridership and the peer averages.**
- **Increase the use of other means of providing transportation to students with special needs such as taxis, parent/guardian contracts, small passenger vans and private contractors.**
- **Develop practical policies and procedures for special needs transportation to ensure that, before a commitment to door-to-door transportation is made through an Individual Education Plan (IEP), transportation options and cost estimates are discussed with the Transportation Department and student’s parents.**
- **Attempt to negotiate a contract with the Transportation Department collective bargaining unit that is more in line with other school districts. This would include lowering the minimum guaranteed daily hours to four, preventing drivers from picking routes that guarantee them overtime hours, paying only 1.5 hours of actual driving time on a mid-day route, reducing paid non-driving time to one-half hour, and allowing more flexibility in assigning aides to routes.**

*Technology*

- **Create a standardized hardware and software purchasing policy that includes a list of standard/uniform hardware and software for the District to help avoid the costs of supporting multiple, disparate systems.**
- **Develop a logical repair versus replacement plan for computer workstations and technology equipment to help guide cost-effective support decisions.**
- **Employ a centralized decision-making process regarding technology issues so that individual departments and buildings are not making decisions independently. \* (Implemented during 2005 audit)**

- **Record and track computer equipment valued at less than \$500, such as printers, in the inventory system, conduct an annual physical inventory, and perform selective testing on a quarterly basis. (Partially Implemented)**
- **Establish a replacement cycle for classroom computers, similar to the cycle in place for textbooks, and incorporate the money needed for replacements in both the five-year forecast and annual budgets to ensure that the District continually reviews the physical condition and technological obsolescence of the hardware used in classrooms. \***

## **Summary of Financial Implications**

The following tables summarize the performance audit recommendations which contain financial implications. Some relate to annual implications while others reflect cumulative totals over the forecast period of FY 2004-05 to FY 2008-09, due to significant annual variances. To avoid duplication of projected savings, the financial implications for certain personnel-related recommendations attempt to take into account reduced staffing levels throughout the five-year forecast. For certain recommendations, sufficient data was not available to develop reasonable financial implications.

These recommendations provide a series of ideas or suggestions which Springfield CSD should consider. Some of the recommendations would require changes to collective bargaining agreements and are dependent on the outcome of negotiations. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit. **Table 2-15** of the **financial systems** section integrates these performance audit recommendations into the District's financial forecast, including assumptions related to inflationary factors.



**Table 1-2: Summary of Performance Audit Recommendations <sup>1</sup>**

Recommendations		Estimated Cost Savings (Annual except when noted) <sup>2</sup>	Revenue Enhancements	Additional Costs/Decreased Revenue
<i>Financial Systems (suggested forecast revisions)</i>				
<b>R2.A - a</b>	Increase real estate property tax projections to more closely reflect historical trends.		\$5.8 million (cumulative)	
<b>R2.A - b</b>	Decrease tangible personal property tax projections to reflect recent legislative reforms.			\$4.5 million (cumulative)
<b>R2.A - c</b>	Decrease unrestricted grants-in-aid projections and increase restricted grants-in-aid projections based upon current ODE projections.		\$8.3 million (cumulative)	\$1.9 million (cumulative)
<b>R2.B</b>	Adjust for overstated salary and understated benefit costs projections.	\$1.4 million (cumulative)		
<b>R2.D</b>	Increase purchase service expenditure projections to reflect trends in open enrollment, community schools and utility costs.			\$9.1 million (cumulative)
<i>Human Resources <sup>3</sup></i>				
<b>R3.A</b>	Reduce 1 FTE by consolidating facility management positions.	\$98,000		
<b>R3.B</b>	Reduce construction coordinator position upon consolidation of high schools.	\$96,000 (FY 2009)		
<b>R3.D</b>	Fully charge coordinator position to grant.	\$40,000		
<b>R3.E - a</b>	Reduce 13 regular teaching positions.	\$1.1 million		
<b>R3.E - b</b>	Reduce up to 56 regular teaching positions, 14 per year.	\$8.6 million (cumulative)		
<b>R3.F</b>	Reduce up to 42 Educational Service Personnel. <sup>4</sup>	\$2.8 million		
<b>R3.G</b>	Reduce 4 counselor positions.	\$300,000		
<b>R3.H</b>	Reduce 4 special education positions.	\$312,000		
<b>R3.I</b>	Reduce 8 paraprofessional positions.	\$160,000		
<b>R3.J</b>	Reduce 1 library technician position.	\$30,000		
<b>R3.K</b>	Reduce 3 clerical positions.	\$78,000		
	Unemployment costs related to unimplemented staffing reductions			\$1.1 million (cumulative)

<b>R3.L</b>	Limit COLA increases to 1 percent, 1 percent, and 2 percent for all staff.	\$5.0 million (cumulative)		
<b>R3.M</b>	Reduce administrator benefits	\$313,500		
<b>R3.N</b>	Reduce administrator severance payouts.	\$5,000		
<b>R3.O</b>	Reduce duplicate supplemental contracts upon high school consolidation.	\$40,000 (FY 2009)		
<b>R3.P</b>	Increase medical insurance premium sharing, redesign health plan.	\$325,500		
<b>R3.Q</b>	Require dental premium sharing.	\$113,000		
<b>R3.T, R3.U</b>	Reduce average sick leave usage by three days per employee.	\$26,000		
<i>Facilities</i> <sup>5</sup>				
<b>R4.A</b>	Close warehouse, reduce 2 staff.	\$82,400		
<b>R4.D</b>	Close the Beacon Center building.	\$377,000		
<b>R4.E</b>	Relocate administrative offices to South.	\$109,000		
<b>R4.F</b>	Reduce support staff upon consolidation North and South high schools.	\$532,544 (FY 2009)		
<i>Transportation</i>				
<b>R5.D</b>	Reduce bus fleet by 8 buses (\$224,000 already claimed in cost savings)	\$0 <sup>1</sup>		
<b>R5.E</b>	Reduce 8 special needs routes.	\$404,000		
<b>R5.G</b>	Renegotiate contractual items.	\$147,000		
<b>Cumulative totals through forecast (FY 2005-06 through FY 2008-09)</b>				
<b>Implemented Recommendations</b>		\$10.9 million		\$120,000
<b>New Recommendations</b>		\$30.9 million	\$14.1 million	\$15.5 million

**Source:** Performance Audit Sections

**Note:** Forecast revisions do not represent direct cost savings to the District (see **Table 2-15**). Also, several of the reductions in staffing in direct instructional areas may impact the academic performance of the District.

<sup>1</sup> The following recommendations will require collective bargaining, with the exception of matters relating to administrative employees: **R3.L, R3.M, R3.N, R3.P, R3.Q, R3.T, R3.U, R5.G**. Also, the District has already counted savings from reducing 8 regular bus routes (**R5.D**) in its May 2005 forecast, so the audit will assume these savings were achieved elsewhere and will not count them again as a financial implication.

<sup>2</sup> Annual savings reflect FY 2004-05 salary and benefit levels.

<sup>3</sup> **R3.A, R3.D, R3.E-a, R3.G, R3.H, R3.J, and R3.K** were implemented. They are reflected in the May 2005 financial forecast, and thus are not in the AOS recovery plan (see **Table 2-15** in the **financial systems** section).

<sup>4</sup> For FY 2005-06, only assumes half this amount of savings as reductions take place in January 2006.

<sup>5</sup> **R4.A, R4.D, R4.E** were implemented. They are reflected in the May 2005 financial forecast, and thus are not in the AOS recovery plan (see **Table 2-15** in the **financial systems** section).

## **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 the resources to pursue. AOS has identified the following such issues.

### *Financial Systems*

- **Property Valuation, “Win-Win” Agreements, and Revenue Sharing:** Springfield CSD officials report one reason local property tax revenues have remained stagnant is due to new development taking place on land annexed by the city of Springfield, but outside Springfield CSD’s boundaries. Springfield CSD should discuss with its legal counsel the potential for creating an agreement similar to the “Win-Win” school compact in Columbus with its neighboring districts to help minimize revenue losses from such development. An alternative option may be to take part in revenue sharing economic development agreements between the City of Springfield and surrounding townships. The City of Akron voluntarily earmarks a portion of income tax revenues it receives from its Joint Economic Development Districts to the Akron Public Schools to help compensate for loss of potential revenues.
- **Reservation for Textbook and Instructional Materials;** Ohio school districts have historically been required by Ohio Revised Code §3315.17 to appropriate a percentage of certain revenues for textbooks, instructional materials, instructional supplies, instructional software and equipment. However, the State budget enacted in June 2005 (H.B. 66), exempted fiscal emergency school districts from making required deposits into their Textbook and Instructional Materials Fund. While Springfield could waive its set-aside requirement, it must be judicious in choosing the degree to which it will implement this option, and remember the exemption is only temporary while the District remains in fiscal emergency.

### *Human Resources*

- **Special Education Teacher Staffing:** While the District could attempt a reduction of special education teaching staff toward state minimums, given the increasing number of disabled students and common fluctuations in this population, it must ensure that it maintains sufficient staff to comply with state standards. Further, the severity of disability for certain students may require even more individualized attention and increased staffing than that required by ORC. The District should study these various factors in determining the adequate staffing allotment for special education.

- **Education Interpreters:** Springfield CSD is the only peer District to employ full-time educational interpreters for its hearing impaired students. In FY 2004-05 it employed seven interpreters to service 12 students, requiring such a high staff to pupil ratio because the students ranged in age/grade levels. Springfield CSD should evaluate how to best balance the provision of services to its hearing impaired population with potential cost efficiencies. It should contact the Ohio School for the Deaf, which has a community outreach program that helps schools around the state deal with this issue.

#### *Transportation*

- **Bus Replacement Plan:** Springfield CSD does not have a formal bus replacement plan. However, the Springfield CSD Board of Education's decision to reduced transportation service to the minimum State standards eliminated the need for 20 active buses. The large number of spare buses supports the forecast assumption that replacement buses will not be needed for at least the next five years; however, once a transportation policy is established and routing efficiency is maximized, Springfield CSD should development a bus replacement plan as a component of the District's overall capital plan.

#### *Technology*

- **Printing.** The District should study the costs and benefits of investing in multipurpose printers; which print, copy, fax, and scan, as it phases out existing printers.
- **Staffing:** With the consolidation of Springfield CSD buildings and a declining enrollment, there may be future opportunities to reduce a technician position when the high schools are combined in FY 2008-09. Prior to the consolidation, the District should evaluate its technology staffing levels and determine the required ratio of technicians to workstations, including expanding the practice of having technicians serve multiple schools.
- **Student Technical Help:** The District should consider a curricular program to train students in technical support. These students could support district technology in a peripheral manner as part of their instructional program. Springfield CSD should study an Ohio SchoolNet Commission database on school districts that have effectively utilized students to augment professional technical staff.
- **Educational Foundation:** The District should consider creating an education foundation to help fund its capital technology expenditures, which are completely grant-funded. In other districts, foundations raise money when voters repeatedly have turned down tax issues by tapping school supporters for tax-deductible donations.

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# Financial Systems

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## Background

This section focuses on the financial systems in the Springfield City School District (Springfield CSD or the District). The objective is to analyze the current and future financial condition of Springfield CSD and develop recommendations for improvements and efficiencies. In addition, this section of the audit evaluated the implementation status of the District's Economy and Efficiency Plan, which was developed in response to its 1998 Performance Audit.

Springfield CSD's five-year forecast was also analyzed to ensure projections accurately represent future operational and financial conditions. Comparisons are made throughout the report to the following peer school districts: Barberton City School District (Barberton CSD), Hamilton City School District (Hamilton CSD), and Newark City School District (Newark CSD).

The Auditor of State (AOS) recommended the establishment of fiscal oversight laws for school districts to create predetermined monitoring mechanisms and criteria for fiscal responsibility and to provide technical assistance to help school administrators restore fiscal stability. The Ohio Revised Code (ORC) § 3316.03 and ORC §3316.03.01, sets forth conditions and procedures for declaring fiscal watch and emergency for Ohio school districts contingent upon the severity of the school district's financial condition.

At the request of the Springfield City School District Board of Education on October 14, 2004, AOS performed an examination of the Springfield CSD's financial forecast for the General Fund as required under ORC § 3316.03. AOS certified an operating deficit of \$7,554,000 for the year ending June 30, 2005, and subsequently placed Springfield CSD in fiscal watch on January 20, 2005. ORC § 3316.04 requires that districts in fiscal watch submit a financial recovery plan to ODE within 120 days, detailing how it will eliminate the current operating deficit and avoid future operating deficits. The Springfield CSD Board of Education was unable to develop such a plan within this time frame, and by law, AOS declared it in fiscal emergency on February 28, 2005. The District's financial decisions are now overseen by an appointed commission.

### *Implementation Status of the 1998 Performance Audit Recommendations*

The 1998 Performance Audit of the Springfield City School District issued 52 recommendations in the Financial Systems area, 11 of which are addressed in other sections of this report. Of the remaining 41, the District:

- Fully implemented 16 recommendations (39 percent);
- Partially implemented 9 recommendations (22 percent); and
- Did not implement 16 recommendations (39 percent).

### *Changes from the 1998 Performance Audit in the Condition of the District*

Although District has received increases in per pupil state foundation monies since the 1998 Performance Audit, revenues have been offset by a loss of enrollment through open enrollment and community schools, resulting in a \$6.4 million loss in FY 2004-05. The District's local revenue problems are tied to difficulty in passing levies, as evidenced by the fact that it has not passed a levy for new operating money since 1991. However, since 1996 Springfield CSD has passed levies totaling 6.85 mills to help fund a district-wide construction project and permanent improvements for its buildings.

Although trends were evident over the past several years, the District did not respond to the loss of enrollment and funding with matching expenditure reductions in a timely manner. The District delayed reduction decisions in the expectation of increased funding through property tax levies and/or increases in State foundation payments. Per-pupil expenditures increased by approximately 54.1 percent from FY 1997-98 to FY 2002-03, while per pupil revenue increased by only 39.1 percent during this period.

In 2004, the Springfield-Clark County Chamber of Commerce commissioned an audit of the District's educational effectiveness by the private educational consulting firm SchoolMatch. As part of its assessment, the firm noted the District Treasurer advised the Board of Education that in order to fund proposed staff raises for FY 2001-02 and beyond, offsetting expenditure reductions would be required in other areas. While the raises were approved, SchoolMatch noted many of the cuts were never made.

The District began implementing substantial expenditure reductions in FY 2003-04, primarily through a retirement incentive plan and reductions in force. It has continued expenditure reductions by developing its financial recovery plan in January 2005. The financial recovery plan contained reductions of approximately \$5 million in the General Fund beginning FY 2005-06, as well as anticipated additional local funding of \$6.3 million based on its February 2005 operating levy. The levy did not pass, and the District immediately implemented the spending reductions effective the last five months of FY 2004-05. The District also approved contract extensions with



its entire staff to waive cost of living adjustment (COLA) increases for FY 2005-06 and reduce one staff development day for teaching staff.

In late June of 2005, the Legislature approved a biennial operating budget that greatly changed elements of the State funding formula. The impact of these changes, including revisions to the District's five-year financial forecast approved in May 2005, is discussed throughout this section.

### *Financial Operations*

**Table 2-1** presents the District's five-year forecast, as developed by the Treasurer. AOS reviewed the assumptions developed by the Treasurer that have a significant impact on the forecast, such as tax revenue, unrestricted grants in aid, and salaries and benefits. Three years of comparative historical information, general assumptions and explanatory comments accompany the projections, which incorporate the General Fund and Disadvantaged Pupil Impact Aid (DPIA) as of May 5, 2005. **Table 2-1** does not include any the effects of the recently approved State Budget for FY 2005-06 and 2006-07, or any other changes made by Springfield CSD after May 5, 2005.

**Table 2-1: Springfield City School District Forecast (in 000)s<sup>1</sup>**

	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General Real Estate Property Tax	\$14,269	\$14,192	\$14,257	\$14,257	\$13,537	\$13,672	\$13,809	\$13,947
Tangible Personal Property Tax	\$3,834	\$3,018	\$2,614	\$4,081	\$3,875	\$3,914	\$3,953	\$3,992
Unrestricted Grants-in-Aid	\$38,420	\$38,276	\$43,449	\$44,687	\$42,430	\$42,854	\$46,838	\$47,306
Restricted Grants-in-Aid	\$4,867	\$7,979	\$5,039	\$4,931	\$4,682	\$4,729	\$4,776	\$4,824
Property Tax Allocation	\$2,123	\$2,130	\$2,095	\$2,095	\$1,989	\$2,009	\$2,029	\$2,049
Other Operating Revenues	\$4,956	\$4,700	\$2,932	\$1,917	\$1,820	\$1,838	\$1,857	\$1,875
<b>Total Operating Revenues</b>	<b>\$68,468</b>	<b>\$70,295</b>	<b>\$70,386</b>	<b>\$71,968</b>	<b>\$68,332</b>	<b>\$69,016</b>	<b>\$73,261</b>	<b>\$73,994</b>
Salaries & Wages	\$47,517	\$50,301	\$48,310	\$47,377	\$43,666	\$47,291	\$47,677	\$49,780
Fringe Benefits	\$13,131	\$15,119	\$15,096	\$16,476	\$14,846	\$15,501	\$16,185	\$16,898
Purchased Services	\$5,926	\$6,639	\$8,856	\$11,637	\$11,509	\$12,017	\$12,547	\$13,100
Supplies, Materials & Textbooks	\$2,635	\$1,653	\$1,098	\$600	\$664	\$693	\$724	\$756
Capital Outlay	\$801	\$138	\$142	\$100	\$100	\$104	\$109	\$113
Debt Service: Principal Notes	\$201	\$201	\$198	\$3,700	\$0	\$0	\$0	\$0
Debt Service: Principal HB 264	\$0	\$131	\$120		\$0	\$0	\$0	\$0
Other Expenditures	\$921	\$832	\$833	\$1,079	\$938	\$979	\$1,023	\$1,068
<b>Total Operating Expenditures</b>	<b>\$71,133</b>	<b>\$75,015</b>	<b>\$74,653</b>	<b>\$81,035</b>	<b>\$71,723</b>	<b>\$76,586</b>	<b>\$78,263</b>	<b>\$81,715</b>
Ohio Solvency Assistance Loan	\$0	\$0	\$0	\$7,110	\$0	\$0	\$0	\$0
Proceeds From TAN Notes	\$0	\$0	\$0	\$3,700	\$0	\$0	\$0	\$0
Net Transfers/Advances In/(Outs)	(\$2,079)	(\$3,220)	(\$60)	\$0	\$0	\$0	\$0	\$0
<b>Net Financing</b>	<b>(\$2,079)</b>	<b>(\$3,220)</b>	<b>(\$60)</b>	<b>\$10,810</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Result of Operations (Net)</b>	<b>(\$4,744)</b>	<b>(\$7,939)</b>	<b>(\$4,327)</b>	<b>\$1,743</b>	<b>(\$3,390)</b>	<b>(\$7,570)</b>	<b>(\$5,002)</b>	<b>(\$7,721)</b>
Beginning Cash Balance	\$15,267	\$10,523	\$2,584	(\$1,743)	\$0	(\$3,390)	(\$10,960)	(\$15,962)
<b>Ending Cash Balance</b>	<b>\$10,523</b>	<b>\$2,584</b>	<b>(\$1,743)</b>	<b>\$0</b>	<b>(\$3,390)</b>	<b>(\$10,960)</b>	<b>(\$15,962)</b>	<b>(\$23,683)</b>
Outstanding Encumbrances	\$1,560	\$774	\$774	\$425	\$425	\$425	\$425	\$425
Textbook / Instructional Set Aside	\$0	\$0	\$0	\$312	\$962	\$1,462	\$1,962	\$2,462
Budget Reserve	\$856	\$856	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service	\$332	\$315	\$0	\$0	\$0	\$0	\$0	\$0
Bus Purchase	\$60	\$93	\$0	\$55	\$55	\$55	\$55	\$55
<b>Total Reservations</b>	<b>\$2,808</b>	<b>\$2,039</b>	<b>\$774</b>	<b>\$792</b>	<b>\$1,442</b>	<b>\$1,942</b>	<b>\$2,442</b>	<b>\$2,942</b>
<b>Ending Fund Balance</b>	<b>\$7,715</b>	<b>\$545</b>	<b>(\$2,518)</b>	<b>(\$792)</b>	<b>(\$4,832)</b>	<b>(\$12,902)</b>	<b>(\$18,404)</b>	<b>(\$26,625)</b>
Cumulative Balance								
Renewal/Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance for Certification	\$7,715	\$545	(\$2,518)	(\$792)	(\$4,832)	(\$12,902)	(\$18,404)	(\$26,625)
<b>Unreserved Fund Balance</b>	<b>\$7,715</b>	<b>\$545</b>	<b>(\$2,518)</b>	<b>(\$792)</b>	<b>(\$4,832)</b>	<b>(\$12,902)</b>	<b>(\$18,404)</b>	<b>(\$26,625)</b>

Source: Springfield CSD's Treasurer as of May 5, 2005.

<sup>1</sup> Calculation differences are due to rounding.

The financial projection in **Table 2-1** presents the expected revenues, expenditures and fund balances of the General Fund for each of the fiscal years including June 30, 2005 through June 30, 2009, with historical information presented for the fiscal years ended June 30, 2002, 2003, and 2004. In FY 2008-09, Springfield CSD forecasts a negative fund balance of approximately \$26.6 million. The forecast includes a 7-mill levy renewed by voters in May 2005.

The assumptions are based on information obtained from Springfield CSD through its forecast, as well as conversations with the Treasurer. Assumptions are supplemented with explanatory comments shown in indented bullets. Often, differences between projected and actual results occur because circumstances and conditions assumed in projections do not occur as expected. Other variances are due to funding formula changes prescribed by the Legislature after submission of the forecast. Finally, the Treasurer employs a regression analysis methodology for financial forecasting that projects revenue and expenditure trends at a high level rather than

focusing on individual line items. For example, based on historical trends, the Treasurer applied an annual expenditure growth rate of 4.41 percent to all line items with certain noted exceptions. This approach can be problematic when there are highly variable line-items, and, in general, can hinder management from fully understanding the impact of business decision on future finances. (See **R4.4**) Consequently, AOS has adjusted numerous lines within the forecast to better explain the effects of management decisions on Springfield CSD's financial outlook.

### **Revenues**

The Treasurer forecasts total revenues and then applies the same percentage to every revenue line item. While this methodology provides a reasonable projection for ending fund balances, it does not yield a forecast that gives accurate information on a line-item basis. As a result, the forecast is not useful as a planning tool and does not reflect specific business decisions made by the District. In projecting revenues, the Treasurer decreased every revenue line item by 5.1 percent from FY 2004-05 to FY 2005-06. This was done as part of the regression analysis approach to reflect the impact of repaying a \$7.5 million emergency advance from the State of Ohio (See **R2.A**). Thereafter, with noted exceptions each line item reflects a general annual increase of 1 percent, as the Treasurer stated that overall District revenue has historically increased by 1 percent each year. This approach does not provide sufficient information to decision makers on the effects of business cycles and legislative actions and hampers the District's ability to project the effects of external events on revenues.

**Real Estate Property Tax** is based on a flat 1 percent rate of growth and not tied to historical trends and collection levels. However, in Springfield CSD this revenue has remained nearly constant due to two factors; little or no new construction, and the effect of ORC § 3311.21 which limits the growth of real estate revenue.

Springfield CSD had a revaluation in 2004 with collections starting in 2005 and will have an update in 2007 with collections starting in 2008. The District's voted millage is 56.55 mills, and the effective millage is 30.8 mills (residential/agricultural) and 40.7 mills (business class). The difference between the voted and effective rate is due to tax reduction factors that generally prevent inflationary increases in revenue when the valuation of existing real property is increased.

Based on historical trends, the three-year average rate of increase for Real Property is about 1.4 percent. Non-reappraisal or update years show increases of about 0.6 percent while update and reappraisal years show increases of about 2.7 percent. Because Real Property comprises a large component of the District's revenues, a greater degree of precision is warranted in this line item (see **R2.A, R4.4**). An adjustment to the forecast will be reflected in the Financial Recovery Plan shown in **Table 2-15** resulting in a \$5.8 million cumulative increase in revenue.

**Tangible Personal Property Tax:** Personal property tax revenue for FY 2004-05 is based on the Certificate of Estimated Resources approved by the Clark County Auditor. A one-year increase in property tax revenue in FY 2004-05 is the result of the receipt of \$873,770 due in FY 2003-04, but not received until FY 2004-05. For FYs 2006-07 through the end of the forecast period, the Treasurer has held Tangible Personal Property at a 1 percent rate of growth consistent with the regression analysis approach.

General Fund property tax revenue is a function of full voted millage rates and the assessed valuation of the school district. The assessed valuation of the Springfield CSD has declined as businesses have closed or moved from the District, taking personal property with them. Tax revenue declines can also be attributed to the continuing legislative phase-out of a portion of Tangible Personal Property Tax and other tax adjustments. According to the State budget for FY 2006 and 2007, approved in June 2005, assessed valuations are to be phased out by tax year 2009 on all business tangible personal property including machinery, equipment, furniture and fixtures. This measure accelerates the phase-out of property tax on inventory. Replacement funding, until tax year 2018, will be implemented through increased State aid and direct payments for revenue lost to school districts. Based on the three-year history and the legislative phase-out of Tangible Personal Property Tax with the hold harmless clause, Tangible Personal Property Tax should be projected to be flat, based on FY 2003-04 actuals. (See **R2.A.**) This will result in a cumulative \$4.5 million decrease in revenue.

**Unrestricted Grants-in-Aid:** The Treasurer has projected unrestricted grants-in-aid to decrease 5.1 percent in FY 2005-06 and to increase by only 1 percent in FY 2006-07 to reflect the District's repayment of a non-interest loan of \$7.11 million from the State Emergency Loan and Advancement Fund. After submission of the forecast, the final advancement was increased to \$7.55 million. Although the Treasurer stated that ODE will deduct \$3.78 million each year in FY 2005-06 and FY 2006-07 from the District's Basic Aid and that forecast amounts for FY 2005-06 and FY 2006-07 were based on the ODE Finance and Management Services estimates, these assumptions are not reflected in the forecast. Instead, a base amount was applied.

Unrestricted grants-in-aid are received through the State's Foundation Program and are not restricted to a particular use. The Foundation formula provides a base level of funding determined by the Legislature in the biennium budget. In addition to State Foundation funding, unrestricted grants-in-aid include amounts to address certain policy issues and correct flaws in the foundation formula, which are reported as special education weighted aid, gifted aid, regular and special education transportation subsidies, parity aid, and pre-school funding. In previous years, parity aid was restricted, but it has now been reclassified as an unrestricted grant-in-aid with a phase-in at a calculated percentage. Equity aid is completely phased out ending in FY 2004-05 and will no longer be provided to the District.

The most recent biennium budget increases the base per-pupil foundation amount from \$5,169 in FY 2004-05, to \$5,283 in FY 2005-06 and \$5,403 in FY 2006-07. ODE simulations for FYs 2005-06 and 2006-07 were not available at the time the District's Five-Year Forecast was developed, but ODE and many Districts had adopted a highly conservative approach because of the uncertainty in the State budget.

However, when the District's forecast is compared to more recent ODE simulations and prior years' performance in this line item, forecast projections differ from historical trends by about 1 percent. Because this line item comprises such a large component of District revenues (about 71 percent), recommendations for adjustments are made in **R2.A**. This will be reflected as an adjustment resulting in a \$1.9 million cumulative decrease in revenue over the five-year forecast period.

**Restricted Grants-in-Aid:** This line item is projected to decrease by 2.1 percent in FY 2004-05 and 5.1 percent in FY 2005-06 to reflect reclassification of several funds from restricted to unrestricted, as well as reflect the Treasurer's regression analysis methodology. In FY 2006-07 through the end of the forecast, this line item is projected to increase at a rate of 1 percent per year.

Restricted grants-in-aid largely represent Disadvantaged Pupil Impact Aid (DPIA) provided to school districts with a certain level of poverty. Springfield CSD is required to classify its DPIA funds as restricted. It receives DPIA funds because it has more than double the number of students below the state poverty threshold. In the new State budget passed after submission of the forecast, the calculation of poverty based assistance (PBA), which replaces DPIA funding, represents the most extensive computational changes in the calculation of State aid to districts. The Ohio Department of Education (ODE) estimates that Springfield CSD will receive \$5.7 million in PBA funding in FY 2005-06. The District's other major restricted funding, career technical and adult education weighted aid is being largely eliminated as the District has turned over operation of its vocational programs to the Clark County Joint Vocational School District.

Although this line item is only about 6 percent of District revenues, slight adjustments to the forecast methodology, as well as more detailed assumptions, would benefit the District (see **R2.A**). These adjustments, coupled with the changes in funding methodology, will result in a \$8.3 million increase in revenue.

**Property Tax Allocation:** This line item has been projected to decrease by 5.1 percent in FY 2005-06 and then increase at 1 percent annually through the remainder of the forecast period consistent with the regression analysis approach.

Property tax allocation is state reimbursement received as a result of the homestead exemption (2.5 percent), property tax rollback (10 percent), and the tangible personal property tax exemption (the first \$10,000 of tangible property is exempt from taxation). In prior years, the State fully reimbursed the exemption. In FY 2002-03, the reimbursement (but not the exemption) for personal property exemption reimbursements was to be phased-out over a 10-year period. Effective for tax years 2005 and 2006, the inventory assessment percentage will be reduced by 2 percent each year, if collections increase. In tax year 2007, the inventory assessment percentage will be reduced 2 percent, regardless of collections.

Given historical patterns, applying a 1 percent increase in the remaining forecast years appears reasonable. This line item does not comprise a substantial portion of the District's revenues (about 3 percent).

**Other Operating Revenues:** The Treasurer projected a 5.1 percent decrease in FY 2005-06 and a 1 percent increase through the remainder of the forecast period consistent with the regression analysis methodology.

This line item accounts for the District's General Fund investment income; tuition receipts for out-of-district students; rental income; transportation for special education students; extra curricular activities, and field trips. In the period FY 2002-03 through FY 2004-05, there were declines due to a decrease in interest rates and a reduction in funds available for investment. However, given the trend of rising interest rates and recent increases in open enrollment revenues, this projection is reasonable.

**Financing Sources (Shown as Line Items in Net Financing):** This revenue is shown as a financing source while the repayment is shown as Debt Service: Principal Notes, but the interest payment is not shown in the forecast or assumptions. This line item includes monies borrowed in anticipation of tax collections (TAN) or other revenue to be used for current operating expenses of the District. These receipts are considered non-operational funds. The District borrowed \$3.7 million in FY 2004-05, to be repaid in the same fiscal year with interest of \$68,506.

In 2005, Springfield CSD was declared to be in Fiscal Emergency. The District applied for and received an interest-free advance of \$7.55 million, which is reflected as an adjustment in the Financial Recovery Plan **Table 2-15**. This is shown under Financing Sources and the repayment (at zero percent interest over a two-year period) is shown as a reduction to State Foundation revenue. However, the financing and reductions to State revenue are not labeled as such and there is no way to identify the repayment (see **R2.A**).

## Expenditures

**Salaries and Wages:** For FY 2005-06 through FY 2008-09, the Treasurer included a 4.41 percent annual line item increase for all employees each year. During FY 2005-06, an additional \$1,700,000 has been added to salaries and wages to allow for 27 pay periods instead of the normal 26 pay periods. The financial forecast mistakenly listed FY 2006-07 as having 27 pay periods instead of FY 2005-06. This has been adjusted for **Table 2-6** and **2-15** in this section. However, the Treasurer stated the District may approach staff and request a minor payday adjustment so the 27 pay periods would actually fall in FY 2006-07.

The Springfield Board of Education approved a \$5.3 million Recovery Plan on January 13, 2005. This, as well as an additional \$3.0 million reduction approved by the Financial Planning and Supervision Commission in May 2005, are included in FY 2005-06 of the District's forecast and reflected as a 7.8 percent decrease in salaries and wages. The District has provided documentation, such as Board minutes, confirming many of these reductions. However, the District could not support that all reductions have been implemented. Also, some reductions represented one-time savings from outside the General Fund. This audit provides recommendations on implementing certain reductions to ensure that the savings initially claimed, such as reduction of sick time usage (see **R3.T** in **human resources**) and full elimination of bus routes (see **R5.D** in **transportation**), are realized by the District.

Because the Treasurer has not included detailed assumptions, AOS completed projections in this area which differed by a total of \$5.2 million over the five-year period. Because of the cumulative potential effects of these differences, this line item has been adjusted to reduce projected expenditures and the changes are shown in **R2.B**. Also see **R4.4**.

**Employees' Retirement and Insurance Benefits:** For the purposes of the forecast, the Treasurer stated that the amount paid for this category is projected to be 34.0 percent of salaries paid. With the projected reduction in salaries, payments for benefits are projected to decrease by 9.8 percent in FY 2005-06. They are projected to increase by 4.4 percent during the remainder of the forecast period based on the regression analysis completed by the Treasurer.

Springfield CSD estimated benefits to include a two-year Early Retirement Incentive Plan (ERIP), which was implemented in FY 2003-04 with a net projected cost savings of \$1.7 million. However, Springfield CSD will pay for the ERIP through FY 2006-07 at varying amounts depending on the year. Unemployment for the May 2005 \$3.0 million reduction plan is estimated to add \$120,000 in benefits.

When the Treasurer's regression based formula is compared to the stated method of projecting benefits at 34 percent of salaries and wages, some disparity exists. As a result,

a total variance of about \$3.8 million over the five-year period exists. This is shown as an increase in expenditures in **R2.B**.

**Purchased Services:** For purposes of this forecast, purchased services are projected to decrease 1.1 percent in FY 2005-06 and increase 4.4 percent for the remaining forecast period consistent with the regression analysis methodology.

This category includes amounts paid for services rendered by personnel who are not on the District's payroll and other services that the District may purchase. Expenditures in this category include: instructional services, instructional improvement services, health services, data processing, professional/legal services, garbage removal, repairs and maintenance, rentals, property insurance, lease-purchase agreements, meeting and mileage expenses, telephone, postage, advertising, utilities, tuition paid to other districts, and pupil transportation.

According to the Treasurer, the rates of increase are only slightly higher than inflation to accommodate reinstatement of some services. However, the effect of high utility increases, coupled with the District closing several buildings and opening new facilities, may not be adequately stated in the forecast. Although the District is likely to realize some energy cost reductions as a result of closing older buildings, other districts that have completed OSFC projects and opened new buildings using the most recent federal standards for air exchange have experienced increases in energy costs on the order of 35 percent. There is also concern that the current forecasting methodology may not adequately capture the costs of open enrollment and community schools. Therefore, some adjustments have been made to the Purchased Services line item, including utilities, open enrollment and community school tuition, resulting in \$9.1 million in added expenses (see **R 2.C**).

**Supplies, Materials, and Textbooks:** This line item has fallen by 77 percent FY 2001-02 as the District as decreased spending on discretionary expenditures in response to its fiscal crisis. A 4.41 percent increase was used throughout the forecast period for this line item consistent with the regression analysis methodology.

Supplies, Materials and Textbooks represent amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated from use, or items that lose their identity through fabrication or incorporation into different or more complete units or subunits. Expenditures in this category include instructional supplies, office supplies, teaching aids, software, textbooks, library books, newspapers, periodicals, films, filmstrips, supplies and materials for maintenance and repair, fuel, tires and supplies for vehicles. Given historical reductions in this category, District attempts to improve its academic standings, and its scores on the 2004-05 State Proficiency Test, the



projected increases appear reasonable. The District has also projected to set aside 3 percent of its annual revenues to purchase textbooks and instructional materials.

**Capital Outlay:** The Treasurer projected a 4.41 percent increase for the forecast period to cover unanticipated purchases that are not covered under the permanent improvement monies.

Capital Outlay represents expenditures for the acquisition of or addition to fixed assets and replacement of any item previously coded as new capital outlay. Because of the ongoing building program and the opening of new schools, the District does not anticipate significant purchases in this category. Given the nearly complete District-wide construction project and existence of a permanent improvement fund, these projections appear reasonable.

**Other Objects:** This line item was projected to decrease 13 percent from FY 2004-05 to FY 2005-06, and then increase 4.41 percent consistent with the regression analysis methodology.

Other Objects includes expenditures for memberships in professional organizations, charges for audit examinations, deductions for county Board of education contributions, county auditor and Treasurer fees, elections expenses, charges for advertising the delinquent tax list, bank charges, awards and prizes. Given the District's reductions of discretionary expenditures in response to its fiscal crisis, as well as its redefined relationship with the Clark County Educational Service Center (see **R3.C** in **human resources**), this line item is determined to be reasonable.

### **Reduction of Expenses**

On January 13, 2005, the Board of Education accepted proposed expenditure reductions of \$5,311,144. In addition, on May 6, 2005, the Springfield CSD Financial Planning and Supervision Commission accepted an additional \$3,175,122 in proposed expenditure reductions. These amounts are largely incorporated into the District's May forecast. Many of these reductions were documented as implemented, particularly reductions in force and the closure of buildings. However, the District's limited documentation and detail in the assumptions makes full disclosure of all these reductions difficult to ascertain.

### *Noteworthy Accomplishments*

- **Discretionary Expenditures:** Assumptions for discretionary expenditures were reviewed and compared to the peers. Discretionary expenditures at Springfield CSD represent 7.9 percent of total general fund expenditures. Comparable expenditures for the peers range from 8.3 percent to 10.9 percent, for an average of 9.8 percent.

- District purchased services have decreased with the exception of utilities and tuition (payments for Springfield students open enrolling in other districts or attending community schools). The District has had difficulty controlling the loss of students to open enrollment and community schools (see **R2.D**). While it is attempting to better manage utility costs through efforts like joining an energy consortium, new buildings generally consume more energy than older facilities because of EPA construction mandates. On the other hand, the District will be better able to control the use of energy resources through automated building controls included in the new structures.

### *Assessments not Yielding Recommendations*

In addition to the analyses presented in this report, AOS staff conducted assessments on several areas in the financial systems section that did not warrant changes or yield recommendations. These areas include the following:

- **Tangible Personal Property Tax:** The minimal increases shown in the forecast appear reasonable based on current conditions within the District and the effects of recent legislation. However, with the recent FY 2006-07 budget passed in June, tangible personal property tax income will be phased out by FY 2008-09. ODE will replace the lost revenues until 2018. Although this area did not yield a recommendation, the Treasurer should consider the analysis of the assumptions for this area when developing the October forecast.
- **Property Tax Allocation:** The minimal increases shown in this area appear reasonable as this is only a small component of the District's revenues. However, **R4.4** addresses the level of detail in forecasting and may be pertinent to this line item.
- **Capital Outlay:** This line item is projected to increase slightly with inflation to accommodate those purchases not covered under the OSFC project.
- **Transfers/Advances In/Out:** This item was not considered material during FY 2003-04. The five-year forecast and assumptions have no plans for transfers and advances. The Food Service Fund is self-supporting. Therefore, no other analysis is warranted.

### *Issue for Further Study*

**Property Valuation, "Win-Win" Agreements, and Revenue Sharing:** Springfield CSD officials report one reason local property tax revenues have remained stagnant is due to new development taking place on land annexed by the city of Springfield, but outside of Springfield CSD's boundaries.

The Columbus Public Schools, facing similar problems in the 1980s, struck an historic legal agreement with 13 county school districts to address the issue of school district territory transfers. Under the agreement, areas of Columbus that were in suburban school districts in 1986 could not be transferred to Columbus Public Schools. Newly annexed areas of the City of Columbus would join the City school district. Columbus Public Schools would receive a percentage of the commercial and industrial property taxes from land within the City of Columbus that is served by suburban school districts. All but one county district subsequently extended the joint agreement every six years. This agreement was later incorporated into State law. Proponents of the agreement note:

- The Columbus Public Schools had access to future county development in terms of both revenue and students.
- The Columbus Public Schools would otherwise have had to seek land transfers through the State Board of Education.
- The suburban school districts retained their original boundaries.
- Suburban districts' annexed properties were protected.
- All students would benefit from shared educational programming.

Given this precedent, Springfield CSD should discuss with its legal counsel the potential for creating a similar agreement with its neighboring districts to help minimize revenue losses from new development taking place within the City of Springfield.

An alternative option may be to take part in revenue sharing economic development agreements between the City of Springfield and surrounding townships. Springfield created Ohio's first Joint Economic Development District (JEDD) in 1993 as an economic development alternative to annexation. Through JEDDs, townships are encouraged to develop real property and are assured of retaining their sovereignty. At the same time, the City of Springfield receives municipal income tax from business by providing utility service to unincorporated areas without annexing them. The City also maintains a similar Cooperative Economic Development Agreement (CEDA) with Springfield Township, allowing for sharing of services and income tax revenues from resulting developments.

The City of Akron relies significantly on JEDDs to help ease the tension between the central city and its surrounding townships on issues of growth and development. The City voluntarily compensates Akron Public Schools for the loss of potential State and local tax revenues by earmarking 12 percent of service tax revenues for the District. Springfield CSD should consider approaching City officials on the feasibility of sharing income tax revenues resulting from current and future developments to help offset lost revenues from development taking place outside Springfield CSD's borders.

**Reservation for Textbook and Instructional Materials:** Ohio school districts have historically been required by Ohio Revised Code 3315.17 to appropriate a percentage of certain revenues for

textbooks, instructional materials, instructional supplies, instructional software and equipment. Districts are required to set aside from revenue received from real estate taxes, personal property taxes, income taxes and school foundation basic aide, 3 percent annually for these purposes. If the amount appropriated for these expenditures is not expended in the fiscal year in which they are appropriated, the excess amount is required to be set aside for future expenditures of that type. Accordingly, Springfield CSD's May 2005 forecast sets aside a cumulative \$7.2 million through FY 2008-09 for the purpose of meeting this legal obligation.

However, the State budget enacted in June of 2005 (H.B. 66), exempted fiscal emergency school districts from making required deposits into its Textbook and Instructional Materials Fund. The revision also excused such districts from eliminating deficits in these funds that accrued in the prior year, which would also apply to Springfield as it delayed approximately \$250,000 in new textbook adoptions as part of its January 2005 recovery plan. According to the new legislation, the district's five-year forecast must reinstate the set-aside the year after the district assumes it will be removed from fiscal emergency.

Consequently, Springfield CSD could waive its set-aside requirement for the period that it remains in fiscal emergency. It could legally choose to delay anticipated purchases of textbooks and instructional materials in place of implementing some recommendations from this performance audit. However, substantial delays in the purchase of new instructional materials and supplies could also adversely impact the District's educational programming. For example, the **Technology** section of this report notes that many of the District's computers are up to nine years old and there is no long-term plan to replace them.

Springfield CSD must be judicious in choosing the degree to which it will implement this option, and remember the exemption is only available while the District remains in fiscal emergency. Consequently, the District must avoid substituting this short-term savings for expenditure reduction decisions that will have long-term implications, particularly those related to staffing, salaries and benefits. As discussed in the **human resources** section of this report (**R3.S**), the District has made such policy decisions before that have resulted in long-term financial obligations.

## Recommendations

### *Financial Forecast & Planning*

**R2.A** Springfield CSD should revise its revenue assumptions and projections in the following categories: Real Estate Property Tax, Unrestricted Grants-in-Aid, and Restricted Grants-in-Aid.

In an effort to increase the reliability of financial decision-making information the Treasurer should seek to improve the assumptions and projections presented in the five year forecast using the most comprehensive and complete information available, such as the following:

- Real Estate Property Tax should be projected based on historical trends (prior years' increases) and information available about population growth, and economic conditions within the District and region. As the Property Tax Allocation is tied to real property projections, this revenue should be adjusted accordingly in future forecasts.
- Personal Property Tax projections should take into account payment lag times that could skew the baseline figure for future-year forecasts. Also, projections for this line-item should consider the continuing legislative phase-out of this revenue source.
- Unrestricted Grants-in-Aid and Restricted Grants-in-aid should be projected based initially on ODE simulations or the best information available at the time the forecast is developed.

The revised assumptions are shown in Table 2-2 through Table 2-4.

The Treasurer projected real estate property taxes to decrease by 5.1 percent in FY 2005-06 to help reflect the cost of repaying the State emergency advance. The revenues then increase at only 1 percent over the life of the forecast, although the average annual historical increase is 1.4 percent over the past 8 years. FY 2004-05 reflected the triennial property tax valuation update performed in 2004 and showed an increase of 2.3 percent. Non-update years show an increase of about 1 percent. **Table 2-2** shows the effect of applying a 1 percent increase in FY 2005-06, 2006-07 and 2008-09 while using an estimate of 3.0 percent for the next triennial update in FY 2007-08. FY 2004-05 is shown using estimates provided by the Clark County Auditor.

**Table 2-2: Real Estate Property Tax Assumptions and Adjusted Amounts**

	2004-05 <sup>1</sup>	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Real Estate Property Tax	14,257,000	13,536,800	13,672,168	13,808,890	13,946,978
<b>Revised Amounts</b>					
Real Estate Property Tax	\$14,595,320	\$14,741,273	\$14,888,686	\$15,335,347	\$15,488,700
<b>Net Impact on Fund Balance</b>	<b>\$338,320</b>	<b>\$1,204,473</b>	<b>\$1,216,518</b>	<b>\$1,526,457</b>	<b>\$1,541,722</b>

Source: May 2005 Forecast and AOS assumption adjustments

<sup>1</sup> Revised 2004-05 reflects actuals.

As previously stated, the Treasurer applied the regression analysis theory to increase revenues from tangible personal property taxes at 1 percent annually. However, because of a timing lag, the District received approximately \$800,000 in FY 2004-05 that it should have received in FY 2003-04. Future year revenues were projected based on this anomaly when a lower amount should have been used for the baseline. Consequently, the new baseline reflects 2004-05 revenues minus this additional payment for a total \$2.9 million. Further, even though the biennial budget bill passed by the Legislature in June 2005 will hold school districts harmless for future reduction of personal property tax revenue, prior legislation applying a gradual phase-out of the inventory assessment (2 percent annually by tax year 2007) remained intact. Consequently, this revenue is held flat throughout the forecast period. Because taxes on inventory comprises one of four potential revenue sources from personal property taxes, these revenues will not be further reduced. **Table 2-3** reflects this adjustment.

**Table 2-3: Personal Property Tax Assumptions and Adjusted Amounts**

	2004-05 <sup>1</sup>	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Forecast Personal Property Tax	\$4,081,000	\$3,874,846	\$3,913,595	\$3,952,730	\$3,992,258
<b>Revised Amounts</b>					
Personal Property Tax	\$3,703,883	\$2,903,000	\$2,903,000	\$2,903,000	\$2,903,000
<b>Net Impact on Fund Balance</b>	<b>(\$377,117)</b>	<b>(\$971,846)</b>	<b>(\$1,010,595)</b>	<b>(\$1,049,730)</b>	<b>(\$1,089,258)</b>

Source: May 2005 Forecast and AOS Assumption Adjustments

<sup>1</sup> Revised 2004-05 reflects actuals.

Also, Springfield CSD is currently projecting unrestricted grants-in-aid to increase, on average, about 1.8 percent annually over the forecast period. Although the District is losing enrollment, which effects State Foundation, the projected rate of increase is well below the average for the State and ODE simulations of Springfield CSD's revenue. At the time of forecast preparation, ODE was recommending school treasurers consider either a flat revenue projection or a 2.2 percent increase due to uncertainties in the State budget. The Treasurer projected a 5.1 percent decrease in FY 2005-06, as is the case

with all revenue line items for that year. This understates the District's revenues from Unrestricted Grants-in-Aid. Likewise, the Treasurer projected a 9.8 percent increase in FY 2007-08, but this increase was not explained in the forecast assumptions. Through discussions with the Treasurer, the decrease in revenue for FY 2005-06 is due to the first year of the two-year payback period for the loan from the Ohio Solvency and Assistance Fund. After FY 2006-07, the revenue reflects full funding.

**Tables 2-4** and **2-5** adjust the unrestricted grants-in-aid and restricted grants, respectively, based on ODE simulations for FYs 2005-06 and 2006-07. An inflationary factor of 1 percent and zero percent student growth is applied through the remainder of the forecast period.

**Table 2-4: Unrestricted Grants-in-Aid -- Assumption and Adjusted Amounts**

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Unrestricted Grants-in-Aid	\$44,687,000	\$42,429,612	\$42,853,908	\$46,837,630	\$47,306,006
<b>Revised Forecasted Amounts <sup>2</sup></b>					
Unrestricted Grants-in-Aid <sup>1</sup>	\$45,013,795	\$45,265,823	\$46,040,874	\$46,501,283	\$46,966,296
<b>Repayment to Solvency Assistance Fund</b>		(\$3,777,000)	(\$3,777,000)		
<b>Unrestricted Grants-in-Aid Showing Effect of Repayment</b>	\$45,013,795	\$41,488,823	\$42,263,874	\$46,501,283	\$46,966,296
<b>Net Impact on Fund Balance</b>	<b>\$326,795</b>	<b>(\$940,789)</b>	<b>(\$590,034)</b>	<b>(\$336,347)</b>	<b>(\$339,710)</b>

**Source:** May 2005 Forecast, ODE SF3 Settlement for June 2005, ODE Simulations for FY 2005-06 and 2006-07, generated July 2005.

<sup>1</sup> Revisions for FY 2007-08 and 2008-09 were projected by adding 1 percent, the historical rate of revenue increase cited by the Treasurer. Also, as the cost of doing business adjustment is being phased out of the current biennial State budget, it is not applied in the last two years.

<sup>2</sup> Reflects actuals for FY 2004-05.

**Table 2-5: Restricted Grants-in-Aid -- Assumption and Adjusted Amounts**

	Forecast FY 2004-05	Forecast FY 2005-06	Forecast FY 2006-07	Forecast FY 2007-08	Forecast FY 2008-09
Restricted Grants-in Aid	\$4,931,000	\$4,681,908	\$4,728,727	\$4,776,014	\$4,823,774
<i>Revised Forecast Amounts</i> <sup>1</sup>					
Restricted Grants-in- Aid	\$5,380,199	\$5,791,382	\$6,587,527	\$6,652,747	\$6,718,620
<b>Net Impact on Fund Balance</b>	<b>\$442,580</b>	<b>\$1,383,474</b>	<b>\$2,132,800</b>	<b>\$2,150,733</b>	<b>\$2,168,846</b>

Source: May 2005 Forecast, ODE SF3 Settlement for June 2005, ODE Simulations for FY 2005-06 and 2006-07 generated July 2005.

<sup>1</sup> Reflects actuals for FY 2004-05.

A certain degree of error or variability is expected in each year of a forecast, although using fixed percentages for all revenue line items compounds the variability or error of a single year. As a result, the accuracy of a forecast may decrease in the final years of the forecasted period. The District can potentially reduce the variability in the forecast by using a forecasting model that more accurately reflects the current pattern of receipts. These amounts are shown as adjustments to the Finance Recovery Plan shown in **Table 2-15**.

**R2.B Springfield CSD should adjust its projected expenditures in the areas of salaries and wages, benefits, and purchased services. Current projections do not adequately capture costs to the District and may increase the likelihood of overstating salary expenditures and understating benefit expenditures.**

The Treasurer included a 4.41 percent annual increase for salaries, wages and benefits the last three years of the forecast. Also incorporated in the forecast are reductions approved by the Board in the January 13, 2005 Recovery Plan. Likewise, the salaries and wages line item includes an additional reduction approved by the Financial Planning and Supervision Commission in May 2005. However, the personnel-related increases and personnel reductions are not outlined in the District's forecast assumptions and their effect on the District's finances is unclear.

