



Mary Taylor, CPA
Auditor of State

MANSFIELD CITY SCHOOL DISTRICT PERFORMANCE AUDIT

JUNE 19, 2007



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

On August 16, 2006, Mansfield City School District (Mansfield CSD) was placed in fiscal caution due to the possibility of ending the 2007 fiscal year in a deficit and incurring additional deficits in future years. This fiscal oversight designation was elevated to fiscal watch on December 6, 2006. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated in Mansfield CSD beginning in August 2006. 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 operations which support its mission of educating children, and because improvements in these areas can assist in eliminating the conditions which brought about the declarations of fiscal caution and watch.

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

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

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

Sincerely,

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

MARY TAYLOR
Auditor of State

June 19, 2007

Executive Summary

Project History

House Bill 66 (HB 66) of the 126th General Assembly amended § 206.09.12 of the Ohio Revised Code (ORC) to provide funding to conduct comprehensive performance audits consistent with the recommendations of the Governor's Blue Ribbon Task Force on Financing Student Success. The ORC also permits the Auditor of State (AOS) to review any programs or areas of operation in which the Auditor believes that greater operational efficiency, effectiveness, and accountability can be achieved. In addition, ORC § 3316.042 permits AOS to conduct a performance audit of any school district in a state of fiscal caution, watch, or emergency and review any programs or areas of operations in which it believes that greater operational efficiency, effectiveness, and accountability can be achieved.

The Ohio Department of Education placed Mansfield City School District (MCSD or the District) in fiscal caution on August 16, 2006. The fiscal oversight designation was elevated to fiscal watch on December 8, 2006. Based on its financial position going into FY 2006-07, MCSD was selected to receive a comprehensive performance audit.

The performance audit included reviews of the following operational areas:

- Financial Systems;
- Human Resources;
- Facilities;
- Transportation; and
- Technology.

The goal of the performance audit process was to assist MCSD management in identifying cost saving opportunities and improved management practices. While full implementation of all recommendations should eliminate deficits projected in the District's five-year financial forecast, the ensuing recommendations comprise options the District can consider in its continuing efforts to improve and stabilize its long-term financial condition.

District Overview

MCSD operates under a locally elected Board of Education (BOE) consisting of five members that is responsible for providing public education to the resident students of the District. The District is located in the City of Mansfield, the county seat in Richland County. According to the 2000 U.S. Census, the area in which MCSD is located had a population of approximately 51,000 residents. The median household income was \$30,176, compared to the national average of \$41,994, while 16.3 percent of the persons lived below the poverty line compared to the national average of 9.2 percent. In addition, 77.7 percent of area residents had at least a high school education while 13.4 percent of the residents had a bachelors degree or greater.

According to the Ohio Department of Education (ODE), the District's enrollment in FY 2005-06 was 5,421. MCSD is in a period of declining enrollment and is projecting a loss of about 100 students per year which could lead to enrollment as low as 4,200 students in 10 years. Based on the FY 2005-06 ODE Local Report Card, MCSD met 5 of 23 performance standards. As defined by ODE, MCSD received the academic designation of Continuous Improvement for meeting 5 performance standards. The District did not meet the adequate yearly progress requirements.

MCSD operates 12 schools: Mansfield High School, 2 middle schools, 9 elementary schools, and an alternative school. The District also operates a maintenance and adult education building, a bus garage, a special education center, and an administration building. Within the last five years, MCSD has closed a ninth grade building and opened a new high school to replace the old one. In 2004, the District opened a conversion school and now has three conversion schools.

At the time of the audit engagement, MCSD projected an operating deficit of \$2.8M in FY 2006-07 (5.8 percent of previous years' revenues). This deficit was projected after assuming that mid-year FY 2005-06 cuts in the amount of \$280K would be carried into FY 2006-07 (\$1.1M annually) and an additional \$2.6M in reductions for FY 2006-07. The District failed in its attempt to pass a 5-year emergency operating levy in May 2007.

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

Some of the recommendations in this performance audit are subject to negotiation but represent significant cost saving opportunities. In order to avoid projected deficits, the audit recommends reductions in teachers and education service personnel that would bring staffing levels below the peer districts and near State minimum standards.

Objectives

A performance audit is defined as a systematic and objective assessment of the performance of an organization, program, function, or activity to develop findings, recommendations and conclusions. The overall objective of the performance audit is to review any programs or areas of operation in which AOS believes that greater operational efficiency, effectiveness and accountability for services can be achieved. Major assessments were conducted for this performance audit in the following areas:

- ***Financial Systems*** includes an evaluation of MCSD's October 2005 five-year financial forecast, including the reasonableness of the underlying assumptions and supporting documentation, along with other financial policies and procedures;
- ***Human Resources*** includes an analysis of District-wide staffing levels, collective bargaining agreements, and benefit costs;
- ***Facilities*** includes assessments of building capacities and utilization rates, as well as custodial and maintenance operations;
- ***Transportation*** includes evaluations of key transportation operational information and transportation contract provisions; and
- ***Technology*** includes an analysis of the use of technology in the District, technical support staffing levels, technology planning and budgeting practices, technology-related policies and procedures, security, and hardware and software components.

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or efficiency improvements. The ensuing recommendations comprise options that MCSD can consider in its continuing efforts to become a high-performing and low-cost District.

Scope and Methodology

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Audit work was conducted between August 2006 and March 2007. To complete this report, the auditors gathered and assessed data from various sources pertaining to key operations. Auditors also conducted interviews with District personnel and reviewed and assessed information from MCSD and other school districts.

The performance audit process involved significant information sharing with the District, including preliminary drafts of findings and proposed recommendations related to the identified

audit areas. Furthermore, periodic status meetings were held throughout the engagement to inform the District of key issues impacting selected areas, and share proposed recommendations to improve or enhance operations. Throughout the audit process, input from the District was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District was invited to provide written comments in response to various recommendations for inclusion in this report. These comments were taken into consideration during the reporting process and, where warranted, resulted in report modifications.

AOS developed a composite of 10 selected districts which was used for peer comparisons. The selected districts were Boardman Local School District (Mahoning Co.), Dover City School District (Tuscarawas Co.), Elida Local School District (Allen Co.), Fairland Local School District (Lawrence Co.), Heath City School District Licking Co.), Indian Creek Local School District (Jefferson Co.), Lowellville Local School District (Mahoning Co.), McDonald Local School District (Trumbull Co.), Tiffin City School District (Seneca Co.), and Wheelersburg Local School District (Scioto Co.). These districts are classified as urban or suburban with low median incomes and high poverty rates, low per pupil costs, and an academic designation of excellent. The data obtained from the comparison districts was not tested for reliability, although it was reviewed in detail for reasonableness. Also, external organizations and sources were used to provide comparative information and benchmarks, they included, but were not limited to, the Ohio Department of Education (ODE), the Government Finance Officers Association (GFOA), the State Employment Relations Board (SERB), the American Schools and Universities (AS&U), the National Center for Education Statistics (NCES), and other related best practices. Information used as criteria (Benchmarks or best practices) was also not tested for reliability.

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

Noteworthy Accomplishments

Noteworthy accomplishments acknowledge significant accomplishments or exemplary practices. The following are key noteworthy accomplishments that were identified during the course of the performance audit.

Human Resources

- **Healthcare Premiums:** MCSD has established single and family healthcare premiums below the national benchmark. Furthermore, MCSD offers dental, prescription, and vision plans with premiums that are below the national benchmark.
- **Evaluation of Special Education Instruction:** MCSD has a special education program plan which outlines District special education goals requirements and other relevant information.

In addition, MCSD provides annual updates to the plan in order to ensure compliance with State and federal law and to provide for more effective educational services. Continuous improvement of MCSD's special education program should result from a focused and relevant special education program plan.

- **Gifted Program Funding Maximization:** MCSD's gifted program solicits donations from private groups in order to provide gifted students with activities and experiences that the District would not otherwise be able to provide. Soliciting community support from those groups which value MCSD's gifted program allows the District to maintain a viable program and allows the community to share in the success of the program.