Since the Treasurer did not include detailed salary and wage assumptions, AOS completed projections in this area, which totaled \$5.2 million less than the Treasurer's forecast over the five-year period. **Table 2-6** shows the effect of these differences. Also, the Treasurer stated that benefits were projected at 34.0 percent of paid salaries. The assumptions do not appear to account adequately for \$5 million in pending retirement incentive payments for FY 2005-06 through FY 2007-08 that are classified as benefits. As a result, benefit projections have been understated by about \$3.8 million. These adjustments represent a total variance of about \$1.4 million less than forecast projections



over the five-year period. The Treasurer used a 4.4 percent rate of increase through the last three years of the forecast. Adjustments to the line items are shown in **Table 2-6**.

**Table 2-6: Revised Salary and Benefits Expenditures**

	Forecast 2004-05	Forecast 2005-06	Forecast 2006-07	Forecast 2007-08	Forecast 2008-09
Salaries	\$47,377,000	\$43,665,821	\$47,291,483	\$47,677,038	\$49,779,595
Benefits	\$16,476,000	\$14,846,379	\$15,501,104	\$16,184,703	\$16,898,448
<i>Revised Amounts <sup>1</sup></i>					
Salaries	\$46,550,034	\$43,215,067	\$44,975,027	\$46,916,812	\$48,927,090
Benefits	\$17,158,645	\$16,853,876	\$17,090,510	\$15,951,716	\$16,635,211
<b>Net Impact on Fund Balance</b>	<b>\$144,321</b>	<b>(\$1,556,744)</b>	<b>\$727,049</b>	<b>\$993,213</b>	<b>\$1,115,742</b>

Source: Springfield CSD May 2005 Forecast and AOS projections.

<sup>1</sup> Revisions also reflect shifting of 27 pay periods from FY 2006-07 to FY 2005-06. FY 2004-05 was also updated to reflect actual expenditures as provided by the District in early July 2005.

These amounts are shown as adjustments to the Finance Recovery Plan shown in **Table 2-15**.

**R2.C Springfield CSD should revise its presentation of the debt service section of the five-year forecast to better disclose the amount and types of debt outstanding. In addition, the forecast should show the amount of principal and interest payments for each type of debt in each fiscal year. Furthermore, the notes to the financial forecast should include a more detailed explanation of why and when the District issues debt and which fund or funds it will use to repay the debt.**

Based on the forecast and the accompanying assumptions, Springfield CSD has one tax anticipation note for \$3.7 million and one Ohio Solvency Assistance Loan for \$7.55 million to be paid from the General Fund in FY 2004-05. However, the District's forecast does not disclose the issue date, the amount of each type of debt, and the payments of principal and interest. Such information accompanying the five-year forecast provides management with a greater array of sound and detailed information on which to base its decisions about the District's current outstanding debt. Springfield CSD should consider revising the presentation in the other financing sources section of the forecast by separating into its own line item the proceeds received from each type of debt (see **Table 2-7**). In addition, Springfield CSD's forecast should separate the amount paid for principal and interest on each type of debt paid from the General Fund, as shown in **Table 2-7**. The table shows the annual debt service requirement for each issue for the forecasted period. The forecast assumes Springfield CSD will pay debt obligations as they come due. **Table 2-7** shows the outstanding debt balances as of FY 2004-05.

**Table 2-7: Suggested Debt Service Presentation for the General Fund  
Forecast**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
<b>Principal</b>							
Tax Anticipation Notes 3.22% FY 2004-05			\$3,700,000				
Ohio Solvency Assistance Fund (no interest) FY 2004-05				\$3,777,000	\$3,777,000		
Subtotal Principal			\$3,700,000	\$3,777,000	\$3,777,000		
<b>Interest</b>							
Tax Anticipation Notes 3.22%			\$119,940				
<b>Total Debt</b>	\$0	\$0	\$3,819,940	\$3,777,000	\$3,777,000	\$0	\$0

Source: Audited Financial Statements, ODE 4502 Statement B and P, SCSD 2004 CAFR

Table 2-8 shows Springfield CSD's total debt service obligations from its Permanent Improvement Fund.

**Table 2-8: Suggested Debt Service Presentation for the Permanent Improvement Fund**

	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY2006-07	FY 2007-08	FY 2008-09
<b>Principal</b>							
School Improvement Refunding Bonds 1997 3.65%-5.55% Mature 2013	\$1,235,000	\$1,295,000	\$1,350,000	\$1,410,000	\$1,475,000	\$1,550,000	\$1,630,000
Classroom Facilities Assistance Bonds 2001 4.00%-5.20% Mature 2024	\$1,140,000	\$1,185,000	\$1,240,000	\$2,700,000	\$2,815,000	\$2,940,000	\$3,080,000
Bond Premium		\$18,447	\$18,447	\$18,447	\$18,447	\$18,447	\$18,447
<b>Subtotal Principal</b>	<b>\$2,375,000</b>	<b>\$2,498,447</b>	<b>\$2,608,447</b>	<b>\$4,128,447</b>	<b>\$4,308,447</b>	<b>\$4,508,447</b>	<b>\$4,728,447</b>
<b>Interest</b>							
School Improvement Refunding Bonds 1997 3.65%-5.55% Mature 2013	\$448,066	\$391,774	\$332,247	\$301,520	\$235,970	\$162,220	\$83,945
Classroom Facilities Assistance Bonds 2001 4.00%-5.20% Mature 2024	\$1,652,760	\$1,606,260	\$1,890,008	\$1,775,913	\$1,653,655	\$1,522,348	\$1,382,293
<b>Subtotal Interest</b>	<b>\$2,121,304</b>	<b>\$1,998,034</b>	<b>\$2,222,255</b>	<b>\$2,077,433</b>	<b>\$1,889,625</b>	<b>\$1,684,568</b>	<b>\$1,466,238</b>
<b>Total Debt-Permanent Improvement</b>	<b>\$4,496,304</b>	<b>\$4,496,481</b>	<b>\$4,830,702</b>	<b>\$6,205,880</b>	<b>\$6,198,072</b>	<b>\$6,193,015</b>	<b>\$6,194,685</b>

Source: Audited Financial Statements, ODE 4502 Statement B and P, SCSD 2004 CAFR

Payments of School Facilities Construction and Improvement Bond principal and interest are recorded in the District's Debt Service Fund. The source of payment is from a 0.50 mill bonded debt levy. According to ORC § 3315.18, ORC § 3315.181, and OAC § 3301-92-02, the monies from this levy may be used for the required capital set aside. In FY 1995-96, the District passed a 1.55 mill levy to fund maintenance costs.

As shown in **Tables 2-7 and 2-8**, Springfield CSD's total debt service obligations for the General Fund and the Permanent Improvement Fund vary from year to year, with future years' debt service obligations increasing in FY 2004-05 and decreasing for the remainder of the forecast period. However, since Springfield CSD has various types of debt outstanding, the Treasurer should consider preparing a supporting debt service table as shown in **Tables 2-7 and 2-8** to inform users of the financial forecast of the District's debt service requirements. Furthermore, the notes to the financial forecast should include a more detailed explanation concerning why and when the District issues debt and which fund or funds it will use to repay the debt.

**R2.D When preparing the Five-Year Forecast for Purchased Services, Springfield CSD should separately calculate line items that do not follow normal inflationary trends, such as community school and open enrollment payments. According to OAC § 3313.98 and 3313.981, the expense should reflect the student ADM, formula aid, and cost of doing business factor for each student. Utilities is another line item that does not follow normal inflationary trends. It should be calculated and shown separately.**

When projecting community school and open enrollment expenditures, the forecast does not display these items separately or explain how these items are projected. In the May 2005 forecast, these items are shown as a component of the 4.4 percent increase applied to several other expenditures. Historical trends and known factors were not specifically detailed in the forecast assumptions. **Table 2-9** projects tuition payments based on specific AOS assumptions, recent historical trends in the District's open enrollment and community schools transfers out, updated ADM counts, updated foundation aid amounts, and updated cost of doing business factors (CODB) from ODE .

**Table 2-9: Community Schools and Open Enrollment Analysis <sup>1</sup>**

	FY 2003/04 Actual	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected
Per Student Base Foundation <sup>2</sup>	\$5,058	\$5,400	\$5,440	\$5,484	\$5,538	\$5,594
<b>Open Enrollment</b>						
Students Out	(359.5)	(467.8)	(517.8)	(567.8)	(617.8)	(667.8)
Reduction from Foundation Total (Per Student Formula * CODB Factor)	(\$1,899,515)	(\$2,525,325)	(\$2,817,056)	(\$3,113,534)	(\$3,421,586)	(\$3,735,468)
<b>Community Schools</b>						
ADM	(376.14)	(565.00)	(715.00)	(865.00)	(1,015.00)	(1,165.00)
Reduction from Foundation Total (Per Student Formula *CODB)+Weighted Funds <sup>3</sup>	(\$2,448,900)	(\$3,930,350)	(\$4,907,780)	(\$5,761,412)	(\$6,926,593)	(\$7,867,573)
<b>Total Reductions</b>						
ADM	(735.62)	(1,032.80)	(1,232.80)	(1,432.80)	(1,632.80)	(1,832.80)
<b>Total Deductions</b>	(\$4,348,415)	(\$6,456,470)	(\$7,724,612)	(\$8,874,946)	(\$10,522,866)	(\$11,793,775)
<b>Per Student</b>	\$5,911	\$6,251	\$6,266	\$6,194	\$6,445	\$6,435

**Source:** Springfield CSD FY 2002-03 through FY 2004-05 ODE SF-3 Report. ODE Center for School Finance for FY 2005-06 and FY 2006-07 base cost.

<sup>1</sup> Assumes loss of 50 additional students per year from open enrollment and 150 additional students per year from community schools, based on ODE records and discussions with Springfield CSD treasurer.

<sup>2</sup> The last two years of projections assume a 1 percent growth in per student base foundation and no cost of doing business adjustment.

<sup>3</sup> Weighted funds include DPIA, Special Education, Parity Aid, Career/Technical Education. Given uncertainties with these weighted funds, these amounts were not increased through the forecast period.

In developing, the forecast for community school and open enrollment transfers out, Springfield CSD shows the trend of declining enrollment. The District should update its assumptions to reflect this trend and update the costs associated with open enrollment to reflect likely foundation increases (at least 1.0 percent annually). These adjustments result in a per student cost of \$5,538 in FY 2007-08 and \$5,594 in FY 2008-09 for the forecast period, after including adjustments for the new State funding formula.

Community schools in the Springfield CSD have shown rapid growth. ADM increased from 335 in FY 2003-04 to 507 in FY 2004-05, a 51 percent increase; however, this rate of increase is unlikely to continue in future periods. The State biennial budget approved in June 2005 limits the total number of community schools within the state. It is unknown at this time how this limitation will affect Springfield CSD. *Ohio School Forecasts (May 2005)* states:

“The growth in community school students and tuition may vary for two reasons. First, no method exists with which to project community school enrollment with

any degree of confidence. Second, it is impossible to project specific categories of enrollment such as regular population, special education, career tech, and students in poverty. For these reasons, the community school enrollment and tuition estimates are tenuous. Open enrollment projections are hard to predict, but are limited to the number of spaces available to students that can be accepted in adjoining districts.”

While tuition represented the largest adjustment to purchased services, adjustments were also made to other object code line items. For example, utilities were increased to account for sustained double-digit increases in the price of natural gas as reported in Consumer Price Index. On the other hand, all other line items were decreased slightly to reflect a 3 percent inflation rate, more closely reflecting rates projected by economists from the Federal Reserve Bank.

**Table 2-10** shows the difference between the AOS projections for purchased services by object code and Springfield CSD’s projections.

**Table 2-10: District Five-Year Forecast to AOS Forecast Comparison**

AOS Forecast	FY 2004-05 Forecast	FY 2005-06 Forecast	FY 2006-07 Forecast	FY 2007-08 Forecast	FY 2008-09 Forecast
<b>Springfield CSD Five-Year Forecast</b>	\$11,637,000	\$11,509,100	\$12,016,651	\$12,546,585	\$13,099,890
<b>AOS Projection Detail</b>					
<b>Professional and Technical</b>	\$390,806	\$402,530	\$414,606	\$427,044	\$439,856
<b>Property Services</b>	\$703,636	\$724,745	\$746,487	\$768,882	\$791,949
<b>Travel</b>					
<b>Mileage/Meetings</b>	\$67,233	\$69,250	\$71,327	\$73,467	\$75,671
<b>Communications</b>	\$292,552	\$301,329	\$310,368	\$319,679	\$329,270
<b>Utilities</b>	\$2,127,125	\$2,263,796	\$2,410,780	\$2,568,961	\$2,739,305
<b>Contracted Craft or Trade</b>	\$25,391	\$26,153	\$26,937	\$27,745	\$28,578
<b>Tuition/Other<sup>1</sup></b>	\$7,421,379	\$8,492,579	\$9,741,103	\$11,197,981	\$12,899,836
<b>Pupil Transportation</b>	\$636	\$655	\$675	\$695	\$716
<b>Other Purchased Services</b>	\$52,520	\$54,096	\$55,718	\$57,390	\$59,112
<b>Other Misc.</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Purchased Services as Calculated by AOS</b>	\$11,081,277	\$12,335,024	\$13,777,893	\$15,441,732	\$17,364,174
<b>Net Impact on Fund Balance</b>	<b>(\$555,723)</b>	<b>\$825,924</b>	<b>\$1,761,242</b>	<b>\$2,895,147</b>	<b>\$4,264,284</b>

**Source:** Springfield CSD Five-Year Forecast, AOS Calculations

<sup>1</sup> In addition to open enrollment and community schools, the District also pays tuition to other school districts and entities. These other items in tuition were increased at 3 percent, while the open enrollment and community school tuition were increased at rates reflective of **Table 2-9**.

**Table 2-10** demonstrates that while the District appears to adequately forecast purchased services for FY 2005-06, it may incur substantial future spending increases because of projected increases in tuition costs. These amounts are shown as adjustments to the Financial Recovery Plan shown in **Table 2-15**.

**R2.E Springfield CSD should closely examine the spending patterns indicated in Table 2-11 and Table 2-12, and the cost reductions recommended in the human resource, facilities, and transportation sections of this report. The District should consider reallocating the monies it is currently receiving to support those programs and priorities that have the greatest impact on improving the students' educational outcomes and proficiency test results. Furthermore, the District should analyze the implementation of recommendations from the 1998 Performance Audit. Implementing these recommendations and changing spending patterns will assist Springfield CSD in its efforts to regain financial stability.**

The allocation of resources between the various functions of a school district is one of the most important aspects of the planning process. Given the limited resources available, the District must evaluate and prioritize functions. Analyzing the spending patterns between the various functions should indicate where the school Board and management place their priorities. In addition, analyzing the District's attainment of ODE's 23 performance standards should also relate to its spending patterns. Ohio law requires each school district to receive a performance accountability rating based on 23 performance standards. These standards are minimum performance goals for public education in Ohio. **Table 2-11** presents the number of performance standards Springfield CSD and the peers met in FY 1999-00 through FY 2004-05. Springfield CSD has been classified in Academic Emergency from FY 1999-00 to FY 2002-03, and in Academic Watch since FY 2003-04.

**Table 2-11 Comparison of ODE Performance Standards Met (2003-04)**

FY Year	Totals Standards	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
2004-05	23	2	7	10	10	9
2003-04	18	6	10	8	8	9
2002-03	22	3	9	14	9	11
2001-02	22	6	11	13	11	12
2000-01	27	7	12	15	13	13
1999-00	27	2	9	12	12	11

Source: ODE Report Ratings for Springfield CSD and Peers

**Tables 2-12 and 2-13** show the amount and percent of expenditures posted to the various Uniform School Accounting System (USAS) function codes for Springfield CSD and the peer districts. Function codes report expenditures by their nature or purpose. **Table 2-12**

shows operational expenditures per pupil and percentage of operational expenditures by function for all funds classified as governmental fund types.

**Table 2-12: All Governmental Funds Operational Expenditures by Function by Average Daily Membership (ADM)<sup>1)</sup>**

	Springfield CSD		Barberton CSD		Hamilton CSD		Newark CSD		Peer Average	
	ADM: 9,229		ADM: 4,178		ADM: 9,057		ADM: 6,498		ADM: 6,578	
	\$ per Student	% of Total	\$ per Student	% of Total	\$ per Student	% of Total	\$ per Student	% of Total	\$ per Student	% of Total
<b>Instruction</b>										
Regular Instruction	\$3,299	35.7%	\$3,426	37.4%	\$3,713	45.3%	\$3,975	47.5%	\$3,739	44.2%
Special Instruction	\$1,304	14.1%	\$1,560	17.0%	\$913	11.1%	\$967	11.5%	\$1,068	12.6%
Vocational Education	\$242	2.6%	\$298	3.3%	\$182	2.2%	\$163	1.9%	\$201	2.4%
Adult/Continuing Education	\$21	0.2%	\$13	0.1%	\$28	0.3%	\$0	0.0%	\$16	0.2%
Other Instruction	\$549	5.9%	\$310	3.4%	\$103	1.3%	\$2	0.0%	\$113	1.3%
	<b>\$5,415</b>	<b>58.5%</b>	<b>\$5,608</b>	<b>61.2%</b>	<b>\$4,939</b>	<b>60.3%</b>	<b>\$5,107</b>	<b>61.0%</b>	<b>\$5,136</b>	<b>60.7%</b>
<b>Support Services-</b>										
Pupil Support Services	\$713	7.7%	\$553	6.0%	\$608	7.4%	\$442	5.3%	\$542	6.4%
Instructional Support Services	\$746	8.1%	\$495	5.4%	\$532	6.5%	\$547	6.5%	\$529	6.3%
Board of Education	\$23	0.2%	\$5	0.1%	\$24	0.3%	\$36	0.4%	\$24	0.3%
Administration	\$762	8.2%	\$657	7.2%	\$451	5.5%	\$627	7.5%	\$552	6.5%
Fiscal Services	\$177	1.9%	\$134	1.5%	\$110	1.3%	\$157	1.9%	\$131	1.5%
Business Services	\$123	1.3%	\$101	1.1%	\$58	0.7%	\$80	1.0%	\$74	0.9%
Plant Operation & Maintenance	\$670	7.2%	\$1,014	11.1%	\$918	11.2%	\$705	8.4%	\$868	10.3%
Pupil Transportation	\$296	3.2%	\$194	2.1%	\$221	2.7%	\$317	3.8%	\$247	2.9%
Central Support Services	\$105	1.1%	\$2	0.0%	\$114	1.4%	\$120	1.4%	\$92	1.1%
	<b>\$3,615</b>	<b>39.1%</b>	<b>\$3,155</b>	<b>34.4%</b>	<b>\$3,037</b>	<b>37.1%</b>	<b>\$3,032</b>	<b>36.2%</b>	<b>\$3,060</b>	<b>36.2%</b>
Food Services Operations	\$1	0.0%	\$2	0.0%	\$0	0.0%	\$0	0.0%	\$1	0.0%
Community Services	\$80	0.9%	\$82	0.9%	\$102	1.2%	\$92	1.1%	\$94	1.1%
Enterprise Operations	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$10	0.1%	\$3	0.0%
<b>Operation of Non-Instructional Services</b>	<b>\$81</b>	<b>0.9%</b>	<b>\$84</b>	<b>0.9%</b>	<b>\$102.10</b>	<b>1.2%</b>	<b>\$101</b>	<b>1.2%</b>	<b>\$98</b>	<b>1.2%</b>
Academic/Subject Extracurricular	\$2	0.0%	\$108	1.2%	\$15	0.2%	\$29	0.3%	\$39	0.5%
Occupational Oriented Activities	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$1	0.0%	\$0	0.0%
Sports Oriented	\$112	1.2%	\$202	2.2%	\$93	1.1%	\$98	1.2%	\$118	1.4%
Co-Curricular Activities	\$24	0.3%	\$1	0.0%	\$10	0.1%	\$7	0.1%	\$7	0.1%
<b>Extracurricular Activities</b>	<b>\$139</b>	<b>1.5%</b>	<b>\$311</b>	<b>3.4%</b>	<b>\$118</b>	<b>1.4%</b>	<b>\$135</b>	<b>1.6%</b>	<b>\$164</b>	<b>1.9%</b>
<b>Total Operating Expenditures</b>	<b>\$9,250</b>	<b>100.0%</b>	<b>\$9,158</b>	<b>100.0%</b>	<b>\$8,196</b>	<b>100.0%</b>	<b>\$8,375</b>	<b>100.0%</b>	<b>\$8,459</b>	<b>100.0%</b>

Source: Springfield CSD and peers ODE 4502 financial statement, Exhibit 2 for FY 2003-04 (latest year available)

<sup>1</sup> Calculation differences due to rounding

As shown in **Table 2-12**, Springfield CSD's total per-pupil operating expenditures (\$9,250) were higher than the peer districts and the peer average (\$8,459). While Springfield CSD is higher than the peer average in total dollars expended per student, the percentage of total expenditures for instructional dollars per student (58.5 percent) is lower than the peers and peer average (60.7 percent). Springfield CSD devotes the highest percentage (39.1 percent) of operating expenditures among the peers (36.2 percent) for support services. The District spends a slightly lower percent of expenditures for non-instructional services and extracurricular activities than the peer average. In general, the District directs more resources to non-instructional and support activities, which directly affects the amount of funding available for student instruction.

**Table 2-13** shows revenue by source and expenditures by object as a percent of total.

**Table 2-13: Revenue by Source and Expenditures  
by Object as a Percent of Total<sup>1</sup>**

	Springfield FY 2003-04	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
Property and Income Tax	26%	36%	29%	44%	37%
Intergovernmental Revenues	71%	63%	69%	54%	62%
Other Revenues	3%	1%	2%	2%	2%
<b>Total Revenues</b>	<b>\$65,167,928</b>	<b>\$30,250,367</b>	<b>\$60,292,015</b>	<b>\$46,369,325</b>	<b>\$45,637,235</b>
Wages	64%	62%	67%	66%	65%
Fringe benefits	20%	21%	20%	20%	20%
Purchased Services	12%	12%	9%	9%	10%
Supplies & Textbooks	2%	2%	3%	4%	3%
Capital Outlay	0%	0%	0%	0%	0%
Miscellaneous	1%	3%	1%	1%	2%
<b>Total Expenditures</b>	<b>\$71,191,726</b>	<b>\$30,629,540</b>	<b>\$59,172,783</b>	<b>\$47,914,011</b>	<b>\$45,905,445</b>

**Source:** Springfield CSD and peers ODE 4502 financial statement Exhibit 2, Statement Q FY 2003-04.

<sup>1</sup> Calculation differences due to rounding

As indicated in **Table 2-13**, Springfield CSD's percentage of total revenue from property and income tax is 26.0 percent, compared to the peer average of 37.0 percent. Property tax revenues are a reflection of local community support and Springfield CSD has the lowest level when compared to the peers. Intergovernmental revenues, which typically include state foundation payments received from ODE, are 71.0 percent of revenue compared to the peer average of 62.0 percent. Therefore, Springfield CSD is more reliant on State foundation payments than are the peers. This matter is discussed in more detail in **R2.F**.

Springfield CSD has reduced its percent of expenditures for salaries and wages to a level below two of the three peers and below the peer average. This reflects the reductions in staff the District implemented prior to the forecast period and the current period, as



discussed in the **human resources** section of this report. However, given its fiscal crisis, the District will need to consider further reductions since these categories represent 84 percent of governmental expenditures. (See the **human resources, facilities, and transportation** sections.)

**R2.F Springfield CSD should work with its constituents and stakeholders to identify the quality and level of service desired by District residents. Once identified, management must work with District residents either to secure adequate revenue to support the level of educational programming desired, or implement spending decreases to the level recommended in this report. Springfield CSD has made significant reductions in expenditures. However, these actions may not be sufficient to meet basic operating requirements in the future without continued reductions in staff. Springfield CSD should consider additional revenues through levies.**

Springfield CSD reduced expenditures beginning in FY 2003-04 to address its mounting financial crisis. It has taken steps to reduce personnel costs as well as supplies and capital outlay. Based on an analysis after implementation of the recommendations in this report, it appears that the District lacks sufficient resources to fulfill its obligations while continuing to offer the current level of educational programs -- especially given the challenges presented in its Academic Report Card scores discussed in **Table 2-11**.

Several issues have reduced the amount of state foundation and local revenues the District has received during FY 2003-04 and FY 2004-05, and will affect the amount it plans to receive during the remainder of the forecast period. This is indicative of the trend of decreasing enrollment, increasing open enrollment, and the continuing expansion of community schools.

**Table 2-14** compares several revenue indicators for Springfield CSD against the three peer districts, other Clark County school districts, and 20 demographically similar school districts as identified by the Ohio Department of Education (ODE). The table compares valuation per pupil; effective millage for real property; a local tax effort index developed by ODE; total revenue per ADM; and percent of revenue from local, state and federal sources.

**Table 2-14: Revenue Indicators, FY 2003-04**

Districts	Valuation per Pupil	Real Property Effective Millage <sup>1</sup>	Local Tax Effort Index	Total Revenue per ADM	Percent Local Revenue	Percent State Revenue	Percent Federal Revenue
<b>Springfield CSD</b>	<b>\$68,967</b>	<b>28.5</b>	<b>0.86</b>	<b>\$8,900</b>	<b>23.4%</b>	<b>63.4%</b>	<b>10.6%</b>
Barberton CSD	\$86,446	24.2	1.02	\$9,050	30.2%	54.8%	15.0%
Hamilton CSD	\$87,017	21.6	0.69	\$7,749	26.1%	63.3%	10.6%
Newark CSD	\$99,118	22.0	1.62 <sup>2</sup>	\$7,973	41.5%	49.5%	8.9%
<b>Peer Average</b>	<b>\$90,860</b>	<b>22.6</b>	<b>1.11</b>	<b>\$8,257</b>	<b>32.6%</b>	<b>55.9%</b>	<b>8.0%</b>
<b>Clark County Average</b>	\$105,157	29.2	1.26	\$7164.33	44.3%	51.6%	<b>11.5%</b>
<b>20 Similar Districts</b>	\$86,117	31.6	1.2	\$10,332	43.8%	51.1%	5.0%

Source: ODE EMIS reports, Ohio Department of Taxation Tax Data Series

<sup>1</sup> Represents Calendar Year 2003.

<sup>2</sup> Newark CSD maintains a higher tax effort because it also assesses an income tax.

**Table 2-14** indicates that Springfield CSD has a per pupil valuation 24.1 percent lower than the averages of the peers, 34.4 percent lower than other Clark County school districts, and 20.0 percent lower than the 20 demographically similar districts identified by ODE. Further, it maintains the lowest percentage of revenue from local sources among these groups. The table also compares the real property effective millage, or the millage rate per \$1,000 taxable value, for current school district expenses after application of reduction factors from H.B. 920, which limit property value growth with inflation. Effective millage is often considered one measure of local tax effort. Springfield CSD's effective millage is 26.1 percent higher than the peer average, although Newark CSD supplements its local revenue with an income tax. Springfield's effective millage is 2.5 percent lower than the Clark County average, and 9.7 percent lower than the average of 20 demographically similar districts.

ODE has also developed a Local Tax Effort Index that tends to reflect the extent to which residents of school districts vote in support of public primary and secondary education. This index, one of many possible measures for evaluating local revenues, is calculated in the context of residents' ability to pay by determining the relative position of each school district in the State in terms of the portion of residents' income devoted to supporting public education. According to ODE's Center for School Finance, Springfield CSD maintained a local tax effort index of 0.86 in FY 2003-04. This is 22.5 percent lower than the peer average, 31.7 percent lower than the Clark County average, and 25.2 percent lower than the average of the 20 similar districts.<sup>2-1</sup>

<sup>2-1</sup> Compared to 1.15 for the 20 similar district average and 1.00 (statewide average).

Since the District has the highest per pupil expenditures among the peers and does not have adequate revenue to support its expenditures, it will have to appeal to residents for resources to sustain basic operations, and/or make reductions in key programmatic areas discussed in other sections of this report. It should use the revenue indicators from this recommendation in its efforts to educate constituents about the current funding received by the District.

### *Financial Recovery Plan*

**R2.G Springfield CSD should analyze and use the proposed financial recovery plan outlined in Table 2-15 to evaluate the recommendations presented in this performance audit and determine the impact of the related cost savings on its financial condition. Springfield CSD should also consider implementing the recommendations in this performance audit to improve its current and future financial situation. Finally, the District should update its forecast on an ongoing basis as it addresses critical financial issues.**

Springfield CSD's forecast, presented in **Table 2-1**, projects a fund deficit of \$26.6 million by FY 2008-09.

**Table 2-15** presents a potential Financial Recovery Plan for management to use as a tool to assess the impact that implementation of various performance audit recommendations will have on the District's financial condition. The revised forecast contains the financial projections presented in **Table 2-1**, with the revisions detailed in the recommendations above, along with an additional line to incorporate the financial savings and implementation costs associated with the performance audit recommendations. The performance audit recommendations included here are those recommendations not yet implemented by the District. Recommendations implemented as part of the May 2005 District recovery plan were already reflected in the Treasurer's latest forecast. Accompanying tables (**Tables 2-15A and 2-15B**,) summarize the financial implications associated with the recommendations contained in this report. The District could implement some recommendations immediately, while others will require further management action and negotiation with collective bargaining units to realize the proposed savings.

As evidenced by **Table 2-15**, if all performance audit recommendations were implemented, the District could achieve positive unreserved fund balances growing to \$2.9 million by the end of the forecast period, or 3.9 percent of the prior year's total receipts. The Administration, Board and Financial Planning and Supervision Commission should consider which options would best help the District to meet its future financial and academic goals. Also, as discussed in **R2.E**, Springfield CSD should attempt to shift a

greater percentage of its resources toward direct instruction as opposed to support services.

For Springfield CSD to achieve and maintain financial stability, it will be necessary to make difficult management decisions. The District should consider the ideas and recommendations included in this report for implementation. However, since the audit is not all-inclusive, the District should also explore other cost savings and revenue enhancements for inclusion in the financial recovery plan.

**Table 2-15: Proposed Financial Recovery Plan (in 000s)**

<b>Springfield CSD</b>	<b>Actual 2001-02</b>	<b>Actual 2002-03</b>	<b>Actual 2003-04</b>	<b>Forecast 2004-05</b>	<b>Forecast 2005-06</b>	<b>Forecast 2006-07</b>	<b>Forecast 2007-08</b>	<b>Forecast 2008-09</b>
<i>Revised Real Property Tax</i>	\$14,269	\$14,192	\$14,257	\$14,595	\$14,741	\$14,889	\$15,335	\$15,489
Tangible Personal Property Tax	\$3,834	\$3,018	\$2,614	\$3,704	\$2,900	\$2,900	\$2,900	\$2,900
<i>Revised Unrestricted Grants-in-Aid</i>	\$38,420	\$38,276	\$43,449	\$45,014	\$45,266	\$46,041	\$46,501	\$46,966
<i>Revised Restricted Grants-in-Aid</i>	\$4,867	\$7,979	\$5,039	\$5,380	\$5,791	\$6,588	\$6,653	\$6,719
Property Tax Allocation	\$2,123	\$2,130	\$2,095	\$2,107	\$1,989	\$2,009	\$2,029	\$2,049
Other Operating Revenues	\$4,956	\$4,700	\$2,932	\$2,595	\$1,820	\$1,838	\$1,857	\$1,875
<b><i>Revised Total Operating Revenues</i></b>	<b>\$68,468</b>	<b>\$70,295</b>	<b>\$70,386</b>	<b>\$73,395</b>	<b>\$72,507</b>	<b>\$74,265</b>	<b>\$75,275</b>	<b>\$75,999</b>
<i>Revised Salaries &amp; Wages</i>	\$47,517	\$50,301	\$48,310	\$46,550	\$43,215	\$44,975	\$46,916	\$48,927
<i>Revised Fringe Benefits</i>	\$13,131	\$15,119	\$15,096	\$17,159	\$16,854	\$17,091	\$15,952	\$16,635
<i>Revised Purchased Services</i>	\$5,926	\$6,639	\$8,856	\$11,081	\$12,335	\$13,778	\$15,442	\$17,364
Supplies, Materials & Textbooks	\$2,635	\$1,653	\$1,098	\$607	\$664	\$693	\$724	\$756
Capital Outlay	\$801	\$138	\$142	\$43	\$100	\$104	\$109	\$113
<i>Debt Service: Principal Notes</i>	\$201	\$201	\$198	\$3,700	\$3,777	\$3,777	\$0	\$0
Debt Service: Principal HB 264 Loans	\$0	\$131	\$120	\$0	\$0	\$0	\$0	\$0
Principal- Other	\$0	\$0	\$0	\$69	\$0	\$0	\$0	\$0
Other Expenditures	\$921	\$832	\$833	\$1,022	\$938	\$979	\$1,023	\$1,068
<b><i>Revised Total Operating Expenditures</i></b>	<b>\$71,133</b>	<b>\$75,015</b>	<b>\$74,653</b>	<b>\$80,231</b>	<b>\$77,883</b>	<b>\$81,398</b>	<b>\$80,165</b>	<b>\$84,863</b>
Ohio Solvency Assistance Loan	\$0	\$0	\$0	\$7,554	\$0	\$0	\$0	\$0
Proceeds From TAN Notes	\$0	\$0	\$0	\$3,700	\$0	\$0	\$0	\$0
Net Transfers/Advances In/(Outs)	(\$2,079)	(\$3,220)	(\$60)	\$0	\$0	\$0	\$0	\$0
<b>Net Financing</b>	<b>(\$2,079)</b>	<b>(\$3,220)</b>	<b>(\$60)</b>	<b>\$11,254</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Result of Operations (Net)</b>	<b>(\$4,744)</b>	<b>(\$7,939)</b>	<b>(\$4,327)</b>	<b>\$4,418</b>	<b>(\$5,375)</b>	<b>(\$7,132)</b>	<b>(\$4,890)</b>	<b>(\$8,864)</b>
Beginning Cash Balance	\$15,267	\$10,523	\$2,584	(\$1,743)	\$2,675	(\$2,701)	(\$9,833)	(\$14,723)
<b><i>Revised Ending Cash Balance</i></b>	<b>\$10,523</b>	<b>\$2,584</b>	<b>(\$1,743)</b>	<b>\$2,675</b>	<b>(\$2,701)</b>	<b>(\$9,833)</b>	<b>(\$14,723)</b>	<b>(\$23,587)</b>
Total Reservations and Encumbrances	\$2,808	\$2,039	\$774	\$1,133	\$1,442	\$1,942	\$2,442	\$2,942
<b><i>Revised Ending Fund Balance for Certificate of Appropriations</i></b>	<b>\$7,715</b>	<b>\$545</b>	<b>(\$2,517)</b>	<b>\$1,542</b>	<b>(\$4,143)</b>	<b>(\$11,775)</b>	<b>(\$17,165)</b>	<b>(\$26,529)</b>
<b>Cumulative Effect of AOS Recommendations</b>					<b>\$2,418</b>	<b>\$9,951</b>	<b>\$19,025</b>	<b>\$29,514</b>
<b>Potential Ending Fund Balance</b>	<b>\$7,715</b>	<b>\$545</b>	<b>(\$2,517)</b>	<b>\$1,542</b>	<b>(\$1,725)</b>	<b>(\$1,823)</b>	<b>\$1,860</b>	<b>\$2,985</b>

Source: Springfield CSD's financial forecast and recommendations identified throughout this performance audit

Note: AOS recommendations are shown compounded to reflect the effect of the recommendations for year to year. Total recommendations by year are shown in **Table 2-15a**.

**Tables 2-15A, and 2-15B** present the financial implications associated with the recommendations contained in this report that have not already been implemented by the District.

**Table 2-15A: Summary of Performance Audit Recommendations**

	Recommendation	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
<b>Not Subject to Negotiation</b>					
<b>Human Resources</b>					
R3.A	Reduce 1.0 FTE construction management position, salary & benefits				\$110,689
R3.F	Reduce ESP staff by 42.0 FTE positions 12/31/05, salaries & benefits	\$1,433,348	\$2,993,118	\$3,125,114	\$3,262,932
R3.E	Reduce 14.0 FTE teaching positions/year FY 2005-06 through FY 2007-08 for a total of 42.0 FTE, salaries & benefits	\$790,218	\$1,650,133	\$2,584,356	\$3,597,769
R3.I	Reduce 8.0 FTE Aide positions	\$177,684	\$170,410	\$177,925	\$185,771
	Add Unemployment Expenses from staff reductions	(\$304,000)	(\$448,000)	(\$112,000)	(\$200,000)
R3.M	Reduce Administrator benefits		\$313,500	\$313,500	\$313,500
R3.N	Reduce severance payout for Administrators		\$5,000	\$5,000	\$5,000
R3.O	Reduce duplicate supplemental contracts				\$40,000
<b>Facilities</b>					
R4.B	Increase facility rental rates	\$5,000	\$5,000	\$5,000	\$5,000
R4.F	Consolidate North and South High Schools				\$532,544
R4.G	Close Keifer Alternative School	\$39,500	\$79,000	\$79,000	\$79,000
<b>Transportation</b>					
R5.E	Reduce 8 special education bus routes though more efficient routing	\$276,738	\$288,942	\$301,684	\$314,988
	<b>Subtotal</b>	<b>\$2,418,488</b>	<b>\$5,057,103</b>	<b>\$6,479,580</b>	<b>\$8,247,193</b>
<b>Recommendations Subject to Negotiation</b>					
<b>Human Resources</b>					
R3.L	Reduce salary and related benefit increases to 1%, 1%, 2% for all staff		\$1,752,679	\$1,799,212	\$1,368,232
R3.Q	Require staff to contribute 20% of dental premium (inflated at 7% per year)		\$129,748	\$138,830	\$148,549
R3.P	Reduce health care premium costs		\$413,077	\$466,777	\$527,458
R3.T	Restrict additional sick leave usage		\$27,300	\$28,665	\$30,098
<b>Transportation</b>					
R5.G	Reduce bus driver contractual payment to actual hours worked		\$153,483	\$160,251	\$167,318
	<b>Subtotal</b>		<b>\$2,476,287</b>	<b>\$2,593,735</b>	<b>\$2,241,656</b>
	<b>Total</b>	<b>\$2,418,488</b>	<b>\$7,533,389</b>	<b>\$9,073,315</b>	<b>\$10,488,849</b>

**Source:** Financial implications for recommendations not yet implemented as identified throughout this performance audit

**Note:** Savings related to salaries and benefits are appreciated each year based on the Five-Year Forecast.

**Table 2-15B** illustrates ending cash fund balances, using the District's May 2005 forecast with updated AOS assumptions and methodologies, as a percentage of total revenues for the following two scenarios:

- Not implementing the AOS recommendations shown in **Table 2-15A** ; and
- Implementing the additional AOS recommendations.

**Table 2-15B: Fund Balance as a Percent of Prior Year Total Receipts**

<b>Fiscal Year</b>	<b><u>Scenario One:</u> No AOS Recommendations</b>	<b><u>Scenario Two:</u> With AOS Recommendations<sup>1</sup></b>
FY 2002-03	0.8%	0.8%
FY 2003-04	(3.6%)	(3.6%)
FY 2004-05	2.2%	2.2%
FY 2005-06	(6.6%)	(2.4%)
FY 2006-07	(17.8%)	(2.5%)
FY 2007-08	(24.8%)	2.5%
FY 2008-09	(35.4%)	4.0%

**Source:** District forecast and financial recovery plan developed by AOS

<sup>1</sup> Based on revised assumptions shown in **Table 2-15**.

## Implementation Status of 1998 Audit Recommendations

### *Financial Planning*

- R4.1 The District has identified specific critical issues to be addressed in the next few years, and has developed strategies and action plans to achieve improvement. This plan should be more closely linked to the financial forecasting process, resulting in a broader, more comprehensive plan for the District.**

#### *District's 1998 Economy and Efficiency Plan Response*

The strategic plan for the district should be more closely linked to the financial forecasting process, resulting in a broader, more comprehensive plan. The District believes that the above statement should be re-ordered to reflect the long-range financial plan and should be linked to the District's strategic plan.

#### *Implementation Status*

The Comprehensive Continuous Improvement Plan is an indicator of the District's commitment to improving the quality of the education it provides. However, the plan is limited to educational objectives because of the format required by ODE. The plan does not specify a timeline for reaching each objective or the source of funding needed to meet these goals. Furthermore, the CCIP fails to identify the action steps needed to improve the District's current financial standing, and does not provide an overview of community events and actions that may affect the District in the future.

#### *Conclusion*

The District *did not implement* this recommendation. Springfield CSD does not have a centralized plan that links its academic goals to financial conditions and other external events that may affect those goals. The District should develop an addendum to its CCIP using an established framework. The strategic plan addendum should consider the District's current financial issues in the context of its operational goals.

The United States Department of Commerce established the Baldrige National Quality Program to provide a framework for institutions to assess performance on a wide range of key indicators. While many of the goals outlined in the Baldrige program may be too ambitious considering the District's limited financial resources, the criteria for strategic planning identified by the program can provide a framework for the District to begin to develop a comprehensive strategic plan. The Baldrige program identifies the following



key factors on which a strategic plan should collect and identify relevant data and information:

- Student, stakeholder, and market needs, expectations, and opportunities, including student achievement;
- Competitive environment and capabilities relative to competitors and comparable organizations;
- Educational reform, technological innovations, or other key changes that might affect programs, offerings, services, and operations;
- Strengths and weaknesses, including faculty, staff and other resources;
- Opportunities to redirect resources to higher priority programs, offerings, services, or areas;
- Capability to assess student learning and development;
- Budgetary, societal, ethical, regulatory, and other potential risks;
- Changes in the local, regional, or national economic environment; and
- Factors unique to the organization, including partners' and suppliers' needs, strengths, and weakness.

By developing an addendum to the CCIP that is consistent with the framework established by the Baldrige program, the District can formalize its approach to preparing for the future on both a programmatic and financial basis. The current academic and financial position of the District requires that resources be used as efficiently and effectively as possible. A strategic plan will help ensure that the District's priorities and goals are examined in relation to its finances, and that the appropriate cost trade-offs are considered. The CCIP, with this addendum, will also serve to ensure that the School Board, Superintendent, and residents have a uniform understanding of the District's priorities and goals, as well as the resources needed and currently available to meet these goals.

**R4.2 Two of the District's key responsibilities are to develop and manage its services, programs, and resources as efficiently and effectively as possible and communicate the results of those efforts to taxpayers. It should develop meaningful performance measures to assist in identifying financial and program results, evaluating past decisions, reallocating resources, making future allocation decisions, communicating results to the community and making comparisons with peers.**

District's 1998 Economy and Efficiency Plan Response

The performance of the District is measured against the outcomes of the Blueprint for Excellence 2000. Once the financial goals of the District are accomplished in the process outlined in **R4.1** and correlated to the Blueprint, outcomes that are more specific can be developed to bear on the budgeting process.

Implementation Status

The SchoolMatch Audit of Educational Effectiveness and Financial Analysis recommends the strategic plan include specific goals, objectives, strategies, school accountability measures and evidence of accomplishments. There is no evidence that performance measures are included in the five-year forecast preparation process.

Conclusion

The District *did not implement* this recommendation. Springfield CSD should implement performance measurement guidelines for all departments and/or projects in addition to the performance measurements from ODE. It is important to measure costs and results in order to achieve optimum performance and to evaluate the tradeoffs made during the planning and budgeting processes.

- R4.3 The District should create a capital plan to prioritize all facility maintenance and equipment needs, including buses. The annual spending level should at least equal the set-aside mandated by the state Legislature. The plan should be updated annually and submitted to the Board for its approval.**

District's 1998 Economy and Efficiency Plan Response

The Board of Education will retain a design professional firm to conduct a thorough evaluation of the Springfield CSD's facilities and grounds. This firm should conduct their evaluation and report their findings, recommendations, and funding alternatives to the Board of Education sometime during the first half of 2000. This firm should present both short-term and long-term recommendations. The Board will then need to evaluate the recommendations of the design professional in conjunction with the requirements of the Ohio School Facilities Commission and the results of the DeRolf court case funding decision.

Implementation Status

The District is currently in the process of formulating a capital plan in conjunction with the OSFC building project. Prior to initiating the construction projects, the District did not develop or implement a capital plan. As each new building is completed, it will have its own plan related to facility maintenance and equipment needs. The District does not have a capital plan to address bus maintenance and replacement.

Conclusion

The District *partially implemented* this recommendation. The District should combine all building level plans and use a comprehensive plan to prioritize its facility maintenance and equipment needs. The District has a large number of spare buses as a result of its decision to go to minimum standards, which minimizes the immediate need of developing capital plan for buses. However, the District should in the future develop a comprehensive capital plan that includes buses, particularly the use and disposal of spare busses. In addition, the capital plan should address the number of spares the District wants to maintain. (See *Issues for Further Study* in the **transportation section**.)

**R4.4 The five-year financial forecast and accompanying assumptions and notes, developed by the Treasurer, should be expanded to present more detailed historic and projected information and explanations in the following areas:**

- **Actual results of the three most recent fiscal years, for comparison, with explanations of significant variances between forecasted and actual amounts,**
- **Historic and projected enrollment and Average Daily Membership,**
- **Information about facility utilization (anticipated building closures or need for additional leased space or purchase of portable classroom units),**
- **Detailed descriptions of the components of other revenue, especially the portion related to DPIA,**
- **Historic and projected staffing by position,**
- **Descriptions of District's efforts to control fringe benefits costs, especially those related to health care and workers compensation,**
- **Historic and projected expenditures for main components of purchased services, supplies and textbooks, and other expenditures, specifically identifying the amount fulfilling state-mandated set-asides,**
- **Descriptions of projected capital outlay expenditures, identifying amounts related to routine maintenance, specific projects, and use of the state-mandated set-aside,**
- **Descriptions of debt service obligations,**
- **Impact of outstanding encumbrances at year-end, and**
- **Comparable external averages and benchmarks, and internal financial objectives.**

The forecast should be updated during the year as situations occur which materially affect the District's financial situation. The Treasurer should lead the Board through an analysis in which significant variances between estimated revenues and expenditures and actual results are identified and explained. In this way, the validity of assumptions and the accuracy of current projections can be assessed. By

**providing more detail in the forecast and its supporting notes, the Board, the Legislature and the public will better understand the financial condition of the District.**

District's 1998 Economy and Efficiency Plan Response

As required by House Bill 412, the Treasurer revised the district's five-year projection to incorporate actual results of the three most recent fiscal years, historic and projected staffing by position, and historic and projected expenditures such as purchased services, supplies, transfers, salaries and benefits, equipment and textbooks. Debt service obligations are more greatly defined in the five-year forecast.

The revised five-year forecast was completed August 1, 1998, and reviewed with the Board of Education on August 13, 1998. The Treasurer leads the Board through an analysis of estimated and actual expenditures on a monthly basis and has conducted this analysis since May 1998.

Implementation Status

The District does not have formal written policies or procedures pertaining to the development and review of the five-year forecast. The Treasurer is responsible for preparing the five-year forecast. The forecast is submitted to the Board for approval, followed by submission to ODE. However, the Treasurer did not submit supporting documentation or provide a comprehensive explanation of the forecast assumptions or the basis for the forecast. In some areas of analysis, it was difficult to ascertain how assumptions had been developed and applied. Additional information provided with the forecast could remedy current gaps in interpretation of the forecast.

Conclusion

The District *partially implemented* this recommendation. In order to ensure high levels of continuity, consistency, and reliability in the five-year forecasting process, Springfield CSD should formally document its current methodology through specific written policies and procedures. These policies and procedures should address key forecast factors including parties responsible for information, periods covered, the development process, assumption development and evaluation, support for assumptions, presentation, and outside consultation. Prior to approval, the Treasurer, Superintendent and Board should thoroughly review the forecast and assumptions in accordance with these policies and amend the forecast as necessary before formal submission to ODE.

In addition, the Treasurer should explicitly state all assumptions and highlight changes to assumptions. What-if scenarios should also be developed to show the effects of changes in the District's revenues and expenditures.

The American Institute of Certified Public Accountants (AICPA) *Guide for Prospective Financial Information* identifies best practices for reviewing financial forecast information. These practices are listed and explained below:

- ***Responsible party's experience:*** An analysis of prior forecasts developed by the preparer compared to actual results may indicate the effectiveness of the process used by the preparer. The responsible party's experience is not necessarily indicative of the reliability of the forecast but it may help to identify areas where the preparer can improve. Gaining an understanding of significant variances will help in the development of future forecasts.
- ***Prospective period covered:*** The extent to which historical results are used to develop the forecast should be considered in relation to the length of the forecast period. When historical trends are used to forecast line-items it must be determined if an adequate amount of historical data was used.
- ***Development process:*** Inquiry, observation, review of manuals, memoranda, instructions, examination of analysis models or statistical techniques, and review of documentation should be conducted to obtain a complete and comprehensive understanding of how the forecast was developed.
- ***Procedures to evaluate assumptions:*** Perform those procedures deemed necessary to determine whether the assumptions provide a reasonable basis for the forecast. These procedures can be as simple or complex as deemed necessary.
- ***Development of Assumptions:*** Using knowledge of operations and the economic environment, it should be determined whether assumptions have been developed for all key factors on which the District's financial results appear to depend.
- ***Support for Assumptions:*** Once all key factors have been identified and assumptions have been developed for each key factor, support for the assumptions should be formally documented. Documentation should be submitted to reviewers with the forecast so both can be properly evaluated.
- ***Presentation:*** In evaluating preparation and presentations of the financial forecast, procedures should be performed which will provide reasonable assurance that the presentation reflects the identified assumptions, computations are mathematically

accurate, assumptions are internally consistent, and accounting principles are consistent with those used for historical data.

- ***Using the work of a specialist/consultant:*** Areas in which the forecast may be enhanced by input from outside sources should be identified and consultants or specialists used when necessary.

By establishing formal policies and procedures for preparing and reviewing the five-year forecast, the District can better ensure the consistency and reliability of its forecasts. Likewise, by using individuals who are properly trained to thoroughly review the forecast, the District will be able to reduce the risk of errors in the five-year financial forecast.

**R4.5 The District should also consider the benefit of working with a third-party billing organization to maximize Medicaid reimbursements under the Community Alternative Funding System (CAFS) and Ohio Outreach Program (OOP). Areas of potential revenue enhancement include the Delegated Nursing billing area, Service Coordination billing area, Nursing Program, and shifting Title VI-B funds away from providers who bill to non-billing personnel.**

*District's 1998 Economy and Efficiency Plan Response*

The Director of Pupil Personnel plans to arrange a meeting with state Medicaid (CAFS) personnel during the fall of 1998, to review the possibility of developing the Delegated Nursing billing area, developing the Service Coordination billing area, and fully developing the Nursing Program. Previous reviews of fully developing the Nursing Program and Nursing Billing Program indicated that the procedures required to implement the program were very time-intensive. The Director of Pupil Personnel has already discussed shifting Title VI-B funds away from providers who bill to non-billing personnel. She is currently in the process of implementing these changes where feasible.

*Implementation Status*

ODE requires that Springfield CSD must apply to the state for rate approval, based on expenses incurred in previous years. The District continues to complete the indirect cost worksheets as required by ODE. The District uses Healthcare Billing Services, Inc. as of February 2002, for billing services under CAFS in the areas of speech, psychological services, occupational and physical therapy, nursing services, delegated nursing services, special education and work-study coordination and coordinator.

Conclusion

Springfield CSD *fully implemented* this recommendation.. The FY 2005-06 and FY 2006-07 State budget provides a mechanism for Medicaid reimbursement to districts. The Ohio Department of Job and Family Services (ODJFS) will pay district Medicaid reimbursements at 100 percent. ODE will deduct the nonfederal share from the district's State aid and transfer it to ODJFS.

- R4.6 Because of the limitation imposed on the growth of voted millage by House Bill 920, a property tax reduction measure passed by the legislature in 1976, property tax levies are needed about every three years to match cost of living increases. Springfield CSD should persist in its evaluation of methods to increase local revenues. More revenue will also be needed to fund educational enhancements that are necessary to raise proficiency test scores, improve attendance rates, and meet the new graduation requirements.**

**The Board and the Superintendent should work with the Treasurer to prepare a revised five-year forecast incorporating all the items noted in R4.4, as well as the financial impact of acting upon various recommendations made in this report. Serious consideration should be given to the potential closure of facilities and work force reductions. Once these important evaluations have been conducted, the Board and the District's management should determine the need for and size of an operating tax levy.**

District's 1998 Economy and Efficiency Plan Response

The district has revised its five-year projection and does not anticipate facing a financial crisis as indicated in the Performance Audit. However, the Board of Education does anticipate placing a renewal levy on the ballot, probably in calendar year 1999. In addition, the district is attempting to negotiate a revenue-sharing agreement with local districts in Clark County. If successful, this revenue-sharing agreement would allow SCSD to share in the growth of Clark County.

Implementation Status

The District's unreserved fund balance has decreased from a positive balance in 1998 to a negative balance in 2004. In part, this is due to the inability of the District to obtain voter approval for new operating money since 1995. Revenue difficulties have been compounded by declining enrollment and the effect on state foundation payments resulting from open enrollment and community schools.

However, as evidenced by findings in the **human resources, facilities and transportation** sections of this audit, there have been instances where recommendations to control costs were not implemented. The 2004 SchoolMatch Audit of Educational Effectiveness and Financial Analysis states that, at the time of the review, “although difficult reductions in staffing have been made, sufficient reductions in staffing to meet the budget shortfall have not occurred.” While the District has made substantial reductions in staffing in FY 2004-05, enrollment has been consistently declining at an average rate of 2 percent annually for a decade. Further, the **human resources** section of this audit notes instances where wage and benefit levels exceed peer averages. Although the need for a competitive compensation package is critical to attract and retain quality staff, especially in an urban school setting, it must be balanced against the need to meet future fiscal obligations.

Conclusion

The District *did not implement* this recommendation. District management should continue to explore options for spending reductions. Recommendations contained within the performance audit should serve as the basis for discussions about reductions and future financial obligations.

*Budgeting and Management Reporting*

**R4.7 The Central Advisory Council and each school's Parent Advisory Council should become involved in the District's budgetary process. The District has made great strides in increasing the level of parental involvement in educational program issues. Similar opportunities should be extended in financial matters. In this way, parents would work with building and central administrators in determining and securing the right amount of funding to fulfill program needs at individual schools.**

District's 1998 Economy and Efficiency Plan Response

In the past, the budgeting process of the district has been a centralized process, with the Treasurer's Office and Cabinet level administrators making all the budgeting decisions. The Treasurer's Office is in the process of training school building principals to develop and prepare their building budgets. Some building principals are considering the addition of or have included staff members in the development of their budgets. As the Treasurer develops the district's budgeting process, he will recommend that the building administrators include the Central Advisory Council, Parent Advisory Council, and staff members in the budgeting process.



Implementation Status

The District has a Central Advisory Council, but they are not involved in the budgetary process. The Central Advisory Council and Treasurer's Department have continued communication about District issues, but the Council has only limited input into the District's budgetary process.

Conclusion

The District *partially implemented* this recommendation. The Treasurer's Department should continue to involve and communicate with the Central Advisory Council. The Council should work with building and central administrators in determining and securing the right amount of funding to fulfill program needs at individual schools. The District should implement recommendation **R4.9** and begin using building level budgeting to encourage greater levels of involvement and accountability by building principals.

- R4.8 Effective budgeting reflects the goals and priorities of the entity. Goals should also be prioritized. The District's stated goals and objectives should be clarified prior to the inception of the annual budget process to ensure funding is made available for the high priority activities. Once the District establishes budgetary goals, progress toward achievement of the goals should be monitored through reports that incorporate performance measurements.**

District's 1998 Economy and Efficiency Plan Response

The district's goals are developed based on data from previous years' goals and utilizing the benchmarks developed by the state Legislature and the State Board of Education. The development of the district's goals becomes part of the CIP for the district. This activity takes place in the late summer, giving the Springfield Board of Education ample time to review and revise the goals prior to September. Ideally, the financial implications for each goal should be presented to the Board at this time. The goals of the district are always prioritized. The Treasurer and Superintendent, with input from other program managers, determine the funding needed to accomplish the goals.

Implementation Status and Conclusion

The District *did not implement* this recommendation. See **R2.E** for more detail.

- R4.9 The annual budget should be built upon operational unit performance plans rather than formulated centrally. All responsibilities and authority pertaining to an operational unit should be delegated to those who will be held accountable for**

**performance. Performance indicators should be incorporated in the budget requests. Resources should be allocated based on priorities, levels of service and standards of performance as set and approved in the strategic plan.**

*District's 1998 Economy and Efficiency Plan Response*

In April 1998, general budget worksheets were disseminated to building principals and program managers. The budget worksheets included a column that lists account codes and descriptions, a column that lists the amount expended from each account code in the previous fiscal year, a column that lists the amount expended so far in the current fiscal year, and the amount budgeted in the current year. The final column includes a space for the budget manager to input the amount requested for the new fiscal year. Building budgets are based on the number of students attending the building. Program manager's budgets are based on their previous year's appropriation and are increased by a percentage determined by the Board of Education. After the Superintendent's Cabinet reviews the budget requests, the budget requests will be presented to the Board of Education for approval.

In August 1998, the Treasurer conducted a training seminar for building principals and program managers to review the budget worksheets. The budget preparation timeline was also reviewed with the building principals and program managers.

*Implementation Status*

The District's annual budget is formulated centrally and no performance indicators are used.

*Conclusion*

*The District did not implement this recommendation.* The District should incorporate performance measures into its annual budget.

**R4.10 Principals should not be expected to pay for major equipment purchases out of their building budgets. Building allocations are and should continue to be made on a per-pupil basis, to promote equity across all neighborhoods and schools.**

*District's 1998 Economy and Efficiency Plan Response*

In June 1998, the Director of Business Services submitted a request to the Board of Education to enter into a lease agreement for building copiers and risographs. The lease payments will be the financial responsibility of the business director; therefore, building budgets will no longer be responsible for purchasing copiers or risographs. This change

eliminates a major expense for building budgets and accomplishes the goal of this recommendation.

Implementation Status

Furniture and equipment has been provided to each building in conjunction with the completion of the District's new schools. District copiers are on operating leases. No capital lease agreements have been signed by District officials. The District pays monthly usage charges for the copiers. While the buildings still pay for other equipment, this amount is greatly decreased because of budget reductions and the effects of the construction project.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.11 The Treasurer's Office should re-evaluate the method currently being used to charge-back intra-District services, such as printing, postage, instructional media, field trips and catering. The staff spends about 24 person-hours each month on tasks associated with charge-backs.**

District's 1998 Economy and Efficiency Plan Response

The members of the Treasurer's Office staff met and discussed changes possible in the way the district posts indirect costs. The staff was able to develop a basic plan that would meet the goals of the recommendation.

Implementation Status

Charge-backs are used primarily for printing and transportation on fieldtrips. Printing has been substantially reduced and field trips are paid for by the District's Parent/Teacher Organization.

Conclusion

Springfield CSD *fully implemented* this recommendation. As the District regains financial health and expands its services, it should seek opportunities to enhance its charge-back process.

**R4.12 Springfield CSD *fully implemented* this recommendation. See the *Financial Systems Technology Related Recommendations* in the **technology section**.**

**R4.13** When formulating the annual tax and appropriation budgets, the District should incorporate funding for those projects and purchases scheduled for completion in the fiscal year per the capital plan. The annual spending level should at least equal the set-aside mandated by the State Legislature. When a capital project is undertaken, a project number should be assigned to it and used to accumulate the costs related to the project. Actual costs can then be compared with estimated costs, enhancing accountability to the public.

District's 1998 Economy and Efficiency Plan Response

As budget worksheets are being completed by building principals and program managers, capital projects are included in the budget worksheets. The district's annual tax budget is generated from the five-year projection. The five-year projection includes the estimated cost of all planned expenditures, including set-asides required by House Bill 412 and capital projects. Our current review of House Bill 412 set-asides indicates that adequate funds are being spent by the district to comply with the law.

The business director tracks the estimated costs of capital projects. At the end of a project, the business director is able to compare the estimated cost of a project to the actual cost of the project.

Implementation Status

The District does not have a capital plan and does not have a plan for budgeting these items (see *Implementation Status* for **R4.3**).

Conclusion

The District *partially implemented* this recommendation. Springfield CSD has been lax about implementing this recommendation because of the OFSC construction project. The District should develop a comprehensive capital needs plan that prioritizes facility, maintenance and equipment needs and is updated annually for Board approval. The plan should include (1) a five-year projection of anticipated capital needs, (2) prioritization and quantification of these needs, and (3) identification of available resources to fulfill the needs. The elements of the plan should be incorporated into the tax budget, appropriations, and the five-year forecast.

**R4.14** The Treasurer and the Superintendent should establish a timetable and a set of instructions for the operational units to follow that would ensure that the annual appropriation measure would be presented to the Board for approval before October 1. A district cannot operate efficiently and operational unit managers cannot make informed decisions without the framework and parameters provided

**by the official annual appropriation measure. This may entail beginning the process earlier in the year.**

District's 1998 Economy and Efficiency Plan Response

The District's appropriation resolution acts as the District's operating budget. Budget worksheets will be sent to building principals and program managers in November of each year, beginning in November 1998. Budget worksheets are due in the Treasurer's Office on January 20. In March, the administrative cabinet will review the budget worksheets where they may be increased, decreased or modified. In April, the Board Finance Committee will review the budget worksheets, modify them as necessary, and recommend them to the full Board. The Board of Education will pass the Permanent Appropriation Resolution prior to the October 1 deadline.

Implementation Status

The District passed its final appropriations for FY 2005-06 at its first meeting in September, 2005. Historically, the Board takes action on the Permanent Appropriations Resolution at its second meeting in September. The District has historically passed its official annual appropriations before October 1.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.15 Because of the size of expenditures fixed by negotiated contracts, debt service agreements and utility costs, it is extremely important that management diligently monitor those spending areas over which it can exercise more discretion. The District spends a higher percentage of its General Fund revenues on property services, meeting expenses, insurance, dues, and fees than its peer districts. Management should closely review these areas to identify opportunities for reductions and savings.**

District's 1998 Economy and Efficiency Plan Response

In trying to reduce meeting expenses, the Board of Education will convene a committee to establish guidelines for travel and meeting expenses incurred by district employees. The committee should be comprised of employees who frequently travel on district business, the Director of Staff Development, the Superintendent, and Treasurer. The goal of the committee will be to develop a district-wide travel policy that provides guidelines designed to control district travel expenses. The Board Finance Committee who shall

accept, reject, or amend the recommendations and forward their recommendations to the Board of Education who shall review recommendations from this committee.

The Office of Business Services requested and received quotations for insurance coverage for all of the Springfield CSD's property, fleet, inland marine, etc., during the fall of FY 97. The result of this effort was that the Springfield CSD improved the level of insurance coverage, reduced the premium for a net savings of approximately \$13,000, consolidated all of the former policies under one carrier, and consolidated all of the policies to have one commencement and termination date.

#### Implementation Status

Springfield CSD's 2004 discretionary expenditures as a percent of total expenditures are lower than the peers and the peer average. Springfield CSD is at 5.9 percent of total expenditures compared to a peer average of 8.3 percent. Additionally, the District spends fewer dollars per ADM than the peers and the peer average. The District spends \$452 per ADM and the peer average is \$581. Included in discretionary expenditures are property services, mileage/meeting expense, and dues and fees, all of which are lower than the peers. However, insurance remains higher than two of the three peers at \$10 per ADM versus a peer average of \$6.

#### Conclusion

Springfield CSD *partially implemented* this recommendation. While the District has reduced discretionary expenditures (see *Noteworthy Accomplishments*), it should re-evaluate its property and liability insurance for additional potential savings.

- R4.16 The District should prepare a budget document containing an executive summary, which would highlight the key issues as well as the proposed budget, and historical comparisons. Descriptions of recent accomplishments and the status of projects would provide a progress report on the implementation of the District's strategic plan. The District's goals and objectives for the ensuing fiscal year should be presented. Fiscal and program priorities should be articulated and any changes in priorities explained, and the factors leading to the changes recounted. Financial trends and factors affecting the budget should be identified, including the long-range outlook, expected tax collections, and state funding levels, anticipation of future borrowing, and significant use of or increase in fund balance. Underlying assumptions should be disclosed. The budget document should include performance indicators.**

District's Economy and Efficiency Plan Response

The district plans to prepare a budget document that enables the budget to act as a policy document, a financial plan, and to submit the budget document to the Government Financial Officers Association (GFOA) for consideration for their Distinguished Budget Award. The Treasurer's Office has reviewed copies of other districts' budget documents in planning for this project. In order to comply, Springfield CSD will need to hire an accountant as recommended in recommendation R4.24 of the April 1, 1998, Performance Audit.

Implementation Status

The District prepares budget documents including underlying assumptions, but the document does not contain an executive summary.

Conclusion

Springfield CSD *partially implemented* this recommendation. The District should continue to enhance its public communication efforts related to budget goals and objectives, and increase budget discussions.

**R4.17 The Board should modify its policies and the District should alter its procedures to comply with the ORC. The authority over appropriations cannot be ceded to the Superintendent or the Treasurer but must be retained and used by the Board as part of their fiduciary responsibility to their constituents. The Board should exercise budgetary control at the legal level established by the appropriation measure. The measure should be prepared at a level that both preserves the Board's oversight and empowers the Treasurer and the Superintendent to transact District business in an efficient manner. It may require that the resolution be composed at a level different from "fund, function, department, and object." The Board, the Superintendent, and the Treasurer should make the decision cooperatively.**

**The Treasurer's Office should continue to set system flags for all funds so that the budget controls over spending could be automated rather than manually applied. These flags will prevent transactions from being processed if there is not sufficient appropriation. Requests for budgetary transfers or increases should be prepared by the affected operational unit and presented for approval before the purchase is authorized.**

District's 1998 Economy and Efficiency Plan Response

The Board has established a procedure for approving appropriation changes that will enable the district administration to continue operating while complying with the requirements of the Ohio Revised Code. In June 1998, the Treasurer conducted a presentation for the Board of Education that explained the Board's level of budgetary authority and a process to modify appropriations. Building principals and program managers will be able to modify their budgets by submitting an appropriation transfer request form.

Implementation Status

The Treasurer's Office has continued to set system flags for all funds so that the budget control over spending can be automated rather than manually applied. However, the District continues to receive citations in its annual financial audit and management letter. The audit cited four material instances in FY 2003-04 of expenditures exceeding appropriations in violation of ORC § 5705.41(B), including a General Fund variance of \$1.15 million. The management letter cited five immaterial instances of appropriations (the step prior to expenditures) exceeding estimates of available resources, in violation of ORC § 5705.39.

Conclusion

Springfield CSD *did not implement* this recommendation. While automated flags exist to help ensure compliance, there were several violations of ORC budgetary requirements. The Board of Education should increase its role in the financial decision making process. It should exercise budgetary control at the legal level established by the appropriation measure. The measure should be prepared at a level that both preserves the Board's oversight and empowers the Treasurer and the Superintendent to transact District business in an efficient manner.

The District should develop and implement procedures to properly develop and monitor its budgetary expectations relating to appropriations and available resources. This would enable the District to comply with budgetary requirements while limiting the risk of spending more than is available.

**R4.18 The Board should implement a "carry-through" program. The program would reward operational units for efficient operation, planning, and performance. In the budgetary process, those exemplary operational units would receive partial or full reallocation of unused prior year appropriations. These carry-through funds would be discretionary and could be used to improve selected programs or reward employees for demonstrated success. The carry-through program should be**



**formally adopted as a Board policy for budgeting. The carry-through program would provide recognition of sound fiscal managers, serve as an incentive for continued prudent management, facilitate planning and cash flow, and promote efficient use of resources.**

*District's 1998 Economy and Efficiency Plan Response*

In May 1998, the Board of Education adopted a policy establishing a budget "carry-through" program for building budgets. The policy allows the Treasurer to include approximately \$120,000 in his budget in the transfers-out account code. After the fiscal year ends, the Treasurer will generate a budget report for each building.

*Implementation Status*

The District implemented a "carry-through" management practice shortly after the 1998 performance audit was conducted to try to eliminate the "use it or lose it" mindset, but, because of financial constraints, Springfield CSD discontinued the program in 2003.

*Conclusion*

Springfield CSD *partially implemented* this recommendation. The District put this management practice in place, but did not create a written program or policy detailing the practice. Regardless of its financial condition, the District should reinstate its "carry-through" management practice and create a written program outlining the practice.

**R4.19 A portion of the outstanding encumbrances at year-end may relate to purchase orders opened by building secretaries in June before summer break, requesting goods to be delivered in August for the new school year. This pattern is set for convenience, but confuses proper use of fiscal year appropriations. A solution to this problem is to have the secretaries key-enter the requisitions during June and have the data stored in a separate file, awaiting the start of the new fiscal year. The data can then be uploaded to the purchase order system in July, printing off the purchase orders and mailing them in the proper period. This procedure will require Treasurer's Office or Purchasing Department staff to mail the purchase orders in July, since the buildings will be closed.**

*District's 1998 Economy and Efficiency Plan Response*

On July 13, 1998, the Treasurer's Office opened the new fiscal year, FY 1999 budget file in the computer database. This permitted the building secretaries and program managers' secretaries the opportunity to enter fiscal year 1999 requisitions before the end of Fiscal

Year 1998. On July 1, after the Board of Education approved FY 1999 appropriations, these requisitions were printed into purchase orders.

Implementation Status

The District temporarily opens the next year's requisition system to allow the entry of requisitions prior to a new fiscal year. The Districts does not process these new purchase orders until after the end of the fiscal year so that the expense is posted in the new fiscal year.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.20 New management reports should be designed to provide principals, department heads, administrators, and the Board additional management information. Performance measures should be presented to enable users to monitor progress toward achievement of financial, service and program goals. The inclusion of these indicators would facilitate comparison with past performance and with other school districts. A report should consolidate all funds appropriated to a specific operational unit, whether from the General Fund or Special Revenue Funds, so that the total cost of a facility or program could be more easily identified. The reports should be put into a library on the computer network so that the information could be accessed on-line as frequently as desired.**

District's 1998 Economy and Efficiency Plan Response

Reports are printed based on the information requested by the end-users. If an end-user requests appropriations for all funds available to their building, they would need only to enter their building's operational unit number in the inquiry screen. Reports can also be limited to certain funds, such as the General Fund.

Implementation Status

No action was taken on this recommendation.

Conclusion

Springfield CSD *did not implement* this recommendation. The District should create management reports with performance measures to enable principals, department heads, administrators, and the Board to monitor progress toward achievement of financial, service, and program goals.

**R4.21 Principals and department heads should be provided with in-service training on budget preparation, performance measurement, and management reporting. Board members and the Superintendent’s Cabinet should also attend. Written manuals should also be developed and provided, outlining the specific steps to be followed and control mechanisms to be employed for the budgetary, revenue, purchasing, and payroll processes, as well as for grant management.**

District’s 1998 Economy and Efficiency Plan Response

In April 1998, general budget worksheets were disseminated to building principals and program managers. To help building principals, program managers, and their secretaries understand the budgeting process, account codes in the Uniform School Accounting System (USAS) manual were discussed with them. In August 1998, the Treasurer conducted a training seminar for building principals and program managers to review the budget worksheets. Additional training sessions will be offered to new administrators and refresher courses will be available for current administrators.

All district goals and objectives that affect the financial processes of the district will be explained, including federal, state, and local funding. The Treasurer's Office is developing a new procedure manual. After the manual is completed, it will be presented to the board, district employees, and the public.

Implementation Status

The District has leadership meetings but does not require ongoing training. The Treasurer’s Department has an open door policy for employees who have any questions or problems and the District has training on an as needed basis if there are changes in processes or system upgrades. The District does not have a manual, but there is a section in the Board Policy, which relates to budgeting and forecasting.

Conclusion

Springfield CSD *did not implement* this recommendation. The budget and forecast is still centrally prepared with little or no input from management. The District should begin implementation of this recommendation to increase stakeholder input at the building level and heighten the fiscal accountability of building principals.

**R4.22 Every month, the Treasurer should provide the Board and the Superintendent with General and Debt Service Fund summaries that show the revenues and the expenditures for the month and for the year-to-date. The report should be accompanied by brief, written explanations of variances between estimated amounts and actual results. The Treasurer should also provide a monthly report on the**

**District's investments. During the public Board meeting, the Treasurer should orally recap both reports, using an overhead to allow the audience to view the report, as well.**

District's 1998 Economy and Efficiency Plan Response

The Treasurer has been providing a monthly comparison of estimated and actual revenues and expenditures and investment activity to the Board since March 1997. Estimated expenditures for this report are based on appropriations. Revenues are calculated at the beginning of the fiscal year from information provided by ODE, Division of School Finance, and the Clark County Auditor's Office. Revenues and expenditures are estimated on a monthly basis. The report and variances greater than 10 percent are discussed at the Board meeting.

Implementation Status

The Treasurer provides the Board and the Superintendent with General and Debt Service Fund summaries which highlight the revenues and expenditures of the District.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.23 The District should publish and circulate a simplified version of its CAFR. This "popular" annual financial report (PAFR) would supplement the CAFR, describing the District's financial condition and results of operations in a consolidated, aggregated or condensed format. The GFOA administers an award program for this type of report.**

District's 1998 Economy and Efficiency Plan Response

The district plans to prepare a PAFR that would supplement the CAFR and provide information in a report that would be more easily read by the constituents of the district. The district plans to submit the PAFR to GFOA for their budget preparation award.

Implementation Status

The District does not prepare, publish, or circulate a PAFR.

Conclusion

Springfield CSD *did not implement* this recommendation. The District should prepare a PAFR in electronic form and post it to its web site. Improved information for citizens about the District's financial condition could raise public awareness of the District's funding needs and help Springfield CSD better communicate its need for additional funding.

- R4.24 It is important for the Treasurer to invest time and effort working with local and state government subdivisions on issues which impact District revenue and expenditures. Communication with local business and community leaders about financial issues, creating reliable financial projections, continually analyzing the District's financial condition to provide a top-level view of the inflow and outflow of cash in the District, and other high-level issues should also be a priority.**

**In a District of this size, the Assistant Treasurer typically oversees the day-to-day office operations. There are many other tasks within the Treasurer's Office which require the expertise of an accounting professional, but which are too detailed to demand the attention of the Treasurer. The District should create an Assistant Treasurer position.**

District's 1998 Economy and Efficiency Plan Response

In January 1999, the Board of Education plans to hire an accountant as recommended. The Board believes that adding this position will improve the ability of the Treasurer's Office to generate additional financial information to the Board and community, which will improve communication of the financial status of the district.

Implementation Status

The District has filled the Assistant Treasurer position.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R4.25 The Business Advisory Council (BAC) Finance Subcommittee is an important advisor and resource for the Treasurer and the Board. The Subcommittee's role should be expanded to include review of any internal audit reports that might be prepared by the Treasurer's Office staff; examination of the District's Economy and Efficiency Plan before it is submitted to ODE; and evaluation of the District's response to the recommendations resulting from this Performance Audit. The**

**Subcommittee should annually present to the Board and the BAC a written report of how it has discharged its duties and met its responsibilities.**

District's 1998 Economy and Efficiency Plan Response

The Board of Education would like the Business Advisory Council-Finance Subcommittee (BAC-FS), or the entire Business Advisory Council, to review and evaluate the district's Economy and Efficiency Plan prior to the plan being submitted to ODE. The BAC-FS has agreed to review the Economy and Efficiency Plan and to review any internal audit reports prepared by the Treasurer's Office.

Implementation Status

The Business Advisory Council Finance Subcommittee is still in place to fulfill its function of reviewing internal audit reports.

Conclusion

Springfield CSD *fully implemented* this recommendation.

*Procurement*

**R4.26 A Purchasing Policies and Procedures Manual should be developed for site users, which would describe Board purchasing policies, delineate approval paths, reiterate statutory requirements for competitive bidding, blanket purchase orders and certification of funds, describe procedures for emergency purchases and employee reimbursements, and outline the steps in the on-line requisitioning process.**

District's 1998 Economy and Efficiency Plan Response

The Office of Business Services will develop and disseminate a Purchasing Policies and Procedures Manual for the SCSD. Input will be solicited from the Treasurer's Office and incorporated into this manual. It is necessary that both offices interface to provide for accurate information and fluid operation. The target date for completion of this manual is June 2000. The manual will be given to the Board of Education as an informational item for their perusal and acceptance.

Implementation Status

The District follows Board policy, and does not have a separate purchasing manual. Board policy has a section that details the District's purchasing procedures. The District

also has a policy regulating the use of “purchase cards” which must be signed before the cards are distributed.

Conclusion

The District *did not implement* this recommendation. The District Office of Business Services should create a Purchasing Policies and Procedures Manual, which details approval paths, statutory requirements for competitive bidding, blanket purchase orders and certification of funds, and describes procedures for emergency purchases and employee reimbursement. The District should distribute copies of the Purchasing Policies and Procedures Manual and provide in-service training to go over the details of the manual.

**R4.27 As more purchasing tasks and decisions are decentralized, the Purchasing Department and other District administrators should establish policies and procedures to ensure that the lowest prices are paid for the items purchased while not compromising the quality of the goods received. Specifically, the impact of decentralization and "just-in-time" (JIT) delivery should be considered in these areas:**

- Ability to continue participation in the purchasing consortium,
- Ability to establish buying programs,
- Ability to monitor vendor performance,
- Ability to consolidate orders.

**Current practices should be modified only after thoughtful and thorough consideration of the costs, the benefits and the ramifications of the proposed change.**

District's 1998 Economy and Efficiency Plan Response

The elements presented in this recommendation are in constant review by the Office of Business Services. Additional consideration will be given to these concerns in the development of the Purchasing Policies and Procedures Manual discussed in **R4.26**.

Implementation Status

The District is currently operating without a Business Manager, although these duties will be assumed, in part, by the newly created Director of School Services. Ensuring the lowest prices for purchases will be the responsibility of the District's Business Manager Position. The District uses some “just-in-time” (JIT) delivery practices.

Conclusion

Springfield CSD *did not implement* this recommendation. The District should assign this responsibility to either the Director of School Services or another qualified party to ensure that it receives the best value in its purchases. The District should establish policies and procedures to ensure that the lowest prices are paid for the items purchased while not compromising the quality of the goods received.

- R4.28 All requisitions and purchase orders should be processed through the same cycle. Student activities requisitions should be entered on-site or submitted to the Purchasing Department for key-entry. Using the same process ensures the application of the same level of internal control to all purchases made by the District.**

District's 1998 Economy and Efficiency Plan Response

This past fiscal year has seen student activity requisitions being entered on-site at a number of the school buildings. We anticipate additional schools to be brought on-line and trained in the upcoming year. For those schools not yet on-line, student activity requisitions will be directed to the Purchase Department for entry. Student activity purchases will benefit from the closer monitoring of the Purchasing Department, which has negotiated buying programs with various popular vendors.

Implementation Status

The District's requisitions and purchase orders are processed through the same cycle.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R4.29** Springfield CSD *did not implement* this recommendation. See *Financial Systems Facility Related Recommendations* in the **Facilities section**.
- R4.30** Springfield CSD *partially implemented* this recommendation. See *Financial Systems Technology Related Recommendations* in the **technology section**.
- R4.31** Springfield CSD *did not implement* this recommendation. See *Financial Systems Technology Related Recommendations* in the **technology section**.
- R4.32** See *1998 Audit Recommendations no Longer Relevant to the District* in the **facilities section**.



**R4.33** See 1998 Audit Recommendations no Longer Relevant to the District in the facilities section.

**R4.34** Within the next two years, the treasurer intends to have all operational units receiving invoices directly from the vendors, and approving the invoices for payment online. To prevent collusion and to maintain a strong system of internal controls, the vendor should mail the invoice directly to the Treasurer's Office. The Accounts Payable Clerk could then look up the related purchase order on the system to see whether the proper acknowledgment of receipt has yet been entered.

District's 1998 Economy and Efficiency Plan Response

Currently, technology is not available to approve receipt of items online. The previous practice of the district was to have invoices mailed to the Treasurer's Office where they were opened and returned to the originator for approval. After approving the invoice, the originator returned the invoice to the Treasurer's Office for payment. Having the invoice mailed directly to the originator eliminated one step in the process. As technology improves, the district will examine the prospect of having the receipt of items approved on-line. However, there is a need for invoices to be approved after an entire order has been filled. To accomplish this, the originator of the order must be able to approve the invoice. Although it is impossible to prevent collusion, we believe adequate controls are in place to detect fraud and unauthorized expenditures. As the online approval matures and technology improves we will reevaluate the procedure and seek ways to improve the process.

Implementation Status

At the time of the 1998 audit, the District was planning to change its procedure for invoice payment to one that would result in poorer internal controls. However, the Treasurer's Department kept the original procedure that agrees with the recommendation.

Conclusion

Springfield CSD *fully implemented* this recommendation. The District does not make payments online. For purchasing, invoices are sent to the Treasurer's Department and then sent out to other departments

**R4.35** The Treasurer's Office should attempt to maximize cash flow and take advantage of prompt pay discounts. Most vendors extend "net 30 payment terms, which means that the balance will not be considered overdue until thirty days from the invoice date. The District should fully utilize the net 30 terms since no interest charge or

**penalty will be incurred. Expanded use of ACH for payments should also be evaluated.**

District's 1998 Economy and Efficiency Plan Response

The Treasurer's Office has been training our computer users to look at the due date of the invoice to see if a prompt pay discount is offered. If so, they key in with a due date prior to the deadline. When the Treasurer's Office processes accounts payable checks on Fridays, all invoices due within the next ten days are selected for payment. This insures that vendors receive payment at or near the due date of the invoice. Computer users who input the correct due date (including discounts for prompt payment) will maximize cash flow and gain the advantage of prompt payment discounts.

Implementation Status

Springfield CSD is not using "net 30 day payment terms." Once invoices come into the Treasurer's Office, they are promptly paid. The District tried to use the "net 30 day payment terms" after the 1998 performance audit was conducted, but did not have the resources or electronic means to track payments.

Conclusion

Springfield CSD *did not implement* this recommendation. The District would need to devote resources to upgrading its software to accommodate invoice tracing. Once the District's financial situation stabilizes, it should consider implementing this recommendation.

*Payroll*

**R4.36** Springfield CSD *fully implemented* this recommendation. See *the Financial Systems Technology Related Recommendations* in the **technology section**.

**R4.37** Springfield CSD **should consider installing an automated time and attendance system at the various buildings throughout the district. Automation would increase the accuracy of the time capture process. Some of the benefits of an automated time and attendance system are listed below.**

- **Provides a method for capturing time and attendance that would be consistent throughout the District,**
- **Reduces the time building and department secretaries spend entering information into spreadsheets, verifying the information on time sheets and calculating gross pay amounts,**

- **Increases the accuracy of the time capture process, thereby reducing the time spent on error correction by the building and department secretaries and the Payroll Department,**
- **Allows managers to more easily control payroll costs and justify staffing decisions,**
- **Documents employee work history on-line,**
- **Provides an objective mechanism for payment for time actually worked, and**
- **Documents tardiness, long lunches, and breaks, leaving early and true overtime hours.**

District's 1998 Economy and Efficiency Plan Response

The Human Resources Department recently purchased an automated substitute calling system for absence reporting. Using this system, employees reporting an absence will call a computerized system that will log their absence and contact a substitute, if necessary. Once this system is fully implemented, time cards and sick leave forms can be eliminated. Time cards will need to be completed only for extra hours and substitutes, although a system will need to be developed to verify the beginning and ending of shifts.

When the substitute calling system is fully implemented, leave information and substitute hours can be electronically recorded.

Implementation Status

The District has not installed a time and attendance system but indicated in its January 2005 recovery plan its intention to implement time clock procedures for classified employees with an estimated annual savings of \$28,000. The 2004 SchoolMatch Report also recommended a time and attendance system. Classified staff record hours, including extra time and overtime, using a paper system. This type of system is inefficient because it requires supervisors to spend an inordinate amount of time on the payroll approval process. It also is highly susceptible to fraudulent reporting and requires increased diligence on the part of managers to ensure that time and attendance is accurately recorded.

Conclusion

Springfield CSD *did not implement* this recommendation. The District indicated its intent to implement this recommendation in the future based on its January 2005 recovery plan. According the Treasurer, the financial implication of this recommendation was included in May 2005 forecast. At the time of this audit, the Recovery Plan actions pertaining to this had not yet been fulfilled.

**R4.38 If the District does not implement an automated time and attendance system, the Payroll Department should take the lead in designing and implementing procedures that make the time and attendance capture process easier. They should work with ACE to eliminate duplication of effort. The operational units could input the time and absence information into a database to be sent electronically to the Payroll Department. The data could be verified and uploaded into the payroll system. The Payroll Department should train all building and department secretaries on the new procedures and provide assistance and support in streamlining processes.**

District's 1998 Economy and Efficiency Plan Response

SCSD is in the process of implementing an automated time and attendance system.

Implementation Status

The District has not implemented the time and attendance system, nor implemented a viable alternative.

Conclusion

Springfield *did not implement* this recommendation. See conclusion for **R4.37**.

**R4.39 The District should eliminate the printing of paychecks by making direct deposit mandatory. The use of direct deposit reduces the cost of processing payroll checks, streamlines bank reconciliations, and helps minimize security risks.**

District's 1998 Economy and Efficiency Plan Response

Although currently 60 percent of the employees of SCSD and 80 percent of teachers hired in the last two years are participating in direct deposit of payroll checks, discussion about requiring direct deposit for all employees has met with strong resistance from those employees not using direct deposit. However, in future discussions with employee associations, the Treasurer's Office and Human Services Department will discuss the implementation of mandatory direct deposit for all employees.

Implementation Status

The District currently does not mandate direct deposit, but tries to encourage all new employees to sign up for direct deposit. This summer the District is introducing "pay cards" to their employees to try to convert additional employees to electronic payment. The "pay cards" are similar to debit cards that would be loaded with the employee's net pay, so employees do not have to give their checking account information.

Conclusion

The District *did not implement* this recommendation. The District should implement this recommendation, eliminate the printing of paychecks, and make direct deposit mandatory. Once the District introduces pay cards, it should mandate the use of either direct deposit or pay cards.

- R4.40 The District should discontinue the practice of principals and department heads coming to the Payroll Department to pick up their operational unit's paychecks each payday. The paychecks should be bundled by location, put into a sealed envelope, and delivered to the buildings by the District mail courier or the District delivery truck driver.**

District's 1998 Economy and Efficiency Plan Response

On August 14, 1998, the payroll supervisor issued a memo to building principals and program managers offering them the option of having their building or supplemental payroll checks and direct deposit receipts sent by the intra-district mail system. Four of the 23 building principals elected to utilize this service. Hopefully, this option will become popular with the other building principals, and we can have all payroll checks delivered in this manner. In order to eliminate special handling of payroll checks, the Treasurer will issue a memo indicating that special handling of checks will be discontinued.

Implementation Status

The District's paychecks are distributed by District mail trucks using tub envelopes. The tub envelopes are transported to each building according to a mail delivery/pickup schedule. Once the tub envelopes are delivered, each building is responsible for distributing the paychecks.

Conclusion

Springfield CSD *fully implemented* this recommendation. However, the District should implement direct deposit for all employees to further reduce its payroll processing costs.

- R4.41 The Treasurer's Office should investigate the feasibility of printing paychecks, direct deposit notices, W-2's and 1099's with self-sealing mailers. It would reduce the need for check stock, paper and envelopes. The equipment could also be used for purchase orders, vendor payments, grade reports, transcripts, various parent correspondences and other District printing needs.**

District's 1998 Economy and Efficiency Plan Response

The payroll supervisor has investigated purchasing an infoseal system that would print paychecks, direct deposit notices, W-2s and 1099s. The forms required to use the infoseal system will be available through the ADM2000 database interface currently being developed by the district's software vendor. The forms considered for this process will include the district's postage permit information, eliminating processing these documents through the postage meter.

Implementation Status

The District paychecks and direct deposit notices are printed on a Lexmark laser printer with veraseal forms, which is a sealer folder similar to infoseal. This enables the District to print checks and direct deposit slips without having to seal them in envelopes.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R4.42** Springfield CSD *fully implemented* this recommendation. See the *Financial Systems Technology Related Recommendations* in the **technology section**.
- R4.43** Springfield CSD *fully implemented* this recommendation. See the *Financial Systems Technology Related Recommendations* in the **technology section**.
- R4.44** Springfield CSD *fully implemented* this recommendation. See the *Financial Systems Technology Related Recommendations* in the **technology section**.
- R4.45** Springfield CSD *fully implemented* this recommendation. See the *Financial Systems Technology Related Recommendations* in the **technology section**.
- R4.46** **The Payroll Department should canvass the buildings and departments to determine the demand for additional management reports, such as employee attendance, absence patterns, leave usage and overtime costs. If the users indicate an interest, the reports should be created and made available on-line. However, because of the confidentiality of information contained in the employee master file, specific security profiles would need to be designed for individual users to restrict the fields to which they had access.**

**The Payroll Department should continue to investigate the feasibility of transmitting and receiving information electronically. Direct deposit notifications could be sent by e-mail, as long as proper security and system access is in place. Absence forms**

**could be completed on-line and retrieved over the network. External reports could be filed electronically. Additional payments could be made through ACH transfers.**

District's 1998 Economy and Efficiency Plan Response

In coordination with the Human Services Department, the Treasurer's Office has explored the various reports needed by other departments and by building principals. In 1997, the district began installing computers, modems, and T-1 lines to connect all departments and buildings to the Central Office. In addition, the Treasurer's Office migrated to an IBM F3SC 6000 mainframe computer and installed UNIX software. This software permits end-users limited access to all information available on the computer system.

The Treasurer has discussed the commercial use of ACH transmissions with Checkfree Corporation, a company that specializes in electronic bill paying systems. However, Checkfree is still in the process of developing this system on a commercial basis.

The payroll supervisor has explored sending direct deposit notifications by e-mail. This technology is still in the process of development. However, as this technology emerges, the Springfield City School District will explore its implementation.

Implementation Status

The District is in the process of introducing "pay cards" and working with its vendor for Internet access pay stubs (see *Implementation Status* for **R4.39**). The District encourages new employees to enroll in direct deposit and is making conscious efforts to try to convert to electronic payments. Attendance, absences, and leave usage are tracked through the SEMS system, which is a substitute calling system. It also tracks information with software through the ACE vendor, which is loaded, from SEMS. These reports are currently not available online.

Conclusion

The District *partially implemented* this recommendation. The District should continue to convert information to electronic format. Springfield CSD can save printing and paper costs by distributing attendance, absence, and leave reports along with direct deposit notifications and absence forms online. In addition, a more comprehensive range of management reports, available online, would assist District managers in human resource allocation and management.

**R4.47 The possibility of obtaining health insurance invoice information on disk or computer tape should be investigated. The verification of plan, participants and**

**coverage could be automated with an edit listing generated, making the review of the billing statements faster and more accurate.**

District's 1998 Economy and Efficiency Plan Response

The Treasurer's Office will explore the possibility of obtaining health insurance invoice information on disk with the district's health insurance provider. However, this technology is also in the development stages. In addition to receiving the information electronically, a system will have to be developed to permit the posting of insurance information to the district's computerized accounting system.

Implementation Status

The invoices for Dental Insurance and Life Insurance are online. The District is able to go online, submit enrollment information and create billings. It is able to do both enrollment and termination online. The District is self insured for health insurance.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.48 In a District of this size, it is extremely important for staff within an office or functional area to be cross-trained and for internal procedures to be well documented. Cross training ensures smooth and uninterrupted operation of the office in the event of employee turnover, illness, or absence. The Treasurer's Office operates with a lean staff, which reinforces the importance of this recommendation. The Treasurer should continue with his plan to have the Assistant Treasurer develop a procedure manual for use in the office. The Treasurer should also develop a plan to rotate job assignments within the office, to educate and familiarize staff with all aspects of the Treasurer's Office functions.**

District's 1998 Economy and Efficiency Plan Response

Most of the members of the Treasurer's Office staff have been cross-trained. The Payroll Department, which employs three people, is cross-trained. Each employee of the Payroll Department can perform the duties of the other employees in the Payroll Department. The accounts payable department is also cross-trained in a similar manner. The accounts payable clerks can cover for each other and the computer-processing specialist. The Treasurer's Office will begin cross training for the positions of Secretary to the Treasurer and Student Activity Clerk. The Treasurer's Office has begun the development of a procedure manual.



Implementation Status

The Treasurer's Office accounting team is fully cross-trained so that they do not experience an interruption in service if someone is ill or leaves. Cross training is not required or enforced, but is strongly recommended and all of the District's employees in the Treasurer's Office are currently cross-trained. The District has no policy or documentation in place to enforce cross training. Cross training is a management practice, which does not have a written policy.

Conclusion

The District *partially implemented* this recommendation. The District should create a procedural manual for use in cross-training and should formalize cross training process as a part of its District-wide practices. The Treasurer should also develop a plan to rotate job assignments within the office, to educate and familiarize staff with all aspect of the Treasurer's Office functions.

**R4.49 (District Generated) The district should revise their cash collection process. All funds collected should be deposited with the district carrier. The deposit information should include designation as to which funds should be credited.**

Implementation Status

The District has revised its cash collection process since the 1998 performance audit to meet the stipulations of the recommendation.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.50 (District Generated) The use of "purchase cards" should be utilized for the purchase of small dollar items, vocational education food supplies, and athletic department trips. Purchase cards are types of credit card that can be limited in use to certain types of business and by monthly amount. Purchase card statements provide detailed information about the items purchased, similar to a detailed invoice, allowing the Treasurer's Office the ability to audit the purchases made using district purchase cards.**

**To authorize purchases through the use of a purchase card, the user would be required to obtain a monthly or annual purchase order, payable to the bank that issued the purchase card, prior to making purchases.**

Implementation Status

The District currently uses purchase cards, which are given to principals and supervisors for small dollar amount items. Principals and supervisors must sign an agreement outlining the purchase card policies and procedures before the card is distributed.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.51 (District Generated) The Treasurer's Office should work with their software provider to modify the appropriation screen allowing end-users to make modifications to their budgets that do not require Board approval, on-line. This would eliminate the transfer of numerous budget modification forms from the buildings to the school administration office. Such a system would require a security system that would prevent end-users from accessing accounts other than their own and prohibit them from transferring appropriations from another fund or job assignment code to theirs.**

Implementation Status

Buildings are able to request appropriation modifications, but they cannot make changes themselves. The requestor seeking the change turns in an appropriation transfer form. The assistant Treasurer reviews the requests from grant funds to ensure that the changes are within their approved budgets. None of the process is currently done online. E-mail is the only way buildings can electronically submit a request. In 1998, when the performance audit was conducted, the legal level of control was second digit function and first digit object. Most all of the transfers during that time had to be Board approved. By changing the legal level of control to the fund level, the District was able to speed up the time required to make appropriation changes.

Implementation Status

Buildings are unable to make modifications to their budgets that do not require Board approval.

Conclusion

Springfield CSD *did not implement* this recommendation. Although the District has shortened the time it takes to make appropriation changes, it should evaluate the feasibility of modifying the appropriation screen to allow building or department

managers to directly access and request appropriation modifications electronically when necessary.

**R4.52 (District Generated) Many of the building copiers in the district are 10 to 15 years old. Copiers that old require considerable maintenance and are often out-of-order. SCSD should lease and pay for maintenance agreements. Copiers obtained by a lease will be new and will be out-of-order much less often. In addition, lease payments, which include maintenance costs, will be less than the maintenance costs for older machines.**

Implementation Status

All of the District copiers are on operating leases. No capital lease agreements have been entered into. The District pays monthly use charges for the copiers and no payments are made for the purchase of the copiers. When the District had a Business Manager, the person in this position was responsible for the leases. The District currently leases the copiers from several different vendors, but the bulk of the copiers are leased from two of them. Buildings are not permitted to lease their own copiers.

Conclusion

Springfield CSD *fully implemented* this recommendation.

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# Human Resources

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## Background

This portion of the performance audit focuses on the Springfield City School District (Springfield CSD or the District) human resources functions, including staffing, benefits, compensation, and collective bargaining contracts. The operations were evaluated against best practices, operational standards, statewide surveys, and peer school districts for the purpose of developing recommendations to improve efficiencies and/or business practices. In addition, this section of the audit evaluated the implementation of relevant portions of the District's Economy and Efficiency Plan, developed in response to its 1998 Performance Audit.

In FY 2004-05, the major collective bargaining units representing District employees included the following:

- **Springfield Education Association (SEA):** Membership in this collective bargaining unit is approximately 700 teachers and other certificated professional staff. The current contract expires in June, 2006.
- **Springfield Education United Support Staff (SEUSS):** Membership in this collective bargaining unit is approximately 425 classified staff and it represents all non-administrative support staff. The contract expires in August, 2006.
- **Teamsters Local Union Number 284:** This collective bargaining unit has a membership of approximately seven employees and represents the District's hearing-impaired interpreters. This contract expired in August, 2004 and the District received notice from the bargaining unit in July 2005 of the intent to renegotiate this contract.
- **Springfield Administrators and Supervisors Organization (SASO) and Springfield Administrative Support Team (SAST):** SASO represents about 40 employees with certifications such as principals, while SAST represents approximately 40 employees, mostly central office support staff that do not hold academic certifications. While these groups are not recognized as collective bargaining units, they nonetheless negotiate with the Board of Education as a combined group for salary and benefits. The current agreement expires July, 2006.

### *Implementation Status of the 1998 Performance Audit Recommendations*

The 1998 Performance Audit issued 21 recommendations in the Human Resources area, 2 of which are addressed in other sections of this report and 1 which is no longer relevant. Of the remaining 18, the District:

- Fully implemented 3 recommendations ( 17 percent),
- Partially implemented 5 recommendations ( 28 percent), and
- Did not implement 10 recommendations (55 percent).

### *Changes from the 1998 Performance Audit in the Condition of the District*

Enrollment at Springfield CSD dropped from 10,860 in FY 1996-97 to 8,950 in FY 2004-05, a loss of 17.6 percent. However, FTE staffing increased from 1,095 to 1,159 during this same time period – an increase of 5.8 percent. The 1998 Performance Audit recommended the District reduce up to 108 positions to help offset projected operating deficits in coming years. In its formal response to the audit, the District committed to reducing two positions, but stated that it would further study staffing recommendations.

In 2004, the Springfield-Clark County Chamber of Commerce commissioned an audit of the District's educational effectiveness by the private educational consulting firm SchoolMatch. The firm noted that when the District agreed to cost of living (COLA) increases for certificated staff in the collective bargaining contract beginning FY 2002-03 through FY 2004-05, the ability to fund these raises was contingent upon reductions in staffing levels over the term of the agreement. At the time of the review, it noted that sufficient reductions in staffing had not occurred to offset projected budget shortfalls.

The District began implementing significant staff reductions in FY 2003-04 through a retirement incentive plan and reductions in force. Since then, staffing levels have been reduced from approximately 1,400 in FY 2001-02 to a projected 1,035 for the beginning of FY 2005-06. In FY 2004-05, the District implemented major staffing reductions, resulting in the reduction of approximately 124 positions, including several mid-year layoffs. This involved adopting state minimum transportation standards, outsourcing its joint vocational education program, eliminating nearly all clinic aide positions, restructuring the central office, eliminating support staff from facilities it was closing, and reducing regular and special education teacher positions. Whenever possible, the District sought to eliminate positions by leaving vacancies unfilled and attempted to gain input from labor representatives.

The District has also implemented some measures to limit the growth of compensation and benefit levels. It has not granted COLAs to its SASO/SAST group since FY 2002-03, and has negotiated one-year contract extensions with its certified and classified units which waived COLAs for FY 2005-06. It switched to a self-funded health insurance plan in FY 2002-03 in an

effort to achieve lower premium costs, and has been able to limit premium increases to percentage rates below the average of school districts statewide. It has also negotiated the elimination of a certificated staff development day, and reduced expenditures for supplemental positions and extended time contracts by \$195,700 for FY 2005-06.

The District has made commendable strides to reduce its personnel-related costs, including early implementation of many performance audit recommendations as discussed throughout this and other sections. However, as personnel costs represent 79 percent of FY 2004-05 expenditures<sup>3-1</sup>, any substantial reduction of operating deficits must continue to involve salaries and benefits.

### *Staffing*

**Table 3-1** illustrates the actual FTE staffing levels at Springfield CSD and the peer Districts during FY 2004-05, as reported to the Ohio Department of Education (ODE) through the Educational Management Information System (EMIS). Adjustments were made to the corresponding EMIS reports based on interviews with appropriate District personnel to ensure consistent classification of positions among the peers. The table also presents Springfield CSD staffing as projected for the beginning of FY 2005-06 based upon the reduction plans implemented by the District in FY 2004-05 and other information. The staffing numbers do not include all of the permanent and long term substitutes used by the Districts. **Table 3-2** presents this same information on a per 1,000 student basis using Average Daily Membership (ADM) in these districts to offset differences in total enrollment. While enrollment at Springfield CSD is projected to fall in FY 2005-06, for fairness of comparison with the peers it is shown with the same ADM as FY 2004-05. However, some individual recommendations may note the additional impact assuming a reduced enrollment as reported in the **facilities** section of this audit.

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<sup>3-1</sup> Expenditures from funds included in District's forecast.



**Table 3-1: FTE Staffing Levels for FY 2004-05**

	Springfield CSD 2004-05	Springfield CSD 2005-06	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
<b>Central Administrators Subtotal</b> <sup>1</sup>	<b>20.0</b>	<b>18.0</b>	<b>15.0</b>	<b>20.0</b>	<b>13.1</b>	<b>16.0</b>
Asst Superintendent	0.0	0.0	1.0	1.0	1.0	1.0
Supervising/Directing/ Coordinating <sup>2</sup>	16.0	14.0	12.0	12.0	6.1	10.0
Other Administrative <sup>3</sup>	2.0	2.0	0.0	5.0	4.0	3.0
<b>Site-Based Administrators Subtotal</b>	<b>25.0</b>	<b>22.0</b>	<b>14.0</b>	<b>27.0</b>	<b>20.0</b>	<b>20.3</b>
Principal	17.0	16.0	9.0	17.0	16.0	14.0
Assistant Principal	8.0	6.0	5.0	10.0	4.0	6.3
<b>Professional Education Subtotal</b>	<b>640.3</b>	<b>588.8</b>	<b>294.7</b>	<b>657.2</b>	<b>505.0</b>	<b>485.6</b>
Curriculum Specialist	21.5	21.5	0.0	7.0	0.0	7.0
Counseling	26.8	18.8	8.0	23.0	8.5	13.2
Librarian/Media	7.0	6.0	3.0	4.0	5.3	4.1
Regular Teaching	387.4	375.4	181.1	420.0	296.4	299.2
Special Education Teaching	112.0	107.0	39.0	87.6	64.3	63.6
Vocational Education Teaching	20.8	0.8	14.7	12.4	15.4	14.2
Education Service Personnel Teacher	46.8	42.8	24.9	40.6	53.5	39.7
Other Professional <sup>4</sup>	18.0	16.5	23.0	62.6	56.2	47.3
<b>Professional - Other Subtotal</b>	<b>43.0</b>	<b>39.0</b>	<b>10.7</b>	<b>47.7</b>	<b>25.7</b>	<b>28.0</b>
<b>Technical Subtotal</b>	<b>101.9</b>	<b>89.4</b>	<b>30.1</b>	<b>72.1</b>	<b>55.0</b>	<b>52.4</b>
Technical Staff <sup>5</sup>	15.0	13.0	3.0	5.0	3.0	3.7
Printer/other	2.0	1.0	0.0	1.0	1.5	1.3
Instructional Paraprofessional <sup>6</sup>	84.9	75.4	27.1	66.1	50.5	47.9
<b>Office/Clerical Subtotal</b>	<b>79.1</b>	<b>62.1</b>	<b>35.6</b>	<b>97.2</b>	<b>54.1</b>	<b>62.3</b>
Bookkeeping	6.0	4.0	1.0	4.0	4.0	3.0
Clerical	65.1	57.1	33.6	93.2	43.4	56.7
Other Office/Clerical <sup>7</sup>	8.0	1.0	1.0	0.0	6.8	2.6
<b>Crafts/Trades Subtotal</b> <sup>8</sup>	<b>15.0</b>	<b>13.0</b>	<b>7.0</b>	<b>22.0</b>	<b>11.0</b>	<b>13.3</b>
<b>Vehicle Operator/Buses</b>	<b>44.8</b>	<b>24.7</b>	<b>7.8</b>	<b>36.4</b>	<b>35.4</b>	<b>26.6</b>
<b>Service Worker/Laborer Subtotal</b>	<b>189.4</b>	<b>177.8</b>	<b>70.8</b>	<b>196.7</b>	<b>113.5</b>	<b>127.0</b>
Custodian/Grounds keeping	56.0	50.0	34.0	79.0	62.7	58.6
Food Service	75.0	75.0	29.6	98.7	31.0	53.1
Monitoring/Attendant	34.4	34.8	3.2	19.0	12.5	11.6
Other Worker/Laborer <sup>8</sup>	24.0	18.0	4.0	0.0	7.3	3.8
<b>Total FTEs</b>	<b>1,158.5</b>	<b>1,034.8</b>	<b>485.8</b>	<b>1,176.3</b>	<b>832.8</b>	<b>831.6</b>

**Source:** FY 2003-04 EMIS Staff Summary Reports from Springfield LSD and the peer districts; client interviews, **Note:** Some categories include positions in the subtotals not shown in the detailed information by positions. Therefore, the subtotal may reflect a higher number of employees than the sum of the categories. Where positions not included in the detail were added to the subtotal, the positions are explained in a footnote.