Facilities

- **Facility Rental Program Guide:** MCSD has a Board-approved Facility Rental Program Guide available at each of its buildings. MCSD's Facility Rental Program Guide will allow the District to properly charge back or account for all employee overtime incurred through after school facilities use. By charging back facilities overtime to facility rental revenues, MCSD will eliminate an undue burden on the maintenance and operations (M&O) department budget.
- **Custodial Handbook:** MCSD has a custodial staff handbook which includes all best practice elements identified by the ISSA. An up-to-date and accessible handbook can promote efficiency in custodial operations by allowing staff members to have access to authoritative documentation pertaining to all aspects of their duties.
- **Utilities Purchasing Practices:** MCSD purchases both electric and gas utilities through consortiums. MCSD participates in the Ohio Schools Council Energy for Education II Partnership for electricity purchasing and in the Metropolitan Educational Council's gas purchasing program. The District's utilities expenditures were comparable to the *35th Maintenance & Operations Cost Study*. Purchasing through a consortium allows MCSD to take advantage of the combined purchasing power of similar entities in order to negotiate the best possible rates.

Transportation

- **No Idle Policy:** MCSD implemented a no idle policy for its bus fleet. The policy meets recommended practices promulgated by the Federal Trade Commission and U.S. Department of Energy. Reducing idling time has resulted in a corresponding reduction in fuel usage and costs.

Key Recommendations

The performance audit contains several recommendations pertaining to District operations. The most significant recommendations are presented below.

In the area of financial systems, MCSD should:

- Expand and update its fiscal planning policies to address key forecast factors such as parties responsible for information, supporting assumptions, and presentation formats. In addition, the District should develop formal guidelines which outline the process for preparing forecast documents and specifications regarding the methodology used for the major line-items in the forecast.
- Update its Administrative Guidelines pertaining to credit card use to incorporate all areas of best practices and govern all personnel with authorization to use District credit cards. A District-wide credit card policy will help ensure proper internal controls over credit card use and promote employee accountability. This policy should be included in the existing Board policy manual and be communicated to all employees authorized to make credit card purchases on behalf of the District.
- Establish comprehensive and appropriate internal controls over its payroll process to ensure that controls encompass the full range of payroll operations. Updated procedures for all payroll functions would solidify MCSD's controls over this process.
- Because some areas of the forecast appeared overly conservative or insufficiently detailed, MCSD should review and recalculate several forecast assumptions including the following:
 - General property tax: consider using assumptions more closely aligned to historical data, current trends, and any other known or reasonable factors.
 - Property tax allocation: update the assumption and use 12.5 percent to determine the millage rollback amount.
 - State revenue (i.e., restricted and unrestricted grants-in-aid): consider using less conservative assumptions based on historical data, current trends, and any other known or reasonable factors affecting State revenue.
 - Cost of Living Adjustments (COLAs): include reasonable amounts, based on historical increases and the District's financial condition, in its projections for personal services.
 - Employee retirement/insurance benefits (ERIB): update the projections using the most current and complete information available.
 - Purchased services: assumptions should be presented and the projections should be made in a manner which accounts for major expenditures within the line item.

- Supplies and materials: update the projections using the most current and complete information available.
- Establish policies and procedures that are in line with best practices for the procurement and accountability of contracted services. In addition, MCSD should ensure that contracted services support the strategic objectives of the District. Program sponsors should also supply the administration with financial reports and other appropriate measures in order to evaluate contract compliance and performance.
- Maintain and publish a clearly written, multi-year strategic plan to provide vision and direction for the District. The strategic plan should clearly delineate District goals and objectives, the strategies for achieving them, and the level of priority assigned to each goal. A comprehensive strategic plan should incorporate the Comprehensive Continuous Improvement Plan (CCIP) as well as operational plans in areas such as technology, facilities, and financial operations. Performance measures and standards should also be used to evaluate progress toward the achievement of District goals as well as academic and operational objectives.
- Increase the use of its website as a means to inform and educate its residents on the financial issues within the District. The District should provide published documents, including but not limited to budget documents, financial summaries, and any financial reports provided to the Board on its website.
- Consider making the recommended adjustments to the five-year forecast and implementing the other performance audit recommendations contained in this report. Successful implementation of the performance audit recommendations will help offset projected deficits and allow the District to maintain a positive year-end balance through FY 2009-10. However, in order to achieve solvency through the five-year forecast period, the performance audit recommends substantial reductions in teaching and other educational personnel. Enhancing general operating revenue and/or identifying and negotiating savings beyond what is included in this performance audit would allow the District to make less severe reductions in educational staff.