**N/A:** District did not code any employees in category and the peer average only includes those districts with employees coded in this category.

<sup>1</sup>Each district employs only 1.0 FTE superintendent and 1.0 FTE treasurer.

<sup>2</sup>Category includes all staff coded as supervising/managing/directing, coordinator, or director. Includes 3 staff Springfield CSD hired through Clark County ESC for FY 2005-06, but does not include a central office positions reduced which EMIS does not classify as an administrator.

<sup>3</sup>Category includes administrative assistant and other official/administrative.

<sup>4</sup>Category includes remedial specialist, tutor/small group instructors, permanent substitutes, AV staff, teacher mentors and other professionals.

<sup>5</sup>Category includes computer operating, computer programming, library technician, purchasing agent, and other technical.

<sup>6</sup>Category includes library aides, teaching aides, instructional paraprofessionals and health aides.

<sup>7</sup>Category includes messenger, records managing, telephone operator, and other office/clerical

<sup>8</sup>For Springfield CSD, includes 7 general maintenance workers originally coded in the other worker/laborer category.

<sup>8</sup>Category includes attendance officer, guard/watchman, stores handling, and other service worker/laborer.

**Table 3-2: FY 2004-05 FTE Staffing Levels per 1,000 ADM**

	Springfield CSD FY 2004-05	Springfield CSD FY 2005-06	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
<b>Average Daily Membership (ADM)</b>	9,054	9,054	4,288	9,360	6,510	6,719
<b>Central Admin. Subtotal</b> <sup>1</sup>	<b>2.2</b>	<b>2.0</b>	<b>3.5</b>	<b>2.1</b>	<b>2.0</b>	<b>2.4</b>
Asst Superintendent	0.0	0.0	0.2	0.1	0.2	0.2
Supervising/Directing/ Coordinating <sup>2</sup>	1.8	1.6	2.8	1.3	0.9	1.5
Other Administrative <sup>3</sup>	0.2	0.2	0.0	0.5	0.6	0.5
<b>Site-Based Administrators Subtotal</b>	<b>2.8</b>	<b>2.4</b>	<b>3.3</b>	<b>2.9</b>	<b>3.1</b>	<b>3.0</b>
Principal	1.9	1.8	2.1	1.8	2.5	2.1
Assistant Principal	0.9	0.7	1.2	1.1	0.6	0.9
<b>Professional Education Subtotal</b>	<b>70.7</b>	<b>65.1</b>	<b>68.3</b>	<b>70.2</b>	<b>77.6</b>	<b>72.3</b>
Curriculum Specialist	2.4	2.4	0.0	0.8	0.0	0.8
Counseling	3.0	2.0	1.9	2.5	1.3	2.0
Librarian/Media	0.8	0.7	0.7	0.4	0.8	0.6
Regular Teaching	42.8	41.5	42.2	44.9	45.5	44.5
Special Education Teaching	12.4	11.8	9.1	9.4	9.9	9.5
Vocational Education Teaching	2.3	0.1	3.4	1.3	2.4	2.1
Education Service Personnel Teacher	5.2	4.7	5.8	4.3	8.2	5.9
Other Professional <sup>4</sup>	2.0	1.8	4.9	6.7	8.6	7.0
<b>Professional - Other Subtotal</b>	<b>4.8</b>	<b>4.3</b>	<b>2.5</b>	<b>5.0</b>	<b>3.9</b>	<b>4.2</b>
<b>Technical Subtotal</b>	<b>11.3</b>	<b>9.9</b>	<b>7.0</b>	<b>7.7</b>	<b>8.5</b>	<b>7.8</b>
Technical Staff <sup>5</sup>	1.7	1.4	0.7	0.5	0.5	0.6
Printer/other	0.2	0.1	0.0	0.1	0.2	0.2
Instructional Paraprofessional <sup>6</sup>	9.4	8.3	6.3	7.0	7.8	7.1
<b>Office/Clerical Subtotal</b>	<b>8.8</b>	<b>6.9</b>	<b>8.3</b>	<b>10.4</b>	<b>8.3</b>	<b>9.3</b>
Bookkeeping	0.7	0.4	0.2	0.4	0.6	0.5
Clerical	7.2	6.4	7.8	10.0	6.7	8.4
Other Office/Clerical <sup>7</sup>	0.9	0.1	0.2	0.0	1.0	0.4
<b>Crafts/Trades Subtotal</b> <sup>8</sup>	<b>1.6</b>	<b>1.3</b>	<b>1.4</b>	<b>2.2</b>	<b>1.7</b>	<b>2.0</b>
<b>Vehicle Operator/Buses</b>	<b>5.0</b>	<b>2.7</b>	<b>1.8</b>	<b>3.9</b>	<b>5.4</b>	<b>4.0</b>
<b>Service Worker/Laborer Subtotal</b>	<b>20.9</b>	<b>19.6</b>	<b>16.5</b>	<b>21.0</b>	<b>17.4</b>	<b>18.9</b>
Custodian/Grounds keeping	6.2	5.5	7.9	8.4	9.6	8.7
Food Service	8.3	8.3	6.9	10.5	4.8	7.9
Monitoring/Attendant	3.8	3.8	0.8	2.0	1.9	1.7
Other Worker/Laborer <sup>8</sup>	2.7	2.0	0.9	0.0	1.1	0.6
<b>Total FTEs</b>	<b>127.8</b>	<b>114.2</b>	<b>113.1</b>	<b>125.5</b>	<b>127.9</b>	<b>123.8</b>

**Source:** FY 2003-04 EMIS Staff Summary Reports from Springfield LSD and the peer districts; and client interviews **Note:** Some categories include positions in the subtotals not shown in the detailed information by positions. Therefore, the subtotal may reflect a higher number of employees than the sum of the categories. Where positions not included in the detail were added to the subtotal, the positions are explained in a footnote.

N/A: District did not code any employees in category and the peer average only includes those districts with employees coded in this category.

<sup>1</sup> Each district employs only 1.0 FTE superintendent and 1.0 FTE treasurer.

<sup>2</sup> Category includes all staff coded as supervising/managing/directing, coordinator, or director. Includes 3 staff Springfield CSD hired through Clark County ESC for FY 2005-06, but does not include a central office positions reduced which EMIS does not classify as an administrator.

<sup>3</sup> Category includes administrative assistant and other official/administrative.

<sup>4</sup> Category includes remedial specialist, tutor/small group instructors, permanent substitutes, AV staff, teacher mentors and other professionals.

<sup>5</sup> Category includes computer operating, computer programming, library technician, purchasing agent, and other technical.

<sup>6</sup> Category includes library aides, teaching aides, instructional paraprofessionals and health aides.

<sup>7</sup> Category includes messenger, records managing, telephone operator, and other office/clerical

<sup>8</sup> For Springfield CSD, includes 7 general maintenance workers originally coded in the other worker/laborer category.

<sup>8</sup> Category includes attendance officer, guard/watchman, stores handling, and other service worker/laborer.

As illustrated in **Table 3-2**, Springfield CSD is 3.2 percent above the peer average for FY 2004-05 in terms of total staff per 1,000 ADM. However, assuming staffing ratios do not drastically change at the peer districts, projected FY 2005-06 staffing for Springfield CSD falls 7.8 percent below the peer average. This reflects the drastic staffing reduction plans implemented by the District in FY 2004-05, many of which reflected performance audit recommendations (see **R3.A**, **R3.C**, **R3.E**, **R3.G**, **R3.H**, **R3.J**, **R3.K** and **R4.A**, **R4.D**, and **R4.E** in the **facilities** section).

Despite these reductions, the District has higher FTE staffing allocations per 1,000 ADM compared to the peer average in certain categories. It also maintains categories in which it could reduce staffing to more closely reflect state minimum standards for financial reasons. Various categories which are either higher than the peer average, or which could be reduced to state minimum standards, include:

- **Administrative Supervising/Directing/Coordinating.** The District is 4 percent above the peer average in this category, although it remains 16 percent below the overall peer average for central administrators. The District has added some needed administrative positions through the Clark County Educational Service Center by a redirection of current funding (see **R3.C**), and has created a position to help it better control Worker's Compensation costs (see *Noteworthy Accomplishments*). Nonetheless, upon completion of the Ohio School Facilities Project in FY 2008-09, it appears the District can reduce a construction coordinator position (see **R3.B**).
- **Curriculum Specialist.** The District maintains 140 percent more curriculum specialists per 1,000 ADM than the peer average. However, in FY 2004-05, all but 1.5 of these positions were grant funded. Moreover, the District implemented a recommendation to recode one of the positions to be fully grant funded (see **R3.D**). No further recommendation will be issued.
- **Library Media.** The District maintains 16 percent more library media positions per 1,000 ADM than the peer average, which it classifies as librarians at its secondary schools. However, the District maintains more secondary school sites than most peers, and may reduce a position upon consolidation of the high schools in FY 2008-09. This certificated position will be considered part of the recommendation within **R3.E**.
- **Regular Teachers.** While the District has the lowest ratio of regular teachers per 1,000 students, given its financial condition it must consider additional reductions (see **R3.E**).
- **Special Education Teaching.** The District maintains 20.4 percent more special education teachers per 1,000 ADM than the peer average. It reduced four positions for FY 2005-06 (see **R3.G**). However, it is experiencing a rapidly growing special education population, despite an overall loss in enrollment. This matter is considered an *Issue for Further Study*.

- **Educational Service Personnel (ESP) Teacher.** While the District has a lower staffing ratio than the peer average, given its financial condition it must consider additional reductions (see **R3.F**).
- **Technical Staff.** The District maintains 133 percent more technical staff (mostly computer technicians) than the peer average. However, when comparing computers maintained per technician, it is much closer to the peer average. This issue is reviewed in the **technology** section, resulting in an *Issues for Further Study*.
- **Instructional Paraprofessional.** The District is 16.9 percent above the peer average in this category. See **R3.I**.
- **Clerical.** While Springfield CSD currently falls below the average of the three peer districts, Hamilton CSD's high staffing in this area somewhat skews the analysis. A review based on staffing compared to a two-peer average is found within **R3.J**.
- **Food Service.** While the District is 5 percent higher than the peer average, these positions are not paid from the General Fund and therefore would have no impact on the recovery plan.
- **Monitoring/Attendant.** The District is 123.0 percent above the peer average in this category. However, the majority of these positions are not paid from the General Fund and, therefore, a reduction in these positions would have little impact on the District's recovery plan.
- **Other Worker/Laborer.** The District is 257.0 percent above the peer average in this category. However, the majority of these positions are not paid from the General Fund and, therefore, a reduction in this classification would have limited impact on the District's recovery plan.

### *Collective Bargaining Agreements/Policies*

Certificated personnel in Springfield CSD are governed by negotiated agreements. During this performance audit, certain contractual and employment issues were assessed and compared to the peer districts. Because contractual and employment issues directly affect the operating budget, many of the issues have been assessed to show the financial impact on Springfield CSD. The implementation of any recommendations from contractual assessments would require good faith negotiations with the respective bargaining units. **Tables 3-3** and **3-4** illustrate key contractual issues in the certificated and classified negotiated agreements:

**Table 3-3: Certificated Contractual Agreement Comparisons**

	Springfield CSD <sup>1</sup>	Barberton CSD	Hamilton CSD	Newark CSD
<b>Length of Work Day</b>	All Schools: 7 hours, 15 minutes	All schools: 7 hours 15 minutes	K-6: 7 hours, 5 minutes 7-12: 7 hours, 20 minutes	K-12: 7 hours, 30 minutes
<b>Teaching Planning Time Per Week</b>	All teachers: 200 minutes	K-5: 180 minutes 6-12: 200 minutes	K-6: 150 minutes 7-12: 250 minutes <sup>2</sup>	K-3: 150 minutes 4-12: 240 minutes
<b>Maximum Class Size</b>	K-3: 25 students 4-5: 30 students 6-12: 160 students per day	Kindergarten: 60 students (2 sessions) 1-5: 30 students 6-12: 30 students	None Specified	Pre-K – 3: 28 students 4-5: 30 students 7-12: 170 students per day
<b>Number of Contract Days Instructional Days</b>	K-12: 182 days 180 days	K-12: 187 days 179 days	K-12: 186 days 181 days	K-12: 186 days 180 days
<b>Incentives: Sick Leave Personal Leave</b>	N/A  N/A	\$200 annual bonus / no sick leave used \$80 or the substitute rate per unused days, if greater	Unused personal leave converted to sick leave and not subject to maximum	N/A
<b>Maximum Number Sick Days Accrued<sup>3</sup></b>	240 days	253 days	300 days	Unlimited
<b>Maximum Sick Leave Pay Out at Retirement</b>	25% of sick leave up to a maximum of 60 days	25% of sick leave up to a maximum of 52 days	1-150 days – 25% (maximum of 37.5 days) 150 days or more - 50% maximum of 105 days	25% of sick leave up to a maximum of 70 days;
<b>Number of Personal Days Notice Required</b>	3  2 days	2  1 day	2  2 days	3  2 days
<b>Association Business Leave</b>	May request full or partial release time for President (reimbursed by Association) <sup>4</sup>	N/A	Leave of absence for half – time for association’s President. Association to reimburse Board for ½ salary	30 days with pay, per school year used by any member designated by the President of the Assoc.
<b>Sabbatical leave</b>	Eligible with 5 years of service, No limit to duration ; Paid at the difference between the employee’s expected salary and the substitute salary	Paid at the difference between the employee’s expected salary and the substitute salary	Eligible with 5 yrs of service, for 1 or 2 semesters; Paid difference between expected salary and substitute’s pay	1 year paid at the difference between staff salary and substitute salary
<b>Service Credit for New Employees</b>	Maximum of 15 years	Maximum of 10 years	Maximum of 10 years	N/A
<b>Cost of Living Increases Each Year of the Contract<sup>5</sup></b>	2003-2004 – 4.5% 2004-2005 – 5.0% 2005-2006 – 0.0%	2004-05 – 3.0% 2005-06 – 0% 2006-06 – 2%	2003-04 - 5.0% 2004 -05 - 4.0%	2003-04 – 4.0% 2004-05 – 3.0% 2005-06 – 3.0%

**Source:** Certificated negotiated agreements from Springfield CSD and the peer districts

<sup>1</sup> Springfield Board of Education has extended their contract to it teachers for school year 2005 with no changes to the contract except no cola increase for 2005-2006.

<sup>2</sup> Hamilton CSD also provides junior high teachers 100 additional minutes per week for team planning.

<sup>3</sup> Each school district grants 15 days sick leave annually.

<sup>4</sup> If union fails to request release time for president in advance, association is limited to 60 days per year (25 days for president to carry out official business and for delegates to official assemblies of the Association).

<sup>5</sup> Step increases also given. Based on Bachelor salary schedule, Springfield CSD’s average step increase is 3.6% (13 steps); Barberton and Hamilton each 3.4% (17 steps) and Newark is 3.3% (16 steps).

**Table 3-4: Springfield CSD and Peer Classified Contractual Comparison**

	<b>Springfield CSD</b>	<b>Barberton CSD</b>	<b>Hamilton CSD</b>	<b>Newark CSD</b>
<b>Vacation time to accumulate (12 month employees)</b>	1-5 yrs: 10 days 6-9 yrs: 11 days 10 yrs: 15 days 16 yrs +: 1 extra day per year up to 20 days	1-5 yrs: 10 days 6-9 yrs: 15 days 10-15 yrs: 20 days 16-21 yrs: 25 days 22+ yrs: 30 days	Bldg/grounds: 1 yr: 10 days 9 yrs: 15 days 15 yrs: 20 days 25 yrs: 25 days  Clerical: 1-5 yrs: 11 days 6-9 yrs: 14 days 10-13 yrs: 17 days 14-17 yrs: 20 days 18-21 yrs: 23 days 22+ yrs: 26 days	1 –5 yrs: 10 days 6-10 yrs: 15 days 11-15 yrs: 17 days 16-20 yrs: 20 days 21 yrs: 22 days 22+ years: maximum of 25 days
<b>Sick/personal leave incentive</b>	Unused personal leave converted to sick leave	Unused personal leave shall be converted to sick leave  All support staff shall be eligible for 1 additional day of personal leave after 60 days of accumulated sick days and shall be eligible for another day of personal leave after 140 days of accumulated sick leave.	Building/grounds \$200 for 0 sick leave days \$150 for 1-2 sick leave days \$100 for 3 sick leave days  Transportation/utility workers: \$610 bonus for perfect attendance; Absences up to 5 days will be \$75 deduction per day  Clerical/aides: \$250 for no sick days \$175 for 1-2 sick days \$125 for 3 sick days	Unused personal leave will be converted to sick leave  Employees will be paid for vacation as long as he/she has a 96% attendance rate. The 96% attendance rate will only include sick leave and will not include vacation, union leave, personal leave, or comp-time. In addition the following bonuses are provided for good attendance 97% - \$10 for each contract hour 98% - \$20 for each contract hour 99% - \$30 for each contract hour 100% - \$40 for each contract hour
<b>Maximum number of sick days accrued</b>	300 days Interpreters receive 115% of annual work days	235 days <sup>1</sup> Transportation – 212 days	295 days Clerical and transportation/utility workers get 285 days	No limit specified
<b>Maximum number of sick days paid at retirement (percentage payout)</b>	25% of first 120 days of accrued unused sick leave & 10% above the first 120 days up to 54 days pay  Interpreters get maximum of 44 days	25% of sick leave to a maximum of 48 days	25% of the first 150 days and 50% of the remaining 145 days for a maximum of 110 days  Clerical/aides and transportation/utility get 50% up to remaining 135 days	25% of accrued unused sick leave to a maximum of 70 days
<b>Number of personal days</b>	3 days	3 days	2 days	3 days
<b>Notice required</b>	2 days	Not specified	5 workdays Clerical/Aides give 2 days notice	3 days
<b>Number of holidays paid for 12-month employees</b>	11 holidays	11 and 12 month employees: 14 holidays	11 holidays <sup>2</sup>	11 and 12 month employees: 9 holidays
<b>Number of</b>	8 holidays	12 holidays	10 holidays	8 holidays

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD
<b>holidays paid for less than 12 month employees</b>				
<b>Number of Leave days for association business</b>	Capped at 112 employee hours and no more than 3 employees at one time; interpreters receive up to 40 hours for 1 employee	3 days annually and 5 days bi-annually Transportation - On an as needed basis	For clerical/aides: Up to 3 days annually per delegate for each 100 members	250 hours Additionally, the union President can attend Board of Education meetings which occur during his/her scheduled work hours.
<b>Cost of living increases each year of the contract</b>	2003-2004: 4% <sup>3</sup> 2004-2005: 0% 2005-06: 0%	2003-04: 3% <sup>4</sup> 2004-05: 3% 2005-06: 0%	2002-2003: 5% 2003-2004: 5% 2004-2005: 4%	FY 2003-2004: 3% FY 2004-2005: 3% FY 2005-2006: 3%

**Source:** Springfield Classified Employee Agreement and peer contracts.

**Note:** Springfield CSD has 2 classified contracts; Barberton CSD has 2 contracts, Hamilton CSD has 3 contracts and Newark CSD has 1 contract. For those districts with multiple contracts, areas where benefits differ are noted.

**Note:** None of the districts have a retirement incentive in its contract; none of the district provide excess pickup on the pickup for retirement; and all districts require eligibility for SERS for retirement.

**Note:** All districts have provision for minimum of 2 hours for call-in hours. Springfield and Hamilton state that call-in hours are paid at time and a half. Springfield educational interpreters paid at straight time for call-in hours. Other two peers do not specify rate unless hours go into overtime.

<sup>1</sup>Barberton CSD has a sick leave accrual max of 220 days for 9 Month employees.

<sup>2</sup>Hamilton CSD get 12 holidays if Presidents Day is in school calendar

<sup>3</sup>COLA for Springfield CSD based on salary schedule in contract which allowed for comparison between FY 2002-03 and FY2003-04

<sup>4</sup>Barberton CSD's wage increases effective January 1 of each year.

### Noteworthy Accomplishments

- Vocational Education.** The District has negotiated an agreement with the Springfield-Clark County Joint Vocational School (Clark County JVS) to assume control of all District vocational programs beginning in FY 2005-06. This agreement has allowed the District to reduce 19 teaching positions, producing a net annual savings of \$356,000, despite the loss of weighted State funding for vocational students. Clark County JVS will send teaching staff into Springfield CSD schools, allowing Springfield CSD to retain the state foundation funding for the time these students are not taking part in vocational classes. Finally, under the state funding formula, Springfield CSD is still guaranteed to receive at least 20 percent of base foundation funding for the number of FTE students attending the Clark County JVS.
- Worker's Compensation.** The District has taken measures to control Worker's Compensation costs within the past year to address its claims penalty rating of 177 percent above the Ohio Bureau of Workers' Compensation (OBWC) baseline in FY 2004-05. The District has assigned a full-time risk manager who has received extensive training from OBWC. An OBWC consultant stated that having a full-time employee to manage both safety intervention and claims management will produce premium savings that will offset this employee's costs and achieve cost savings for the District. The District has applied for a discount program through which it will receive a five-year, 10 percent premium reduction beginning in FY 2005-06, or approximately \$220,000 per year. It intends to apply for other discount programs which could increase the level of savings, according to the consultant.

- **EMIS Reporting.** Reporting of staff and student information for the Educational Management Information System (EMIS) is managed through the District's Technology Department. As evidenced by **R6.24** in the **technology** section of this report and through various interactions throughout the audit process, the District has a thorough process to ensure the accuracy of EMIS data. This includes a comprehensive spreadsheet provided to auditors that detailed all elements of FY 2004-05 staffing, including attempts to flag staff that had separated or would be leaving at the fiscal year end.

### *Assessments Not Yielding Recommendations*

- **Tutors/Small Group Instructor/Remedial Specialist Staffing.** The District's level of tutors/small group instructors on a per 1,000 ADM basis was 67 percent lower than the peer average, and remedial specialist level was 70 percent lower.
- **Human Resources Functions.** The number of staff dedicated to the District's Human Resources Department is comparable to the peers. Also, see the 1998 performance audit follow up on **R2.6**.
- **Vision and Life Insurance.** The District does not offer a separate vision insurance plan for employees. Further, life insurance premium costs per \$1,000 are below that paid by Ohio local governments on the annual SERB survey of benefits.
- **Classified Collective Bargaining Agreement.** Based on an analysis of the classified contracts, there were no issues cited outside of compensation and benefit matters discussed later in this section which would be unusual and costly to the District. However, certain contractual issues relating specifically to Transportation Department employees are discussed in the **transportation** section of this audit.

### **1998 Audit Recommendations that are No Longer Relevant**

- **R2.13. Evaluations for all employees must be done at least once a year.** The District evaluates new teachers twice a year and teachers on one-year contracts annually. Teachers on two-year contracts receive bi-annual evaluations and those on continuing contracts are evaluated every three years. This is a standard practice among Ohio school districts. Evaluations are conducted annually for classified employees and tracked by the Human Resources Department.

### *Issues for Further Study*

**Special Education Teacher Staffing:** Although Springfield CSD's overall enrollment is falling, its numbers of special education students rose 13 percent between FY 1997-98 and FY 2003-04.



Using FY 2004-05 special education counts, State minimum standards require the District to maintain at least 86 special education teachers compared to the 105 reported through EMIS. While the District reduced four positions, it could, in FY 2005-06, move toward state minimums by not filling vacancies. However, given the trend of disabled students entering the District in increasing numbers and common fluctuations in this population, Springfield CSD must ensure that it maintains a sufficient buffer to comply with state standards. Further, the severity of disabilities for certain students may require more individualized attention and increase staffing needs above that required by the ORC. The District should study these factors and determine an adequate staffing allotment for special education. ODE has clarified several staffing scenario questions to assist school districts in maintaining compliance. This information can be found on the ODE web site.

**Educational Interpreters:** Springfield CSD is the only peer District to employ full-time educational interpreters for its hearing impaired students. In FY 2004-05 it employed 7 interpreters to serve 12 students. The high staff to pupil ratio resulted because of the wide range of grade levels for the students served. Federal law requires that school districts receiving grant funds for special education services provide such services in the least restrictive environment (LRE). Educational programs must be specifically tailored to meet the needs of each individual child between the ages of 3 and 21 who require specialized instruction and related services in school. LRE provisions of the federal law require that, to the maximum extent appropriate for each child, children with disabilities must be educated with children without disabilities, and that removal of children with disabilities from the regular educational environment should occur only when the nature or severity of the disability is such that satisfactory education in regular classes with the use of supplementary aids and services is not possible.

Ohio school districts range in their approaches to providing interpretive services to hearing impaired students. For example, Newark CSD pools resources with Zanesville CSD to group deaf students of the same grade level from both districts with a single interpreter. Other districts use interpreters provided through county Educational Service Centers. Districts can also supplement their full-time interpreter resources with intern interpreters-in-training from colleges and universities through a program coordinated by the Ohio School for the Deaf. The Ohio School for the Deaf also has a community outreach program that helps schools around the state better provide services to hearing impaired students.

Springfield CSD should evaluate how best to balance the provision of services to its hearing impaired population while seeking opportunities to use innovative programs to improve the cost efficiency of these services.

## Recommendations

*Auditor's Note: During the course of the audit, Springfield CSD implemented several audit recommendations as part of its May 2005 recovery plan. Some of these recommendations will be noted here, but will not be counted as "new" savings within the financial recovery plan.*

### *Administrator/Support Staffing*

#### **R3.A Springfield CSD should consolidate its two facility management positions into one, reflecting peer practices and its declining building inventory and facility staff.**

**The District implemented this recommendation as part of its May 2005 recovery plan to take effect in FY 2005-06.**

Springfield CSD has two administrative positions overseeing custodial and maintenance operations. The Supervisor of Maintenance and Plant Operations oversees all maintenance, custodial and warehouse operations. The Coordinator of Buildings, Grounds and Security reports to this individual, and oversees maintenance as well as building security issues. **Table 3-5** compares facility administrators at Springfield CSD and the peers to buildings and staff:

**Table 3-5: Facility Administrator Ratios**

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
Facility Administrators	2	1	2	1	1.3
Buildings per Facility Administrator	10.5 <sup>1</sup>	17	12	17	15.3
Custodial/Maintenance staff per Facility Administrator	33.5	45	47.5	62	51.5

Source: Springfield CSD and peer district records

<sup>1</sup> Reflects number of sites planned for FY 05-06.

**Table 3-5** reveals that Springfield CSD has the lowest operational ratios among the peer districts indicating that the District has a higher number of facility administrators for the number of buildings maintained and the number of staff supervised. These ratios will continue to decline as the District reduces buildings and custodial staff as part of its May 2005 recovery plan. It also plans to eliminate warehouse operations completely (see **facilities** section recommendations). Given this declining building inventory and support staff, the District should consolidate the two administrative positions. The District achieved the goal of reducing a supervisory staff position by eliminating the Transportation Supervisor position, and transferring the duties of this position to the

Supervisor of Maintenance and Plant Operations. Given the change in job responsibilities, no further consolidation is recommended.

*Financial Implication (Implemented):* Elimination of this administrative supervisory position will save \$98,000 in salary and benefit costs based on FY 2004-05 amounts.

**R3.B Upon completion of the high school consolidation project in FY 2008-09, the District should eliminate its Construction Coordinator position. It should transfer any close-out duties either to its proposed Director of School Services position or a facility administrator.**

Springfield CSD has employed two project coordinators to help oversee the district-wide OSFC construction project (see **facilities** section). As construction on all but one building (the new high school) is slated for completion in FY 2005-06, the District reassigned one coordinator to Worker's Compensation issues (see *Noteworthy Accomplishments*). The monthly report from the District's construction firm estimates the District will move into the new high school by August 2008. While the original North building is not slated for final demolition until the following year, the District should be able to reasonably assign the remaining construction oversight functions to a facilities administrator or to the proposed Director of School Services through the Clark County ESC position (see **R3.C**).

*Financial Implication:* If the District reduced the Construction Coordinator position in FY 2008-09, it would save \$96,000 in salary and benefits based on FY 2004-05 levels.

**R3.C Springfield CSD should use the existing monies being directed to the Clark County Educational Service Center (ESC) to fill several key administrative positions. Redirecting its current ESC deductions would allow it to fill these critical slots without adding to its current General Fund obligations.**

**The District implemented this recommendation as part of its May 2005 recovery plan.**

**Table 3-6** lists administrator totals and operating ratios for Springfield CSD and the peer districts:

**Table 3-6: Administrators, FY 2004-05 <sup>1</sup>**

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
Central Based Administrators	18	15	20	13.05	16.0
Site Based Administrators	22	14	27	20	20.3
Total FTE Administrators	40.0	29.0	47.0	33.1	36.4
FTE Employees per Administrator	26.1	16.8	25.0	25.2	22.3
Total Administrators per 1,000 ADM	4.4	6.8	5.0	5.1	5.6
Central Based Administrators per 1,000 ADM	2.0	3.5	2.1	2.0	2.5
Site Based Administrators per Building	1.3	1.6	1.5	1.3	1.4

Source: EMIS reports and follow-up interviews with school district personnel

<sup>1</sup> Springfield CSD administrator totals reflects FY 2005-06

On all operational ratios detailed in **Table 3-6**, Springfield CSD has fewer or similar levels of administrators when compared to the peer districts. Most notably, the District reports 4.5 administrators per 1,000 ADM, compared to a peer average 5.6 administrators per 1,000 ADM. The District has substantially reduced administrative staff in response to the fiscal crisis.

However, the District may have instituted reductions that are now impairing the effectiveness of its administrative functions. The Human Resources Director noted that, as vacant administrative positions have gone unfilled, responsibilities have been disbursed among remaining administrative and clerical staff sometimes to the point of hindering performance. For example, the District was unable to produce source documentation to verify its claims on savings for consolidating the high schools, noting this data had been managed by the now vacant business director position. A consultant from the Ohio Bureau of Worker's Compensation also noted the District's past practice of spreading risk management duties among several individuals had hurt its ability to control high claim and premium costs. Springfield CSD has since created a full-time risk manager positions (see *Noteworthy Accomplishments*).

The District could meet its administrative needs without adding General Fund costs by repurposing funds already set-aside through its contract with the Clark County Educational Service Center (ESC). The District has maintained a service agreement with the ESC since 1996, in part because the ESC passes extra State funding to its client districts through cooperative agreements. In FY 2004-05, the District paid the ESC \$360,000 through a deduction from its State foundation and through a separate contract paid out of the General Fund. While the ESC can provide a variety of personnel needs on a partial FTE basis and at a reduced cost, the District has historically relied on its ESC funding for incidental, non-personnel costs amounting to far less than the annual contract

amount. Consequently, the District has been accumulating a credit of unspent funds at the ESC, which is estimated to reach \$539,338 at the close of FY 2004-05.

During the audit, the District began meeting with ESC officials to discuss better use of ESC services. Based on these discussions, three administrative positions were posted to be funded from the ESC contract. These positions include curriculum directors at the elementary and secondary levels, as well as a Director of School Services to fulfill a variety of programmatic and business functions. Between the current ESC fund balance and ongoing annual contract payments, there should be resources during the forecast period to fund these positions.

**R3.D The District should fully charge its Reading Coordinator position to grant funds to help off-set costs to the General Fund for this program.**

**The District has implemented this recommendation as part of its May 2005 recovery plan.**

The District maintains a Reading Coordinator position that is 50 percent funded through a federal grant and 50 percent funded through the General Fund. District officials were unaware this position was partially funded through local dollars, and stated that it could be eligible for full grant funding. The District has recoded this position to reflect full grant funding for the FY 2005-06.

*Financial Implication (Implemented):* Fully funding the Reading Coordinator position from the federal grant will save the District \$40,000 in General Fund salary and benefit costs at FY 2004-05 levels.

### *Teaching/Professional Staffing*

**R3.E Given the magnitude of the District's projected deficit, it must consider additional reductions in its regular teaching classifications. Without additional revenue (as discussed in the financial systems section of this report), the District may have to move toward state minimum standards in this classification. These employees represent nearly one-quarter of all district staff and more than 40 percent of total District salaries. This should remain an option of last resort once all other reductions have been implemented because of the District's continuing academic struggles. The District can also mitigate the impact of regular teacher reductions by pursuing the following strategies:**

- **Staggering the reductions over the course of the forecast to help reflect anticipated enrollment losses;**
- **Coordinating reductions with the consolidation of middle schools in FY 2005-06;**

- **Requiring more secondary teachers to instruct the maximum class load allowed by their contracts;**
- **Obtaining flexibility in the bargaining agreement on time allowed for travel to facilitate more teachers at the high school level splitting duties between the North and South high school campuses;**
- **Continuing meetings between the high school administrators to identify opportunities for additional consolidations that meet District's programmatic needs; and**
- **Projecting and seeking to achieve optimum high school teacher staffing levels once the high schools consolidate in FY 2008-09.**

**Table 3-7** reflects pupil-teacher ratios in the regular classification (i.e., exempting special education, joint vocational, etc.) for Springfield CSD, the peer districts and the State average:

**Table 3-7: Regular Student Per Teacher, FY 1999-00 Through 2004-05**

Reporting District	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05
	Students per Teacher	Students per Teacher	Students per Teacher	Students per Teacher	Students per Teacher	Students per Teacher
<b>Springfield City</b>	17.6	17.6	17	16.8	19.2	18.9
<b>Barberton City</b>	16.4	16	14.6	14.4	17.6	18.3
<b>Hamilton City</b>	16.1	17.7	16.4	18.4	18.1	17.6
<b>Newark City</b>	18.5	19.4	18.7	19.2	19.6	18.3
<b>Peer average</b>	<b>17.0</b>	<b>17.7</b>	<b>16.6</b>	<b>17.3</b>	<b>18.4</b>	<b>18.1</b>
<b>State Student per Teacher Ratio</b>	<b>18.1</b>	<b>18.0</b>	<b>16.9</b>	<b>16.5</b>	<b>18.5</b>	<b>N/A</b>

Source: Ohio Department of Education

**Table 3-7** demonstrates that through FY 2002-03, Springfield CSD maintained pupil-teacher ratios below or near the peer average. These District ratios increased significantly in relation to staff reductions implemented for FY 2003-04. As a result of continuing staff reductions in FY 2004-05, the ratio continues to remain the highest of the peer districts at a level 4.4 percent above the peer average. Also, as discussed in the **financial systems** section of this report, Springfield CSD had the lowest ODE Academic Report Card score among the peer districts in FY 2003-04. Significant reductions of regular teaching staff would normally not be advised for a district in Academic Watch, such as Springfield CSD.

Yet given the District's forecasted operating deficits, it must implement reductions if it cannot obtain new revenue. This recommendation proposes eliminating up to 70 teaching positions, 12 of which the District has already implemented as part of its May 2005

recovery plan. According to ODE, the District could reduce up to 80 positions and still remain 10 percent above state minimum standards – as a small cushion should be maintained. The following strategies would help mitigate the impact on educational programming for the remaining reductions:

- The District should stagger reductions at 14 positions (maximum) per year from FY 2005-06 to FY 2008-09. This will allow the District to better plan for program impacts and reduce more positions through attrition as opposed to layoffs. While the maximum scheduled teacher reduction represents approximately a 4 percent loss per year, it would be partially offset by the projected 2 percent annual loss of enrollment as discussed in the **facilities** section of this report.
- The District will consolidate from five to four middle schools in FY 2005-06, but in its January 2005 recovery plan had only attributed the reduction of one regular education teaching position to the consolidation. It should consider the potential for additional program consolidation at the middle school level when it reallocates this student population among teachers at a single facility.
- An analysis of teaching schedules at North and South high schools indicates the following:
  - 4 percent of teachers instruct for four periods,
  - 40 percent of teachers instruct for five periods,
  - 54 percent instruct for six periods, and
  - 2 percent instruct for seven periods.

If the District could increase the number of teachers instructing six periods, it may be able to reduce several positions while continuing to offer a similar level of programming. Since many of these teachers perform non-academic monitoring duties as part of their schedules, approaching reductions in this manner may require hiring part-time monitors which would result in a smaller overall cost savings.

- Though North and South high schools are only three miles apart, only three teachers split time between the two campuses in FY 2004-05. The District should prepare in advance for the high school consolidation by having additional teachers split duties between the campuses when appropriate, especially as positions become vacant through attrition. This may be facilitated by having the two high schools follow the same school day schedule. This will not only provide savings in the short-term, but it will avoid the potential of filling a position and then eliminating it in FY 2008-09 when the schools consolidate.

- Finally, when the high schools consolidate in FY 2008-09, there should be some opportunity to merge classes and reduce high school teacher ranks, which totaled 112 in FY 2004-05. This audit will not propose a specific reduction number given the unique academic goals of the District. However, the District should perform a comprehensive review of its academic offerings far in advance of the merger to determine optimum class sizes. This will allow Springfield CSD to balance academic achievement with efficient staffing.

*Financial Implication (Implemented):* The District reduced 13 teaching positions through unfilled vacancies for the FY 2004-05 year, saving approximately \$1.1 million annually in salary and benefit costs.

*Financial Implication (Pending):* If the District reduced 14 positions annually from FY 2005-06 to FY 2008-09, it would save a cumulative total of approximately \$9 million based on FY 2004-05 salary and benefit levels of the 56 least-experienced regular teachers. This is a conservative estimate, which could increase if these reductions are achieved through retirements or the voluntary separation of experienced staff.

**R3.F The District, with input from the community, should determine the programmatic approach and corresponding optimum level of staffing to achieve educational goals and maximize the funding available to the District. These decisions should be made based on community expectations and associated financial support for District programs. If funding is not available to maintain current staffing levels, the District may have to move toward state minimum standards. Based on the District's financial situation, the District has an opportunity to reduce the financial deficit by reducing staff in the Educational Service Personnel category to state minimum levels. By doing so, the District could mitigate additional reductions to regular teaching staff which could affect the core educational programs of the District.**

The Ohio Administrative Code (OAC) §3301-35-05(A)(4) defines Educational Service Personnel as the following: K-8 art, music and physical education teachers; counselors, library-media specialists, nurses and social workers. The OAC states that a school district must maintain at least 5.0 FTE per 1,000 regular education students in any combination of these personnel. **Table 3-8** lists ESP staffing levels at Springfield and the peer districts, as well as the potential to reduce to state minimum levels:



**Table 3-8: Educational Service Personnel, FY 2004-05**

Classification	Springfield CSD <sup>1</sup>	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
<b>Regular Education Student ADM</b>	6,885.35	3,166.39	7,198.36	5,294.47	5, 219.74
<b>ESP Teachers</b>	42.8	24.9	40.6	53.5	39.7
<b>Counselors</b>	18.3	8.0	23.0	8.5	13.2
<b>Librarian Media Specialist</b>	7.0	3.0	4.0	5.3	4.1
<b>Nurses</b>	7.0	1.4	10.7	6.5	6.2
<b>Social Work</b>	0.0	0.0	1.0	0.0	0.3
<b>Totals</b>	<b>75.1</b>	<b>37.3</b>	<b>79.3</b>	<b>73.7</b>	<b>63.4</b>
<b>ESP FTE per 1,000 ADM</b>	<b>11.05</b>	<b>11.78</b>	<b>11.02</b>	<b>13.91</b>	<b>12.2</b>
<b>Minimum Level</b>	<b>34.43</b>	<b>15.83</b>	<b>35.99</b>	<b>26.47</b>	<b>26.1</b>
<b>Difference</b>	<b>41.67</b>	<b>21.47</b>	<b>43.31</b>	<b>47.20</b>	<b>37.3</b>
<b>Percent of Staff Above State Minimum Requirements</b>	<b>54%</b>	<b>58%</b>	<b>55%</b>	<b>64%</b>	<b>59%</b>

Source: ODE SF-3 reports and EMIS reports

<sup>1</sup> Springfield CSD represents projected staffing levels for beginning of FY 2005-06.

**Table 3-8** shows that Springfield CSD falls below the peer average for ESP staff per 1,000 students defined in the regular population. Further reductions in this category would not be recommended under normal financial conditions. However, Springfield CSD cannot overcome its projected deficits based on the reductions made to date. Springfield CSD should consider reducing up to 41 ESP staff (minimum levels) in the event that the November 2005 levy fails, with position eliminations beginning in January 2006.

This reduction may offset potential reductions in regular teacher ranks which directly impact the District's academic performance. If the District must implement this recommendation, it should investigate opportunities to reallocate some of these responsibilities among remaining staff. One potential option would be to have high school art, music and physical education teachers, who hold global certifications, instruct K-12 students. This option would limit the amount of time all students receive art, music and physical education instruction.

*Financial Implication:* Reducing Educational Service Personnel staff by 41 FTEs would generate a savings of approximately \$2.8 million annually in salary and benefits at FY 2004-05 levels. Note: savings for FY 2005-06 would be half this amount assuming reductions take place mid-year.

**R3.G The District should more uniformly allocate counselor staffing and eliminate four counselor positions to reflect peer averages. Even with the elimination of these positions, it will still maintain staffing ratios above the Ohio average in this classification.**

**The District has implemented this recommendation as part of its May 2005 recovery plan.**

In FY 2004-05, the District maintained 26 counselor positions serving Springfield CSD students, as well a 0.8 FTE grant-funded position serving a private school, although it eliminated 5 positions as part of its January 2005 recovery plan. **Table 3-9** compares counselors per 1,000 ADM against the peer, state and national averages, assuming the reduction.

**Table 3-9: School Counselor Staffing per 1,000 ADM, FY 2004-05**

Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average	Ohio Average	National Average
2.5	1.9	2.5	1.3	2.0	1.9	2.1

Source: EMIS reports, American School Counselor Association

**Table 3-9** shows that counselor staffing significantly exceeds the peer, Ohio, and national averages. While the District had already planned to reduce four positions as part of its January 2005 recovery plan, it could reduce an additional four positions to achieve the peer average and remain above the Ohio average. Assuming the District's continued trend of losing 1.8 percent of its enrollment annually, it would equal the national average in FY 2005-06.

*Financial Implication (Implemented):* If the District reduced four additional counselor positions, it could save \$300,000 in salary and benefits at FY 2004-05 levels.

**R3.H Given its fiscal crisis, the District should reduce four special education positions by not filling four vacancies created for the FY 2005-06 school year. Further reductions in this area should be considered as an *Issues for Further Study*.**

**The District implemented this recommendation as part of its May recovery plan.**

According to ODE records, the number of Springfield CSD students classified with a disability has risen 13 percent between FY 1997-98 and FY 2003-04. Further, this increase may be even higher as the District only reports Springfield residents to the State. There are several additional non-resident students served in group homes, residential treatment facilities and other settings. Springfield CSD bills resident districts for the cost of serving these students.

OAC §3301-51-09 prescribes staffing ratios for delivering services to disabled students. **Table 3-10** states the required ratio by disability category, the number of Springfield CSD students within this category, and the minimum FTEs required to provide services.

**Table 3-10: Special Education Service Provider Ratios, FY 2004-05**

Category	Teaching Ratios	Number of SCSD students	FTEs Needed
Cognitive Elem.-Middle School	1:16	309	19.3
Cognitive High School	1:24	180	7.5
Specific Learning Disability Elem.-Middle School	1:16	230	14.4
Specific Learning Disability High School	1:24	122	5.1
Hearing, visual, orthopedic and/or other health impairments	1:10	87	8.7
Emotional Disturbances	1:12	119	10.0
Multiple Disabilities	1:08	75	9.4
Autism, deaf-blindness, and/or traumatic brain injury	1:06	36	6.0
Preschool Disabled	1:16	143	8.9
<b>Total</b>	N/A	1,301	89.2

Source: Springfield CSD

Springfield CSD maintained 112 special education teaching positions in FY 2004-05, and had planned to reduce one position related to the elimination of its vocational program in FY 2005-06. District officials reported four special education teaching vacancies by the close of FY 2004-05. If the District eliminated these vacant positions, it would still maintain a staffing level 18 positions above state minimum standards. However, given the unique issues related to special education and the growing population of disabled students in the District, additional reductions should be considered as an *Issue for Further Study*.

*Financial Implication (Implemented)*: If the District reduced special education staffing by not filling the four vacant positions, it would save approximately \$312,000 annually based upon the FY 2004-05 salaries and benefits of these teachers.

*Classified Personnel Staffing*

**R3.I The District should reduce up to seven instructional paraprofessional positions to achieve the peer average in this classification. Despite reductions in FY 2004-05, Springfield CSD maintains higher staffing ratios in this category than the peers, both in relation to its overall and special education populations.**

Springfield CSD codes all classroom aides, library aides, and health services aides as “instructional paraprofessionals.” During the implementation of its initial fiscal recovery plan adopted in January 2005, the District significantly reduced paraprofessional staff by laying off nearly all its health services aides. However, **Table 3-11** shows that, even with these reductions, the District maintains more FTE staff per 1,000 ADM in these positions than the peers when considering how Springfield CSD defines this group. The table also breaks out Springfield CSD paraprofessionals by job function.

**Table 3-11: Instructional Paraprofessionals per 1,000 ADM, FY 2004-05<sup>1</sup>**

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
<b>Health Aides</b>	0.2	0.0	0.0	1.8	1.8
<b>Library Aides</b>	1.3	0.0	1.4	0.8	1.1
<b>Instructional Paraprofessionals/ Teaching Aides</b>	6.9	6.3	5.7	5.1	6.3
<b>Group Total</b>	8.4	6.3	7.1	7.8	7.0
<b>Instructional Paraprofessionals/ Teaching Aides Per Special Education FTE Population</b>	.05	.04	.03	.04	.04

Source: EMIS Reports

<sup>1</sup> Peer averages are calculated as the average of the number of peers actually reporting staff in that classification. Consequently, peer averages for group totals reflect the average of the three peer districts, not the sum of the peer average column.

Springfield CSD maintains 16.9 percent more paraprofessional staff per 1,000 ADM than the peer district average. Since the majority of these positions represent special education classroom aides, a measurement was also taken of classroom aides to total special education population. Springfield CSD also maintains a higher staff ratio in this category than the peer districts. The District should study the staffing patterns for instructional paraprofessionals in conjunction with scheduled building closings and program relocations for FY 2005-06, to determine where potential consolidation of these support positions is possible. The District could reduce eight paraprofessional positions to achieve a 7.4 overall staffing ratio and still remain 4 percent above the peer average. To further illustrate this point, if the District pattern of decreasing annual enrollment continues, it could reduce up to 10 positions and still remain at the 7.4 staffing ratio in FY 2005-06. However, given the District’s historical trend of rising special education enrollments, staffing should remain at this level to meet student needs.

*Financial Implication:* If the District reduced eight paraprofessional positions, it could save \$160,000 in salary and benefits at FY 2004-05 levels.

**R3.J The District should eliminate its Library Technician position, as the peer districts do not report a similar position and these duties could be overseen by the Media Specialist position.**

**The District implemented this recommendation as part of its May 2005 recovery plan.**

The District has a Library Technician position responsible for maintaining all media that is not housed in individual school libraries that could be needed on a district-wide basis. For example, this position oversees various magnetic media for professional development needs, as well as items such as maps that central office administrators may require for planning purposes. However, the peer districts do not report such a position, and it appears these duties could be consolidated into a district-wide Media Specialist position.

*Financial Implication (Implemented):* The District could save \$30,000 in salary and benefit costs at FY 2004-05 compensation levels by reducing the Library Technician position.

**R3.K The District should reduce up to three clerical positions to achieve staffing averages similar to Barberton CSD and Newark CSD. There appear to be specific opportunities for reduction in the Transportation Department, as well as reductions relating to closing and consolidating schools in FY 2005-06.**

**The District has implemented this recommendation by reducing five positions as part of its May 2005 recovery plan.**

**Table 3-12** reflects staffing levels for both school-based and central-based clerical personnel at Springfield CSD and the peer districts. The unusually high clerical staffing level at Hamilton CSD skews the peer average, so a two-peer average of Barberton CSD and Newark CSD is also presented.

**Table 3-12: Clerical Staffing Levels, FY 2004-05 <sup>1</sup>**

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average	Average without Hamilton CSD
School-based clerical personnel	37.1	19.6	56.7	26.0	34.1	22.8
Enrollment	9,054	4,288	9,360	6,510	6,719	5,399
School-based clerical personnel per 1,000 students	4.1	4.6	6.1	4.0	4.9	4.3
Number of school buildings	17.0	9.0	19.0	22.0	16.7	15.5
Site-Based Clerical personnel per school building	2.2	2.2	3.0	1.2	2.1	1.7
Central office clerical personnel	23.0	14.0	36.5	18.0	22.8	16.0
Per 1,000 students	2.5	3.3	3.9	2.8	3.3	3.0

Source: EMIS reports and follow-up interviews with district personnel

<sup>1</sup> Springfield CSD figure assumes the reduction of 5 FTEs already made by District for FY 2005-06, including 2 clerical positions reduced as part of R4.D in **facilities** section. It also assumes school configuration for FY 2005-06.

**Table 3-12** demonstrates that while Springfield CSD is at or below the three-peer average for the various operational ratios, staffing ratios are above the two-peer average for site-based clerical personnel per 1,000 students and per school building. The District could reduce three site-based clerical positions and still remain above the two-peer average for clerical personnel per school building. Implementation options Springfield CSD could consider include:

- Both District alternative schools, which will consolidate next year, have a General Fund clerical position.
- Although the District maintains overall lower staffing ratios for central office clerical staff, the Transportation Department has 3.0 FTE clerical positions, compared to a peer average of 0.5 FTE.

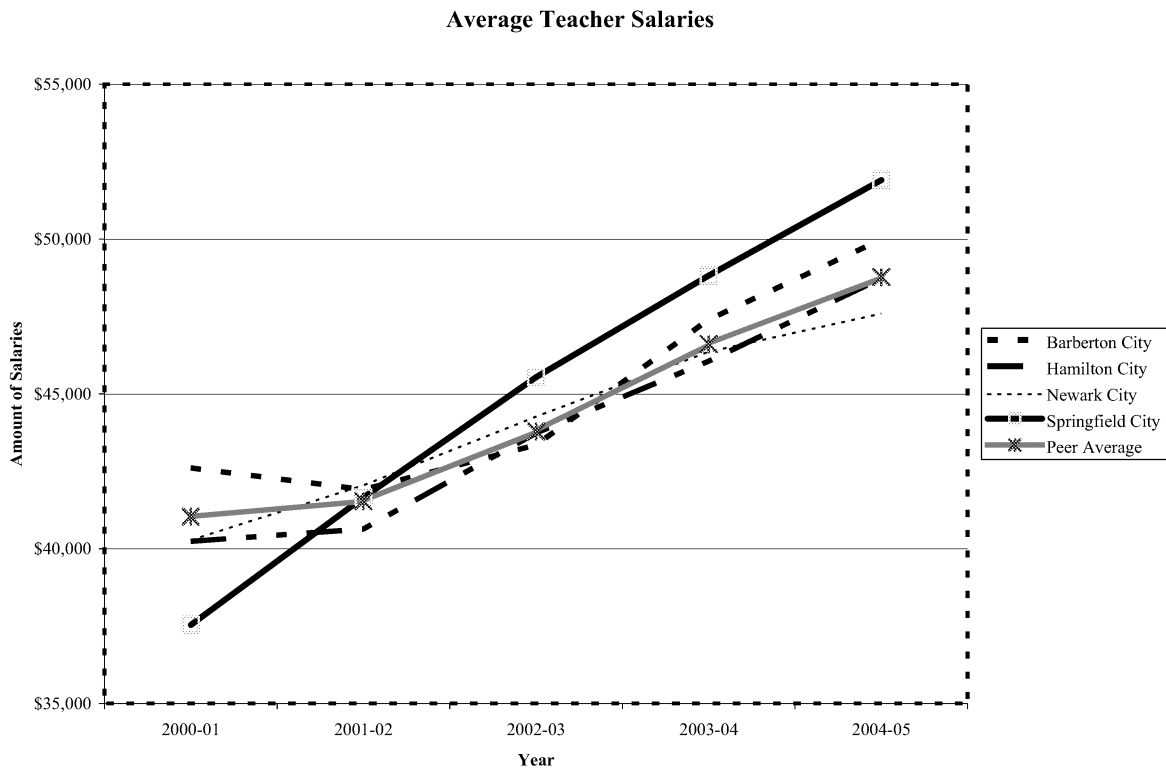
*Financial implication (Implemented):* The District has reduced three positions (two Transportation Department and one school-based) for a savings of \$78,000 at FY 2004-05 salary and benefit levels. The District also reduced two positions in the Beacon Center which is discussed in **R4.D** in the **facilities** section.

*Compensation*

**R3.L** The District should seek to limit future cost of living increases for all staff to no more than 1 percent in FY 2006-07, 1 percent in FY 2007-08, and 2 percent in FY 2008-09 during its next round of collective bargaining. The average salary for Springfield CSD teachers increased 38 percent from FY 2000-01 to FY 2004-05, while the peer average increased 26 percent during the same period. Although part of this increase reflects higher teacher experience, until FY 2005-06 the SEA received generous COLAs (4.5 percent in FY 2003-04 and 5 percent in FY 2004-05). Also, even though administrative staff has gone without a COLA since 2002-03, their current base pay remains at the peer average. This plan preserves step increases for all staff, as well as longevity pay for classified bargaining unit staff, although the District may wish to examine these items as well.

The Springfield CSD Board of Education negotiated a 0 percent COLA with all staff units for FY 2005-06, although step increases and longevity pay were preserved. However, the current forecast projects annual salary and wage increases of 4.41 percent for the remaining years. **Chart 3-1** shows average teacher salaries from FY 2000-1 to FY 2004-05 at Springfield CSD and the peer districts.

**Chart 3-1: Average Teacher Salaries: FY 2000-01 through 2004-05**



The average teacher salary at Springfield CSD has risen 38 percent from FY 2000-01 to FY 2004-05, compared to a peer average of 26 percent. The Human Resources Director stated that pay scales historically had not been competitive with other districts, and had been increased to help the District recruit highly-sought disciplines such as special education, math and science. The District now has the highest average teacher salary among the peer districts. While part of this can be attributed to a higher level of teacher experience, **Table 3-4** shows that cost of living increases have been slightly higher than peer averages. Average step increases (bachelors’ degree) are also slightly higher than the peer average.

Despite 0 percent COLAs for administrative staff for the past two years, their base pay remains within 1 percent of the peer average, in part because Springfield CSD is the only district among the peers to give administrative step increases. This does not take into account additional compensation these individuals receive (See **R3.M**). The base pay of classified personnel is comparable to the peer average.



Given the District's limited ability to further reduce staff without significantly impacting its educational programs, it must attempt to reduce the projected level of salary increases. This recommendation preserves step increases for all employee groups, including administrators. Further, it also preserves longevity pay for classified staff. To ensure consistency, the District should consider uniformly implementing these COLA limitations for all employee groups. However, once it regains financial stability it should give first consideration to adjusting the classified salary levels.

*Financial Implication:* If the District could limit its COLA increases to 1 percent, 1 percent and 2 percent from FY 2006-07 through FY 2008-09, it could avoid a cumulative cost of \$5.0 million. This estimate takes into account the recommended staffing cuts elsewhere in this and other sections of the audit to avoid inflating the projected savings.

**R3.M The District should reduce several benefits granted to members in SASO/SAST. While it is acknowledged that SASO/SAST has not had a COLA increase since FY 2002-03, some benefits are not provided to administrators at the peer districts. The average Springfield CSD other administrator base salary is 2.6 percent below the peer average. Yet, when additional benefits are compared to the peer administrator benefit packages, the adjusted salary increases to a level 6.4 percent above the peer average. The plan leaves intact the step schedule for SASO/SAST, which provides 11 steps including those at 10, 15, 20 and 25 years. Specific benefit reductions include:**

- **Reduce pick-up on the pickup from 10 percent to 5 percent,**
- **Terminate longevity pay, and**
- **Terminate additional education attainment payments.**

Springfield CSD's classified and certificated administrators (SASO/SAST) receive several annual compensation benefits in addition to their base pay. These include full Board "pickup" of the employee's contribution to the retirement system, a step schedule, longevity pay and educational attainment payments. Further, many steps and longevity payments run concurrently. These benefits have been extended into FY 2005-06 through the Associations' agreement with the Board. **Table 3-13** compares the impact of these additional payments at Springfield CSD to practices at the peer districts:

**Table 3-13: Adjusted Administrator Compensation, FY 2004-05**

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
Superintendent Base Salary	\$130,000	\$105,852	\$121,533	\$123,840	\$117,078
Adjusted for Pick-up	\$143,000	\$116,448	\$133,686	\$136,224	\$128,786
Treasurer Base Salary	\$107,673	\$86,763	\$99,002	\$83,281	\$89,682
Adjusted for Pickup	\$118,440	\$94,832	\$108,902	\$91,609	\$98,448
Average Base Salary for Other Administrators	\$74,232	\$73,569	\$80,320	\$74,711	\$76,200
Adjusted for Pick-up	\$81,655	\$73,569	\$83,935	\$82,182	\$79,895
Average Longevity Payment	\$2,045	\$0	\$0	\$0	\$0
Average Education Attainment Payment	\$1,316	\$0	\$0	\$0	\$0
Adjusted Average Salary for Other Administrators	\$85,016	\$73,569	\$83,935	\$82,182	\$79,895
<b>Total Average Compensation</b>	<b>\$115,486</b>	<b>\$94,950</b>	<b>\$108,841</b>	<b>\$103,338</b>	<b>\$102,376</b>

Source: EMIS salary data, school district documents and interviews

While the average base pay for Springfield CSD other administrators is 2.6 percent less than the peer average, when the additional benefits are included for this group of employees, the average salary increases to 11.6 percent above the peer average. The peers do not offer longevity and educational attainment payments for administrators. Further, Springfield pays the entire 10 percent retirement pickup – this amounted to payments for 78 SASO/SAST employees in FY 2004-05. In comparison, Newark CSD paid 10 percent for 39 employees, Barberton paid 10 percent for 2 employees (treasurer and superintendent only) and Hamilton paid 10 percent for the superintendent and treasurer and 4.5 percent for the other 45 administrative employees.

The District should adopt peer practices and eliminate the longevity and educational attainment payments for members of the SASO/SAST group. Further, it should adopt the practice of Hamilton CSD and pick up only 4.5 percent of the employee portion of retirement contributions. Administrators would continue to receive step increases – a benefit not granted to peers – to help offset these reductions in benefits.

*Financial implication:* If the District eliminated longevity and additional education payments, it would annually save \$81,500 and \$64,000, respectively. It would save an additional \$168,000 annually at FY 2004-05 compensation levels if it reduced retirement pickup from 10 percent to 4.5 percent. Total savings would be approximately \$313,500 annually. This calculation takes into account reduced administrator staffing levels for FY 2005-06.

**R3.N The District should reduce the level of severance payments for unused sick leave granted to separating members of SASO/SAST to reflect peer and other Springfield CSD employee group practices. This should include both lowering the maximum**

**number of sick days allowed for accrual, and capping the number of days allowed as a severance payout.**

**Table 3-14** shows sick leave accrual and severance payout for Springfield CSD employee groups and peer district administrators:

**Table 3-14: Sick Leave Severance Policy**

Employee Group	Maximum Sick Days Accrued	Severance Policy
Springfield CSD Administrators	320 days	25%, maximum payout 80 days
Springfield CSD Certificated	240 days	25%, maximum payout 60 days
Springfield CSD Classified	300 days	25% for < 120 days accrued. 35% > 120 days, maximum payout 54 days
Barberton CSD Administrators	253 days	25%, maximum payout 52 days
Hamilton CSD Administrators	285 days	25% for < 150 days accrued 50% for > 150 days accrued, maximum payout of 105 days
Newark CSD Administrators	280 days	25%, maximum of 70 days

**Source:** Springfield CSD and peer districts

**Table 3-14** illustrates that SASO/SAST members have the second-highest severance leave payout at 80 days. The group has 20 and 26 more payout days, respectively, than the Springfield CSD certificated and classified bargaining units. In order to achieve greater equity among employee groups, the District should consider lowering the maximum payout to 70 days. This reflects the amount granted to Newark CSD administrators, which is the median value among peer school district administrators.

*Financial Implication:* There are currently six SASO/SAST employees that are at or very near the maximum accrued level of sick time, and will also reach at least 33 years of service within the forecast period. Assuming these employees retire during the forecast, the District could save \$15,000 (one-time) if it lowered the maximum payout to 70 days. Springfield CSD would also avoid future costs of an undetermined amount.

**R3.O Upon consolidation of the high schools, the District should reduce duplicate supplemental contracts. Reducing duplicate supplemental contracts would result in a savings of over \$40,000 in FY 2008-09**

**Table 2-11** in the **financial systems** section demonstrates that Springfield CSD's extracurricular costs per student (\$139) were lower than the peer average of \$164. Further, the District announced as part of its May 2005 recovery plan that it would reduce an additional \$100,000 in supplemental contracts for FY 2005-06, although the final list of reductions showed that the District had made \$195,700 in reductions.

Springfield CSD should be able to further reduce supplemental costs when the high schools consolidate in FY 2008-09. An analysis of supplementals related to sports-oriented activities revealed 43 duplicate positions between the high schools that it should be able to reduce upon consolidation. These positions cost \$140,000 in FY 2004-05. The District should include these reductions in its future financial planning.

*Financial Implications:* While the 43 duplicate supplementals represent \$140,000 in potential savings, it is unclear to what degree the \$195,700 in supplemental reductions announced by the District in May 2005 will impact these positions. Therefore, the audit will conservatively estimate a savings of \$40,000 for this recommendation, which should be adjusted upon resolution of the May 2005 plan.

### *Health Care Benefits*

**R3.P Springfield CSD should negotiate with its staff to lower medical premium costs paid by the District to a level closer to that paid by other Ohio local governments. This should be done through two strategies. First, Springfield CSD should negotiate an increase to the premium contributions of all staff to the 17 percent level currently paid by certificated employees. Second, the District should negotiate to redesign its health care plan to more closely reflect peer benefit levels.**

Springfield CSD offers medical and prescription coverage to all employees through a preferred provider organization (PPO) plan. The plan is self-insured, and the District reports this has helped limit premium increases to 11 percent and 13 percent, respectively, in FY 2003-04 and FY 2004-05. By comparison, Ohio local governments reported weighted average increases of 12.8 percent and 14.7 percent during this time. **Table 3-15** reflects premium costs and employee shares for FY 2004-05 for Springfield CSD, the peer districts and Ohio school districts with similar numbers of staff.

**Table 3-15: Health Insurance Premiums, FY 2004-05 <sup>1</sup>**

School District	Plan Type	Monthly Premium for Single Plan	Full-time Employee Share (monthly)	% of Employee Share	Monthly Premium for Family Plan	Full-time Employee Share	% of Employee Share
<b>Springfield CSD</b> <sup>1</sup>							
Certificated		\$357.30	\$60.74	17.0%	\$1,000.76	\$170.12	17.0%
Administrator	<b>Anthem PPO</b>	\$357.30	\$35.72	10.0%	\$1,000.76	\$100.08	10.0%
Classified		\$357.30	\$40.52	11.3%	\$1,000.76	\$113.14	11.3%
<b>Barberton CSD</b>	<b>Medical Mutual PPO</b>	\$295.70	\$0.00	0%	\$766.16	\$0.0	0%
<b>Hamilton CSD</b>							
Certificated/ Administrator	<b>Butler County Health Plan</b>	\$340.00	\$17.00	5.0%	\$874.00	\$87.40	10.0%
Classified		\$340.00	\$34.00	10.0%	\$874.00	\$87.40	10.0%
<b>Newark CSD</b>							
Certificated/ Administrator/ Exempt Classified	<b>United Health Care PPO</b>	\$367.23	\$73.45	20.0%	\$918.15	\$183.63	20.0%
Classified		\$367.23	\$91.81	25.0%	\$918.15	\$229.54	25.0%
<b>Peer Average</b>							
Certificated/ Administrators		\$334.31	\$30.15	8.3%	\$852.77	\$90.34	10.0%
Classified	N/A	\$334.31	\$41.94	11.7%	\$852.77	\$105.65	11.7%
<b>SERB Statewide Average for School Districts with 1,000-2,499 employees</b>	N/A	\$372.13	\$33.11	8.9%	\$922.53	\$99.61	10.8%

Source: Springfield CSD and peer district records

<sup>1</sup> Full-time employees in Springfield are defined as working 32 hours medical insurance, at Barberton 20 hours, Hamilton 20-27.5 depending on bargaining unit, and Newark 34 hours.

<sup>2</sup> In addition, a 7-member bargaining unit of interpreters at Springfield CSD contributes at 15 percent for single coverage and 13.1 percent for family coverage. Also, per contract, classified employee contributions are capped at pre-determined dollar amounts.

**Table 3-15** reveals that certificated personnel contribute 17 percent of their premium costs, which is higher than the peer and SERB averages. However, administrative and classified personnel contribute only 10 percent and 11.3 percent, respectively. Classified contributions have remained lower due to negotiated dollar caps placed on premium contributions, while administrative contributions have remained at the current rates as

part of the association agreement for classified and certificated administrative personnel. On the other hand, premium contribution rates at Hamilton CSD and Newark CSD are applied more uniformly across employee groups.

Requiring all employees to contribute at similar percentages eliminates potential disparities that may arise. For example, classified personnel will continue to pay the same dollar amount for premium contributions in FY 2005-06 as they did in FY 2004-05 due to dollar caps built into the contract, while contribution rates for other groups will rise with the overall premium increases. If all Springfield CSD employees were required to contribute at the same rate as certificated personnel, the District would save approximately \$120,500 per year.<sup>3-2</sup>

**Table 3-15** also reveals that Springfield CSD's premium costs for single coverage are 6.9 percent higher than the peer average, although they are 4 percent lower than the SERB average for school systems of similar size. Springfield CSD's premium costs for family coverage are 17.4 percent higher than the peer average, and 8.5 percent higher than the SERB average. This could be due, in part, to a higher level of plan benefits, as demonstrated in **Table 3-16**.

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<sup>3-2</sup> The estimated savings from increased premium sharing were calculated based upon reduced premium rates at the SERB average proposed later in this recommendation.

**Table 3-16: Medical Plan Benefits, FY 2004-05**

<b>Benefit Level</b>	<b>Springfield CSD</b>	<b>Barberton CSD</b>	<b>Hamilton CSD</b>	<b>Newark CSD</b>
<b>Office Visit Co-pay</b>	In Network: \$10  Out of Network: \$20percent of eligible expenses	None	In Network: \$20  Out of Network: \$0	In Network: \$15  Out of Network: \$20percent of eligible expense
<b>Prescription Plan Cost</b>	Generic: \$5, Brand: \$12, Non-Formulary: \$22  Mail-in: Generic \$10, Brand \$24, Non-formulary \$44 (90 day supply)	Deductible: Generic \$5, Brand \$10  Mail order fee: \$3	Annual Deductible: \$25  Generic: 20percent, Brand: 20percent, Non-Formulary: 40percent (both 30 & 90 day including mail-in Order)	Generic: \$10, Brand: \$20, Non-formulary: \$30  Mail-in: Generic \$20, Brand: \$40, Non-formulary: \$60 (90 day supply)
<b>Employee Annual Deductible</b>	In Network: \$0  Out of Network: \$150/300	In Network: \$150/\$450	None	In Network: \$150 per covered person  Out of Network: \$300 per covered Person
<b>Employee Out of Pocket Maximum<sup>1</sup></b>	In Network: \$500s/\$1,000  Out of Network: \$1,000/\$2,000	In Network: \$750  Out of Network: \$1,500	Individual: \$1,500, Family: \$4,500	In Network: \$500 per covered person (capped \$1,000 for family)  Out of Network: \$1,500 per covered person (capped \$3,000 per family)
<b>Co-insurance</b>	In Network: 0%  Out of Network: 20%	20% after deductible	20% of eligible expenses	In Network: 10%  Out of Network: 20%
<b>Lifetime Maximum Benefit Amount</b>	In Network: Unlimited  Out of Network: \$1 million	\$2 million	\$2 million	In Network: Unlimited  Out of Network: \$1 million

Source: Springfield CSD and peer district records

<sup>1</sup> One Barberton CSD bargaining unit has out-of-pocket maximums of \$2,250 (Network) and \$4,500 (Out of network).

**Table 3-16** shows that, in nearly every category, Springfield CSD offers a higher level of benefits and requires fewer out-of-pocket costs than the peer districts. Springfield CSD is contractually obligated to offer the current level of service to all employees through FY 2005-06.

The Government Finance Officers Association recommends that governments consider changes in plan design as a cost-control effort. This includes adjusting co-payment and co-insurance levels to influence individual behavior with respect to network/out of network services, brand/generic prescriptions and over the counter medication, inpatient/outpatient services, and other decisions. Further, the Kaiser Family Foundation reported in its 2004 Employer Health Benefits Survey that more than half of workers are in a health plan that requires a deductible be met before most plan benefits are provided, with an average single coverage deductible of \$287 for services from preferred providers. Further, it reports average drug co-payments of \$10 for generic, \$21 for formulary and \$33 for non-formulary prescription drugs.

If Springfield CSD could negotiate selective changes in benefits and cost-sharing to encourage cost-effective use of health care, it could positively impact its overall premium costs. If the District could achieve the SERB local government average net cost for family coverage (after employee premium sharing), it could save approximately \$203,000 annually.

Finally, the District should consider the benefits of increasing its purchasing power through health care insurance pools. GFOA recommends that governments consider aggregation to obtain better pricing and market leverage. For example, SERB reports that Ohio local governments in employer consortiums have an average annual health care cost of \$9,598, compared to self-funded organizations with an average annual cost of \$9,786. Further, Springfield CSD could potentially maintain a self-funded plan and become a consortium member, as evidenced by the practices of other Ohio school districts like Olentangy Local School District.

*Financial implication:* If the District were to increase premium sharing for all Employees to the certificated level, and increase benefit cost sharing to levels similar to the peers, it could save approximately \$323,500 annually in health care costs. While this will be listed as a financial implication subject to negotiation, coverage relating to SASO/SAST employees could be implemented without collective bargaining.

**R3.Q Springfield CSD should negotiate to require employee contributions to help offset the rising costs of dental insurance premiums. Having employees contribute 20 percent of monthly premiums would reflect peer practices.**

Springfield CSD offers dental insurance to all full-time employees as part of its benefit package. It pays its insurance carrier a uniform premium for each employee, regardless of whether single or family coverage is obtained. **Table 3-17** compares premium costs and employee shares at Springfield CSD and the peers:



**Table 3-17: Dental Premiums, FY 2004-05**

School District	Monthly Premium for Single Plan	Full-time Employee Share	Monthly Premium for Family Plan	Full-time Employee Share
Springfield CSD	\$47.89	\$0.00	\$47.89	\$0.00
Barberton CSD	\$24.16	\$0.00	\$76.43	\$10.00
Hamilton CSD <sup>1</sup>				
Teachers/Admin	\$33.00	\$2.64	\$79.00	\$33.58
Trans. Staff	\$33.00	\$4.62	\$79.00	\$11.06
Executive	\$33.00	\$4.95	\$79.00	\$11.85
Secretaries	\$33.00	\$0.00	\$79.00	\$7.90
District Average	\$33.00	\$3.05	\$79.00	\$16.10
Newark CSD	\$59.38	\$14.84	\$59.38	\$14.84
Peer Average	\$38.85	\$5.96	\$71.60	\$13.65
2004 SERB average	\$34.87	N/A	\$66.11	N/A

Source: Springfield CSD and peer benefit documents

<sup>1</sup> Hamilton CSD does not offer dental benefits to certain classified employees.

**Table 3-17** demonstrates that while Springfield CSD pays 23 percent more for single coverage than the peer average under uniform premiums; it pays 33 percent less than the peer average for family coverage. However, it is the only school district that does not require premium contributions, which range from 10 percent to 43 percent at the peer districts, depending upon the employee group. Once the employee contributions are factored in, Springfield CSD pays 46 percent more than the peer average for single coverage but 17 percent less for family coverage.

According to the benefits consulting firm AON, dental premiums have increased an average 7.7 percent annually since 2001. Consequently, employers such as Hamilton CSD have chosen to forgo dental coverage to certain employee groups. While Springfield CSD has achieved lower overall premium rates, given these inflationary increases, it may not be able to continue to offer this benefit without employee premium sharing. Even at a 20 percent contribution (\$9.58), the premium share would still be lower than nearly all the peer employee groups for family coverage.

*Financial implication:* If Springfield CSD implemented a 20 percent premium share for dental coverage, it would save \$113,300 annually based upon FY 2004-05 rates and membership. While this will be listed as a financial implication subject to negotiation, coverage relating to SASO/SAST employees could be implemented without collective bargaining.

**R3.R The District should negotiate to offer an incentive payment to induce staff to opt-out of primary health care coverage if primary coverage is available through their spouse's employer. Savings from reducing the number of covered employees will more than offset annual incentive payments.**

During FY 2004-05, the District covered nearly 870 employees under its medical insurance plan, including approximately 600 employees electing family coverage. The District does not offer incentives to encourage employees to use spousal health care plans, although this practice is recommended by the Government Finance Officers Association.

The Kaiser Family Foundation, in its 2004 Employer Health Benefits Survey, stated 17 percent of surveyed firms provide additional compensation or benefits to employees who decline the offer of health benefit coverage altogether. Three percent of employers provide additional compensation or benefits to employees that elect single rather than family coverage. Hamilton CSD offers a \$500 annual bonus to each employee that elects to decline health insurance (all coverage). Once an employee has selected this option, no change can be made for the balance of the plan year except due to a change in the family status or employment status of the employee's spouse.

*Financial Implication:* If Springfield CSD offered a similar \$500 incentive, it could save nearly \$9,500 in annual District-paid medical premium costs for each certificated employee opting not to choose family insurance coverage. If the \$500 incentive was offered for choosing single coverage in place of family coverage, it would save approximately \$6,000 per employee.

**R3.S In the future, the District should not re-open contract negotiations to benefit staff based on one-time savings or revenues. In 2002, the District reduced the teacher and administrator health care contributions in mid-contract after switching health plans. This change negated the cost savings and resulted in sustained and increased annual expenses to the District.**

Springfield CSD switched health insurance carriers in 2002 to obtain lower premium costs. As an incentive to obtain agreement from its certificated bargaining unit to switch plans mid-contract, the District offered to pass on a portion of the anticipated savings by reducing the certificated employee premium contribution from 20 percent to 17 percent. The Government Finance Officers Association recommends periodic re-bidding of the health care plan vendors, and the District maintains a labor/management insurance committee which allows it to consider changes in mid-contract. However, by agreeing to change the contribution percentage based on one-time savings, the District obligated itself to years of assuming a higher percentage contribution during an era of double-digit annual health care cost increases. While the District should continue assessing

procurement options as recommended in **R3.P**, it must ensure that it does not negate or offset District savings during the negotiation process with staff.

### *Leave Usage*

**R3.T** The District should negotiate to strengthen language in its contract to ensure proper use of sick leave, as both certificated and classified staff usage rates were above the peer and statewide averages. The language should include guidelines and policies that include prohibitions against “pattern abuse” to help department managers identify excessive sick leave usage. Also, it should consider eliminating the practice of annually advancing all sick leave hours, instead of allowing a portion of the leave to be accrued over the year. Finally, the District should consider adopting an incentive plan that provides financial rewards for good attendance.

**Table 3-18** shows sick leave use and attendance rates for staff at Springfield CSD, the peer districts, and State of Ohio classified employees. Barberton CSD was unable to separate classified and certificated employees, so only teacher attendance was reported.

**Table 3-18: Sick Leave Usage, FY 2003-04**

Sick leave days per employee	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average	Ohio AFSCME Average
Classified Staff	10.3	N/A	6.2	3.8	5.0	7.3
Certificated Staff	10.7	N/A	6.9	6.8	6.8	N/A
Teacher Attendance Rate	94.5%	95.5%	96.0%	96.5%	95.6%	N/A

**Source:** Springfield CSD and peer district records, Ohio Department of Education, Ohio Department of Administrative Services

Sick days per classified and certificated District employee were 106 percent and 57 percent higher, respectively, than the two-peer average. Further, sick days per District classified employee were 41 percent higher than all State classified employees, and District teacher attendance was 1.2 percent lower than the peer average.

Historically, significant use of sick leave has been an issue for the District, as it also had the highest rates of classified and certificated sick leave among peers in the 1998 performance audit. The Human Resource Director stated Springfield CSD has recognized this problem and has attempted to address it through formation of a staff attendance study committee with representatives from all employee groups. Further, she stated the District has recently attempted to more aggressively manage individual cases, including withholding sick pay in certain instances. The District pledged to reduce substitute payments by 10 percent as part of its cost-reduction plan passed in January 2005.

Sick leave usage was the primary reason behind the District incurring \$1.7 million in substitute costs in FY 2004-05. In addition, the District experiences indirect costs such as overtime pay for other employees, missed deadlines and lower productivity. Two national human resource publications projected that indirect costs for absenteeism add up to 25 percent of direct costs.

While sick leave is a necessary benefit for all employees, there is potential for abuse and resultant high costs without strong policy controls. Language in the current collective bargaining contracts is minimal and vague concerning abuse of leave. In order to discipline employees with attendance problems, legal experts say it is best to have a clearly written policy that specifies the organization's standards and employee requirements. Employers should specify that discipline – including termination – may result from repeated abuse and misuse of sick leave. While it is virtually impossible to capture every potential offense in one policy, examples of policy violations the District could include are as follows:

- Number of absences, number of times coming in late, and number of early departures, all of which exceed the attendance policy allotment;
- Leave usage patterns centered around holidays, weekends, pay days, or any one specific day;
- Absence following overtime worked;
- Continued pattern of maintaining zero or near zero leave balances;
- Failing to get permission for leaving early or coming in late;
- Failing to give advance notice of an absence when possible;
- Failing to report an absence properly; and
- Failing to submit medical certification upon request.

The District also has a certificated bargaining unit contract clause concerning advancement of sick leave that is unique among the peer districts. The District annually advances five days of sick leave on the first day of the school year, and then 10 days on the first day of January, or earlier if a member reaches a negative balance. Hamilton CSD is the only peer that annually advances leave, and it limits the advancement to five days at the beginning of the school year. Advancement of leave can heighten the potential for abuse, especially given concerns over the District's sick leave bank as discussed in **R3.U**. If sick leave advancement is deemed necessary, the District should negotiate to limit it to only five days each September.

Finally, the District should consider the use of attendance incentives to reduce the use of sick leave. **Table 3-3** illustrates that Barberton CSD offers an annual incentive payment of \$200 for teachers who do not use sick leave. **Table 3-4** shows that Hamilton CSD has an incentive plan paying annual bonuses in varying amounts (\$100 - \$600) based upon the number of sick days used. Assuming Springfield CSD pays an average \$924 and \$614

in annual substitute costs per teacher and classified employee, respectively, potential savings would more than offset a modest incentive.

*Financial Implication:* If the District could reduce the average sick leave use per staff member by three days to achieve peer/state averages, it would save \$217,000 annually. This takes into account the lower number of projected employees in the forecast period. However, since the District has already counted \$191,000 in its January 2005 recovery plan, only \$26,000 will be added to the AOS recovery plan.

**R3.U The District should negotiate to redesign the criteria and governance of its sick leave bank. Further, it should consider restricting eligibility to borrow, maximum withdrawals expenditures, rate of compensation, and committee membership. This would help ensure that use of the bank is reserved only for the most serious illnesses or injuries, and provide a better management/labor balance in granting leaves.**

Springfield CSD offers a sick leave bank (bank) as a benefit to staff that have exhausted their leave balances and are still in need of paid time off. It has established banks for each employee group. In FY 2003-04, the three District banks granted a total 344 days. **Table 3-19** compares the structure and governance of sick leave banks at Springfield CSD versus the peer districts. Barberton CSD does not offer a sick leave bank, nor does Hamilton CSD for its classified staff.

**Table 3-19, Comparison of Sick Leave Banks <sup>1</sup>**

	<b>Springfield CSD Certificated</b>	<b>Springfield CSD Classified</b>	<b>Hamilton CSD Certificated</b>	<b>Newark CSD Certificated</b>	<b>Newark CSD Classified</b>
<b>Eligibility to Borrow</b>	Illness of teacher or spouse/children	Personal, catastrophic illness. Prohibited for potential worker's compensation, disability retirement cases.	Personal, extended illness of at least 10 working days. Prohibited for workers comp, normal pregnancy, summer school.	Serious or catastrophic illness.	Five docked days and develop serious illness or injury.
<b>Maximum Withdrawals <sup>2</sup></b>	20% of total days in bank.	20% of the dollars in bank, or 30 days, whichever is less.	Not specified.	Up to 20 day max per request and 40 days per school year	Up to 20 days per year, or 65 if union conducts a drive.
<b>Rate of Compensation</b>	N/A	Dollar value of contributing employee's day, accounting for part-time staff	Days compensated: first request – 100% of daily rate; second request is 75% of daily rate; all subsequent requests – 50% of daily rate	N/A	N/A
<b>Committee Membership</b>	HR Director or designee, union president/designee and 2 teachers	Business Director or designee, union Chief Steward and employee empowered by Chief Steward	Superintendent or designee; union president or designee, 1 administrator (appointed by superintendent) and 2 union members (appointed by union president)	Superintendent or designee, union president or designee, 1 administrator/member chosen by superintendent and union. President respectively.	Treasurer or designee, union president; administrator chosen by superintendent, employee chosen by union president

**Source:** District collective bargaining agreements

<sup>1</sup> All sick leave banks require exhausting of sick leave balances, and documentation to substantiate illness prior to granting leave.

<sup>2</sup> Springfield CSD allows additional withdrawals at discretion of committee. Hamilton CSD requires that staff must repay the bank at rate of 3 days per year, and limits total bank expenditures to \$20,000 annually. Newark CSD requires classified staff repay 25 percent of days used.

**Table 3-19** demonstrates that Springfield CSD appears to maintain the least restrictive policies in most areas of comparison. While it is not possible to determine the extent to which the bank has impacted sick leave abuse, the Human Resources Director stated

there is a concern that the Sick Leave Committee exercises very wide discretion in granting leave. Springfield CSD should consider the following adjustments to reflect peer practices:

- Clarifying that the illness must be serious/catastrophic, and limiting usage to only illnesses or injury of the employee;
- Limiting the discretion of the certificated committee to grant withdrawals above the annual maximum;
- Reducing the percentage of compensation with each withdrawal request an employee makes, and/or requiring the employee to repay all or a portion of the leave taken;
- Capping the total annual expenditure from the bank; and
- Reconstituting committee governance to allow a greater labor/management balance, such as in Newark CSD.

Finally, the Sick Leave Committee should publish an annual report on bank usage. It should include a statement on the number of days contributed to the bank, the number of days granted from the bank, the number of days remaining in the bank, the total cost of the days granted, and the remaining cash balance available for the bank.

### *Other Contract Issues*

**R3.V Springfield CSD should negotiate to lower the service credit granted to teachers transferring from other Districts from 15 to 10 years to reflect peer practices. This will bring the District's personnel practices in line with those of the peers and reduce future costs to the District.**

Springfield CSD grants 15 years of service credit for teaching service outside the District to teachers hired after August 2000. Barberton CSD and Hamilton CSD only offer 10 years of credit, and Newark CSD's bargaining agreement contains no provision for service credit. The Human Resources Director stated the District initially sought a higher level of service credit as a recruiting tool to help offset what had been lower salary schedules. However, as evidenced by **Chart 3-1**, District salary scales are now competitive with the peers. By maintaining the 15-year service credit clause now that salaries are competitive, the District is paying an elevated rate for hires with significant prior experience.

## Implementation Status of 1998 Audit Recommendations

### *Staffing*

- R2.1** The District is forecasting an operating deficit beginning in FY 1999-00. The possible staff reductions contained within the performance audit are outlined in R2.2, R2.3, R2.4 and R2.5 which the District could consider when determining how to balance its budget in future years. The District will need to develop procedures to monitor and improve productivity to offset the operational impact of staff reductions.
- R2.2** By increasing the number of periods taught per teacher to the average number taught, Springfield CSD could possibly eliminate 49 teaching positions. Springfield CSD's superintendent has indicated that another possibility for the District to achieve financial savings and educational enhancements would be to increase teachers' actual instructional time with students and to hire non-certified staff to perform supervision duties, such as study halls, hall duty, cafeteria duty and other miscellaneous duties currently being performed by teachers. Increasing instructional time per teacher may potentially reduce the number of teachers and also lower operating costs significantly by utilizing non-certified staff at a lower salary than that of a certificated staff.
- R2.3.** Because of Springfield CSD's pending financial situation as reflected in the Districts' financial plan, Springfield CSD will be faced with making difficult decisions to reduce teaching positions at the elementary and secondary school levels which currently exceed state minimum standards. To avoid jeopardizing the quality of education, however, reductions should not be in excess of those needed to balance the budget. Springfield CSD could reduce up to 44 teaching positions and still exceed state minimum standards.
- R2.4.** Staffing levels of 2 FTEs per 1,000 students enrolled show Springfield CSD supervisor/managers/directors included in the site based administrators ranks Springfield CSD the highest among peer districts. In order to achieve the peer district FTE average of 1, Springfield CSD could possibly eliminate 10 administrative positions. This reduction is based upon current staffing levels at Springfield CSD and would bring the District ratio of site based administrators in line with the peer districts.
- R2.5.** Staffing levels of FTE per 1,000 students enrolled show Springfield CSD counselors' staff at two and one-half which ranks Springfield CSD the highest among peer districts. In order to achieve the peer district FTE average of two, SCSD could



**possibly eliminate five counselor positions. This reduction is based upon current staffing levels at Springfield CSD and would bring Springfield CSD's ratio of counselors in line with the peer districts.**

District's 1998 Economy & Efficiency Plan Response

*Auditor's Note: The District provided additional data to clarify positions that were teaching less than five periods per day. The school district did cut two positions as a result of information obtained during the performance audit. During the 1998-99 school year the Human Resources Department will examine areas where further cuts may be made. This information will be presented to Superintendent Dr. Kathleen Neal by March 1, 1999. Areas for further cuts may be identified; however, it is not believed that the cuts will be close to the large number recommended in the performance audit. In addition, the district will examine re-instating an eight-period day in both high schools.*

In October of 1997, a Facilities Review Committee was impaneled, and a consultant was retained to facilitate the meetings and prepare a report. During the 1998-99 school year the Superintendent's Cabinet will review the report, current student enrollment data, and future enrollment projections. The Superintendent will then make recommendations for school closings and/or consolidations and projected savings of staff costs by the spring of 1999. A goal of the Assistant Superintendent of Human Resources is to review class sizes and the number of periods taught, and then present a recommendation to the Superintendent for staff reductions for the 1999-2000 school year.

It is stated in the audit that the student-teacher ratio at the elementary schools is 21.0. It is felt that a class size of 21 is not inappropriate in an urban district. In fact, many sources, including the U.S. Government, are talking about class sizes of 18 to 19 for elementary schools. At the secondary level there are many classes that will, because of the course content, have smaller class sizes. Examples are foreign language classes, advanced placement classes, and basic skill classes. The Curriculum Department, Superintendent Dr. Kathleen Neal, and the Human Resources Department are in the process of reviewing course descriptions and student enrollment at the secondary level. This process is part of the discussions being held at the Superintendent's cabinet level to make recommendations for staffing in the spring of 1999 for the 1999-2000 school year.

The audit states that we have ten more site-based administrators than our peer districts. This disparity does not exist in actual bodies but in the way positions have been coded by the EMIS system. An examination of codes by our district and in consultation with the State Department of Education revealed that there are 12 positions that could be coded differently rather than by using the 100 code. This now brings our number of site-based administrators in line with our peer districts.

The performance audit states that peer districts average 2.0 FTEs per 1,000 students. Our peer districts FTEs are Hamilton 2.5, Elyria 2.1, and Lorain 1.2. Our staffing for counselors at the middle school and high schools are almost identical with peer districts. The average of the peer group declines because Lorain has no elementary counselors. The Springfield City School Board and administration feel that the elementary counselor program is a crucial part of our elementary school system. The social, behavioral, family, and academic needs are significant for many of our students. There would not be a cut in counselors unless severe budget concerns dictated reductions in the counseling staff.

#### Implementation Status

The 1998 Performance Audit recommended the District reduce up to 108 positions to help offset a projected operating deficit in coming years. In its formal response to the audit, the District committed to reducing two positions, but stated that it would further study staffing recommendations. Enrollment at Springfield CSD dropped from 10,860 from FY 1996-97 to 8,950 in FY 2004-05, a loss of 17.6 percent. However, FTE staffing increased from 1,095 to 1,180 during this same time period – an increase of 7.8 percent.

#### Conclusion

Springfield CSD *did not implement* recommendations **R2.1** through **R2.5**. As illustrated in **Table 3-2**, Springfield CSD is 3.2 percent above the peer average for FY 2004-05 in terms of total staff per 1,000 ADM. However, the District has implemented staffing reductions in both its January and May 2005 recovery plans, many of which reflected performance audit recommendations (see **R3.A**, **R3.C**, **R3.E**, **R3.G**, **R3.H**, **R3.J**, and **R3.K**).

#### Organizational Issues

- R2.6** Springfield CSD should re-align the functions of each HRD member to achieve some consistency within the department. The realignment should include having the HRD staff absorb the personnel functions currently being performed by the PC Support Technician whom plans to retire within the next two years. Also included in the HRD realignment should be a Staff Development Liaison. Springfield CSD needs to establish a policy that defines responsibilities for addressing, identifying and prioritizing the development needs of the different employee groups. The policy should be explicit about the resources that Springfield CSD plans to give each responsible area to formulate and implement training programs.

District's 1998 Economy & Efficiency Plan Response

The Human Resource Office has implemented the suggestion of a staff development person within our department. The roles of the Staff Development Liaison, Personnel Assistant, and Fringe Benefit Technician are similar to those responsibilities recommended in the audit. The executive secretary position will not be adding teacher certification and job descriptions to her responsibilities. She already tracks discipline and grievance actions. The Fringe Benefit/Employee Service person will monitor teacher certification. The Personnel Assistant and the Sec. Sub Sers./and Information Management will monitor job descriptions.

In the future (Spring 1999), I will re-examine the possibility that our substitute service secretary will have extra time since the implementation of the automated substitute calling system. Presently she is overloaded and cannot handle any extra duties.

There are also two additional state-mandated programs coming that are not mentioned in the performance audit. Both of these programs, the entry-year teacher program and the Local Professional Development Committee, will require significant monitoring by the Human Resources Department. Current staff will be assigned responsibilities in those two areas.

Implementation Status

Springfield CSD re-aligned some functions within the HR department as recommended in the 1998 Performance Audit. The District implemented the position of Director of Staff Development which was located in the HR Department. As vacancies have occurred in the District, the responsibility was assigned to different staff. Due to recent staff reductions, the responsibility for this area has not been finalized. The District also hired an individual to coordinate safety issues and Workers' Compensation. Also due to staff reductions, this responsibility has been reassigned to a staff member in the facilities area.

In terms of staff development, the District developed a plan to address the development needs of the different employee groups. However, many of the staff development programs were eliminated in response to the District's worsening financial status.

Conclusion

Springfield CSD *partially implemented* this recommendation. However, due to recent resignations and staff reductions, the current responsibility for some of these areas is being reassigned. As the District's financial status improves, it should revisit the need to have a staff person responsible for staff development and reassess staff development needs for the different employee groups.

**R2.7 The Human Resource Department (HRD) should develop a Management Information Report (MRI) that gives a snapshot of the status and effectiveness in terms of workload indicators and performance metrics. The objectives of this report should be to measure the cost and effectiveness of the HRD in financial and productive terms. The HRD should be responsible for compiling the MIR on a periodic basis to be distributed to the Assistant Superintendent.**

District's 1998 Economy & Efficiency Plan Response

Because of the complexities of public sector human resources, multiple union contracts, various funding sources and different contract periods, an off-the-shelf package designed for private industry will not fill the District's needs. It would require customization. There are only a few vendors who offer public sector human resources packages and the purchase can be costly.

Based on discussions with potential vendors, the initial cost could range from \$100,000 to \$500,000, depending on the products selected, the extent of customization, and the need for integration with payroll and other systems. The most inexpensive way to acquire access to this kind of functionality is through the software vendor, with the costs (and the benefits) shared by all ACE users.

Implementation Status

Springfield CSD has not developed a MRI as recommended. The District does not have a comprehensive information system to track HR related performance measures. The District has implemented an automated substitute calling system and is working to improve the interface between the human resource module and fiscal module in its current software system.

Conclusion

Springfield CSD *did not implement* this recommendation. The District should work with the technology department and its current vendor to develop workload indicators and performance metrics that should be tracked and to develop report writing capabilities to meet this need. These measures would give the District information as to the effectiveness of the HRD as well as key indicators as to the status of its workforce.

**R2.8 The employee agreement for Springfield CSD administrators should be disbanded. The District should be able to negotiate employee terms individually with administrators without utilizing the conditions included in the SASO agreement. However, the discontinuation does not preclude the group from meeting monthly to discuss issues of concern. Additional reasons for this recommendation include:**

- **The function of SASO is very close to a bargaining unit.**
- **Lorain is the only other peer district with a similar organization.**
- **There are minimal benefits to Springfield CSD having another collective bargaining unit.**

**The district indicated that the SASO agreement serves as an employee handbook. However, Springfield CSD should develop a District-wide employee handbook that covers rules and regulations, benefits and other pertinent information for all employees to utilize.**

*District's 1998 Economy & Efficiency Plan Response*

The employee agreement for Springfield CSD administrators has worked well for our district. The agreement specifies benefits and a rationale for determining the complexities of the differing administrator salary rates. Even with the agreement, the Superintendent and Board have the flexibility to adjust salaries to recruit new personnel. On numerous occasions this flexibility has been used. By having a mutually agreed upon rationale for benefits and salary, the district is protected from sexual/racial discrimination problems related to differences in salary. This agreement has been revised and refined over many years and has provided documentation for Title IX complaints.

*Implementation Status*

There has been no change in this practice as Springfield CSD continues to contract with the certificated administrative personnel. None of the peers used in this audit have a similar contract.

*Conclusion*

Springfield CSD *did not implement* this recommendation. See **R3.L**, **R3.M**, and **R3.P** for recommendations regarding the current employee agreement for certificated administrators, classified administrative personnel, and select exempt administrative employees.

- R2.9** Springfield CSD *fully implemented* this recommendation. See *Human Resources Technology Related Recommendations* in the **technology section** of this report.

*Employment Issues*

- R2.10** Springfield CSD *fully implemented* this recommendation. See *Human Resources Technology Related Recommendations* in the **technology section** of this report.

**R2.11 Job descriptions for teachers and administrators should be updated. An update of current job descriptions will provide Springfield CSD with the foundation for establishing internal equity and external competitiveness with respect to the wide array of job positions. The following issues can be more clearly defined by updating job descriptions:**

- **Basic pay policies;**
- **Relation between compensation and organizational value;**
- **Raises and adjustments;**
- **Overtime and premium pay; and**
- **Entry level compensation**

**In addition to updating job descriptions to adapt to a changing environment, the HRD must be cognizant of the required compliance with ADA requirements and must include the following types of information:**

- **Job title;**
- **Salary information;**
- **Job summary;**
- **Specific responsibilities;**
- **Primary interactions;**
- **Budget and asset responsibilities;**
- **Equipment operations requirements;**
- **Level of decision making;**
- **Knowledge/skills/abilities requirements;**
- **Qualifying education, training and experience; and**
- **Special job requirements.**

*District's 1998 Economy & Efficiency Plan Response*

Job descriptions for administrators will be updated during winter and spring of 1999. Job descriptions for classified staff were all updated and are in compliance with ADA requirements. The Assistant Superintendent of Human Resources is currently consulting with Board attorneys on how and when to proceed with teacher job descriptions.

*Implementation Status*

The HR Department maintains job descriptions for administrators, supervisors, and classified staff. These job descriptions are reviewed whenever a vacancy occurs to ensure the position description is still accurate. Springfield CSD does not have job descriptions for regular education positions.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R2.12 Currently, Springfield CSD does not track disciplinary processes or grievance policies. The HR Department should establish mandatory training for disciplinary or grievance policies. The department should create a procedure to track all disciplinary actions and grievances filed with Springfield CSD. The monitoring can be used to identify problems with the responsiveness of the administrator/ departments at each step of the disciplinary and/or grievance process as well as identify other problems that may arise.**

District's 1998 Economy & Efficiency Plan Response

All grievances are filed by Teamster or SEA contract and by year. The Human Resources Department will use a chart to monitor what aspects of the contract have been violated. As stated earlier, each year there are few or no grievances filed. Human Resources will also implement a procedure to monitor disciplinary processes by building, and we will add to the recommendation a tracking of parent complaints by building. Completion date will be January of 1999.

Implementation Status

One of the HR secretaries maintains certificated and classified grievances and keeps them in individual folders by number, by year. The Director of Human Resources hears all grievances. The HR secretary has also started tracking parent complaints. These had previously been processed by the Deputy Superintendent, when that position existed. As the District no longer has a Deputy Superintendent, the responsibility has reverted to the HR Department and a new process is being developed to track these types of complaints. Currently the complaints are entered in a spreadsheet along with information as to when the complaint is resolved.

Conclusion

Springfield CSD *fully implemented* this recommendation but should ensure continued efforts in this area as staffing duties change within the District.

**R2.13 See 1998 Performance Audit Recommendations No Longer Relevant.**

**R2.14 Initiate efforts to define requirements to select and implement an automated substitute teaching calling system that will meet Springfield CSD needs.**

District's 1998 Economy & Efficiency Plan Response

The district has purchased and is currently utilizing an automated sub-calling system. It is our goal to interface the system with payroll to eliminate manual payroll processing.

Implementation Status

Springfield CSD uses Substitute Employee Management System for Schools (SEM), which is a call-in system. If employees are going to be absent, they call in and the system tracks the absences and calls substitutes willing to travel to the respective buildings. Each building has the ability to check the system to see who is coming in on any given day. The system also tracks vacation and sick leave.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R2.15 Springfield CSD spent \$1,159,031 on substitute payments for FY 1996-97. Contributing to this expense were sick days utilized by all employees. The total employee population averaged 10.7 sick days per person in FY 1996-97. If Springfield CSD would reduce the amount of sick leave taken, it would eliminate additional administrative time, enhance the quality of education by eliminating interruptions in the flow of teachers' curriculum, and reduce the overall substitute costs incurred as shown in the table below.**

District's 1998 Economy & Efficiency Plan Response

During the 1995-96 school year certified staff attendance was 92.8. Attendance by certified staff during the 1996-97 school year rose to 95.3. During the 1997- 98 school year certificated attendance was 96.3. Classified staff attendance was 95.1 in 1996-97 and rose to 96.2 during the 1997-98 school year. The reasons for the increase in attendance can be attributed to the following:

- Staff awareness of ranking of attendance by urban schools;
- Staff awareness of financial cost;
- Improved monitoring of attendance;
- Recognition for good attendance;
- Recording of attendance on evaluations; and
- Disciplinary letters for poor attendance.



Implementation Status

Springfield CSD's current sick leave use remains high compared to peers and state averages. The Human Resource Director stated the District has recognized this problem and has been attempting to address it through formation of a staff attendance study committee. Further, she stated the District has recently attempted to more aggressively manage individual cases, including withholding sick pay in certain instances. The District pledged to reduce substitute payments by 10 percent as part of its reduction plan passed in January 2005.

Conclusion

Springfield CSD *partially implemented* this recommendation. See **R3.T** and **R3.U** for 2005 performance audit recommendations regarding sick leave use in the District.

**R2.16 Currently, Springfield CSD is short about five substitute teachers per day. This shortage is attributed to the fact that the demand for substitutes is much higher than the substitute pool can provide. If Springfield CSD cannot fill a position with a substitute, then it may opt to ask a teacher to cover the class at an additional cost of \$15.25 per hour. Springfield CSD should increase the size of its substitute pool to an acceptable level that would eliminate or significantly reduce the number of classes that can't be filled by substitutes.**

District's 1998 Economy & Efficiency Plan Response

The Springfield CSD Human Resources Department is in a continuous process of improving the substitute system. The areas we continue to work on are:

- Recruitment of subs;
- Training of subs;
- Working with buildings to be sub-friendly;
- Use of automated sub-calling system; and
- A fair wage for the substitutes

Implementation Status

Springfield CSD is continually trying to balance the size of the substitute pool and the needs of the District. According to staff in the HR Department, the District does not experience difficulty filling teacher vacancies on a typical day, but, at times has difficulties in matching the unique needs of the District (such as a special education class) to the substitute pool. Some substitutes are not qualified or willing to teach certain

classes or do not want to work in certain buildings. The District does not formally monitor and evaluate unfilled vacancies but this information is entered into its HR system.

### Conclusion

Springfield CSD has *partially implemented* this recommendation through improvements in tracking and recruiting substitute teachers. However, given the District's current financial state and the recent changes in staffing levels at the District, no further recommendation is made for this area.

## *Benefits Administration*

**R2.17 Employees' medical contributions vary from 10% to 20% of the monthly premium. If Springfield CSD would change the employee contributions to a consistent percentage for all groups of employees, the change would eliminate additional administrative time and would reduce the overall medical expense.**

**Springfield CSD should work with the Southwestern Ohio Education Purchasing Cooperative (EPC) to establish an employee plus one enrollment option in addition to the single and family plan options. This enrollment type facilitates lower premiums for employees with only one dependent, thus reducing family plan enrollments. Reducing the number of family plan enrollments would also reduce the overall medical expense to the District and to the employee. Establishing an employee plus one enrollment option would require EPC to recalculate Springfield CSD's monthly medical premiums.**

### District's 1998 Economy & Efficiency Plan Response

Changes in employee medical contributions are items for negotiations. The employee groups and the administration had a year-long study of our medical benefits and their costs. The district hired a consultant, Fritz Newhart, of Joseph James and Associates, Inc. Mr. Newhart worked with the district insurance committee evaluating the benefits package and found no changes warranted.