In the area of human resources, MCSD should:

- Consider making staffing reductions to the peer district average or to a level slightly above State minimums in the following areas:
 - 6 FTE administrative positions to save an estimated \$322,000 in salaries and benefits annually.
 - 65 FTE regular classroom teaching positions to yield a savings of approximately \$3,067,000 in salaries and benefits in FY 2007-08.

- 6 FTE remedial specialist positions, 18.6 FTE tutor/small group instructor positions, and 10.7 FTE other professional staff positions that are paid out of the General Fund resulting in savings of approximately \$1,474,000 in salaries and benefits in FY 2007-08.
- 46 FTE education service personnel (ESP) positions which would save approximately \$2,027,000 in salaries and benefits in FY 2007-08.
- 25 FTE clerical positions which would save approximately \$786,000 in salaries and benefits in FY 2007-08.
- 18 FTE teaching aide positions which would save approximately \$351,000 in salaries and benefits in FY 2007-08.
- 11 FTE special education instructors for a savings of approximately \$384,000 in FY 2007-08.

During the course of the audit, MCSD made staffing reductions through attrition, retirements, and reductions in force. As of May 1, 2007, 153 FTE positions had been eliminated in several classifications.¹

- Continue to limit cost of living adjustments (COLAs) for District employees. Continued limitations on COLAs will help bring average salaries for certificated and classified employees more in line with the County average while remaining competitive with other area districts.
- Attempt to negotiate 15 percent employee health care premium contributions. Increasing employee contributions to 15 percent would allow MCSD to share some of the costs while maintaining a premium contribution percentage comparable to the Ohio Department of Administrative Services' (DAS) employee contribution percentage. In addition, MCSD should negotiate to eliminate all certificated and classified bargaining unit contract language specifically defining employer contribution rates or benefit percentages. A similar recommendation was issued in the 1999 Performance Audit (see **Appendix 3-C**).
- Review all of its written policies and either reaffirm or update them. In addition, the Board should evaluate the effectiveness of all policies implemented by school staff. To accomplish this task, the Board should consider forming an advisory committee and actively solicit input from its members, administrators, school staff, students, and the community. All policy changes should be Board-approved, documented, and dated as evidence of review. Once all policies have been reviewed, evaluated, and either reaffirmed or updated, the Board should establish a formal process for their periodic review.
- Reestablish its school-community relations program in order to comply with Board policy. The District should maintain formal written documentation describing the functions and

¹ Some of these staffing reductions will be effective for FY 2007-08.

activities it will undertake to meet the intent and expectations of this policy. Due to MCSD's financial situation, the District cannot afford to fill the vacant Public Relations Officer position at this time. However, the District should consider delegating the most essential duties of this position to current administrators.

In the area of facilities, MCSD should:

- Develop a comprehensive maintenance handbook that can serve as a training and reference guide for maintenance staff. The handbook should be reviewed and updated on an annual basis and be readily available to all maintenance staff, facility users, and community stakeholders.

During the course of the audit, MCSD began to develop a comprehensive maintenance handbook.

- Eliminate two custodial FTEs in order to improve its financial situation and bring the total custodial effort per FTE to a level more comparable to the *Planning Guide for Maintaining School Facilities* benchmark staffing level of 29,500 square feet per custodian.² Further, FTE calculations should be based on a methodology which accounts for the distribution of responsibilities within each employee classification, which is more consistent with the actual work performed rather than just the position held.