The district committee investigated the suggestion of employee-plus-one enrollment. We found that it would be hurting a lot of people to help a few. The committee, along with our insurance consultant, reached a conclusion that the three-tiered system would not be beneficial nor have significant cost saving benefits.

Implementation Status

Springfield CSD offers medical and prescription coverage to all employees through a preferred provider organization (PPO) plan. The plan is self-insured, and the District reports this has helped limit premium increases to 11 percent and 13 percent, respectively, in FY 2003-04 and FY 2004-05. **Table 3-15** shows that certificated personnel contribute 17 percent of their premium costs, which is higher than the peer and SERB averages. However, administrative and classified personnel contribute only 10 percent and 11.3 percent, respectively. **Table 3-15** also shows that Springfield CSD's premium costs for single coverage are 6.9 percent higher than the peer average, although they are 4 percent lower than the SERB average for school systems of similar size. Springfield CSD's premium costs for family coverage are 17.4 percent higher than the peer average, and 8.5 percent higher than the SERB average.

Conclusion

Springfield CSD *did not implement* this recommendation. See **R3.P** for recommendation regarding health care benefits within the District.

**R2.18 Springfield CSD does not require employee contributions toward dental benefits. Implementing employee contributions towards dental premiums at 20 percent would save SCSD \$95,602 annually. Springfield CSD should work with EPC to establish an employee plus one enrollment option in addition to the single and family plan options. This enrollment type facilitates lower premiums for employees with only one dependent thus reducing family plan enrollments. Reducing the number of family plan enrollments would also reduce the overall dental expense to the district. Implementing employee contributions and establishing an employee plus one enrollment option would require EPC to recalculate Springfield CSD's monthly dental premiums.**

District's 1998 Economy & Efficiency Plan Response

This was a negotiation item and the district was not successful in implementing employee contributions towards dental premiums.

Implementation Status

Springfield CSD offers dental insurance as part of its benefit package to all full-time employees. It pays its insurance carrier a uniform premium for each employee, regardless of whether single or family coverage is obtained. **Table 3-17** demonstrates that while Springfield CSD pays 23 percent more for single coverage than the peer average under uniform premiums; it pays 33 percent less than the peer average for family coverage.

However, it is the only school district that does not require premium contributions, which range from 10 percent to 43 percent at the peer districts depending upon the employee group. Once the employee contributions are factored in, Springfield CSD pays 46 percent more than the peer average for single coverage and 7.5 percent more for family coverage.

#### Conclusion

Springfield CSD *did not implement* this recommendation. See **R3.Q** for a recommendation regarding dental insurance.

### *Contractual Issues*

**R2.19 Springfield CSD provides teachers with sabbatical leave. If Springfield CSD is able to fill the vacancy with a substitute at a rate of pay lower than the teacher's salary, the teacher is entitled to the difference. Teachers on sabbatical leave should not be entitled to any compensation. Springfield CSD provides teachers with extended professional leave in addition to sabbatical leave. Springfield CSD should require a commitment of returned employment for an identified time for both leaves. For example, a teacher taking leave for one year should be required to complete a full year of service to the District upon return.**

#### District's 1998 Economy & Efficiency Plan Response

These items were not addressed during our most recent negotiations. They will be items for the next contract negotiations.

#### Implementation Status

Springfield CSD's current contract provides conditions for sabbatical leave and professional leave. Per the contract, sabbatical leave shall be without pay except that if the substitute teacher's pay is less than the pay of the regular teacher who is on leave, the teacher on leave shall receive the difference upon return to work as follows: 50 percent at end of the first year following the teacher's return to work and 50 percent at the end of the second year. There is no provision for compensation for staff on professional leave. In addition, there is no provision requiring a commitment of returned employment for an identified time.

#### Conclusion

Springfield CSD *partially implemented* this recommendation. Springfield CSD current practices are in line with the peer districts and no further recommendation is made for this area.

**R2.20 Springfield CSD provides five days of bereavement leave with possible extension. Bereavement leave should be reduced to three days and personal time should be utilized for extension if needed.**

District's 1998 Economy & Efficiency Plan Response

Bereavement leave reductions were not negotiated during our most recent negotiations. It may be an item for the next contract negotiations.

Implementation Status

Springfield CSD provides all full-time contracted teachers up to five days annually, not deductible from sick leave, for bereavement leave. A review of the certificated contracts for Barberton CSD, Hamilton CSD and Newark CSD find that none of these districts provide a separate bereavement leave, and require employees to use sick leave for this type of occurrence.

Conclusion

Springfield CSD *did not implement* this recommendation. In future contract negotiations, Springfield CSD should seek a change to this benefit provision to ensure that its benefit package is in line with similar districts.

**R2.21 Springfield CSD offers an official voluntary transfer each year. The current process is time consuming and should be changed. First, the letters of intent should go out the first school day of the new calendar year with a return mandated by no later than January 31st. This timetable gives the HR Department more time to prepare for recruitment. Second, the interview process should be postponed until an actual job has been posted. At the time, interviewees should interview with the respective principal who would then provide his/her recommendation to the Assistant Superintendent for a decision.**

District's 1998 Economy & Efficiency Plan Response

The dates for voluntary transfers are negotiated items. The process was discussed and a different system was negotiated. Letters of intent go out in January and are due back to the Human Resources Department April 1. The voluntary transfer process was improved by doing the following:

- Not requiring the Assistant Superintendent to meet with everyone whom requests a transfer.

- Not requiring the Principals to interview more than five voluntary transfers for position.
- Not requiring a Principal to interview a teacher more than once a school year for positions in his/her building.

Implementation Status

The District continues to send a voluntary transfer form to teachers in February in which they are asked to indicate a work location preference for the following year. This process provides an avenue for individuals to request a voluntary transfer. The HR staff follows up and speaks to all individuals that request a voluntary transfer to better understand each request. When a position becomes available, these individuals are the first ones interviewed by building Principals. When more than five teachers have requested a voluntary transfer to a specific building, grade or subject, at least five will be interviewed.

None of the peers have a process for voluntary transfers similar to Springfield CSD. In each of the peer districts, requests for transfer are accepted in response to a specific vacancy that has occurred. Barberton CSD allows a staff person to submit a general request for transfer at any time of the year. Hamilton CSD's contract stipulates that all staff with more than five years experience with the district will be interviewed for a vacancy. Newark CSD's contract states that requests will be considered from all members that meet the job qualifications.

Conclusion

Springfield CSD *partially implemented* this recommendation. Springfield CSD should, in future negotiations, attempt to alter its voluntary transfer process to one that is more comparable to peer practices. Voluntary transfer requests should be accepted in response to the posting of a specific job vacancy. The District should cease the practice of sending out annual notices to all certificated staff which would then eliminate the need to follow-up on each request. This should allow the HR Department to focus more time on its other responsibilities.

## **Financial Implications Summary**

The following table is a summary of estimated annual cost savings and implementation costs. Implementation of those recommendations subject to negotiation will require agreement from the affected bargaining units.

**Financial Implications Table <sup>1</sup>**

<b>Recommendations <sup>2</sup></b>		<b>Estimated Cost Savings (Annual except when noted)</b>	<b>Implementation Costs</b>
<b>R3.A</b>	Reduce one staff by consolidating facility management positions.	\$98,000	
<b>R3.B</b>	Reduce construction coordinator position upon consolidation of high schools	\$96,000 (FY 2009)	
<b>R3.D</b>	Fully charge coordinator position to grant.	\$40,000	
<b>R3.E - a</b>	Reduce 13 regular teaching positions	\$1.1 million	
<b>R3.E - b</b>	Reduce up to 56 regular teaching positions, 14 per year	\$8.6 million (cumulative)	
<b>R3.F</b>	Reduce up to 42 Educational Service Personnel <sup>3</sup>	\$2.8 million	
<b>R3.G</b>	Reduce 4 counselor positions	\$300,000	
<b>R3.H</b>	Reduce 4 special education positions	\$312,000	
<b>R3.I</b>	Reduce 8 paraprofessional positions	\$160,000	
<b>R3.J</b>	Reduce 1 library technician position	\$30,000	
<b>R3.K - a</b>	Reduce 3 clerical positions	\$78,000	
	Unemployment costs related to unimplemented staffing reductions <sup>4</sup>		\$1.2 million (cumulative)
<b>R3.L</b>	Limit COLA increases to 1 percent, 1 percent, and 2 percent for all staff	\$5.0 million (cumulative)	
<b>R3.M</b>	Reduce administrator benefits	\$313,500	
<b>R3.N</b>	Reduce administrator severance payouts	\$5,000	
<b>R3.O</b>	Reduce duplicate supplemental contracts upon high school consolidation	\$40,000 (FY 2009)	
<b>R3.P</b>	Increase medical insurance premium sharing, redesign health plan	\$325,500	
<b>R3.Q</b>	Require dental premium sharing	\$113,000	
<b>R3.T, R3.U</b>	Reduce average sick leave usage by three days per employee	\$26,000	
<b>Cumulative Totals Over Forecast Period (FY 2005-06 to FY 2008-09)</b>			
Implemented Recommendations		\$8.4 million	\$100,000
New Recommendations		\$28.6 million	\$1.1 million

<sup>1</sup> The following recommendations will require collective bargaining, with the exception of matters relating to administrative employees: **R3.L, R3.M, R3.N, R3.P, R3.Q, R3.T, and R3.U.**

<sup>2</sup> **R3.A, R3.D, R3.E-a, R3.G, R3.H, R3.J, and R3.K-a h** were implemented. They are reflected in the May 2005 financial forecast, and thus are not in the AOS recovery plan (see **Table 2-15** in the **financial systems** section).

<sup>3</sup> For FY 2005-06, only assumes half this amount of savings as reductions take place in January 2006.

<sup>4</sup> Includes unemployment compensation costs related to staff reductions recommended in all audit sections.



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# Facilities

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## Background

The facilities section focuses on custodial and maintenance operations, as well as facilities-related staffing, energy initiatives, and building utilization and capacity within Springfield City School District (Springfield CSD). The objective is to analyze the building operations of Springfield CSD for opportunities to improve efficiency, follow-up on 1998 audit recommendations, and develop recommendations based on current assessments.

### *Staffing*

Springfield CSD employs two supervisors who oversee maintenance and custodial operations. The Building Coordinator supervises building safety and custodians. The Maintenance Supervisor supervises maintenance, custodial, and warehousing operations, and reports to the Superintendent. Transportation supervision was added to the Maintenance Supervisor's duties as of FY 2005-06 (see the **human resources** section). The maintenance staff includes 11 FTEs: a plumber, a carpenter, an electrician, a HVAC administrator, and 7 utility personnel. Utility personnel perform semi-skilled maintenance duties involving carpentry, plumbing, painting, electrical, and masonry tasks, and operate related equipment and tools. They also perform miscellaneous duties including grounds keeping, snow removal and moving of classroom furnishings in connection with the district-wide construction project. Custodial staff in FY 2004-05 comprised 56 FTEs and includes head custodians and assistant custodians. Head custodians supervise assistant custodians, perform a variety of tasks to ensure cleanliness of facilities and perform minor maintenance duties. Assistant custodians perform similar tasks to ensure cleanliness of buildings and perform grounds-keeping duties.

### *Implementation Status*

An assessment of the 10 facility-related recommendations from the 1998 Performance Audit revealed the following:

- Springfield CSD has fully implemented four (40 percent) of the recommendations.
- The District partially implemented two (20 percent) of the recommendations.
- The District did not implement one (10 percent) of the recommendations.
- Three of the original recommendations (30 percent) are no longer applicable (see *Recommendations No Longer Relevant to the District*).

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*Changes from the Prior Audit in the Condition of the District*

During FY 2004-05, Springfield CSD's school facilities consisted of 10 elementary schools, 5 middle schools, and 2 high schools. Other District facilities included two alternative schools, an early childhood center, administrative offices in two adjacent buildings, and a service center housing a warehouse, a central kitchen and the bus garage. Springfield voters approved Issue #23 in November 2000, which provided funding to construct new school buildings. Springfield CSD shares 18 percent of the project costs, with the State of Ohio funding 82 percent of the planned \$166 million project. The District receives the State of Ohio funding through the Ohio Schools Facility Commission's (OSFC) Classroom Construction Assistance Program. By FY 2005-06, the project will have completed 10 new elementary schools (reduced from the 14 operated prior to the construction project), 4 new middle schools (reduced from 5), and 1 new alternative school (reduced from 2). The District is also consolidating its two high schools into one new building scheduled to open in FY 2008-09.

*Key Statistics*

Key statistics related to maintenance and operations of Springfield CSD are presented in **Table 4-1**. In addition, results from the 34th Annual American Schools and University (AS&U) Maintenance and Operations (M&O) Cost Study, which was released in April 2005, are included in **Table 4-1**. AS&U conducted a detailed survey of chief business officials at public school districts across the nation to gather information regarding staffing levels, expenditures, and salaries for maintenance and custodial workers. The table also contains benchmark data from the *Planning Guide for Maintaining School Facilities* sponsored by the National Center for Education Statistics (NCES). This report provides the median number for each category on a national level and by District enrollment. In addition, **Table 4-1** shows the anticipated changes in buildings for Springfield CSD for FY 2005-06 as the number of District facilities will decrease from 23 to 21 buildings. **Table 4-1** does not reflect recommendations from this performance audit or the District's steps to implement these recommendations, which were included in its May 2005 recovery plan.

**Table 4-1: FY 2004-05 and FY 2005-06 Key Statistics and Indicators**

	FY 04-05	FY 05-06
<b>Number of Sites</b>	23	21
- Elementary Schools	10	10
- Middle Schools	5	4
- High Schools	2	2
- Other	6	5
<b>Total Square Feet Maintained</b>	1,461,083	1,530,571
- Administrative Offices	22,890	22,890
- Elementary Schools	533,621	593,707
- Middle Schools	296,995	310,944
- High Schools	501,259	501,259
- Alternative Schools	106,318	101,771
<b>Square Feet per FTE Custodial Staff Member (56)</b>	26,091	27,332
- Administrative Offices (2)	11,445	11,445
- Elementary Schools (24)	22,234	24,738
- Middle Schools (13.5)	22,000	23,033
- High School (12)	41,772	41,772
- Alternative Schools (4.5)	23,626	22,616
<b>AS&amp;U Annual M&amp;O Cost Study &gt;3,500 Students</b>	20,311	
<b>AS&amp;U Annual M&amp;O Cost Study National Median</b>	25,444	
<b>National Center for Education Statistics (NCES)<sup>1</sup></b>	29,500	
<b>Peer District Average</b>	24,495	
<b>Springfield CSD Square Feet per FTE Maintenance Staff Member (11)</b>	132,826	139,143
<b>AS&amp;U Annual M&amp;O Cost Study &gt;3,500 Students</b>	85,572	
<b>AS&amp;U Annual M&amp;O Cost Study National Median</b>	87,931	
<b>Peer District Average</b>	90,117	
<b>Springfield CSD General Fund Maintenance and Operations Expenditures per Square Foot</b>	\$4.44	
<b>AS&amp;U Annual M&amp;O Cost Study &gt;3,500 Students</b>	\$4.29	
<b>AS&amp;U Annual M&amp;O Cost Study National Median</b>	\$3.84	

**Source:** AS&U 34th Annual M&O Study; Springfield CSD and peer information requests

**Note:** Financial data for peers is available only for FY 2003-04. See **Table 4-3** for a comparison of Springfield CSD and peer cost data.

**Note:** Springfield CSD custodians perform grounds-keeping duties, as well as custodial duties.

<sup>1</sup> NCES *Planning Guide for Maintaining School Facilities* (2003) Level 3 cleaning standards (norm) 28,000 to 31,000 square feet per custodian.

For FY 2004-05, Springfield CSD's square footage cleaned per custodial FTE is higher than the AS&U cost study (> 3,500 students) and the peer average but below the range identified by the NCES. Springfield CSD's square footage maintained per FTE is above both of the AS&U benchmarks and the peer average but is within NCES recommended amounts. FY 2004-05 Springfield CSD's General Fund expenditures per square foot were 3 percent above the AS&U average for schools with more than 3,500 students and 16 percent above the AS&U national median.

*Financial Data*

**Table 4-2** is a three-year summary of actual expenditures of the General Fund for the 2700 function code of the Uniform School Accounting System (USAS) for maintaining and operating Springfield CSD's facilities.

**Table 4-2: Maintenance and Operations General Fund Expenditures**

Object Code	FY 2002-03	FY 2003-04	% Change	FY 2004-05 <sup>1</sup>	% Change
<b>100 – Salaries/Wages</b>	\$2,947,200	\$2,774,578	(5.9%)	\$2,531,793	(9.0%)
<b>200 – Retirement/Insurance</b>	\$1,00,555	\$986,734	(1.4%)	\$1,217,318	(23.0%)
<b>400 – Purchased Services</b>	\$2,513,167	\$2,121,997	(15.6%)	\$2,544,082	20.0%
<b>500 – Supplies/Materials</b>	\$295,321	\$232,813	(21.2%)	\$199,317	(14.0%)
<b>600 – Capital Outlay</b>	\$10,857	\$8,434	(22.3)%	\$0	(100.0%)
<b>700 – Capital Outlay/Replacement</b>	\$0	\$0	0.0%	\$0	0.0%
<b>Other</b>	\$3,450	\$725	(79.0%)	\$0	0.0%
<b>Total</b>	\$6,770,550	\$6,125,280	(9.5%)	\$6,492,510	6.0%

Source: Springfield CSD Budwork reports for 2003, 2004, and 2005

Overall maintenance and operations General Fund expenditures decreased by approximately 10 percent from FY 2002-03 to FY 2003-04 and then increased by 6 percent in FY2004-05. However, during this time, the District was undergoing significant new construction. As a result of the construction project, expenditures related to areas such as purchased services and supplies and materials were paid out of the Capital Project Funds which lessened the impact of these expenditures on the General Fund.

**Table 4-3** shows Governmental Funds facilities expenditures per square foot in FY 2003-04 for Springfield CSD and peers.

**Table 4-3: Facilities Expenditures per Square Foot in FY 2003-04 <sup>1</sup>**

Cost Area	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average	AS&U Median (>3,500 Students) <sup>2</sup>
<b>District Square Feet</b>	1,444,012	1,234,077	1,363,247	872,989	1,156,771	N/A
<b>Salaries/Benefits</b>	\$3,761,312	\$2,107,267	\$3,598,575	\$2,738,956	\$2,814,933	
Per Square Foot	\$2.60	\$1.71	\$2.64	\$3.14	\$2.49	\$2.06
<b>Purchased Services</b>	\$610,273	\$687,997	\$1,191,689	\$411,354	\$763,680	
Per Square Foot	\$0.42	\$0.56	\$0.87	\$0.47	\$0.63	\$0.17
<b>Utilities</b>	\$1,511,724	\$1,093,548	\$1,787,536	\$942,517	\$1,274,533	
Per Square Foot	\$1.05	\$0.89	\$1.31	\$1.08	\$1.09	\$1.18
<b>Supplies/Materials</b>	\$232,813	\$210,585	\$411,969	\$345,962	\$322,839	
Per Square Foot	\$0.16	\$0.17	\$0.30	\$0.40	\$0.29	\$0.30
<b>Capital Outlay</b>	\$8,434	\$0	\$0	\$100,833	\$100,833	
Per Square Foot	\$0.01	\$0.00	\$0.00	\$0.12	\$0.12	N/A
<b>Other</b>	\$725	\$3,050	\$420	\$160	\$194	
Per Square Foot	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.38
<b>Total General Fund Expenditures</b>	\$6,125,281	\$4,102,447	\$6,990,189	\$4,539,781	\$5,210,805	
Per Square Foot	\$4.24	\$3.32	\$5.13	\$5.20	\$4.55	\$4.09
<b>Total All Fund Expenditures</b>	\$6,181,584	\$4,236,531	\$8,327,948	\$4,583,556	\$5,716,012	
Per Square Foot	\$4.28	\$3.43	\$6.11	\$5.25	\$4.93	\$4.09

Source: Springfield CSD and peer 4502s; AS&U 33rd Annual M&O Study

<sup>1</sup> Governmental Funds (General, Special Revenue, Debt Service, Capital, Expendable Trust Funds)

<sup>2</sup> No category in AS&U report lists district square feet and capital outlay.

Springfield CSD's total 2003-04 Governmental Fund expenditures per square foot are 7 percent lower than the peer average and only 4 percent higher than the AS&U Median (>3,500 Students). The District's total all fund expenditures is 13 percent lower than the peer average and only 5 percent above the AS&U median. However, Hamilton CSD's all fund expenditures are significantly higher and removing them from the analysis results in an adjusted peer average of \$4.34 which is only 1 percent higher than Springfield CSD. Based on the Governmental Fund expenditures, the District is lower than the peer average in all categories except salaries and benefits per square foot, which is higher by 4 percent. Springfield CSD is higher than the AS&U Median for salary and benefits and purchased services costs per square foot and lower for utilities, supplies and materials, capital outlay, and other expenditures per square foot.

### *Noteworthy Accomplishment*

- **Maintenance Staffing.** The square footage maintained by Springfield CSD maintenance staff exceeds the 2004-05 peer average by 47 percent and the AS&U Cost Study National Median by 51 percent, indicating the District is currently able to operate efficiently in maintaining its buildings. As the new buildings come on line, however, the District should

regularly evaluate staffing levels in maintenance to ensure that the new buildings are appropriately maintained.

#### *Assessments not Yielding Recommendations*

- **Custodial Staffing.** The square footage maintained by Springfield CSD custodial staff exceeds the 2004-05 peer average by 6.5 percent and the AS&U Cost Study National Median by 2.5 percent. Moreover, the District eliminated seven additional positions for FY 2005-06. Even with the reduction of space in connection to recommended building closings in **R4.D** and **R4.E**, the new ratio of square feet per custodial staff member of 29,571 meets the high NCES standard.
- **Custodial/Maintenance Overtime Usage:** A review of overtime usage did not yield recommendations because the custodial/maintenance overtime is only 3.5 percent of salaries.
- **Purchased services and supply expenditures:** A review of purchased services and supply expenditures did not yield any recommendations because the District is lower than the peer average in those areas.
- **Uniform School Accounting System (USAS) Code Tracking:** Springfield CSD used proper USAS codes to track leave and other expenditures.
- **Permanent Improvement Levy (PIL):** An examination of PIL use did not yield any recommendations as PIL funds appear to be used appropriately.

#### *1998 Audit Recommendations no Longer Relevant to the District*

- **The District should develop and implement work performance and material utilization standards:** Automated work-order software is being developed as a component of the facility plans for each building and can be used to track work performance. **(R3.5)**
- **A record retention policy should be devised for count sheets, variance reports, summarization of adjustments, and other documents used in reconciling the perpetual inventory of warehouse stock to the results of the physical count:** Based on recommendation **R4.A**, the District has closed its warehouse operations and switched to a just-in-time (JIT) inventory system. The recommendation is no longer relevant. **(R4.32)**
- **The warehouse staff should evaluate the reasonableness of established reorder points to assess inventory turnover, eliminating items from the data base which have become obsolete:** Based on recommendation **R4.A**, the District has closed its warehouse operations



and switched to a just-in-time (JIT) inventory system. The recommendation is no longer relevant. (R4.33)

### *Recommendations*

**R4.A Springfield CSD should fully convert to a just-in-time inventory system and discontinue storing inventory at the service center warehouse. Converting to a just-in-time inventory system would allow the District to process inventory more efficiently.**

**The recommendation to close the warehouse and reduce two positions was implemented as part of the District's May, 2005 recovery plan. However, the District opted to substitute the reduction of an inventory technician in place of the recommended reduction of a truck driver.**

The Springfield CSD has a warehouse located in the service center that is used for storage of supplies and equipment. There are 3 FTEs employed assigned to the warehouse, including a warehouse worker, truck driver, and inventory technician responsible for processing work orders/preventive maintenance. However, the District has been drastically reducing the scope of its warehouse operation. As of FY 2004-05, vendors delivered most supplies directly to buildings through a JIT system, with the exception of certain large/bulk items.

The peer districts have transitioned to just-in-time delivery systems and do not use central warehouses to store inventory. Access Washington, a government web-site, states that the benefits of improving inventory management services include reduction in staff time, and costs required for receiving, storing and distributing inventory. Food service personnel, who deliver meals to each building within the District, could also take over mail delivery handled by the truck driver.

*Financial Implication:* The elimination of the truck driver and warehouse worker would save the District approximately \$82,400 in salary and benefits at the FY 2004-05 compensation levels. There was no difference in compensation between the truck driver and inventory technician position the District opted to reduce. Savings from this recommendation were reflected in the District's May, 2005 forecast.

**R4.B The District should update its school facility rental rates to ensure that costs for the use of facilities by outside groups are adequately recovered. Springfield CSD should enforce its rental rates and collect all the funds chargeable to each client regardless of the organization's classification. District management has indicated an intent to revise the rate schedule.**

Springfield CSD maintains lower facility rental rates than the peer districts, and does not charge not-for-profit organizations that use school facilities. Springfield CSD has a rental rate and policy manual that is reviewed and approved each academic year. However, the most recent version provided to AOS was dated February, 2002. The policy manual describes the policies put in place for authorized renters and the rental cost for each space available within each academic building. When compared to the peer districts, Springfield CSD's manual lacked detail about rental costs and charged the lowest rental rates overall. Due to the extremely low rental rates, the District may not be recouping the full cost for use of its school facilities.

**Table 4-4** shows Springfield CSD and peer gymnasium, auditorium and classroom rental rates. The rates shown represent the cost for a four hour rental based on each district's rate structure.

**Table 4-4: Springfield CSD and Peer Rental Rates**

	Springfield CSD <sup>1</sup>	Hamilton CSD <sup>2</sup>	Barberton CSD <sup>3</sup>	Newark CSD <sup>4</sup>	Peer Average	Percent Difference
<b>Gymnasium</b>						
Elementary	\$99	\$180	\$140	\$220	\$200	(45%)
Middle	\$99	\$300	\$140	\$260	\$273	(58%)
High	\$211	\$300	\$600	\$300	\$387	(47%)
<b>Auditorium</b>						
Elementary	\$134	N/A	N/A	N/A	N/A	N/A
Middle	\$144	\$300	N/A	N/A	N/A	N/A
High	\$196	\$380	\$400	\$600	\$460	(57%)
<b>Classroom</b>	\$64	\$60	\$100	\$120	\$93	(31%)

**Source:** Springfield CSD and peer rental policies

<sup>1</sup> For Springfield CSD, winter evening rates were used for this analysis. The District charges lower rates for day time rentals.

<sup>2</sup> Hamilton CSD's rate for gymnasium rentals is for adults; a lower rate is charged for children's events. Also the district charges a higher rate in certain instances if income is generated.

<sup>3</sup> Barberton CSD discounts rates by 10 percent for not-for-profit organizations.

<sup>4</sup> For Newark CSD, "Class C" standard rates for private organizations were used. Newark CSD waives charges to school organizations such as PTAs, athletic boosters, etc. Other not-for-profit organizations are charged a reduced rate.

Springfield CSD's rental rates are lower than the peer average in all categories. Barberton CSD reported that due to financial troubles, it had to suspend all renting of school district spaces for FY 2004-05. If Springfield CSD increases its rental rates to recoup the costs for building operations, it would provide increased revenue to offset the cost of facility maintenance and operations.

*Financial Implication:* The District earned approximately \$10,500 in facility rental fees in FY 2004-05. If the District was to adopt rental rates similar to the peer districts, it should be able to increase its rental income by approximately \$5,000. This is assuming an average increase in rental fees of 47.5 percent based on **Table 4-4** and the same level of rental activity as FY 2004-05.

**R4.C** In conjunction with completing its facilities master plan (R3.1), Springfield CSD should develop and formally adopt a 5-10 year forecast methodology for realistically projecting student enrollment. Furthermore, the District should periodically review its projections for accuracy and compare the data with building capacities to determine the appropriate number of school buildings and classrooms required to house actual and projected student populations. Assuming student enrollment continues to decline at an average annual rate of 1.8 percent, school buildings may become under-utilized in the near future and the District may have to consider options for further space consolidation or alternative use. Should the District decide to close part or all of a building or move students, it should consider community feedback and ensure that all changes are made in accordance with the spirit of its master plan.

**Table 4-5** shows Springfield CSD's student enrollment history, based on Ohio Department of Education (ODE) data:

**Table 4-5: Springfield CSD Student Enrollment History**

Grade	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>K</b>	947	930	879	838	846	768	709	701	721	743	757
<b>1</b>	952	934	950	921	904	879	805	715	724	730	711
<b>2</b>	928	924	915	875	867	823	850	754	691	700	674
<b>3</b>	949	895	877	867	822	844	815	804	720	654	658
<b>4</b>	963	917	852	856	829	769	832	797	777	720	638
<b>5</b>	887	939	877	813	806	810	778	815	801	745	679
<b>Elementary</b>	<b>5,626</b>	<b>5,539</b>	<b>5,350</b>	<b>5,170</b>	<b>5,074</b>	<b>4,893</b>	<b>4,789</b>	<b>4,586</b>	<b>4,434</b>	<b>4,292</b>	<b>4,117</b>
<b>6</b>	838	856	908	834	790	760	797	744	766	740	685
<b>7</b>	850	812	815	863	809	762	715	774	726	765	703
<b>8</b>	873	810	780	800	834	786	746	709	769	704	760
<b>Middle</b>	<b>2,561</b>	<b>2,478</b>	<b>2,503</b>	<b>2,497</b>	<b>2,433</b>	<b>2,308</b>	<b>2,258</b>	<b>2,227</b>	<b>2,261</b>	<b>2,209</b>	<b>2,148</b>
<b>9</b>	814	837	798	785	799	957	1125	1094	942	933	958
<b>10</b>	1,061	1,005	1,157	1,099	985	820	819	692	730	642	664
<b>11</b>	620	625	535	601	615	563	460	605	602	648	547
<b>12</b>	531	509	517	426	455	545	472	421	514	484	516
<b>High</b>	<b>3,026</b>	<b>2,976</b>	<b>3,007</b>	<b>2,911</b>	<b>2,854</b>	<b>2,885</b>	<b>2,876</b>	<b>2,812</b>	<b>2,788</b>	<b>2,707</b>	<b>2,685</b>
<b>Total</b>	<b>11,213</b>	<b>10,993</b>	<b>10,860</b>	<b>10,578</b>	<b>10,361</b>	<b>10,086</b>	<b>9,923</b>	<b>9,625</b>	<b>9,483</b>	<b>9,208</b>	<b>8,950</b>

Source: ODE enrollment reports

**Table 4-5** shows actual enrollment has fallen at an average annual rate of 2.4 percent per year for elementary schools, 1.6 percent for middle schools and 1.0 percent for high school from 1995 to 2005. Overall, enrollment decreased at an average of 1.8 percent per year.

**Table 4-6:** shows Springfield CSD's five-year enrollment forecast developed by AOS based on ODE historic data (**Table 4-5**) compared to the May 2000 enrollment projections developed by the consultant for OSFC.

**Table 4-6: AOS and OSFC Project Enrollment Projections <sup>1</sup>**

Projections	FY 2004-05 (Actual)	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
<b>AOS Projections</b>	8,950	8,789	8,631	8,475	8,323
<b>OSFC Project Projections</b>	9,715	9,695	9,720	9,701	9,705

Source: ODE enrollment reports

<sup>1</sup> Does not include pre-school

If enrollment trends continue, overall enrollment could decrease by 627 students by FY 2009-10, a 7.0 percent decrease over the five-year period. In contrast, enrollment projections developed by the consultant are virtually unchanged from FY 2005-06 to FY 2008-09. Further, based on open enrollment applications submitted by students in the spring of 2005 for FY 2005-06, the District's net loss of students could climb by 234 students from the prior year. **Tables 4-7** and **4-8** present estimates on projected utilization rates.

Over estimating enrollment could result in under-utilization of facility space, and unnecessary support costs unrelated to direct student instruction. The District has implemented performance audit recommendations (see **R4.D** and **R4.E**) to consolidate space, and will incur significant savings in support costs upon consolidation of North and South high schools in FY 2008-09 (see **R4.F**). However, given the fiscal condition of the District and the likelihood of continued declines in enrollment, the District should consider any further opportunities to minimize costs related to its facilities. This should begin by incorporating a 5-10 year enrollment forecast into its facilities master plan that more closely reflects recent enrollment trends. It could seek assistance from the ODE in developing a forecast template.

**R4.D The District should close the Beacon Early Childhood Center (Beacon Center) and relocate its programs to elementary schools with excess capacity. Closing Beacon would result in cost-savings and maximize utilization of newer elementary school buildings.**

**The District has implemented this recommendation for FY 2005-06 as part of its May 2005 recovery plan.**

The Beacon Center houses programs for identified Early Childhood Special Education (ECSE) students, Head Start, Even Start and other pre-school and family literacy programs. Support services include transportation, meals, child care, home visits, parent support groups, and counseling. The principal for the Beacon Center indicated that there are 4 rooms used for Head Start, 9 rooms used for ECSE; 11 rooms for Even Start, and 1 room for physical therapists. There were approximately 110 ECSE students in FY 2004-05, with most being served at the Beacon Center. An administrator at ODE indicated that school districts are not obligated to provide space for Head Start and Even Start programs, which are administered by not-for-profit corporations.

Springfield CSD's elementary schools and South High School are operating below capacity, with elementary schools at an overall utilization rate of 80 percent and South High School at 57 percent. The underutilization of school facilities means there is excess space which could be used to accommodate additional students or programs. According to an analysis of building enrollments in FY 2004-05, elementary schools with excess capacity include Fulton (4 rooms), Simon Kenton (1 room), Perrin-Woods (2-3 rooms), Snowhill (3 rooms), and Snyder Park (2-3 rooms). In all, there is a potential availability of 12 to 14 rooms at the elementary schools to accommodate additional students or programs.

**Table 4-7** shows building capacity and projected utilization rates for Springfield CSD elementary and middle schools, and the new high school opening in FY 2008-09. The table does not take into account space at Beacon Center.

**Table 4-7: Building Capacity and Projected Utilization Rates <sup>1</sup>**

	Capacity	AOS Projected FY 2005-06	AOS Projected FY 2006-07	AOS Projected FY 2007-08	AOS Projected FY 2008-09
<b>Elementary</b>	5,024	79.6%	77.2%	74.8%	72.4%
<b>Middle</b>	1,869	113.4%	111.8%	110.2%	108.6%
<b>New High School <sup>2</sup></b>	2,447	N/A	N/A	107.0%	106.0%

**Source:** ODE enrollment reports and District school building blueprints.

**Note:** DeJong, an education consultancy, considers the ideal rate of utilization 85 percent.

<sup>1</sup> Assumes a continued trend of enrollment decreases at 2.4 percent for elementary, 1.6 percent for middle school and 1 percent for high school.

<sup>2</sup> The capacity for the new high school is based on the plans for this new building which is scheduled to open in 2008. Capacity and utilization for South High School is in **Table 4-9**.

Springfield CSD elementary schools are under-capacity, and utilization is projected to decrease further as evidenced by projected enrollment declines in **R4.C**. On the other hand, **Table 4-7** projects secondary schools to be over capacity – 113 percent in FY 2005-06 for middle school students and 107 percent for high school students in FY 2008-09, when the school opens.

**Table 4-8** shows proposed building capacity and utilization rates for Springfield CSD elementary schools if they accommodated Beacon Center programs. The table conservatively assumes the space required by these programs would roughly equal a 525 student building. **Table 4-8** assumes the Beacon Center will be closed in FY 2005-06.

**Table 4-8: Proposed Elementary Building Capacity and Projected Utilization Rates**

	Building Capacity	Projected FY 2005-06	Projected FY 2006-07	Projected FY 2007-08	Projected FY 2008-09
<b>Elementary</b>	5,024	90.4%	87.6%	85.2%	82.8%

**Source:** ODE elementary school enrollment reports and District blueprints

Moving students from the Beacon Center to elementary schools initially would increase the utilization rate, but, with decreasing elementary student enrollment, utilization rates could decrease to 83 percent by FY 2008-09. Furthermore, the District is not required to provide space for Head Start and Even Start, and could request that these programs relocate should enrollment stabilize or increase.

To more efficiently utilize space, the Beacon Center could be closed and students moved into elementary schools. With excess capacity in newer elementary buildings, students could be relocated to fill unused classroom space. If excess capacity is not utilized, the District is inefficiently allocating resources to heat and maintain idle classroom space.

*Financial Implication:* By closing the Beacon Center, the District could reduce 2.0 FTE administrative positions, 2.0 FTE custodial positions, and 2.0 FTE clerical positions for a savings of \$322,000 in salary and benefits at FY 2004-05 compensation levels. Further, by closing the building, the District would save approximately \$55,000 in utility and insurance costs. Savings from this recommendation were reflected in the District's May, 2005 forecast.

**R4.E The District should relocate its administrative offices to the South High School facility. Given the low enrollment at South High School in relation to the building's capacity and square footage, Springfield CSD should consider making this move for the next school year (FY 2005-06). The District should begin steps to reconfigure the class/grade structure at South High School so as to avoid negatively impacting programming. Finally, the District should also begin seeking a tenant for space that**

**will be opened upon South's closure as a high school in FY 2008-09 to help shoulder maintenance and operations costs and maintain the historic structure's function as a community asset.**

**During the course of the audit, the District implemented the recommendation to move its administrative offices to the South High School for FY 2005-06.**

Administrative offices are spread among various sites which include the Springfield Administrative Building (SAB), Toy Building, Service Center and Keifer Center. Though the District had intended to close the Alternative School in the Keifer Center for FY 2005-06, it had not made a final decision on whether to also relocate central administrators who are also located there. **Table 4-9** shows capacity and utilization rates for South High School, which is slated to be closed in FY 2008-09 upon consolidation with North High School.

**Table 4-9: South High School Capacity and Utilization Rates**

	# Teaching Stations	Capacity	FY 2004-05 Enrollment	Utilization Rate
<b>South</b>	82	1,743	1,000	57%

**Source:** ODE enrollment reports and District blueprints

During FY 2004-05, South High School was under-capacity by approximately 742 students with a utilization rate of 57 percent. With declining enrollment and under-utilization at South High School, there is the potential to more efficiently utilize building space. One option to better utilize building space is to move all administrative offices to the South High School site for FY 2005-06. Furthermore, the District's Technology Data center, which serves as the hub for its Wide Area Network, is housed at the South site (see the **technology** section). Moving the central office technology staff to South will allow for more efficient administration of the Center. The classroom structure would have to be re-configured to accommodate administrative offices. However, District officials believed this would be feasible given the low space utilization rate at the high school.

Upon its closure as a high school in FY 2008-09, the District may realize up to 200,000 surplus square feet at the South High School site. The building, constructed in 1909, was the original District high school and administrative office. Given the historic and architectural significance of this site, the District should immediately begin to seek a tenant for this space. The City of Springfield has a long history of repurposing historic structures for new uses, as most recently evidenced by the conversion of the old city hall and marketplace into museum and office space for various agencies. The District should attempt to retain the South High School site as a vital community asset, and as a resource for helping to offset maintenance and operation costs.

*Financial Implication:* Two custodians service both the central administrative offices and the Service Center, of which the warehouse section is slated to close (see **R4.A**). Eliminating these two positions would save approximately \$82,405 in salary and benefits at FY 2004-05 compensation levels. Further, the District would save approximately \$30,000 and \$79,000, respectively, in annual utility and insurance costs by closing the central administrative offices and the Keifer Center. Finally, the District would receive a one-time financial benefit from sale of the central office site. Savings from this recommendation were reflected in the District's May, 2005 forecast.

**R4.F Upon consolidation of the high schools in FY 2008-09, the District should realize substantial savings from the reduction of support positions related to operating two high school sites. The District does not need the same number of clerical and administrative personnel for one school building that it currently needs for two.**

In FY 2004-05, the Board of Education voted to consolidate the two high school campuses into a single location, with construction of the new high school slated for completion in FY 2008-09. This consolidation presents substantial cost savings opportunities from instructional, supplemental, and personnel-related support cost reductions (see **R3.E** and **R3.0** in the **human resources** section).

For example, the two high school campuses employed 7 administrators including the principal, assistant principal and dean positions and 14 clerical positions in FY 2004-05. The District should be able to reduce the principal, assistant principal and dean positions upon consolidation, as well as seven clerical positions given the centralization of services in one site. Maintaining FY 2003-04 staffing levels when the high schools are consolidated would result in duplication of job functions. However, as staff in these classifications retire or resign between FY 2005-06 and FY 2008-09, the District must carefully consider whether it can hold the position vacant until the consolidation.

*Financial Implication:* If the District reduced seven clerical and three site-based administrator positions upon consolidation in FY 2008-09, it would save approximately \$548,000 annually at FY 2004-05 salary and benefit levels.

**R4.G The District should demolish all facilities for which OSFC funding is available, including the Beacon Center and Elmwood Alternative School. It should also continue to market all closed facilities and lands to avoid utility, grounds-keeping, and insurance costs, as well as achieve one-time revenue.**

**The District implemented this recommendation during the course of the audit.**

Most of Springfield CSD's older buildings are eligible for demolition funding through the OSFC project. However, according to a March 2005 construction update report, the



District had not scheduled the Elmwood Alternative School demolition, although it had been officially slated to close upon opening of the new Alternative School in FY 2005-06. The OSFC project coordinator for the District stated that it had postponed scheduling it for demolition as a contingency against the potential need for overflow space at the combined Alternative School. However, **Tables 4-7** and **4-8** indicate the completion of District projects will result in ample facility space. The combined FY 2003-04 enrollment for Elmwood and Kiefer Alternative Schools was 275 students. The capacity for the new alternative school is approximately 480 (18 regular education classrooms and 3 special education classrooms), which is sufficient room to house alternative school students.

Furthermore, the Beacon Center building will be closed in FY 05-06 as a result of the District implementing **R4.D**. This facility is also eligible to be demolished with funding from the OSFC project now that it has been slated for closure.

Demolishing old school buildings improves the appearance of the community, makes the land available for new uses and projects, and saves nominal costs on grounds-keeping and insurance. However, this recommendation should be contingent upon available OSFC funding. In addition to these buildings, the District will retain certain closed structures that were not eligible for demolition funding, such as the Kiefer Alternative Center. If Springfield CSD is unable to demolish buildings due to funding constraints, marketing the vacant school buildings for sale or rent is another option. The District has sought to market buildings and land as part of its recovery plan, and should continue to aggressively relieve itself of these real estate obligations.

## Implementation Status of 1998 Audit Recommendations

- R3.1 Springfield CSD should develop a comprehensive facilities plan for addressing the needs of the District. Springfield CSD has already developed data, and conducted assessments which would be included in such a plan, including an identification of the shortcomings of each building, cost estimates to make needed repairs, projected enrollment data, and an architectural evaluation of each building. As part of developing a comprehensive facilities plan, Springfield CSD should perform a formal capacity analysis and space plan.**

### District's 1998 Economy and Efficiency Plan Response

The Board of Education will retain a design professional firm to conduct a thorough evaluation of the Springfield CSD's facilities and grounds. The selection of the design professional firm should be completed by early 1999. This firm should conduct its evaluation and report its findings, recommendations, and funding alternatives to the Board of Education sometime during the first half of 2000. This firm should present both short-term and long-term recommendations. The board will then need to evaluate the recommendations of the design professional in conjunction with the requirements of the Ohio School Facilities Commission and the results of the DeRolfe court case funding decision.

### Implementation Status

Facility plans have been completed for Fulton and Kenwood elementary schools and approved by OSFC. Likewise, consultants have developed plans which are still in draft format for Horace Mann, Simon Kenton, Lagonda, Lincoln, Perrin Woods, and Warder Park/Wayne elementary schools. Consultants are in the process of developing draft plans for Snowhill and Snyder Park elementary schools, and for Clark, Hayward, Roosevelt and Schaefer middle schools.

### Conclusion

The District *partially implemented* this recommendation. The District should continue to work with its consultant to complete plans for all school buildings. Implementing these plans should speed up the process for fully implementing the preventive maintenance plans for school buildings and finalizing custodial procedures (see **R3.3 and R4.C**).

- R3.2 Springfield CSD should determine the feasibility of closing one or more schools. Between 1986 and 1996, student enrollment declined by about 900 students, during which time no schools were closed. Enrollment projections indicate that the student population will decline by an additional 371 students (the population of an average**

sized elementary school) by the year 2006. Before allocating funds for capital improvements and repairs, the District should determine the appropriate number of schools required to serve the current and future student population.

District's 1998 Economy and Efficiency Plan Response

The Ohio State Study recommended closing four school facilities. The Facility Review Committee amended that recommendation by recommending that three of the school facilities be closed/replaced and the fourth school facility be renovated. The design professional firm referenced in **R3.1** will study this matter and make a variety of recommendations as to how the Board of Education may address this concern. The design professional firm will also study the demographics of the community to determine the direction of future student enrollment and the resultant number of classrooms necessary to meet the needs of the community and the curricular mandates. The design professional firm will also determine if the Springfield CSD needs to rebuild school facilities or if the students from the closed buildings can be consolidated into existing or remaining school facilities. The design professional firm will present associated costs with each recommendation so the Board will be able to make the best decision possible to meet the needs of its students and concerns of the parents.

Implementation Status

Springfield CSD has constructed new schools as part of the OSFC project, and closed aging school buildings. Prior to the start of the OSFC project, the District had 14 elementary schools, 5 middle schools, 2 alternative schools and 2 high schools. When the OSFC project is complete, the District will have 10 elementary schools, 4 middle schools, 1 alternative school, and 1 high school. New elementary schools opened in FY 2004-05 include Fulton, Kenton, Kenwood, Lagonda, Lincoln, Mann, Perrin Woods, and Warder Park/Wayne. Snowhill and Snyder Park elementary schools are scheduled to open in FY 2005-06. The District is also building a new alternative school scheduled to open FY 2005-06, and closing Elmwood and Kiefer alternative schools. In addition, the District is building a new high school that will open in FY 2007-08. North High School will be demolished and South High School will no longer be used to house students.

Conclusion

The District has *fully implemented* this recommendation.

**R3.3 Springfield CSD should develop and implement a planned preventive maintenance program. Such a program could be phased in gradually, addressing the higher priorities first. An effective preventive maintenance program can reduce overtime by the custodial and maintenance staff and improve worker productivity by**

**proactively maintaining equipment rather than responding to breakdowns and emergencies. A preventive maintenance program can decrease energy consumption because equipment will be running more efficiently, and can result in reduced maintenance and capital expenditures since equipment should last longer.**

District's 1998 Economy and Efficiency Plan Response

The design professional firm retained to conduct the district-wide facility study can also be assigned the additional task of placing all of the building layouts, systems, equipment, services, etc., on CAD software and providing it to the Springfield CSD Maintenance Department. The experience of this firm would be utilized in the remaining useful life of the existing equipment and recommendations for replacement in a timely and systematic manner. Corresponding budget costs would be provided so appropriations can be obtained to support these planned replacements/upgrades and expenditures. Maintenance Department computer hardware and software will require upgrading. Also, personnel will need to be trained to maintain this information up-to-date. Maintenance personnel will require training to work with the system to keep the information current and accurate. Present Maintenance personnel have neither the time nor the knowledge and skill to complete the breadth and scope of this task.

Implementation Status

The facility plans developed for the OSFC project contain preventive maintenance programs for the school buildings. However, the District has not received information on preventive maintenance procedures for all school buildings. Preventive maintenance software is being installed in the school buildings, but the .5 mill maintenance levy funds have not yet been released to install software in all the school buildings.

Conclusion

The District has *partially implemented* this recommendation. It should continue to work with the consultant to develop and implement a planned preventive maintenance program. Incomplete implementation of the preventive maintenance program may result in reactive responses to breakdowns and emergencies, and increased maintenance and capital expenditures since more funding has to be spent on repairing equipment. Although the District has constructed school buildings containing new equipment, a fully-implemented preventive maintenance program ensures equipment is running efficiently throughout its useful life-span.

**R3.4 Springfield CSD should implement an automated work order system for tracking and analyzing work orders submitted to the Department of Maintenance and Plant Operations. Data the District gathered from completed work orders generated**

serious questions about the productivity of the maintenance staff, and caused the District to require maintenance workers to keep daily activity logs. An analysis of a sample of work order data, coupled with an estimate of time spent on summer projects not requested through the work order process, showed that between 42 and 82 percent of the possible work hours were accounted for, leaving 58 to 18 percent unaccounted for.

District's 1998 Economy and Efficiency Plan Response

As referenced in the response to **R3.3** above, the Maintenance Department has wanted to implement a computer-generated work order system for some time. The work order would be submitted via the District computer system. Appropriate software needs to be sought, purchased, and installed with input and assistance from the Treasurer's Office. Implementation of a computerized work order system should take approximately 1 to 1 1/2 years to obtain, install, de-bug, train personnel at all levels, and fully activate. Program managers are presently utilizing the e-mail system to communicate facility repair needs. This recommendation supports many of the prior goals of the Maintenance Department.

Implementation Status

Automated work-order and preventive maintenance software is being implemented and installed in conjunction with the facilities plans for the OSFC project.

Conclusion

The District has *fully implemented* this recommendation.

**R3.5** See 1998 Performance Audit Recommendations No Longer Relevant.

**R3.6** Springfield CSD should prepare a handbook that documents the cleaning procedures. The District should also train the custodial staff on those procedures, and conduct follow-up training on a regular basis to ensure that all custodial employees are using the most effective and efficient cleaning procedures. In addition, each custodian should have a plan that shows what their responsibilities are, including what areas in the building they are responsible for maintaining, what is supposed to be cleaned, and the frequency and the type of cleaning to be performed.

District's 1998 Economy and Efficiency Plan Response

A reliable and effective consulting firm should be retained by the board of Education to assist the Springfield CSD in developing this handbook. The Springfield CSD would prefer to work with a consultant versus a manufacturer's representative because of the potential for influencing custodians regarding certain products, etc. A committee consisting of head custodians, assistant custodians, maintenance personnel, and supervisors should be developed to work with the consultant. (Maintenance personnel need to be part of this committee because they can make useful suggestions regarding various procedures. It also would promote understanding and cooperation between the custodial and maintenance personnel.)

Implementation Status

The District did not develop a new custodial handbook. It continued relying on short checklists for custodial staff until 1999 when District discontinued using these as guidance because they were so outdated. A handbook that documents cleaning procedures has not been developed to reflect new procedures that coincide with the construction of new school buildings. Without an updated handbook that documents cleaning procedures, the District does not have clear guidelines that communicate to custodial staff standard methods to clean buildings.

Conclusion

The District *did not implement* this recommendation. Custodial procedures should be developed and updated to reflect the construction of the new school buildings. The National Clearinghouse for Educational Facilities (NCEF) provides examples of custodial procedures developed by other school districts. Brevard County Local School District (listed on the NCEF site) has developed custodial procedures for office cleaning, restroom cleaning, floor mopping and scrubbing, floor stripping, classroom and corridor cleaning, and carpet care. Developing custodial procedures along the lines of those used by Brevard County Local School District would ensure custodial employees are using the most efficient and effective methods to clean school buildings.

- R3.7 Springfield CSD should establish an equipment replacement policy that takes several factors into consideration, such as the manufacturer's projected life of the equipment, the useful life of the equipment that the District has experienced, and the history of repairs for the individual piece of equipment. Replacement of equipment should not be made based solely on its age.**

District's 1998 Economy and Efficiency Plan Response

The Springfield CSD incorporates several of these aspects in the decision to replace and/or upgrade equipment at the present time. In keeping with the philosophy expressed by the performance auditors, the Springfield CSD will incorporate these aspects into and as part of the district-wide facility study to be completed by the design professional firm retained by the Board of Education. The time line for this work will correspond to that of the study as previously indicated.