During the audit, MCSD identified five buildings for closure at the end of FY 2006-07. The District recognizes that it will need to reevaluate its staffing needs and make reductions to account for lower total square footage and the enhanced square footage standard.²

- Establish a formal energy conservation policy that is Board-approved and contains specific language on what types of energy consumption are approved. In addition, MCSD should develop an energy conservation education program. After the formalized policies are in place, MCSD should assign a top-level administrator to monitor District-wide and building-level energy consumption.

During the course of the audit, this recommendation was satisfactorily implemented through the creation of a Board approved energy conservation policy that meets best practice criteria.

- Develop a facilities master plan containing up-to-date enrollment projections and capacity analysis for all District buildings along with other best practice elements. The facilities master plan should include continuously updated facilities assessment information to

² Based on a median of Level 2 and Level 3 cleaning. MCSD meets Level 3 standards for square feet cleaned per custodian. However, because of its financial condition, MCSD is urged to increase the square footage per custodian by 1,500 square feet.

promote the maintenance of overall health and safety conditions. These documents and planning tools are essential for long-term facilities management and efficient District operations; without them, MCSD risks basing important facilities decisions on incomplete or inaccurate information. MCSD should also follow *Best Practices in Public Budgeting* guidelines and develop a new five-year capital improvements plan that takes into account maintenance projects and is tied directly to MCSD's updated facilities master plan.

- Close at least two elementary schools and the Central Office in order to alleviate the District's excess building capacity and reduce operating costs. Closing at least two elementary facilities would bring the District's building utilization rates more in line with the benchmark used by industry experts while eliminating excess expenditures associated with the day-to-day operations of those buildings.

During the course of the audit, MCSD identified five buildings which will be closed at the end of FY 2006-07.

- Implement an automated work order system. All work orders should be assigned a priority based on the approved process and prioritization should take into account the disruptive nature of the planned work. This recommendation was also issued in the 1999 Performance Audit.
- Conduct a comprehensive job analysis for all M&O Department positions. Each position should be reviewed based on the day-to-day responsibilities and expectations in order to determine if job classifications and step schedules appropriately categorize and adequately compensate employees for the work they perform. In addition, MCSD should review and, if appropriate, attempt to negotiate modifications to the step schedules to ensure that they do not exceed those of the surrounding Richland County districts.

In the area of transportation, MCSD should:

- Review and update the transportation-related policies in its Board policy manual annually. The policies should be reflective of the level of service provided and include written procedures, guidelines, and appropriate forms for identifying hazardous areas, and granting exceptions to the Board's general transportation policy. This recommendation was also issued in 1999.
- Reduce transportation expenditures by implementing a least one of the following options:
 - Assess the feasibility of operating additional tiers with the goal of increasing its bus utilization rate to a level comparable to the best practice rate of 150 riders per bus.

- Consider eliminating high school transportation to reduce transportation costs. The elimination of high school busing will decrease costs associated with bus driver salaries, bus maintenance and repair, and fuel.

MCS D implemented additional measures to enhance ridership during the audit.

- Develop a policy to seek reimbursement for the cost of non-routine transportation services such as extracurricular and non-educational field trips. Once a policy is established, the District should develop and document a method for allocating costs between routine and non-routine use of buses that is consistent with its policy. A similar recommendation was included in the 1999 performance audit.
- Develop and implement internal controls, which are designed to discourage errors or irregularities in reported operational information. Specifically, T-Form's, which report ridership and expenditure information to ODE, should have well-documented procedures to ensure that reported information is accurate and credible. A similar recommendation was made in the 1999 performance audit.
- Track the price paid for gas and diesel fuel to ensure that it is competitive with that offered through the Ohio Department of Administrative Services (ODAS) or other consortiums. If the District finds that the local supplier's price is consistently above the ODAS bid price, it should consider soliciting competitive bids, issuing a request for proposal (RFPs) for fuel, or using the ODAS contract. The District may also want to join with the City of Mansfield to research the possibility of purchasing fuel in bulk.
- Develop a preventive maintenance (PM) plan that encompasses factory maintenance recommendations for the District's fleet. The PM plan should include the District's maintenance schedule and procedures for accurately tracking data like bus mileage per week, bus maintenance, and maintenance costs per bus. The District should also incorporate procedures for accurately tracking inventory (see **R5.7**) in order to efficiently maintain buses and ensure that MCS D buses continue to pass the State Highway Patrol inspection.
- Establish a formal bus replacement plan as part of a multi-year capital improvement plan to ensure that it is properly planning and budgeting to purchase new buses. By formalizing a replacement plan, the District will be better able to plan for future expenditures while maintaining an adequate bus fleet.
- Include the Transportation Supervisor or designee in individualized education program (IEP) development process to ensure that all available options for transporting special needs students are discussed. The Transportation Department representative should ensure that any required specialized transportation service is feasible and can be provided effectively by the District's transportation system. If it is decided that transportation is not feasible or would be

very costly, the Transportation Department should consider parent/guardian contracts, contracts with other school districts, and/or private contracts.

In the area of technology, MCSD should:

- Track all technology hardware in a database that all technicians can access and update. The inventory should be tracked by building, and should note which computers are assigned to students, administrative staff and teachers. Once the District knows how many computers it has for students use, it should strive to meet a 5:1 ratio of students per computer. MCSD should also have a central database for all software located on the District network. This database should be used to ensure the District does not update data that is no longer used on the system or purchase software already in its possession.
- Seek ways to increase the efficiency of technical support in order to meet users' needs in a more timely manner. A work order process requiring the issuance of trouble tickets for help requests and immediately delegating them to the appropriate resources would help increase efficiency. MCSD should send individual email surveys to be completed by the end user after the closeout of each trouble ticket to obtain timely and pertinent feedback. The District should then regularly evaluate this information to identify problem areas and measure performance.
- Seek ways to increase bandwidth to meet current and future needs. Given the need to increase network capacity and bandwidth, the District should consider significantly altering the makeup of its network.
- Develop formal, uniform equipment standards providing strict requirements on what software and hardware components can be purchased. Implementing and adhering to uniform equipment standards would reduce maintenance costs and increase organizational efficiency by streamlining software purchases, increasing bulk purchase discounts, and reducing training requirements.
- Employ web-based tools to capture the Total Cost of Ownership (TCO) related to technology expenditures and develop consistent policies and procedures to replace computers regularly. The District should take into consideration that the initial purchase cost of hardware and software does not take into account anticipated future year expenditures. As a result, the technology plan should include the estimated costs of professional development, maintenance, operations and administration, upgrades, and retrofitting for the computer being purchased.

- Create and fund a comprehensive technology staff development program for all staff members. Under optimal conditions, funding for training should be between 15 and 30 percent of the technology budget. Additional training will equip all users to better use the technology available to them, thereby giving the technology staff, District personnel and educators the ability to work more efficiently.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of options that MCSD should consider. Detailed information concerning the financial implications is contained within the individual sections of the performance audit.

Table 1-1: Summary of Performance Audit Recommendations

	Estimated First Year Savings	Estimated One-Time Costs
Recommendations Not Subject To Negotiations		
R2.16 Eliminate Contracts with RCYFC and CMDCA	\$328,873	
R3.1 Reduce 6 FTE Administrators	\$321,534	
R3.2 Reduce 65 FTE Regular Classroom Teachers	\$3,067,343	
R3.3 Reduce 35 FTE Other Certificated	\$1,473,765	
R3.4 Reduce 46 FTE ESP	\$2,026,928	
R3.5 Reduce 25 FTE Clerical Staff	\$786,328	
R3.6 Reduce 3 FTE Library Aids	\$37,273	
R3.7 Reduce 18 FTE Teaching Aids	\$351,074	
R3.12 Participate in the BWC's PDP+ and DFWP Programs	\$194,107	
R3.15 Reduce Sick Leave Usage	\$27,021	
R3.25 Reduce 11 ETE Special Education Teachers	\$383,887	
R4.5 Reduce Two Custodial FTE's	\$62,510	
R4.8 Implement an Energy Conservation Education Program	\$192,618	
R4.12 Close two Elementary Buildings and the Central Office to Eliminate Excess Capacity	\$367,028	
R4.13 Purchase Subscription to Online Work Order System		\$2,300
R5.2 Eliminate High School Transportation	\$93,844	
R5.8 Reduce Fuel Expenditures Through Competitive Billing	\$20,000	
R5.10 Replace 3 Buses Each Year		\$195,000
Subtotal Not Subject to Negotiation	\$ 9,734,133	\$197,300
Recommendations Subject to Negotiations		
R3.10 Renegotiate Fringe Benefit Pick-Up	\$157,435	
R3.11 Negotiate Employee Health Insurance Contributions of up to 15 Percent	\$982,282	
R3.14 Renegotiate Costly Contract Provisions	\$23,340	
Subtotal Subject to Negotiation	\$ 1,163,057	
Total Cost Savings from Performance Audit Recommendations	\$10,897,190	\$197,300