Implementation Status

The District generally replaces equipment based on record of repair, not age. Further, the facility plans developed for the OSFC project contain equipment replacement guidelines for the school buildings.

Conclusion

The District has *fully implemented* this recommendation.

*Financial Systems Facility-related Recommendations*

**R4.29 The Purchasing Department should consider taking advantage of Just-in-time (JIT) delivery service available for certain kinds of items from local vendors. Increased use of JIT would free valuable floor space in the warehouse, improve cash flow, possibly decrease insurance limits and reduce the cost of operating the warehouse.**

District's 1998 Economy and Efficiency Plan Response

The District eliminated \$15,000 in purchase order costs in 1984 (and subsequently every year since) when the present warehouse inventory system was created. Pricing received via the consortium is substantially less (for most items) than can be obtained via JIT due to the large quantities per each item submitted for quotation.

Implementation Status

The District was reducing the scope of its warehouse inventory system in lieu of JIT. It closed its warehouse operation as part of the May 2005 recovery plan (see **R4.A**).

Conclusion

The District *fully implemented* this recommendation.

## Financial Implications Summary

The following table represents a summary of annual cost savings and revenue increases. For the purposes of this table, only recommendations with quantifiable impacts are listed.

**Financial Implications Table**

Recommendation	Annual Cost Savings	Annual Increased Revenue
<b>R4.A</b> The District should convert to a just-in-time inventory system.	\$82,400	
<b>R4.B</b> The District should raise facility rental rates		\$5,000
<b>R4.D</b> The District should close the Beacon Center.	\$377,000	
<b>R4.E</b> The District should relocate its administrative offices to South High School.	\$109,000	
<b>R4.F</b> Upon consolidation of the high schools in FY 2008-09, the District should realize substantial savings from reducing positions related to operating two sites.	\$548,000	
<b>Total</b>	\$1,116,400	\$5,000

**Note:** Savings from **R4.A**, **R4.D** and **R4.E** are already reflected in the District's May, 2005 forecast. Savings from **R4.B** and **R4.F** will be reflected in the AOS recovery plan (see **Tables 2-15 and 2-15a** in the **financial systems** section).





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# Transportation

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## Background

This portion of the performance audit focuses on Springfield City School District's (Springfield CSD or the District) transportation operations. The operations were evaluated against best practices, operational standards and peer school districts for the purpose of developing recommendations to improve efficiencies and/or business practices. In addition, this section of the audit evaluated the implementation status of the District's Economy and Efficiency Plan, developed in response to its 1998 Performance Audit.

According to Ohio Revised Code (ORC) § 3327.01, school districts must provide transportation to community school and non-public students on the same basis as provided to their students. In addition, districts are required to provide transportation to disabled students who are unable to walk to school regardless of the distance and to educable mentally retarded children in accordance with standards adopted by the State Board of Education. Further, when required by an individualized education plan (IEP), school districts must provide specialized, door-to-door transportation based on the unique needs of the child.

The District provided transportation to 2,981 students attending 21 public school sites, 11 non-public schools, and 2 community schools during FY 2004-05. Prior to February, 2005, the District indicated that it provided transportation to kindergarten through grade eight students living one mile or more from their assigned schools. However, a review of transportation reports submitted to the Ohio Department of Education (T-reports) indicated that the District was transporting 232 students who lived less than one mile from their assigned school.

### *Implementation Status of 1998 Performance Audit Recommendations*

An assessment of the 1998 Performance Audit recommendations revealed the following:

- Springfield CSD fully implemented four of the twenty transportation recommendations (20%);
- Springfield CSD partially implemented five of the twenty transportation recommendations (25%);
- Springfield CSD did not implement seven of the twenty transportation recommendations (35%); and
- Four of the transportation recommendations in the 1998 Performance audit are no longer relevant to the District.

### Changes from Prior Audit in the Condition of the District

In February 2005, after a failed levy attempt, the Springfield CSD Board of Education reduced transportation service levels to kindergarten through grade eight students living two miles or more from their assigned schools, which is the minimum required by State law. This reduction in service level resulted in the reduction of 20 bus driver positions. The District also eliminated the full-time transportation supervisor position effective June 30, 2005. The Maintenance Supervisor assumed responsibility for transportation services.

### Students Transported

All three peer districts provide transportation service that is above the minimum State requirement. Hamilton CSD and Newark CSD provide transportation to high school students while Springfield CSD and Barberton CSD do not. **Table 5-1** compares the number of students Springfield CSD transported, both before and after service levels were reduced, to the peer districts.

**Table 5-1: FY 2004-05 Total Regular and Special Need Riders**

	Springfield CSD (Start of Year)	Springfield CSD (After Reductions)	Barberton CSD	Hamilton CSD	Newark CSD	Peer District Average
<b>Regular Need Riders</b>						
• Public	2,435	695	754	2,705	3,309	2,256
• Non-Public	139	103	186	258	352	265
• Community School	140	44	0	14	0	5
• Total	<b>2,714</b>	<b>842</b>	<b>940</b>	<b>2,977</b>	<b>3,661</b>	<b>2,526</b>
<b>Special Need Riders</b>	<b>267</b>	<b>258</b>	<b>114</b>	<b>372</b>	<b>118</b>	<b>201</b>
<b>Total Riders</b>	<b>2,981</b>	<b>1,100</b>	<b>1,054</b>	<b>3,349</b>	<b>3,779</b>	<b>2,727</b>
<b>% with Special Needs</b>	9.0%	23.5%	10.8%	11.1%	3.1%	7.4%
<b>Payment-in-Lieu and Other Vehicles<sup>1</sup></b>	0	0	26	34	1	21
<b>October Enrollment</b>	9,285	9,285	4,263	9,037	6,473	6,591
<b>Public Riders as a Percent of Enrollment</b>	<b>26.2%</b>	<b>7.5%</b>	<b>17.7%</b>	<b>29.9%</b>	<b>51.1%</b>	<b>34.2%</b>

Source: FY2004-05 district T-1 reports, October 2004 Average Daily Membership (ADM).

<sup>1</sup> Payment-in-Lieu and Other Vehicles includes Type IV & Type VI transportation of both regular and special need students.

At the beginning of FY 2004-05, Springfield CSD transported significantly more students on district-owned buses than Barberton CSD, but fewer than either Hamilton CSD or Newark CSD. As a result of reductions in service levels to State minimum requirements, Springfield CSD now transports about the same number of students as Barberton CSD. However, a higher percent of the students Springfield CSD transports are considered special need students (23.5 percent versus

10.8 percent) when compared to Barberton CSD. Of the 1,100 student Springfield CSD now transports, 695 are regular students who are enrolled in the district, which is only 7.5 percent of the District's October 2004 enrollment. On average, the peer districts transport 34.2 percent of their October enrollment.

### Staffing

In FY 2004-05 the Transportation Supervisor managed the transportation department and had supervisory responsibilities for the drivers, aides, mechanics and support staff. In prior years, the Transportation Supervisor reported to the Director of Business Services. Since the position was not filled after the retirement of the previous director, the Transportation Supervisor reports to the Superintendent, although no formal action had been taken to clarify the reporting relationship. However, during the course of the audit, the Superintendent reorganized responsibilities for the transportation and facilities operations (see **R3.A** in the **human resources** section).

**Table 5-2** compares Springfield CSD staffing levels, before and after reducing service levels to State minimum standards, with the three peer districts.

**Table 5-2: Transportation Staffing Levels (FY 2004-05)**

Positions	Springfield CSD (Start of Year)		Springfield CSD (After Reductions)		Barberton CSD		Hamilton CSD		Newark CSD		Peer District Average
	No.	FTE	No.	FTE	No.	FTE	No.	FTE	No.	FTE	FTE
Supervisor/Assistant	1	1.0	1	1.0	2	1.1	1	1.0	1	1.0	1.0
Bus Driver	53	40.0	33	24.7	14	7.8	40	36.4	42	31.9	25.4
Substitute Drivers	6	3.8	0	0	0	0	13	6.5	13	6.5	4.3
Administrative/Clerical	3	3.0	3	3.0	0	0.0	2	1.5	2	1.5	.5
Mechanic/Assistant	1	1.0	1	1.0	0	0.0	1	1.0	3	3.3	.6
Aides/Monitors	17	11.9	17	12.3	6	3.2	8	7.7	8	5.6	5.5
Substitute Aides	2	1.0	0	0	0	0	1	.5	1	.5	.3
<b>Total Staffing</b>	<b>83</b>	<b>61.7</b>	<b>55</b>	<b>41.4</b>	<b>22</b>	<b>12.1</b>	<b>66</b>	<b>54.6</b>	<b>70</b>	<b>50.3</b>	<b>39.0</b>
<b>Total Transported on Yellow Buses (FY05)</b>	2,981		1,100		1,054		3,349		3,779		2,727
<b>Students Transported per Bus Driver FTE</b>	74.5		44.4		135.1		92.0		118.5		107.5
<b>Students Transported per Total FTE</b>	48.4		26.6		87.1		61.3		75.1		69.9
<b>Routine Miles</b>	419,055		256,645		110,880		488,520		575,575		391,658
<b>Routine Miles per FTE</b>	6,797		6,199		9,164		8,947		11,443		10,043

**Source:** FY 2004-05 T-1 reports submitted to ODE and interviews with district transportation supervisors.

**Note:** Barberton has a business manager that spends 10 percent of his time in transportation. Newark has two bus drivers that spend some time working as mechanics.

Springfield CSD started FY 2004-05 using 61.7 full-time equivalent (FTE) employees to perform transportation-related duties. Prior to going to minimum standards, Springfield CSD had more FTE bus drivers (40.0) and FTE bus aides (11.9) than any of the peer districts. When the District reduced service to the State minimum standards, 20 bus driver positions (37.7 percent) were eliminated, however the number of students transported dropped by 63 percent. As a result, the number of students transported per FTE has decreased from 74.5 to 44.4 and the number of routine miles traveled per FTE has also decreased from 6,797 to 6,199.

At a reduced ridership of 1,100 students, Springfield CSD transports a number of students similar to Barberton CSD. However, Barberton CSD uses significantly fewer drivers and aides than Springfield CSD. Consequentially, Barberton CSD transported over three times more students per FTE bus driver than Springfield CSD. Overall, the peer district average number of students per FTE bus driver was nearly two and a half times the number of students transported by Springfield CSD bus drivers.

### *Operational Statistics and Cost Ratios*

**Table 5-3** shows key operating statistics and cost ratios for Springfield CSD and the peer districts.

**Table 5-3: FY 2003-04 Basic Operating Statistics**

	Springfield CSD	Barberton CSD	Hamilton CSD	Newark CSD	Peer Average
<b>Students Transported on Yellow Buses</b>					
Regular Students	2,613	1,054	3,188	3,553	2,598
Special Need Students	249	59	522	245	275
<b>Total Riders</b>	<b>2,862</b>	<b>1,113</b>	<b>3,710</b>	<b>3,798</b>	<b>2,874</b>
<b>Miles Traveled</b>					
Total Routine Miles	408,600	142,740	506,880	588,780	412,800
Non-routine Miles	82,973	30,683	51,246	36,730	39,553
% Non-routine	16.9	17.7	9.2	5.9	8.7
<b>Sites Served</b>					
Public Sites	21	17	19	22	19.3
Non-public Sites	11	2	9	6	5.7
Community Schools	2	0	1	0	.3
<b>Total Sites</b>	<b>34</b>	<b>19</b>	<b>29</b>	<b>28</b>	<b>25.3</b>
<b>Staffing</b>					
FTE Bus Drivers	38.5	9.5	34.6	28.1	24.1
<b>Total FTE Employees</b>	<b>58.5</b>	<b>16.9</b>	<b>45.8</b>	<b>38.5</b>	<b>33.7</b>
<b>Buses in Fleet</b>					
Active Buses	51	15	38	41	31.3
Spare Buses	6	3	16	5	8.0
% Active	89.5	83.3	70.4	89.1	80.9
Students per Active Bus	56	74	98	93	88
<b>Expenditures</b>					
Regular Needs	\$1,351,298	\$517,638	\$1,784,212	\$1,385,660	\$1,229,170
Special Needs	\$980,135	\$310,562	\$519,635	\$378,835	\$403,011
<b>Total</b>	<b>\$2,331,433</b>	<b>\$828,200</b>	<b>\$2,303,847</b>	<b>\$1,764,495</b>	<b>\$1,632,181</b>
<b>State Reimbursements</b>					
Regular Needs	\$949,397	\$444,189	\$1,150,606	\$975,479	\$856,758
Special Needs	\$241,597	\$75,679	\$216,539	\$101,503	\$131,241
<b>Total</b>	<b>\$1,190,994</b>	<b>\$519,868</b>	<b>\$1,367,145</b>	<b>\$1,076,982</b>	<b>\$987,999</b>
% of Regular Needs Costs Reimbursed	70.3%	85.8%	64.5%	70.4%	73.6%
% of Special Needs Costs Reimbursed	24.6%	24.4%	41.7%	26.8%	30.9%
% of Total Cost	51.1%	62.8%	59.3%	61.0%	60.5%
<b>Ratios</b>					
Total Cost per Bus	\$45,714	\$55,213	\$60,628	\$43,036	\$52,091
Total Cost per Student	\$815	\$744	\$621	\$465	\$568
Total Cost per Mile	\$5.71	\$5.80	\$4.55	\$3.00	\$3.95
<i>Regular Needs</i>					
Cost per Student	\$517	\$491	\$560	\$390	\$473
Cost per Mile	\$4.82	\$5.51	\$4.29	\$3.09	\$3.85
Cost per Student	\$3,936	\$5,264	\$995	\$1,546	\$1,463
Cost per Mile	\$7.64	\$6.37	\$5.72	\$2.69	\$4.31

Source: FY04 T-1 and T-2 reports and ODE SF-3 April #1 reports.

The data in **Table 5-3** indicates that Springfield CSD is less efficient than the peers in the following areas:

- Springfield CSD transported about 15 percent fewer students and traveled about 25 percent fewer routine miles than the average of Hamilton CSD and Newark CSD. However, Springfield CSD used about 29 percent more buses and 39 percent more FTE employees than the average of Hamilton CSD and Newark CSD. (See **R5.D**)
- The District's cost per mile was \$.1.76 higher than the peer average. The District's cost per student was also the highest of all districts and \$247 or 53 percent higher than the peer average. In FY 2003-04, both the Newark CSD and Hamilton CSD used fewer buses and spent less money to transport more students longer distances than Springfield CSD.
- Springfield CSD's salary and benefits cost per mile and cost per student were about 70 percent higher than the peer averages in FY 2003-04. Springfield CSD's high salaries and benefits costs are not surprising considering it used 12.7 more FTE employees than Hamilton CSD (27.7 percent) and 20.0 more FTE employees than Newark CSD (51.9 percent) to operate its transportation department in FY 2003-04.

The District's cost per FTE and cost per bus are lower than the peer districts only because Springfield CSD uses more buses and employs more people than the average of the peer districts. However, the District's cost per mile and cost per student for insurance, maintenance, and supplies are favorable or similar when compared to the peer districts, indicating that personnel costs are driving the higher cost ratios.

Consistent with the total cost ratios, regular student and special need student costs for Springfield compare unfavorably with the peer districts on a cost per mile and cost per student basis. The analysis indicates that salaries and benefits in Springfield CSD are much higher than the peer averages. For example, in FY 2003-04 Newark CSD transported about the same number of special need students as Springfield CSD but spent 60 percent less.

Springfield CSD also reported more non-routine miles<sup>5-1</sup> than any other peer district, nearly doubling the peer average. Some of the Springfield CSD non-routine miles are a function of its building configuration. Springfield CSD operated two high schools and five middle schools in FY 2003-04. The peer districts have one high school and two or three middle schools. During FY 2004-05, the District eliminated transportation for field trips due to financial reasons.

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<sup>5-1</sup> Non-routine miles are mileage associated with things other than transporting students to and from school such as sporting events and field trips. While non-routine use of school buses is a legitimate activity, the State does not reimburse school districts for non-routine use of buses.

*Noteworthy Accomplishments*

- **Bus Insurance:** Springfield CSD spent \$32,704 on bus insurance in FY 2003-04 for 51 active buses or \$641 per bus. The average cost per bus of the three peer districts was \$1,335. The transportation department has also taken steps to reduce insurance costs by reducing coverage on some of the excess fleet created when service levels were reduced to minimum State standards.
- **Maintenance and Repairs:** Springfield CSD maintenance and repair costs per active bus were lower than any peer district in FY 2004-05. All buses passed inspection to start the school year. The district also did not replace one mechanic who retired at the end of FY 2003-04 and is now operating with only one full-time mechanic.
- **Reporting Students:** The 1998 performance audit recommended that the District establish procedures to adequately gather, report, and review information required on State reports to ensure it receives the maximum reimbursement for which it is entitled. The Transportation Department has developed a thorough process for counting student riders during the first full week in October to ensure that the data reported is complete and accurate.

*Assessments Not Yielding Recommendations*

- **Fuel Procurement:** The District uses a fuel card system with adequate internal controls. Springfield CSD is also applying to get the \$.04/gallon State rebate on fuel purchases in FY 2004-05. Springfield CSD's fuel cost per mile in FY 2003-04 was \$.04 higher than the peer average; however, if the District were able to reduce its fuel cost per mile to the peer average, the savings would be about \$16,000.

*Issues for Further Study*

- **Bus Replacement Plan:** The Springfield City SD does not have a formal bus replacement plan. However, the Springfield CSD Board of Education's decision to reduced transportation service to the minimum State standards eliminated the need for 20 previously active buses. When the 20 previously active buses are added to the 5 spare buses reported by the District on its FY 2004-05 T-1 Report, the ratio of spare buses to active buses is over 75 percent. The spare bus to active bus ratio of the peer districts in FY 2004-05 was about 27 percent. In addition, the Springfield City SD is not planning any bus replacements during the current five-year forecast period. While the large number of spare buses supports the forecast assumption that replacement buses will not be needed for at least the next five years, the Board still must decide if it will continue to offer State minimum transportation services to its students (see **R5.A**) and determine if



improved routing efficiencies will further reduce its active bus fleet (see **R5.D**). Once a transportation policy is established and routing efficiency is maximized, Springfield City SD should develop a bus replacement plan as part of the District's overall capital plan. The bus replacement plan should take into account the number of spare buses desired, the number of spare buses in inventory, and the age and mileage of each bus. Springfield City SD should also review the costs and benefits of selling some of its excess buses.

### *1998 Performance Audit Recommendations No Longer Relevant*

- **R5.9 – The District should track the productivity of mechanics to ensure garage staff is fully utilized. It is possible garage operations could be handled by one or one and one half mechanics for annual cost savings of \$14,000 to \$28,000.** At the end of FY2003-04 one of the two full-time mechanics employed by the District retired and the position was not filled. Therefore in FY2004-05, the District employed only one full-time mechanic which is .4 FTE below the peer average. In FY 2003-04, the Springfield CSD Transportation Department's cost for maintenance and repairs was also below the peer average. Because the district used only one full-time mechanic in FY 2004-05, maintenance and repair costs should be lower than in prior fiscal years.
- **R5.10 – The District should ensure that employees responsible for maintaining buses are properly trained.** The mechanic is ASE certified and the District's buses have passed highway safety inspections. Also, major repair work is contracted out. In FY 2003-04, Springfield CSD's cost for maintenance and repairs was below the peer average.
- **R5.13 – District should address high absenteeism through bonus programs or disciplinary procedures for abuse.** Absenteeism across the district will be addressed in the *human resources* section of this report.
- **R5.15 – Improving communications in the Department could improve the operational conditions and limit employee turnover to a minimum.** As a result of the reductions to minimum standards, the District is not anticipating turnover or difficulty in finding qualified persons to fill vacant positions.

## Recommendations

### *Policy*

**R5.A The Springfield CSD Board of Education (Board) should determine what level of transportation service is the most effective and efficient within the constraints of its financial condition. The level of service that will be provided, along with conditions and procedures for granting exceptions, should be clearly articulated in a written policy and formally approved by the Board of Education. As noted in the 1998 Performance Audit, formalized procedures will ensure that all decisions are uniformly and fairly applied for all students. (See R5.2)**

The transportation policy approved by the Springfield CSD Board is vague and therefore does not provide adequate direction to school administrators. A transportation policy is used to publicly communicate service levels set by the district and provide guidelines for staff to implement. In addition, the cost of transportation services is significantly affected by the policies dictating who will receive transportation services. (See **R5.1**)

According to the National School Boards Association (NSBA), effective policies provide the framework for education in a district. NSBA defines policy as “a crucial school board role in our system of education governance. Like Congress, state legislatures, and city or county councils, school boards establish the direction and structure of their school districts by adopting policies through the authority granted by state legislatures. School board policies have the force of law equal to statutes or ordinances. Policies establish directions for the district; they set the goals, assign authority, and establish controls that make school governance and management possible. Policies are the means by which educators are accountable to the public.”

Without a clear transportation policy, school administrators may be required to make decisions regarding service levels that are not equally applied to all students. The limited specificity in the policy language also leaves Springfield CSD open to challenges to its transportation policy. A clearer policy would help the District better articulate service levels and exceptions to the policy, as well as better identify the number of students needing services and tailor staffing and expenditures accordingly.

**R5.B Once a clear transportation policy as been established, the Springfield CSD should ensure that the service levels provided and transportation practices employed adhere to the approved policy.**

According to the District’s T-1 report for FY 2003-04, of the 2,482 regular education students transported, 232 lived less than one mile from their assigned schools.

Transporting students who live closer to their home school than the distance stated in Board policy can increase costs and may result in inequitable provision of transportation services. Furthermore, the State does not reimburse school districts for transporting students who live less than one mile from their assigned school. In comparison, Newark CSD reported transporting only sixteen students and Hamilton CSD reported transporting no students living within one mile of their assigned buildings. During the course of the audit, Springfield CSD reported that it no longer transports students living less than one mile from their assigned school.

A Board adopted, written transportation policy prompts District officials to review and periodically revise the policy to suit the District's needs. By ensuring consistency between District practices and policies, future modifications of policy and changes in ridership levels will be easier to implement. Should the District be faced with future decisions regarding a change in service levels, it should review likely alternatives by evaluating the costs and benefits of each scenario.

### *Accounting Procedures*

#### **R5.C Springfield CSD should develop procedures for identifying, allocating and verifying all transportation costs incurred by the District and charged to the Transportation Department.**

The amounts reported by Springfield CSD on its FY 2003-04 T-2 report included costs for non-routine use of buses. ODE instructions state that T-form expenditures should not include non-routine use of school buses. Therefore the District is not in compliance with ODE requirements. According to a recent report issued by the Legislative Office of Education Oversight (LOEO), accuracy problems for transportation related data exist in a number of school districts, especially in terms of the number of students transported, daily bus miles traveled per student, and district transportation costs.

Both direct and indirect costs should be charged to the Transportation Department. The Treasurer should then develop a method for allocating costs between routine and non-routine use of buses<sup>5-2</sup>. Once costs are identified for routine use of buses, a method should be developed for allocating routine costs to regular and special needs transportation. All methods for identifying and allocating costs should be approved by the superintendent. The treasurer's office should verify adherence to the District's procedures before approving the T-2 report. It is also recommended that the Transportation Supervisor and a representative from the treasurer's office attend one of the ODE training sessions on completing transportation forms.

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<sup>5-2</sup> For example, the District could allocate costs based on the percent of miles driven. If 20 percent of the total mileage is attributed to non-routine use of buses than only 80 percent of the Transportation Department expenses would be reported on the T-2 report.

Without policies and procedures that identify the process for completing T-Forms and meetings to review their accuracy and completeness, Springfield CSD risks submitting incorrect information. The use of inaccurate information can lead to poor management decisions which may unnecessarily increase expenditures or cause the District to recoup less than the full cost of providing services.

### *Routing*

**R5.D Springfield CSD should seek assistance from the Ohio Department of Education's Pupil Transportation Office to more efficiently route buses in order to reduce its costs. Consultants from the Pupil Transportation Office may be able to assist Springfield CSD in improving the efficiency of its transportation operations. The service is free to districts that request it. The District may be able to reduce up to eight additional buses from its route schedule based on ridership and the peer averages. During the course of the audit, Springfield CSD contacted ODE and is receiving technical assistance.**

The District has recently opened new school buildings and changed building boundaries. It has also reduced transportation service levels and non-renewed its transportation supervisor's contract. These changes, along with planned changes in educational programs resulting from the District's fiscal status create both a challenge and an opportunity in improving the efficiency of the District's transportation services. The challenge is to plan routes for the new school year given all the changes taking place in the District and to do so in the most cost effective manner possible.

Planned changes present an opportunity to more efficiently route buses and significantly reduce transportation costs. In FY 2003-04 Springfield CSD used more buses to transport fewer students than two out of the three peer districts (see **Table 5.3**). This resulted in the District having a higher total cost per student than any of the peers and a higher cost per mile than two out of the three peer districts. Even after the District reduced to minimum service levels in February of 2005, both its regular students per bus and its special needs students per bus were far below the peer averages.

If the District avails itself of ODE's assistance in rerouting its transportation services and increasing its efficiency, it could realize significant savings. For each regular bus that is taken off the road, the District could realize annual savings of about \$28,000. The District based its financial recovery plan savings on a reduction of 28 bus routes by reducing service levels to minimum standards. However, when the District reduced service in February of 2005, only 20 bus routes were eliminated. To reach the targeted savings to which the District committed in its recovery plan, Springfield CSD needs to reduce eight additional buses. A reduction of eight additional regular education buses

would increase the number of students per bus in to 93.5 which is in line with the peer average of 94.8.

*Financial Implications:* A reduction of eight additional buses would result in a cost savings of \$224,000. This savings has already been reported but not realized as a part of Springfield CSD's anticipated savings created by the reduction to minimum standards.

### *Special Needs Transportation*

#### **R5.E Springfield CSD should increase its use of other means of providing transportation to students with special needs such as taxis, parent/guardian contracts, small passenger vans and private contractors.**

Springfield CSD transports all special needs students on district owned yellow buses. In FY 2003-04 Springfield used 15.4 buses to transport 249 special needs students (16 students per bus). Newark CSD transported a similar number of students (245) but used only 7 buses for an average of 35 students per bus. Reductions to minimum standards did not affect special need routes. In FY 2004-05 the District used about 16 buses to transport 258 special needs students for an average of 16.3 special needs students per bus. The peer average number of special needs students per bus is about 36.

As shown in **Table 5-3**, Springfield CSD special needs transportation cost per mile and cost per student were higher than the average of the peer districts. In FY 2003-04, Hamilton CSD and the Newark CSD transported the same or more special needs students at a substantially lower cost. Springfield CSD had higher special needs transportation costs compared to the peer districts because it has fewer students on each bus and, as a result, used more buses and employees than the peers to fulfill this function.

Where possible, the District should transport special needs students on the same bus as regular students, even if door-to-door service is required by the IEP. However, putting special needs students on regular bus routes may mean putting an aide on the bus which will add to the cost of the regular bus route. When it becomes inefficient and costly for a yellow bus to transport a special needs student, other more efficient means of transportation should be pursued.

Springfield CSD does not establish parent/guardian contracts with special needs students' parents to provide transportation, nor does it use taxis or private contractors. In contrast, Barberton CSD has eight contracts with parent/guardians to provide transportation for its special needs children and Hamilton CSD transports 28 special need students via private or other vehicles. While parents cannot be required to provide transportation, Springfield CSD can promote the use of parent/guardian contracts with the goal of decreasing the total number of special needs routes necessary.

If Springfield CSD were able to increase its special needs ridership per bus to the peer average of 36.1, it could eliminate about eight special needs buses from its routes. This would increase the number of students per special needs bus to 32.2 and result in a cost savings of about \$404,000 per year.

*Financial Implications:* Because all special needs buses in Springfield CSD have a bus aide, the average cost is \$50,500 per bus. Using this cost for special needs buses, Springfield CSD could realize a savings of \$404,000 if it increased its per-bus ridership for special needs to the peer average through the elimination of eight buses from its special needs routes.

**R5.F The Transportation Department should work with District administrators to develop practical policies and procedures for special needs transportation. Such policies and procedures should ensure that, before a commitment to door-to-door transportation is made through an Individual Education Plan (IEP), transportation options and cost estimates are discussed with the Transportation Department and student’s parents. Training on transportation requirements, policies, procedures, and costs should be provided to staff involved in the IEP conferences and, whenever possible, input from the Transportation Department should be considered in the IEP process.**

According to the Transportation Supervisor, the Transportation Department is not involved in the IEP process. As a result, the Transportation Department has no input regarding the processes or costs related to special needs transportation. Ohio Administrative Code (OAC) § 3301-51-10 (C) (2) states that “School district transportation personnel shall be consulted in the preparation of the individualized education program when transportation is required as a related service and when the child’s needs are such that information to ensure the safe transportation and wellbeing of the child is necessary to provide such transportation.”

Staff involved in the IEP conferences should be aware of the transportation options available to special needs students and be knowledgeable about the cost of each option. Greater collaboration between the Transportation Department and IEP coordinators could increase the efficiency of the Department’s special needs transportation operations.

### *Personnel*

**R5.G The Springfield CSD should attempt to negotiate a contract with its Transportation Department collative bargaining unit that is more in line with other school districts. Changes in the negotiated agreement to levels more similar to the peer districts would enhance Springfield CSD’s ability to provide more cost-effective transportation to its students.**

Staff members in the Transportation Department are represented by the Springfield Educational United Support Staff (SEUSS). There are several items in the current negotiated agreement that increase the District's transportation costs and hinder management's ability to efficiently provide services. Similar issues in a past contract were reported in the 1998 Performance Audit. The following contract items are in excess of negotiated items in similar districts and add to the District's transportation costs.

**Drivers and aides are guaranteed a minimum of five hours pay each day.** For comparison, Barberton CSD drivers are guaranteed three and one half hours and Hamilton CSD drivers are guaranteed two hours pay each day. The drivers in Newark CSD are not guaranteed any minimum number of hours, however all drivers work more than five hours. Sixteen of the thirty-three bus drivers work less than the five hours guaranteed by their collective bargaining agreement. If the Springfield CSD could negotiate the minimum guarantee down to four hours, the District would save about \$39,000 annually in salaries and benefits.

If the District cannot negotiate a lower minimum guarantee, it should explore ways to increase the driving time on routes by rearranging bell schedules; consolidating bus stops; and routing more efficiently in an attempt to combine routes so that the total number of buses and drivers can be reduced.

**The contract allows senior drivers to pick routes in a way that routinely guarantees them overtime.** The District should negotiate a route selection process that prevents drivers from getting routine overtime which is costly to the district. Five drivers currently receive overtime pay for running their regular assigned routes. If the District could prevent drivers from picking routes that guarantee them overtime hours, it would save approximately \$31,000 a year in salaries and benefits based on estimated overtime costs for FY 2004-05.

- **Drivers and aids are guaranteed a minimum of two hours for mid-day routes.** Since 1998, the District has decreased the number of mid-day routes from 20 to 8, mostly by having all kindergarten classes go to full-day sessions. The Transportation Supervisor estimates that actual driving time is between one and one and one-half hours for mid-day routes. The most cost effective way to provide mid-day transportation service is to pay drivers and aides for the actual time of the route.

In the Springfield CSD, mid-day routes typically use a driver and an aide because there are special needs students on the bus. If drivers and aides were paid only for the 1.5 hours of actual driving time on a mid-day route, annual savings in salaries and benefits would be \$24,000 based on eight mid-day routes.

**Drivers are paid for one hour of non-driving time each day to inspect buses at the beginning and end of the route.** Both the Hamilton CSD and the Newark CSD allow half an hour for non-driving “safety checks”. Barberton CSD drivers are paid for the actual time they work and are not guaranteed any additional time for specifically inspecting their buses. If the District could negotiate non-driving down to half an hour, which is in line with peer districts and industry practice, annual savings would be approximately \$53,000 in salaries and benefits based on the 33 drivers used at the end of FY 2004-05.

- **The current contract requires a bus aide be assigned if a child with a wheelchair rides the bus.** Rather than having the employee contract dictate when bus aides are necessary, the Springfield CSD Board of Education should develop policies for when a bus aide is required to be assigned to a bus route and attempt to negotiate more flexibility in assigning aides to routes.

*Financial Implications:* Through renegotiation of contractual items, Springfield CSD could potentially save a total of \$147,000 by reducing the minimum guaranteed number of hours to 4 (\$39,000), preventing drivers from picking routes that guarantee them overtime hours (\$31,000), paying only for the 1.5 hours of actual driving time on a mid-day route (\$24,000), and negotiating non-driving time to half an hour (\$53,000).



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## Implementation Status of 1998 Audit Recommendations

### *Policy*

- R5.1 The District should conduct a thorough study of the current policy to determine if it is meeting the objectives of the District and serving the student population as intended.**

#### *District's 1998 Economy & Efficiency Plan Response*

The Springfield CSD Board of Education should retain the services of a consultant to conduct a thorough study of the student transportation policy as it pertains to both regular education and special education students. Input should be garnered from students, parents, and building principals and other program managers. Consideration should be given to the Springfield CSD's OCR Voluntary Transfer Policy. Additional consideration will need to be given to the recommendations of the District-Wide Facility Study as buildings may be closed, built, etc., as this will have a substantial impact on the transportation of students. Procedures should be formalized and applied uniformly across the entire District. This study may have to be completed in phases due to the length of time the District-Wide Facility Study will require. The transportation study should take 6 to 12 months to complete once the board approves a consultant.

#### Implementation Status

AOS found no evidence that the transportation study mentioned in the Economy and Efficiency Plan was ever conducted. The Transportation Supervisor, Treasurer, and Superintendent all stated that they were not aware of any such study.

#### Conclusion

Springfield CSD *did not implement* this recommendation. Because of the District's financial situation and the fact that service has already been reduced to minimum standards, a study is not recommended at this time. **See R5.A.**

- R5.2 The District should formalize the procedures it uses to determine transportation policy exceptions to ensure all decisions are uniformly and fairly applied for all students. A substantial number of students who are transported daily, are due to hazardous areas.**

*District's 1998 Economy & Efficiency Plan Response*

Refer to response in **R5.1**.

Implementation Status

The District does not have formal policies or procedures to address safety hazards and exceptions.

Conclusion

Springfield CSD *did not implement* this recommendation. The lack of formal policies and procedures can result in exceptions not being granted in a consistent manner across the district. AOS continues to recommend that the District develop formal policies and procedures for granting exceptions to its transportation policy (see **R5.A**).

**R5.3 The Transportation Department should comply with the District's transportation policy regarding the transportation of intra-district open enrollment students.***District's 1998 Economy & Efficiency Plan Response*

The possibility of eliminating the Springfield CSD's OCR Voluntary Transfer Policy will require evaluation by the District's attorney to determine the legal liability of discontinuing this policy. Maintaining and eliminating this policy would be a facet to be reviewed as part of the transportation study. (See response **R5.1**) The Board of Education would need to approve a resolution to this effect. They may choose not to endorse this cost-cutting measure.

Implementation Status

Voluntary transfers were discontinued in February 2005 when the District reduced to the State minimum standards which means these students must now provide their own transportation to their school of choice. Prior to implementing minimum standards, students were picked up at a neighborhood bus stop and taken to their school of choice despite the board's official policy that it would not transport these students. This practice caused additional bus routes to be established. The District estimates that five bus routes were eliminated when it discontinued this practice. For further discussion, see the District's financial recovery plan in the **financial systems** section.

Conclusion

Springfield CSD *did not implement* this recommendation. The district continued to transport voluntary transfer students until February 2005. See **R5.B**.

- R5.4 The District needs to investigate the possibility of including all schools in the staff development program or rearranging the bell schedules to accommodate efficient transportation of all students.**

District's 1998 Economy & Efficiency Plan Response

The consultant analyzing the transportation policy and system will review this information and make recommendations as appropriate. (See response to **R5.1**.) The study will further study the staggering of beginning/ending times for elementary, middle, and high schools. Half-day kindergarten routes were decreased for the 1998-99 school year due to the creation of all-day kindergarten programs in five elementary buildings. The balance of these routes will be eliminated as soon as the remaining five buildings can accommodate all-day kindergarten. The rest is simply the cost of doing business.

Implementation Status

See implementation status for **R5.1**. According to the transportation supervisor, bell times have not been changed. However, the middle schools now have early dismissal on Wednesdays like the rest of the District's school buildings which has reduced the need for mid-day routes. In addition, all-day kindergarten programs are now in all elementary buildings which further reduced the need for mid-day routes due to early dismissal times.

Conclusion

Even though the District did not conduct a transportation study, it *fully implemented* this recommendation by including all schools in the professional development program.

- R5.5 The District should encourage the use of the payment in lieu of transportation among the non-public and special needs students they are currently transporting. .**

District's 1998 Economy & Efficiency Plan Response

This will need to be part of the transportation study referred to in the response to **R5.1**.

Implementation Status

See implementation status in **R5.1**. The District does not use payments in lieu of transportation.

Conclusion

Springfield CSD *did not implement* this recommendation. The OAC allows school districts to offer payments in lieu of transportation to parents of non-public and community school students “where it is impractical to transport a pupil by school conveyance” Of the peer districts, only Barberton appears to use payments in lieu of transportation. In FY 2004-05, Barberton CSD made 36 payments in lieu of transportation whereas Hamilton CSD made 6 and Newark CSD made no payments in lieu of transportation. The District should determine if a few payments in lieu of transportation arrangements can eliminate or significantly shorten one or more of its non-public bus routes (see **R5.F**).

*State Funding*

- R5.6 The District needs to establish procedures to adequately gather, report and review information required on state reports to ensure they receive the maximum reimbursement for which they are entitled and to avoid potential liability resulting from being excessively reimbursed.**

District’s 1998 Economy & Efficiency Plan Response

The Supervisor of Transportation has instituted a method of counting students on buses the 1<sup>st</sup> full week in October. The T-1 report will reflect this change.

Implementation Status

The District’s T-1 reports now show the number of students living less than one mile from their assigned school. The District should be getting the full reimbursement for which it is entitled.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R5.7 Because... [reimbursements for transporting students with special needs] is independent of the reimbursement for the regular transportation program, it is in**

**the District's best interest to maximize the costs reported on the T-11(B), including mechanics labor costs and a pro-rated share of administration costs.**

District's 1998 Economy & Efficiency Plan Response

T-11(B) report filed for the 1998-99 school year will reflect the recommended changes.

Implementation Status

The T-2 report now includes the information previously reported on the T-11 B report. The District is now splitting the cost of mechanic and administrative personnel between regular and special needs transportation costs on its T-2 report.

Conclusion

Springfield CSD *fully implemented* this recommendation.

*General Operations*

**R5.8 The District needs to examine the special needs program and determine if alternatives to the current situation exist.**

District's 1998 Economy & Efficiency Plan Response

The Student Services Department needs to consult with Transportation to determine the most efficient method of transporting the special education students to/from their programs. However, Transportation does not need to be involved in the IEP process.

The Springfield CSD uses a variety of buses to meet the needs across the entire district. The buses are rotated each year to provide reasonably equal wear from one year to another. The size of the buses that transport special education students have been increased to accommodate the increase in special education ridership. These special needs buses are outfitted to provide for the most flexibility to meet the varying needs of this student population. This is another example of the reasonable cost of doing business.

The consultant discussed as part of the District-Wide Transportation Study noted in the response to **R5.1** can also examine privatizing the transportation of special education students versus the Springfield CSD continuing this service. The consultant will examine the Teamster Local #284 Contract language as well as the interest and cost savings by contract service companies.

Implementation Status

See implementation status for **R5.1**. Special needs student transportation costs continue to be higher than any of the peer districts and transportation personnel are not involved in the IEP process.

Conclusion

Springfield CSD *did not implement* this recommendation. See **R5.E** and **R5.F** for suggestions for improving the efficiency and reducing the cost of special needs transportation.

*Bus Fleet & Maintenance*

**R5.9** See 1998 Performance Audit Recommendations No Longer Relevant.

**R5.10** See 1998 Performance Audit Recommendations No Longer Relevant.

**R5.11** **The... [fuel card] printouts should be monitored by personnel to determine if the buses are operating with the proper range of fuel efficiency.**

District's 1998 Economy & Efficiency Plan Response

The diesel buses presently obtain 8 mpg or better. This is well within the efficiency range for these vehicles. The number of miles on the odometer and the requirements of the manufacture determine preventative maintenance. Bus drivers submit written repair reports to the mechanics for interim repair work.

Implementation Status

The District uses mileage and bus driver comments to determine when maintenance is required.

Conclusion

Springfield CSD *did not implement* this recommendation. In FY 2003-04, Springfield CSD maintenance and repair costs per active bus were lower than all of the peer districts. However, the District's fuel costs were \$.04/mile higher than the peer average. Therefore, the District should use the fuel card system to monitor fuel efficiency.

*Personnel*

**R5.12 Several Springfield Educational United Support Staff contract issues, noted below, should be addressed during the next negotiation session.**

- **Springfield CSD is currently paying each driver one hour per day to complete all non-driving duties (safety check, cleaning of bus, etc.).**
- **By re-evaluating the criteria used to select drivers for extra trips, the District may be able to reduce the amount of overtime paid to bus drivers.**
- **The District should attempt to pay the actual time of the route, or the amount of guaranteed paid hours should be brought in line with the average actual time.**

*District's 1998 Economy & Efficiency Plan Response*

Pre-route/trip bus checks: The Springfield CSD spent considerable time and energy trying to reduce this time limit during the recent Teamster Local #284 negotiations. The Springfield CSD was not successful. This will be a subject in the next contract negotiations.

Field trip selection: The Springfield CSD was successful in negotiating full rotation for field trip selection during the recent classified contract negotiations. There is a new provision for "emergency trips." "Emergency trips" are defined as those trips received within three days or less of the time these trips are scheduled to run. Emergency trips will be selected on a daily rotation basis. Principals and program managers will be advised as to the economics involved in planning for field trips.

Pay for mid-day routes: As discussed earlier, mid-day routes will soon disappear when all-day kindergarten is established at all elementary schools. In the meantime, the "dead times" in these trips are being used to transport students to the land lab and other curricular programs, so the efficiency of the operations is being increased.

*Implementation Status*

Contract provisions continue to limit the District's ability to manage transportation costs. Mid-day trips have been reduced but not eliminated and drivers are still guaranteed two hours for a mid-day trip. Drivers also continue to get one hour for pre-route bus checks when drivers in peer districts get half an hour. In addition, drivers are guaranteed payment for a minimum of five hours even when many actually work fewer hours per day.

Conclusion

Springfield CSD *partially implemented* this recommendation. See recommendations in **R5.G** for suggestions regarding the current contract and future negotiations.

**R5.13** District-wide absenteeism is addressed in the *human resource* section of this report.

**R5.14** **Because the Department is finding it hard to retain substitute drivers, it should consider requiring an employment contract with a person prior to providing training.**

District's 1998 Economy & Efficiency Plan Response

The Transportation Department works with the Department of Human Resources to secure personnel for all positions. At present, Springfield CSD pays for the first CDL permit test for first-time potential/new employees. Most of these people do not have the \$50 fee for this test. This is a one-time option. Any and all fees for re-testing are the responsibility of the applicant. Also, the hourly wage rate for substitute bus drivers was substantially increased to encourage people to fill this position. Transportation has also discussed with HR the possibility of reimbursing the applicant for other fees if the applicant becomes and remains an employee of Springfield CSD for a period of six to nine months. Springfield CSD will continue to explore ways to maintain a cadre of licensed bus drivers and substitute bus drivers.

Implementation Status

Springfield CSD has continued to pay for training, background checks, physicals and drug tests for substitute bus drivers. The transportation supervisor estimated that the District spends at least \$600 per substitute driver. Because of recent reductions in staff, the District is not using substitute drivers at the time of reporting. Instead, it calls people from the list of employees that were laid-off when a substitute driver is needed.

Conclusion

Springfield CSD *did not implement* this recommendation. Eventually, the District is likely to need permanent substitute drivers again, particularly if it does not address the high absenteeism among bus drivers. Springfield CSD should consider having substitute drivers and newly hired drivers sign an employment contract to protect its investment of time and money. For example, substitute drivers should agree to work for the District for a minimum of six months. If a driver leaves the District prior to meeting the six month commitment, they should be required to reimburse the District for training costs.



**R5.15** See 1998 Performance Audit Recommendations No Longer Relevant.

### *Extra Runs*

**R5.16** The Transportation Department should monitor costs associated with extra trips and assess the reasonableness of the rate charged on a timely basis (at least annually).

#### District's 1998 Economy & Efficiency Plan Response

Cost increases for transportation services will be phased in over a four-year period of time commencing with the 1998-99 school year. The phasing is necessary because budgets for FY 1998-99 have already been appropriated by the Board of Education and the size of the total increase (if implemented at one time – 50 percent) is so large that none of the budgets can absorb the increased cost and continue to function. The full cost for these services will be implemented beginning with the 2001-02 school year.

#### Implementation Status

The District charges .60 per mile plus the driver's salary. While there were rate increases, the District still does not routinely monitor the costs associated with extra trips. According to the Transportation Supervisor the rates haven't been updated in 4 or 5 years. The Transportation Supervisor believes the cost structure is too low and needs to be updated, especially given the increases in fuel prices.

#### Conclusion

Springfield CSD *partially implemented* this recommendation. The District should review the costs associated with extra trips annually and adjust the rates charged for extra trips when the District's costs change.

**R5.17** To ensure management has adequate information regarding the expenditures associated with extra runs, the District should account for the financial activity of the extra runs separately from the normal operations of the Transportation Department within the general fund ledger.

#### District's 1998 Economy & Efficiency Plan Response

This proposal is being explored by Treasurer's Office. It will be implanted if the problems with the software and budget/appropriation process can be resolved. Otherwise the Transportation Department will have to explore other methods to try to accomplish this request.

Implementation Status

The District does not account for the cost of extra trips separately in the general ledger. The District charges costs to other funds and outside agencies but not to departments within the General Fund. The Assistant Treasurer gave departments a spreadsheet that showed the cost of extra trips they made but it is outside of the accounting system. While this system does give the various buildings and programs information regarding the cost of extra trips, the buildings and programs do not have budgeted amounts for these extra trips.

Conclusion

Springfield CSD *partially implemented* this recommendation. Buildings and programs that routinely request extra trips should have a line item budget for transportation costs. At the same time budgets are established for buildings and programs, the Transportation Department's budget should be reduced so as to not double count the expenditures related to extra trips in the District's budget. The budgeted amount should be increased or decreased annually based upon building and program needs, the District's financial situation, and the actual cost of the extra trips.

**R5.18 The District should require a representative from the group/activity, for which extra trip transportation services are provided, to attest to the hours and miles the driver claims.**

District's 1998 Economy & Efficiency Plan Response

The field trip form is being revised to provide for signature by the trip advisor attesting to the mileage, time of the trip, number of hours, etc. The Transportation Department will then check this information with time cards submitted and verify the trip information for billing.

Implementation Status

The drivers put in their starting time and miles and their ending time and miles on the field trip form. The Transportation Supervisor said the Transportation Department looks at the reasonableness of the hours and miles and could check with the coach or advisor but there is no sign-off by the trip advisor or coach.

Conclusion

Springfield CSD *partially implemented* this recommendation. Rather than leaving it up to the Transportation Department to determine the reasonableness of the hours submitted, a

representative from the building or program should initial the trip form at the completion of each extra trip.

### *Technology*

**R5.19** The optimization features [in the District’s transportation software] could enable... [the] District to develop as efficient a system of bus routes and schedules as possible within the guidelines of existing transportation policies. Optimization features also enable districts to develop different routes and schedules based upon various scenarios to determine the affects of policy or boundary changes. The District should investigate the potential benefits these features would provide.

#### District’s 1998 Economy & Efficiency Plan Response

The Transportation Department will purchase, load and utilize this software to see if savings can be obtained in conjunction with the variety of school times and programs that serve children in numerous ways.

#### Implementation Status

The Transportation Department has purchased the optimization feature but uses it to manually route buses. According to the Transportation Supervisor, routes are updated constantly because students move in and out of the district. The Transportation Supervisor and all three Transportation Department secretaries are trained to use the software.

#### Conclusion

Springfield CSD *partially implemented* this recommendation. Because key operational statistics and cost ratios indicate opportunities to improve the efficiency of the Transportation Department (see **Table 5.3**), the District should use the routing optimization software to initially route buses then rely on the experience and knowledge of District employees and the expertise of the State’s Pupil Transportation Office to adjust and combine routes to maximize efficiency and reduce costs (see **R5.D**). Using the routing optimization software is even more important for Springfield CSD because of the opening of new buildings and the recent personnel changes in the Transportation Department.

**R5.20** Springfield CSD *fully implemented* this recommendation. See *Transportation Technology Related Recommendations* in the **technology** section of this report.

## Financial Implications Summary

The following table summarizes the Performance Audit recommendations that contain financial implications.

**Financial Implications Table**

Recommendations		Estimated Cost Savings (Annual)
<b>R5.D</b>	Reduce bus fleet by 8 buses (\$224,000 already claimed in cost savings)	\$0
<b>R5.E</b>	Reduce eight special need routes.	\$404,000
<b>R5.G</b>	Reduce guaranteed hours from five to four.	\$39,000
<b>R5.G</b>	Eliminate routine overtime pay.	\$31,000
<b>R5.G</b>	Eliminate two hour guarantee for mid-day routes.	\$24,000
<b>R5.G</b>	Reduce time paid for “non-driving time” to half an hour.	\$53,000
<b>Total</b>		<b>\$551,000</b>

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# Technology

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## Background

This section focuses on the Technology Department functions within the Springfield City School District (Springfield CSD or the District). The scope includes assessments of organization and staffing; data processing planning and management; technical architecture; instructional technology; technical training; and educational management information systems.

### *Staffing*

The technology duties, both technical support and instructional technology, at Springfield CSD are managed through the Technology Department. The Director of Technology (1 FTE) is responsible for planning, organizing, and controlling the overall activities of electronic data processing, including systems analysis, programming, and computer operation activities as related to the district's business operations and pupil information activities. The HR Data Specialist (1 FTE) monitors and maintains all personnel information in the personnel database and Education Management Information Systems (EMIS) databases. The Data Processing/EMIS Data Specialist (1 FTE) works with District departments, the Data Acquisition Site (DAS), and the Ohio Department of Education to ensure accurate collection of student information. The Data Processing Department Computer Applications Staff Development and User Support Facilitator (1 FTE) helps coordinate computer-assisted management/administration services to all staff, including District-wide in-service programs.

The District also has 3 FTE PC Technician/Network employees, responsible for the support of elementary hardware/software needs, as well as district-wide database and network issues. Each of the seven secondary schools also has a PC Technician (7.0 FTEs). These positions are responsible for providing assistance in the computer labs and support for hardware and software. When Franklin Middle School closes in FY 2005-06, the Technology Director would like to redeploy one of these positions to manage telephone services run through District computer networks.

### *Implementation Status*

An assessment of the 1998 Performance Audit recommendations revealed the following:

- Springfield City School District has fully or partially implemented 28 (80 percent) of the 35 pertinent, technology-oriented recommendations from the 1998 Performance Audit in the Technology Systems, Human Resources and Financial Systems sections.