Source: Financial implications identified throughout this performance audit

¹ Estimated savings rounded to nearest hundred dollars.

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

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Financial Systems

Background

This section focuses on the financial systems at the Mansfield City School District (MCSD, or the District). **Appendix 2-B** provides a summary of the audit objectives for the financial systems section. The current and future financial condition of MCSD was analyzed for the purpose of developing recommendations for improvements in the financial processes and identifying opportunities to increase efficiency. The District's five-year forecast was also analyzed to ensure that the projections reasonably represent future operational conditions. Operations were evaluated against best practices, industry benchmarks, operational standards, and the average of ten peer districts,¹ for the purpose of developing recommendations to improve efficiencies and business practices.

Ohio Revised Code (ORC) §3316.03 allows the Auditor of State (AOS) to place a school district in fiscal watch or fiscal emergency if certain conditions are met. ORC §3316.03 was amended effective April 10, 2001 to give the Ohio Department of Education (ODE) the ability to place a school district in fiscal caution if it identifies fiscal practices or budgetary conditions that if left uncorrected could lead to fiscal watch or emergency conditions. If fiscal caution is declared, the board of education is given 60 days to provide a written proposal to ODE that outlines a plan to correct the practices or conditions that led to the declaration. Failure to submit an acceptable proposal under fiscal caution can lead to AOS placing the district under fiscal watch.

According to the fiscal caution guidelines, a district may be placed in fiscal caution by the Superintendent of Public Instruction when the district projects a current year ending fund balance less than or equal to 2 percent of current year projected revenue or a deficit greater than 2 percent in the next fiscal year. On August 16, 2006, the Mansfield City School District was placed in fiscal caution based on an ODE financial analysis that indicated a potential deficit in FY 2006-07 of approximately \$3.0 million. Prior to the ODE financial analysis, MCSD implemented several cost containment strategies, which include staffing reductions in administrative, classified, and certificated personnel for FY 2006-07. Furthermore, the District eliminated several positions and programs or funded them by alternative means. These included a high school resource officer, a

¹ Peer Districts: Boardman Local School District (Mahoning Co.), Dover City School District (Tuscarawas Co.), Elida Local School District (Allen Co.), Fairland Local School District (Lawrence Co.), Heath City School District (Licking Co.), Indian Creek Local School District (Jefferson Co.), Lowellville Local School District (Mahoning Co.), McDonald Local School District (Trumbull Co.), Tiffin City School District (Seneca Co.), and Wheelersburg Local School District (Scioto Co.).

high school scheduler, the television broadcasting program, field trips, and the Community Action for Capable Youth Program. Although the District calculated estimated savings of approximately \$2.7 million in salaries, benefits, and purchased services, not all of the anticipated reductions occurred. As a result, the ODE fiscal analysis continued to show a FY 2006-07 deficit in the General Fund. On October 20, 2006, ODE recommended that AOS place MCSD in fiscal watch based of its failure to submit an acceptable fiscal caution proposal. AOS placed MCSD in fiscal watch on December 8, 2006.