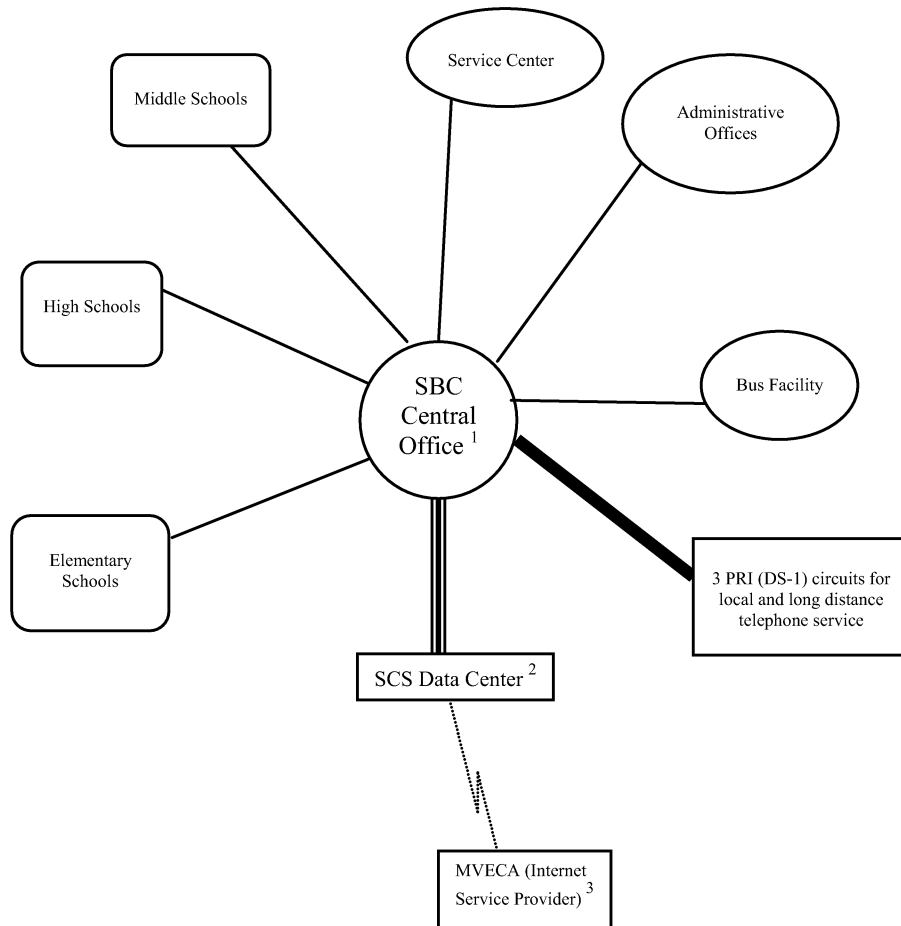
- Four of the original recommendations (11.4 percent) are no longer applicable (see *Recommendations No Longer Relevant to the District*).
- Three prior recommendations (8.6 percent) were not implemented, and the recommendations were re-issued. During the course of this audit, Springfield CSD implemented the three prior audit recommendations related to centralized decision-making regarding technology issues.

### *Changes from the Prior Audit in the Condition of District*

There have been two key changes in the condition of the District since the 1998 audit. When the prior audit was conducted, Year 2000 (Y2K) compliance for technology systems was a key issue. Springfield CSD implemented corrective action and was not adversely impacted with the date change. The second major change in the condition of the District has been the establishment of a Wide Area Network in conjunction with the system-wide construction project. **Chart 6-1** illustrates the District's Wide Area Network (WAN).



**Chart 6-1: Springfield CSD Network Diagram <sup>4</sup>**



**Source:** SCSD Technology Department

<sup>1</sup> WAN/Intranet connections single/multiple DS-1's, DS-1 lines can transmit rates of 1.5 million bits per second

<sup>2</sup> Connectivity from SBC Central Office to SCS Data Center – DS-3 Circuit, DS-3 lines can transmit rates of 44.7 million bits per second.

<sup>3</sup> Connectivity to MVECA/ISP – 6 DS-1's

<sup>4</sup> The WAN services 5 middle schools, 10 elementary schools, 2 high schools, and non-school buildings. Chart depicts structure prior to District's decision to move administrative offices to the South High School.

**Chart 6-1** is a conceptual diagram of the Springfield CSD WAN at the time of the completion of Ohio School Facilities Commission project. Each building in the District will have a dedicated circuit to the District's Data Center. Each elementary, middle, and high school, along with the District's bus facility, administrative office, and service center will be connected by DS-1 lines to the SBC Central Office, which supplies the District with its data communication systems. Miami Valley Educational Computer Association (MVECA) is the Internet service provider and EMIS processor for the District.

*Key Statistics*

**Table 6-2** illustrates key components of technology equipment located within the District.

**Table 6-2: Springfield CSD Technology Equipment, FY 2003-04**

Instructional Workstations	Administrative Workstations	Servers	Total Printers	Networked Printers
3,784	370	68	958	123

**Source:** Springfield CSD Technology Department Printer, Server, and Computer Inventory

The District maintains servers in each of its high schools, middle schools, and elementary schools. It is considering server centralization as part of a long-term plan to convert the District to a fiber-optic structure, although funding for the project is not currently available. The District has a total of 4,154 instructional and administrative workstations. It also has 958 printers, of which 123 are listed on the network for printing from multiple ports.

*Network Users*

**Table 6-3** illustrates the number of users of the Springfield CSD computer network.

**Table 6-3: Springfield CSD Network Users**

	Users	Computers	User to Computer Ratio
<b>Students</b>	9,337	3,784	2.47
<b>Staff/Teachers</b>	824	370	2.23
<b>Total</b>	10,161	4,154	2.45

**Source:** Springfield CSD Computer Inventory, 2004 BETA Report, EMIS Report

The District has a total of 10,161 users accessing the network, including all students and instructional, administrative and some support staff. There is an overall student to computer ratio of 2.47 and a staff/teacher user to computer ratio of 2.23.

*Financial Data*

**Table 6-4** illustrates recent technology expenditures and the FY 2004-05 technology budget at Springfield CSD.

**Table 6-4: Technology Expenditures FY 2002-03, 2003-04, and 2004-05**

Category	FY 2002-03	FY2003-04	Percent Change	FY2004-05	Percent Change
Salaries/Benefits	\$499,243	\$520,347	4.23%	\$526,066	1.10%
Purchased Services	\$139,698	\$181,859	30.18%	\$39,269	(78.41%)
Supplies/Materials	\$60,835	\$57,557	(5.39%)	\$32,281	(43.91%)
Capital Outlay	\$268,709	\$219,161	(18.44%)	\$89,481	(59.17%)
<b>Total</b>	<b>\$968,485</b>	<b>\$978,924</b>	<b>1.08%</b>	<b>\$687,097</b>	<b>(29.81%)</b>

Source: Springfield CSD Fund Appropriation Reports 2003, 2004, and 2005

Funding sources for expenditures shown in **Table 6-4** include state grants received via the Ohio SchoolNet Commission, Tech Equity, General Fund and federal Title II grants. **Table 6-4** also includes Title II-D funding in the amount of \$87,833 in FY 2003-04 and \$91,494 in FY 2004-05 which is not controlled within the Technology Department. The major reasons for the expenditure variances include:

- **Purchased Services (71.89 percent cumulative decrease).** In FY 2003-04 the District made several one-time purchases, including engineering services related to two new buildings outside of the scope of bond-related expenditures. Springfield CSD also encumbered \$62,735 in expenses during FY 2004-05 that will be reflected as payments in FY 2005-06.
- **Supplies/Materials (46.94 percent cumulative decrease).** These costs have declined due budgetary constraints. Springfield CSD also substantially reduced ink costs by producing report cards and interim reports on laser printers rather than continuous form-feed printers.
- **Capital Outlay (66.70 percent cumulative decrease).** These expenditures have declined due to a decrease in the availability of funds from SchoolNet grants.

### *Noteworthy Accomplishments*

Springfield CSD has implemented certain high-performance practices within its technology operations, including:

- **Portable Training Lab:** Springfield CSD has a portable wireless laptop lab that can be transported from building to building for training. The District conducts teacher in-services for basic technical instruction and other issues.
- **Help Desk Function/Tracking System:** The District maintains a repair log database system through the Internet. Technical problems are submitted into the system and pending jobs are tracked on a priority basis. The database has the capability to sort each problem by building or individual computer.

- **Technical Certification:** On August 26, 2002, Springfield CSD entered into an agreement to offer grade/step increases for certification to motivate the professional development of technical staff. The agreement provides PC/Network Support Technicians increased compensation for completing SchoolNet Annual retraining and acquiring various certifications. Because of increased staff certification levels, Springfield CSD Technology Department staff are able to service all Windows 2000 servers and routers.
- **Internet Protocol (IP) Telephony/Voice Over Internet Protocol (VOIP):** The District is transferring phone services to IP telephony so that all intra-district calls can go through the network. This will save the District money by allowing building to building calls without incurring charges from the telephone company. According to the Director of Technology, switching to IP telephony will save the District approximately \$30,000 to \$35,000 in annual Centrex charges.

#### *Assessments Not Yielding Recommendations*

- **Overall Hardware Allocation:** The overall ratio of students per computer (2.47) is well within the Ohio SchoolNet general goal of one computer for every five students in grades K-12. Allocations for the peer districts averaged 3.52 students per workstation, or 1.05 more than Springfield CSD.
- **Professional Development/Teacher Technical Training:** The District maintains adequate teacher technical training compared to its peers. According to the surveys of teachers by the Ohio SchoolNet Commission, 25 percent of Springfield teachers have taken between five to fifteen hours of technical training compared to a 26 percent peer average. In addition, 73 percent of Springfield CSD teachers reported having some form of technology training in the past year.
- **Security Procedures:** The District uses antivirus software which automatically checks for daily updates. All incoming e-mail is scanned by MVECA and the District uses Cisco VPN solutions, which allows teachers to work from home on a secure port on sensitive issues such as grades and attendance.
- **Staffing Assignment Methodology:** Staffing is assigned by the Data Processing Department Computer Applications Staff Development and User Support Facilitator based on urgency, priority, the nature of the problem, and the technician's qualifications to solve the problem in question. Currently every technician has a cell phone equipped with a two way radio system so that if assistance is needed or if a technician needs additional technical support or answers, another technician can quickly respond.

- **New Computer Deployment/Warranties:** The Technology Department is able to load all software in house. They also obtain three-year warranties with new computer purchases from SchoolNet funds.
- **Server Consolidation:** The District currently has 68 servers with each elementary school, middle school and high school having at least one in each building. At this time, the District is unable to consolidate servers due to its financial condition and constraints on bandwidth resulting from the lack of a gig-fiber network.
- **Remote Management:** The District currently uses remote computer management for Windows to solve some of its technical solutions. It is currently in the process of looking for WAN remote access technology for the Mac computers, but wants to test the product before full implementation.

### *Issues for Further Study*

- **Printing:** The District should study the costs and benefits of investing in multipurpose printers; which print, copy, fax, and scan, as it phases out existing printers. Even though using multipurpose printers might represent a greater up-front purchasing cost, it could possibly provide long-term savings as one product performs multiple functions. The District could then discontinue the practice of buying and maintaining separate printers, faxes, copiers, and scanners.
- **Staffing:** With the consolidation of buildings and declining enrollment, there may be future opportunities to reduce a technician position upon consolidation of the high schools in FY 2008-09. Prior to the consolidation, the District should evaluate their technology staffing levels and determine the required ratio of technicians to workstations, including expanding the practice of having technicians serve multiple schools. The close proximity of many new buildings increases the feasibility of this strategy.
- **Student Technical Help:** The District should consider a curricular program to train students in technical support. These students could support District technology in a peripheral manner as part of their instructional program. Springfield CSD should contact those districts listed in the Ohio SchoolNet Commission database that have effectively used students to augment professional technical staff.
- **Educational Foundation:** The District should consider creating an education foundation program to help fund its capital technology expenditures, which are completely grant-funded. In other districts, foundations raise money where voters repeatedly have turned down tax issues by tapping school supporters for tax-deductible donations.

*Recommendations No Longer Relevant to the District*

Recommendations made during the 1998 Springfield CSD performance audit which are no longer relevant include:

- **R6.10 - The District should remove mainframe maintenance activities from the Treasurer's Office once the software applications have been migrated to the IBM mainframe and the Hewlett Packard mainframe has been shut down and removed.** Since the District no longer uses this mainframe, the recommendation is no longer applicable
- **R6.13 - The District, in coordination with ACE Software, should immediately develop a plan for the migration of software applications and data on the Hewlett Packard mainframe to the IBM mainframe.** The migration in this section deals with Year 2000 compliance and is no longer applicable.
- **R6.15 - Given the fact that the Year 2000 is only two years away, the District should begin to prepare a plan outlining necessary action steps.** The past performance audit was conducted in 1998 when Year 2000 compliance issues were critical. This recommendation is no longer applicable.
- **R6.19 - The District should continue its efforts to secure a contractor in the near future to perform an assessment regarding wiring of the District's classrooms.** With the creation and transition to the new school buildings, this is no longer an issue. When the new schools were created, they were wired to accommodate the Wide Area Network.

## Recommendations

### *Hardware and Software*

- R6.A The District should create a standardized hardware and software purchasing policy. This policy should include a list of standardized/uniform hardware and software to avoid the costs of supporting multiple, disparate systems.**

Springfield CSD does not currently have a list of standardized hardware and software. While the Technology Department has attempted to ensure uniformity in hardware purchases, buildings and individual departments have independently purchased software applications. Now that there is a centralized decision making process for purchasing (see **R6.5**), the logical next step is to create a standard hardware and software purchasing policy.

According to *eSchool News Online*, schools that standardize computer systems can reduce technology support and computer training costs. When everyone is working with the same software, it increases productivity between users, simplifies licensing, and makes training easier. When a district uses one computer model, it pays less per unit, does not need to stock as many parts, and does not need to support a variety of models.

By not having a standard list of uniform hardware and software, Springfield CSD creates situations in which the Technology Department must spend time, effort, and manpower to implement and maintain technology with which it may not have experience. The District should create a standardized list of hardware and software outlining the specific products that are beneficial to the District, and that can be readily supported by the network structure. This will free up technicians' time because they will be working with approved products. Likewise, this policy will ensure that purchases are appropriate and functional for the District.

- R6.B The District should develop a logical repair versus replacement plan for computer workstations and technology equipment to help guide cost-effective support decisions. (Also see R4.31.)**

The District does not have a formal repair versus replacement policy for its workstations or technology equipment. The Technology Department assesses each computer repair work order on a case-by- case basis depending on various factors. For example, some computers that have issues yet are still operable are moved down to class levels that may not require as high a level of functionality, while others are broken down for spare parts. The District currently uses some computers that are up to nine years old.

*PC World* suggests that decisions about whether to repair or replace an out-of-warranty device often requires taking into account a number of different factors including the device's age, estimated repair costs, the price of a new replacement model, and the features offered in the newer version that the older model lacks.

Although the peers do not have a formalized strategy, Dublin CSD has developed a repair versus replacement strategy for computers and laser printers as illustrated in **Table 6-5**. This table allows Dublin CSD to make consistent, rationale decisions regarding its computer and printer repairs and replacements.

**Table 6-5: Dublin CSD Replacement vs. Repair Rationale**

Equipment Style	Computers		Printers	
<b>Rationale for repair</b>	Less than 4 years old and the repair cost is less than \$500	Older than 4 years and the repair cost is less than \$300	Less than 5 years old and the repair cost is less than \$300	Older than 5 years and the repair cost is less than \$200
<b>Rationale for replacement</b>	Less than 4 years old and the repair cost is greater than \$500	Older than 4 years and the repair cost is more than \$300	Less than 5 years old and the repair cost is greater than \$350	Older than 5 years and the repair cost is greater than \$200

Source: Dublin CSD

Without a repair versus replacement rationale, the Springfield CSD is at risk of spending more in support costs over time than it would to purchase a new system or piece of hardware, especially considering the District has no long-term replacement plan (See **R4.31**). By using a repair versus replacement rationale and long term replacement strategy, Springfield CSD can ensure that it optimizes the financial resources dedicated to technology and does not spend excessive resources on repairing antiquated technology. In addition to a repair or replace strategy, the District should use repair histories from the tracking database to provide additional guidance.

**R6.C The District should create guidelines for acceptable technology donations. Guidelines for acceptable technology donations will ensure the compatibility and usefulness of equipment donated to the District while minimizing additional support costs. Springfield CSD should also consider posting the guidelines on its website to advise potential donors and high tech businesses that are located within Springfield. Posting the guidelines would eliminate any confusion about what types of equipment the District will accept.**

The District's *public gift to the school* policy states that any person or organization desiring to give a gift or make a grant or bequest to the Board should contact the Superintendent, who will then submit the request to the Board. The policy does not stipulate any guidelines for acceptable donations, or specify what requirements the



donations must possess to be of use to the District. The District takes donations on a case by case basis based on usefulness, age, and performance.

According to *eSchool News Online*, key issues to consider when implementing a donation program include compatibility with the existing hardware and network, ability to run core instructional programs and Internet access at an acceptable speed. The District, through the Technology Department should review the policy every three months to make sure the technology needs and requirements continue to stay up to date and current.

Accepting equipment donations is a valuable tool for obtaining needed equipment in school districts with minimal funding. Therefore, it is essential to ensure that donated equipment meets the needs of students and teachers and does not result in any additional software or maintenance costs to the District. The District should develop guidelines for acceptable donations including the brands, models, and performance requirements needed for the technology donation to be beneficial. Such a policy could be especially valuable given high-tech businesses and operations that have recently located in Springfield.

## Implementation Status of 1998 Audit Recommendations

### *Data Processing Planning and Management*

- R6.1 Springfield CSD should develop a comprehensive long-term strategic technology plan that incorporates business operations, student information, and instructional systems.**

#### District's 1998 Economy and Efficiency Plan Response

With the addition of representatives from the District's business services offices and representatives from the community/business community, the committee will be in better position to develop a strategic technology plan that will incorporate business operations, student information, and instructional systems.

#### Implementation Status

On August 4, 2003, SchoolNet approved the technology plan submitted by Springfield CSD. The Technology Department is governed by its continuous improvement plan, its technology plan, and its EMIS reporting requirements. The District is planning to update its technology plan by July 1, 2006.

#### Conclusion

Springfield CSD *fully implemented* this recommendation.

- R6.2 The District should be proactive in acquiring additional funding to implement technology. Additional funding from sources such as grants, fundraisers, and donations can provide needed revenue to purchase computer hardware and software as well as obtain staff development.**

#### District's 1998 Economy and Efficiency Plan Response

The District, as of Spring, 1998, successfully completed the SchoolNet grant application that provides for data communications wiring installation in approximately 550 classroom locations throughout the district. The District has submitted an application for the current E-rate subsidy program and is still awaiting response from Schools and Libraries Corporation. The District will investigate and evaluate opportunities available through the SchoolNet sponsored Technical Training grant and will investigate additional grant opportunities available in the Catalogue of Federal Domestic Assistance.

Implementation Status

The District is receiving all basic state/federal technology grants, such as ONenet Ohio (connectivity), SchoolNet PD Grant (professional development), SchoolNet Plus (capital) and the federal Title II-D Grant (miscellaneous uses). In FY 2004-05, Springfield CSD received more funding from technology grants than its peers. It received \$57,000 from ONenet Ohio, \$6,750 from the SchoolNet PD Grant, and \$113,310 from federal Title II-D compared to a peer average \$43,000 from ONenet Ohio, \$5,010 from the SchoolNet PD Grant, and \$64,038 from Title II-D. Certain individual buildings also receive foundation grants related to technology.

The Springfield CSD Director of Technology applies for all state SchoolNet technology grants, but, historically, individual buildings have independently sought federal and private grants. However, in an effort to increase centralization of decision-making (see **R6.4**, **R6.5**, and **R6.8**), building principals have started to consult with the Director of Technology on grant issues.

Conclusion

Springfield CSD *partially implemented* this recommendation. However, the Director of Technology should continue to increase involvement in grant seeking by providing material input on the grant writing process and the expenditure of technology grant funds. By allowing the Director of Technology to have input on the use of grant funds, the District could ensure that the grant money is being spent on technology that meets the its needs and overall technology goals. It would also help to ensure that the purchases are compatible with the District's existing network and technology.

Due to various demands on the Director's time, it may not be feasible to completely assume all grant-seeking duties. However, continually increasing his involvement in the process should be a priority.

- R6.3 Concurrent with the development of the long-term strategic technology plan discussed in recommendation R6.1, the District should create a Technology Steering Committee. The Technology Steering Committee should be comprised of individuals from various functional areas within the District to ensure that representation cuts across the District.**

District's 1998 Economy and Efficiency Plan Response

The District's Technology Committee will, contingent upon approval of the initiative from the Superintendent and administration, during the course of the current year and beyond, increase membership to include representatives from the Treasurer's Office,

Purchasing Office, and community/business sectors in an effort to expand the committee's scope and focus to include both instructional and business services.

Implementation Status

The District created a Technology Planning Committee made up of key stakeholders that have responsibilities related to the development, evaluation, and revision of the District's Strategic Improvement Plan. The committee is comprised of the Director of Technology, Director of Curriculum, Director of Staff Development (vacant), and two certificated teachers. The committee does not meet on a regular basis, but rather, meets only when large technology issues arise. The Director of Technology meets with individual members of the committee when technology issues will effect their departments.

Conclusion

Springfield CSD *fully implemented* this recommendation. Although the committee does not meet on a regular basis, it is still in use and meets as needed to address pertinent technology issues.

- R6.4 The District should employ a centralized decision-making process regarding technology issues so that individual departments and buildings are not making decisions independently.**

District's 1998 Economy and Efficiency Plan Response

The District's Technology Committee, as it expands its membership to include representatives from instructional, business services, student information, and community/business sectors, will subsequently, pending approval of Superintendent and cabinet, begin an effort to develop the committee toward the goal of functioning as a district steering committee for the planning and implementation of technology throughout the district.

Implementation Status and Conclusion

Springfield CSD *fully implemented* this recommendation. See **R6.5**.

- R6.5 The District should centralize the procurement and subsequent management of computer hardware and software within the Technology Coordinator's Office. Centralization of these functions will enable the District to manage its technical resources and assets in an efficient manner. All purchase orders for computer hardware and software as well as technical training should be reviewed and approved by the Technology Coordinator's office.**

District's 1998 Economy and Efficiency Plan Response

The current staffing levels in the District's Data Processing Department are not sufficient to process all purchase orders related to technology and technical training. An alternative to this proposal would be to have the Technology Steering Committee establish a standards and specifications set of qualifications that would address specific hardware platforms and software applications.

Implementation Status

District buildings and departments have continued to purchase software without consulting the Director of Technology for advice or approval, occasionally leading to implementation problems. After discussions with the AOS on this issue, the District implemented a centralized decision-making process for technology purchases. Before any specific buildings or departments implement major technology-related changes, the Director of Technology should concur with or approve the proposed implementation or purchase. Springfield CSD also implemented a requirement that the Director approve all purchase requests for technology-related equipment and software.

Conclusion

Springfield CSD *fully implemented* this recommendation during the course of the 2005 performance audit. Centralizing technology decision-making allows the District to manage its technical resources and assets in a more efficient manner. This benefits Springfield CSD's PC technicians because they will not have to spend time trying to find ways to implement technology which is not approved. Similarly, the District will avoid unnecessary costs because it will not purchase software or equipment that is not compatible with the network.

**R6.6 The District should discontinue the allocation of non-technology-related employees' salaries and benefits to the 2968 activity code as planned.**District's 1998 Economy and Efficiency Plan Response

In February 1997, payroll began recoding salary/benefit allocations to reflect code changes. Other expense code corrections will be made as of July, 1999.

Implementation Status

The only employees who are being charged to the 2968 activity code are technology personnel, which include the Director of Technology, the H/R Data Specialist and the Data Processing/EMIS Data Specialist, and the South High EMIS coordinator.

Conclusion

Springfield CSD *fully implemented* this recommendation.

*Organization and Staffing*

- R6.7 Springfield CSD should create an additional position such as a network specialist or network administrator (to help with implementation of WAN and staff development). This position should also provide staff development to train District personnel on technical issues.**

District's 1998 Economy and Efficiency Plan Response

The District's Technology Director has communicated with both the District's Superintendent and Assistant Superintendent of Human Resources concerning the Technology Department's need for the services of a network administrator within the next six months.

Implementation Status

The implementation of the WAN has already taken place. The District technology staff consists of three PC/Network Technicians who are responsible for the local and wide area network computing environment.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R6.8 The Technology Coordinator should be involved with technology affecting business operations in addition to student information and instructional systems. Specifically, the Technology Coordinator should continue to report to the Superintendent but should work with various individuals throughout the District to implement technology pertaining to business operations, student information, and instructional systems.**

District's 1998 Economy and Efficiency Plan Response

The Technology Director has been directly involved in the planning, design, and implementation of technology related to business operations. The departments of the District's Treasurer and Executive Director of Business Services continually consult with the Technology Director about projects and decisions related to implementation of technology in their respective offices to ensure compatibility with existing systems

Implementation Status & Conclusion

Springfield CSD *fully implemented* this recommendation. (See R6.5.)

- R6.9 The District should transfer the PC Support Technician’s human resource/personnel functions to the Personnel Department. The PC Support Technician’s current responsibilities predominantly involve human resource/personnel activities that are not related to District technology management.**

District’s 1998 Economy and Efficiency Plan Response

The Data Processing Department would be unable, under current staffing conditions, to incur the additional responsibilities related to addressing EMIS-related staff/personnel reporting. The Department’s (student) Data Technician does not have the ability, under current workload conditions, to absorb and assume the additional responsibilities related to accomplishing Staff EMIS reporting responsibilities.

Implementation Status

The current job description for the PC Support Technicians have functions that are all technical/computer lab related. Their functions no longer include and human resource or personnel related responsibilities. EMIS data is being reported by building secretaries and the Technology Department has identified one EMIS specialist for students and one EMIS specialist for human resources/finance.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R6.10 See 1998 Performance Audit Recommendations No Longer Relevant to the District.**

- R6.11 The District should update position descriptions of key technology personnel (due to the change to the WAN). As the technical environment becomes more complex, the District will need personnel with a high level of technical training and knowledge to manage and maintain this structure.**

District’s 1998 Economy and Efficiency Plan Response

As the maintenance of existing technology-based services and implementation of new technology-based services continues, the District recognizes the need to update position descriptions of key technology personnel.

Implementation Status

The District has implemented the Wide Area Network and the job functions have changed in accordance with the new network. Job functions were re-written about four years ago and are reviewed when vacancies occur to ensure position descriptions and requirements are kept current. The Technology Department has a Director of Technology, a HR Data Specialist, an EMIS Data Specialist, a Computer Applications Staff Development and User Support Facilitator, PC Technicians (district-wide), and Middle/High School PC Technicians.

Conclusion

Springfield CSD *fully implemented* this recommendation.

*Technical Architecture*

**R6.12 The District should continue its efforts to establish a District-wide Wide Area Network (WAN). The District's WAN should represent the network backbone used for software applications, Internet access and electronic mail.**

District's 1998 Economy and Efficiency Plan Response

The District has completed the installation of a Wide Area Network infrastructure to support data communications. Currently, every instructional and administrative building in the district has a router and digital data circuit connectivity that provides access to district network-based services and Internet/World Wide Web.

Implementation Status

The current technology structure of Springfield CSD is set up to run a Wide Area Network between the central office and District Data Center and the outlying elementary, middle, and high schools. The District implemented the Wide Area Network since the 1998 performance audit.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R6.13 See 1998 Performance Audit Recommendations No Longer Relevant to the District.**

**R6.14 The District should record and track computer equipment valued at less than \$500, such as printers, in its inventory system. The District should also maintain**



**information on the number and location of administrative versus instructional computer equipment. To ensure accuracy and completeness of the computer equipment data in the inventory system, the District should consider conducting an annual physical inventory and performing selective testing on a quarterly basis. (See R6.20.)**

District's 1998 Economy and Efficiency Plan Response

The District has, as of spring 1998, re-instituted the practice of inventorying computer printers valued at or below \$500 as a means by which to assess location, age, and computer/printer ratio at each building. In an effort to accurately assess the locations and numbers of instructional and administrative computers within the District, as well as perform periodic maintenance and internal hardware upgrades, the District will, during the 1998-1999 school year, engage in a process of physically inventorying and, as appropriate, performing hardware and software maintenance on computer equipment at each instructional and administrative location within the district.

Implementation Status

The District does not have consistent policies regarding inventory tracking or the timing of physical inventories. The District records information on hardware and peripheral equipment in a database and recently updated computer inventories as new elementary buildings were opened. It will do the same as it moves equipment into the new middle schools for FY 2005-06. The Technology Department has conducted annual building inventory updates over the last five years.

Conclusion

Springfield CSD *partially implemented* this recommendation. Without a regular inventory schedule, the District is at risk of unknowingly purchasing equipment that is not needed or overlooking equipment that is needed. The District should establish a regular schedule for conducting physical inventory counts. By taking inventory regularly and tracking the movement of equipment, Springfield CSD will have a better accounting and control of its resources.

*Year 2000*

**R6.15** See 1998 Performance Audit Recommendations No Longer Relevant to the District.

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*System Development and Maintenance*

**R6.16 The District should investigate having the source code for the ACE Software applications it uses placed in escrow. Currently, the District would be left with no software for those business operations and student information areas supported by ACE Software if the company went out of business unexpectedly.**

*District's 1998 Economy and Efficiency Plan Response*

A discussion with ACE Software suggests that an escrow account for software specifications mandated, in part, by EMIS may not be the most effective solution in that EMIS software specifications are continuously being modified. The alternative solution suggested by ACE Software entailed the purchase of source code for both HP and IBM systems.

*Implementation Status*

According to the Springfield CSD Director of Technology, the District currently owns the source code for its applications.

*Conclusion*

Springfield CSD *fully implemented* this recommendation. As the District owns the source code for its applications, this recommendation has been implemented through alternative means.

*Software Applications*

**R6.17 The District should investigate leasing the accounts receivable software application from ACE Software. Because the Accounts Receivable application interfaces with the student information system, student data could be downloaded into the Accounts Receivable software.**

*District's 1998 Economy and Efficiency Plan Response*

A discussion with the Treasurer's Office indicates the receipt of some preliminary information about the Accounts Receivable software. Apparently the operation of the software is such that there exists a posting process for receipts that creates a conflict because of the manner in which the local bank posts transactions beyond a particular time during the day. The Treasurer's Office has further indicated that due to a prioritization of modifications in other areas of business processing within the office, the topic will be revisited as other "mission critical" issues are resolved.

Implementation Status

The District uses stand-alone accounts receivable software and does not lease the software from ACE. The accounts receivable and the student information databases are not shared so the student information can not be downloaded into the accounts receivable software.

Conclusion

Springfield CSD *did not implement* this recommendation. The District should work with its software vendor to determine what modifications would be needed to interface these two separate software systems. The ability to interface between these two databases would allow the District to automatically generate invoices for tuition, student fees, and adult education class fees. This would provide a more cost-effective means of ensuring that all fees and revenues due to the District are collected.

**R6.18 The District should implement a human resources software application.** (See **R2.9** and **R2.10** (*Human Resources Section*)).

District's 1998 Economy and Efficiency Plan Response

The most effective way to acquire access to this functionality is through the ACE software vendor. The initial cost of having a separate system is too expensive. I will point out that the Human Resources Department does have recruitment statistics (provided to the Board each September). Applicant tracking is completed by hand but is sufficient.

Implementation Status

Human Resource job applicant tracking is now performed by an online database in which applicants can submit their resumes and information on-line. The District has two software systems in place. The first system is a personnel database application which is used for day-to-day functions such as EMIS account funding codes and distribution of staff. The second system is Substitute Employee Management System for Schools (SEM) which is a substitute calling system used to track absences. During FY 2005-06, the District is consolidating these applications onto the ADM 2000 server, which will also interface personnel and payroll systems.

Conclusion

Springfield CSD *fully implemented* this recommendation. This recommendation has been implemented with the new migration to the ADM 2000 system.

*Instructional Technology*

**R6.19** See 1998 Performance Audit Recommendations No Longer Relevant to the District.

**R6.20** The District should review the number and type of instructional hardware and software currently available in its elementary school buildings prior to determining what to purchase with Round Three SchoolNet funds. Evaluating the existing inventory of hardware and software will prevent the District from overbuying equipment and software licenses and duplicating purchases.

*District's 1998 Economy and Efficiency Plan Response*

The District will inventory computer hardware and software available in elementary, middle, and high school buildings beginning 11/98. The process will result in a more accurate inventory of the distribution of instructional and application software available at each building.

*Implementation Status*

The Technology Department has conducted annual building inventory updates over the last five years. Additionally, the department has maintained records regarding movement of hardware within the district and reported these moves to the Treasurer's Office staff who oversee the fixed asset changes. The Technology Department has now been given access to the fixed asset system in order to inventory and monitor hardware assets. The District is evaluating the potential use of the same system to track software assets and associated licensing.

*Conclusion*

Springfield CSD *partially implemented* this recommendation. Although it maintains a hardware inventory database, the District does not have a sound process in place to record when equipment is moved between buildings (see **R6.14**). The District should also create a central inventory of its software purchases now that the Director of Technology must approve all technology-related purchase orders (see **R6.4**).

*Technical Training*

**R6.21** The results of a preliminary technology user survey conducted at the Springfield CSD indicate that some users feel the current level of hardware and software training provided to them is insufficient. This perceived need for additional training probably contributes to the feeling that some users do not believe they are

**knowledgeable about all functions of the software they use or that they use software applications effectively and efficiently.**

District's 1998 Economy and Efficiency Plan Response

The District's Director of Technology will perform a district-wide technology training assessment in December 1998. The assessment, to include both certified and non-certified instructional, classified, and administrative personnel, will collect and process data relevant to grade level, job assignment, building location, and specific software/job process needs.

Implementation Status

According to the most recent Ohio SchoolNet Commission Beta Survey, only 27 percent of Springfield CSD teachers reported that they had not had any technical training over the past year. Therefore, 73 percent of teaching personnel had some form of technology training. Also, 43 percent of Springfield CSD teachers have taken general computer use classes compared to a peer average 31 percent. Springfield CSD reported that 37 percent of its teachers took software application classes compared to an average of 29.67 percent at the peers. This could be attributed to the mobile wireless laptop stations used by the District. Springfield CSD also currently has monthly building-wide, non-mandatory meetings to provide technical training for teachers.

Conclusion

Springfield CSD *fully implemented* this recommendation. The current level of hardware and software training provided to Springfield CSD employees appears to be sufficient and above the peer average.

**R6.22 The Superintendent and Treasurer have indicated that use of on-line procedures is a negotiable issue with the bargaining unit. If on-line procedures are implemented, the Treasurer's Office should develop a training schedule for the training of building staff on the functions of the new accounting system and new Treasurer's Office procedures.**

District's 1998 Economy and Efficiency Plan Response

As referenced in **R6.21**, in December 1998, the Director of Technology will conduct a district-wide technology staff development needs survey. The survey will consist of two distinct components: one component will be distributed to staff whose primary role relates to instructional delivery. The items of this component will focus on staff development needs related to technology use to facilitate instructional delivery. The

second component of the survey will be directed at staff with responsibilities associated with business services, administration, and student information, including those who utilize the District's accounting system and related Treasurer's Office procedures.

#### Implementation Status

All buildings are now connected to the WAN and the District staff has several years of experience in using the District's accounting system. Training is scheduled on an as needed basis when problems arise, new systems are implemented, or upgrades occur. Springfield CSD coordinates with the software vendor to do training but does not have any online training or tutorials. The Treasurer's Office accounting personnel are cross-trained within the Treasurer's Department.

#### Conclusion

Springfield CSD *partially implemented* this recommendation. The District should ensure that staff continues to be provided training whenever system updates are implemented or procedures are modified. .

**R6.23 The District should ensure that the Technology Coordinator is able to attend training courses and conferences on technology. The Technology Coordinator should attend technology courses and conferences periodically because changes in technology occur rapidly and frequently.**

#### District's 1998 Economy and Efficiency Plan Response

The District's Technology Director is provided the opportunity to attend technology-related training and conferences. The Technology Director will continue to investigate the availability of training for a variety of content-specific technology training/courses and assess each opportunity's value in relationship to the realities of time constraints/time availability considering the variety of responsibilities/expectations placed on the District's Office of Technology and EMIS.

#### Implementation Status

The District schedules training for the Technology Department as the District's finances and schedules allow. There currently are no required ongoing training courses for technical staff, but various Department staff took part in 21 professional development classes in FY 2004-05. The Department also encourages staff to obtain certification, and SCSD offers a step increase for completed coursework.

Conclusion

Springfield CSD *fully implemented* this recommendation.

*Education Management Information System (EMIS)*

**R6.24 The Springfield CSD should assign one individual to coordinate its EMIS activities. This individual would help ensure the accuracy and completeness of the District's EMIS data and that all necessary data is reported on time to ODE. Currently the treasurer is responsible for the financial data in EMIS. The Technology Coordinator is responsible for the student and staff data in EMIS.**

District's 1998 Economy and Efficiency Plan Response

The District's Director of Technology functions as the coordinator of all EMIS functions with the exception of EMIS financial data emanating from the Treasurer's Office. The Director of Technology, with support from Department staff, serves as the District's official liaison for EMIS. The Department provides assistance to building principals/designees regarding data entry and EMIS questions; receives and reviews error reports performed on EMIS data; coordinates with District staff to ensure that errors are corrected and that final reports reflect accurate information; ensures that EMIS is reported to MVECA in a timely fashion; works with administrative staff to ensure that the EMIS data keeps the District in compliance with State and federal standards and assures that the District receives funding to which it is entitled.

Implementation Status

Currently the District has an EMIS Data Specialist and an HR Data Specialist. The building secretaries enter the EMIS data at the elementary, middle, and high schools. They have one EMIS data specialist for HR/Finance and one for student information. Each specialist received 30 hours of progressive training on entering and maintaining the EMIS data. The student and staff data is reviewed by the Director of Technology to ensure its integrity. Financial data is reviewed by the Treasurer's Office.

Conclusion

Springfield CSD *did not implement* this recommendation. Although it appears that the Technology Department has sufficient checks and balances over the EMIS reporting, the District should assign one individual to review both the financial and personnel/student data submitted to EMIS.

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*Human Resource Technology Related Recommendations*

**R2.9 Springfield CSD should initiate efforts to define requirements to select and implement a HRIS solution to meet HRD's critical business needs. The implementation solution should conform to the overall strategic information systems plan of the District as outlined in the Technology Utilization section. (See R6.18.)**

*District's 1998 Economy and Efficiency Plan Response*

The most effective way to acquire access to this functionality is through the ACE software vendor. The initial cost of having a separate system is too expensive.

*Implementation Status*

The District has two systems in place. The first system is a personnel database application which is used for day to day functions such as EMIS account funding codes and distribution of staff. The second system is SEM which is a substitute calling system used to track absences. During FY 2005-06, the District is consolidating these applications onto the ADM 2000 server, which will also interface personnel and payroll systems.

*Conclusion*

Springfield CSD *fully implemented* this recommendation. This recommendation has been implemented through the migration to the ADM 2000 system.

**R2.10 Currently, Springfield CSD uses no type of applicant tracking process. An applicant tracking system could be effective for several activities including recruiting efforts, affirmative action efforts, and voluntary EEOC tracking. (See R6.18.)**

*District's 1998 Economy and Efficiency Plan Response*

The Human Resource Department does track applicants: Our recruiters are trained to rate candidates and their rating is posted with each application. It is important to remember that the certification process itself sorts the applicants. A human relations manual for the recruiting and hiring process was written, explained and distributed to every administrator at our leadership team meeting last spring. The manual for recruiting was written in May of 1998.



Implementation Status

Springfield CSD currently has a database system set up so that applicants can submit their resumes and information online. The applications are then sorted and tracked by the Human Resources Department.

Conclusion

Springfield CSD *fully implemented* this recommendation.

*Financial Systems Technology Related Recommendations*

**R4.12 The District should either acquire its own comprehensive human resources information system or solicit the support of other districts and approach its software vendor about enhancing the payroll/personnel system. This system should have a position control application that would integrate with the budgeting module, minimizing duplication of key-entry. (See R4.36 and R4.44.)**

District's 1998 Economy and Efficiency Plan Response

The most effective way to acquire access to this kind of functionality is through the ACE software vendor. The initial cost of having a separate system is too expensive.

Implementation Status

During the summer of 2005, Springfield CSD is migrating its payroll and personnel applications onto the same server (ADM 2000), which will allow for direct interface between the two systems. The ADM 2000 system is currently in place, but the integration between the Human Resources and Payroll departments has not yet taken place.

Conclusion

Springfield CSD *partially implemented* this recommendation. The duplication of effort caused by the Payroll Department and the Human Services Department entering the same information will be considerably reduced by the ADM 2000 once the database is interfaced.

**R4.30 The District and other ACE clients should ask the software vendor to develop the technological feasibility to implement state-of-the-art procurement practices. These include sending purchase orders to vendors via fax or electronic data interchange (EDI), generating electronic vendor catalogs which would be available on-line to**

**system users, and using commodity codes developed by the National Institute of Government Purchasers.**

District's 1998 Economy and Efficiency Plan Response

Electronic data interchange (EDI) is in the developmental stage, although the Springfield City School District manually faxes a majority of purchase orders. We have discussed the prospect of developing the ability to electronically fax purchase orders to vendors with our software vendor. Unfortunately, since none of their other clients are interested in using this technology, the cost for developing this technology would be borne entirely by the Springfield City School District. Based on this information, the Springfield City School District has decided not to implement this recommendation.

Implementation Status

The District uses the ADM 2000 system to submit purchase orders for approval by the Treasurer's Office. Once the purchase order's coding is verified, a written copy is given to the superintendent for approval. After the purchase order is approved by the Superintendent, a file copy of the purchase order is made and the original is sent back to the employee that submitted it. The employee is then responsible for purchasing the requested order. Some employees use purchasing cards which further automates the purchasing process, but the majority of District purchases are made by faxing or mailing the original purchase order to the vendor.

Conclusion

Springfield CSD *partially implemented* this recommendation. The District should continue to advance its purchasing process and to implement state-of-the-art procurement practices such as the use of EDI for transmitting approved purchase order to vendors.

**R4.31 A replacement cycle should be established for classroom computers, similar to the cycle in place for textbooks. The money needed for replacements should be incorporated into both the five-year forecast and annual budgets. It would ensure that the District would continually review the physical condition and technological obsolescence of the hardware used in the classrooms. (See R6.B.)**

District's 1998 Economy and Efficiency Plan Response

The district is presently involved in a district-wide computer hardware and software inventory assessment. Following the completion of the assessment process, the data will be exported to a database program, along with a data set from the district's inventory

system. The linking of the two data sets will provide information relevant to hardware profiles, operating systems versions, purchase dates, as well as other information.

#### Implementation Status

The District does not have a replacement schedule for its workstations. The Springfield CSD Technology Department has not received any General Fund dollars for the purchase of new computers during the last three years, and, instead, relies completely on grant funding. Consequently, some computers are up to nine years old.

The Technology Department currently keeps a list of requests for systems and what kind of performance is needed to run the software that users require. The replacement of computers depends more on the class of computer rather than the age, as computers with less functionality are generally cascaded down to lower grade levels. Once current classes of computers are no longer useable, they are removed. The District believes that the age of computers isn't a factor because, as long as the workstation or equipment can be beneficial at some level and it isn't a drain on tech support and is still worth keeping in use.

#### Conclusion

Springfield CSD *did not implement* this recommendation. The District should develop and implement a computer replacement schedule. As technology advances and new computers are needed, the District must plan for their purchase, as well as the phasing out of old, outdated equipment. Deferring replacements can result in increased costs to maintain older systems and require the replacement of larger numbers of computers.

A long-term replacement plan would allow the District to budget for the purchase of new equipment. Once it determines replacement goals and the length of time a computer can be utilized before being replaced, it can more accurately budget for the number of computers targeted for replacement. This will allow the District to more easily plan for future technology purchases, minimize support costs, and consistently have up-to-date technology to meet user needs.

**R4.36 The lack of an effective interface between the automated databases for payroll and personnel creates duplication of work. The Payroll Department has developed manual control systems to compensate. The District and other ACE users should approach the software vendor about enhancing the applications to eliminate redundancy. (See R4.12 and R4.44.)**

District's 1998 Economy and Efficiency Plan Response

The Springfield City School District's software vendor, ACE Software, is developing a new data base interface that will enable an interface between payroll and personnel. The new data base interface, ADM 2000, will eliminate the duplication of work encountered by the payroll system and the personnel system. ADM 2000 will permit both departments to share some fields and has a totally new system of organizing data. The process of updating information from the personnel to payroll system can be enhanced by report writing and posting using ACCESS data base files.

Implementation Status

Springfield CSD is migrating to the ADM 2000 system in June of 2005.

Conclusion

Springfield CSD *fully implemented* this recommendation.

- R4.42 The District should approach ACE about modifying the payroll application to allow multiple deduction codes to be used for a single payee, but which would result in the generation of one check. The time spent voiding and reissuing deduction checks could be used on more productive activities.**

District's 1998 Economy and Efficiency Plan Response

The database interface ADM 2000 being developed by the district's software vendor allows multiple deduction codes to be used for a single payee, resulting in the generation of one check.

Implementation Status

Springfield CSD currently has the capability to control whether it prints one or multiple checks by the deduction codes themselves. The District has not yet implemented the ADM 2000 database, but is migrating to it beginning the summer of 2005.

Conclusion

Springfield CSD *fully implemented* this recommendation. The District has the capability to allow multiple deduction codes to generate one check for a single payee.

- R4.43 Manual systems of tracking leave balances should be discontinued. The ACE payroll software should be fully utilized and relied upon as the official record for all**

**District payroll and leave information. This eliminates the possibility for preferential treatment of employees, and provides objective and reliable enforcement of rules under negotiated contracts. Inconsistencies and errors found in manually updated records would also be eliminated.**

District's 1998 Economy and Efficiency Plan Response

The automated substitute calling system could also be used to collect and record leave information. Once the information is collected, it can be recorded in the mainframe database. Because all building principals and program managers have access to the computer system via phone modems or T-1 lines, leave records for all employees are available on-line.

Implementation Status

The SEM system is the Districts substitute calling system and it tracks personnel leave balances. The District no longer tracks leave balances manually.

Conclusion

Springfield CSD *fully implemented* this recommendation.

**R4.44 The Human Resources Department should be allowed access to appropriate fields and screens in the payroll system, and should learn to utilize the standard reports and the report-writer feature. The Payroll Department should continue to be responsible for the creation and maintenance of the employee master file in the payroll database. The District and other system users should approach ACE about expanding the transferability of common data elements between the payroll and personnel databases. (See R4.12 and R4.36.)**

District's 1998 Economy and Efficiency Plan Response

The database interface, ADM 2000, being developed by the district's software vendor will allow access to appropriate fields and screens in the payroll system.

Implementation Status

Once the District implements ADM 2000 and completes the interface between the HR and Payroll departments, its Human Resources Department should be able to view shared folders in the payroll system.

Conclusion

Springfield CSD *partially implemented* this recommendation. The ADM 2000 system has been implemented, but the District has not yet interfaced the Payroll and Human Resources Departments.

- R4.45 The Payroll Department should develop a manual which documents the procedures used within the Department to process payroll. The manual should cross-reference ACE documentation. Revisions should be made as the ACE payroll module is updated and enhanced, or as procedures within the Department change. Record retention guidelines should be included in the manual.**

District's 1998 Economy and Efficiency Plan Response

The Payroll Department is in the process of developing a procedure manual documenting the procedures used to process payroll. The manual will cross-reference ACE software payroll manual.

Implementation Status

The Payroll Department created a manual documenting its procedures on July 31, 2001 which includes the District's payroll procedures, payroll calculation, accounting interface explanation, check procedures, routine tasks, record retention, special events, and delegation of tasks. The procedure manual will need to be updated to reflect the implementation of the ADM 2000 system. The Payroll Department is planning on updating the procedure manual once the new system is in place and the Department is familiar with the new procedures.

Conclusion

Springfield CSD *partially implemented* this recommendation. The District should update its procedure manual once implementation of the new ADM 2000 system is complete.

*Transportation Technology Related Recommendations*

- R5.20 The Transportation Department does not have on-line access to the District's student database. Student data is transferred into the automated routing system in the summer that then requires manual updating for any changes. Transportation estimates they average between 10 to 15 bus reassignments daily during the school year. Access would enable to Department to better manage the routes currently being run by having a timely notice of student relocations.**

District's 1998 Economy and Efficiency Plan Response

On-line access to the District's student database was completed and utilized this past summer. It helped to eliminate numerous parental complaints with scheduling by increasing the accuracy of the bus passes, etc.

Implementation Status

The Transportation Department has access to the student database on a read-only basis. The Director of Technology is working to develop an interface allowing the Transportation Department to download data from the student database to its routing program.

Conclusion

Springfield CSD *fully implemented* this recommendation.

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# Springfield City Schools

School Administration Building

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Springfield, OH 45505

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October 3, 2005

Auditor of State  
Betty D. Montgomery  
88 East Broad Street  
Columbus, OH 43216-1140

Dear Auditor Montgomery:

August 15, 2004, I became Superintendent of the Springfield City Schools. A few months later the district was placed in Fiscal Watch (January, 2005) and subsequently Fiscal Emergency (February, 2005) by the Ohio Department of Education. A Financial Planning & Supervision Commission was appointed to oversee the district finances.

It has been a painful and difficult 14 months for the Springfield City Schools, characterized by two failed levy attempts and mass reductions in staff and services to the children. During this period, the Auditor of State's Performance Audit process has been a powerful and important one for our district. The district used the input from the auditors to make an additional \$3 million in cuts in May, 2005 as directed by the Financial Planning & Supervision Commission. The auditors and the performance audit process have laid the foundation for the district to become financially stable. Approval of a Renewal Levy (May, 2005) was the first step. According to the Financial Planning & Supervision Commission, it is through a combination of reducing expenditures (services and staff) and increasing revenue (passage of a levy) that the district will be able to become financially solvent. The district will place a new Operating Levy before the voters of Springfield on November 8, 2005.

Through the Performance Audit process, the Financial Systems, Human Resources, Facilities, Transportation, and Technology operations of the district were thoroughly analyzed and compared to three peer districts—Barberton, Hamilton and Newark City Schools. Commendations highlighting noteworthy accomplishments made by the Springfield City Schools in each of these areas--Financial Systems, Human Resources, Facilities, Transportation and Technology--were also part of the audit process. The audit also identified recommendations made by the auditors that the district has already implemented in 2005, to include but limited to:

E. Jean Harper, Ph.D., Superintendent  
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Auditor Betty Montgomery

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October 3, 2005

- Used existing monies being directed to the Clark County Educational Service Center to fill key administrative needs, without adding to the General Fund.
- Consolidated two facility management positions into one.
- Reallocated counselor staffing and eliminate four counselor positions.
- Reduced four special education positions.
- Eliminated the Library Technician position.
- Reduced five clerical positions.
- Reduced teaching positions.
- Closed the Beacon Early Childhood Center.
- Relocated administrative offices to the South High School facility.
- Transferred staff to the Clark County Joint Vocational School.
- Demolished facilities for which OSFC funding is available and marketed all closed facilities and lands.
- Used computer network for phone service.
- Centralized technology decision-making process.
- Established a replacement cycle for computers (part of 2005 levy request).
- Sought assistance from the Ohio Department of Education's Pupil Transportation Office to more efficiently route buses to reduce costs.

Many thanks to the auditors for their acknowledgment that additional reductions within the teaching ranks will have a catastrophic effect on student learning and student achievement. Further classroom cuts will take the district to State minimum standards and eliminate many more student programs and student services. As a result, the district will become a very different, less desirable place for students to learn and teachers to teach. Many recommendations require negotiations; this audit can serve as the bases of the negotiations' process. However, it is understood that 100% of the recommendations contained within the audit cannot and should not be implemented.

I sincerely appreciate the work completed by the Performance Audit Team and assure you that the Springfield City School District will use this audit as a long term tool and blueprint to become a more effective and efficient school district and, with the help of our voters, become financially solvent.

Sincerely,



E. Jean Harper, Ph.D.  
Superintendent of Schools

EJH:cdr