Treasurer's Office Staffing

The Treasurer's Office consists of seven full-time equivalent (FTE) employees, including a treasurer, grant manager, executive secretary, payroll supervisor, payroll assistant, and two accounts receivable/payable clerks. The Treasurer is primarily responsible for managing and tracking the District's revenue and expenditures, developing the annual tax budget, preparing financial statements, and maintaining the District's five-year forecast. The Grant Manager performs accounting functions for all grant activities of the District and for components of the MCSD Board of Education (Board) sponsored conversion schools. The Executive Secretary tracks and reports insurance activities and is responsible for a variety of other duties within the Office. The Payroll Supervisor and Payroll Assistant are responsible for computing salary and wages for all persons employed by the District. Their responsibilities also include record keeping activities ranging from federal, State, and local taxes to the employees' retirement systems. The Accounts Receivable/Payable clerks are responsible for maintaining accurate records of all requisitions, purchase orders, vouchers, account records and other information to support the financial operations.

Financial Operations

Local Revenue

The most recent levies which are still in effect for the District include a 1991 continuing operating levy, a 1991 limited permanent improvement levy, and a \$3.9 million five-year emergency operating levy which was originally voted on in 1993 and renewed in 1998 and 2003. The emergency operating levy is set to expire in FY 2008-09. In the event the emergency levy is not renewed, the District will lose approximately \$1.7 million in FY 2008-09, \$3.4 million in FY 2009-10, and \$3.9 million in FY 2010-11.

Because local revenue is generated by applying millage rates to assessed valuations, assessed valuation can be useful in gauging a district's ability to generate local revenue. **Table 2-1** compares assessed valuation per average daily membership (ADM) and local revenue taxes collected per ADM for MCSD, the peer districts, other districts in Richland County, and the ODE twenty similar districts.

Table 2-1: Local Revenue Comparison

	MCS D	Peer District Average	Richland County Average¹	ODE Similar District Average
Average Daily Membership (ADM)	5,379	2,026	1,892	5,815
Assessed Value	\$485,653,772	\$288,396,749	\$206,476,806	\$563,223,285
Assessed Value per ADM	\$90,288	\$124,715	\$107,685	\$98,210
Property / Income Taxes Collected	\$18,094,592	\$9,344,107	\$7,028,581	\$19,584,055
Dollars Collected Per ADM	\$3,364	\$3,874	\$3,566	\$3,518

Source: The Ohio Department of Education and the Ohio Department of Taxation.

¹ Richland County Average excludes Mansfield City School District

As shown in **Table 2-1**, MCS D has a lower assessed value per ADM than the peer districts, the county average, and ODE similar district average. This means that, on average, the same voted millage in MCS D generates less local revenue per ADM than the peer districts, the Richland County Average, or the ODE similar districts. MCS D's assessed valuation per ADM is 38.1 percent below the peer district average, 19.3 percent below the county average, and 8.8 percent below the ODE similar district average. MCS D collects more local revenue than the peer district average and the county average because it is a larger district with a higher overall tax base. When viewing the dollars collected per ADM, MCS D is 15.1 percent lower than the peer district average, 6.0 percent lower than the county average, and 4.6 percent lower than the ODE similar district average. Mansfield has experienced an economic decline in recent decades which has caused property values and total tax collections to grow more slowly than those in surrounding areas.

Expenditures per Pupil

Table 2-2 shows governmental fund expenditures by function on a per ADM basis and as a percent of total expenditures for MCS D and the peer district average. Governmental funds include expenditures from grants and other funds which may be restricted in their use.

Table 2-2: Governmental Expenditures (Instruction and Non-Instruction)

Governmental Fund Expenditures	Mansfield			Peer Average		
	ADM:	5,379		ADM:	2,026	
	Total \$	\$ per Student	% of Total	Total \$	\$ per Student	% of Total
Instruction						
Regular Instruction	\$22,674,629	\$4,215	34.3%	\$8,298,983	\$4,009	48.0%
Special Instruction	\$8,090,461	\$1,504	12.2%	\$1,638,604	\$818	9.8%
Vocational Education	\$1,592,918	\$296	2.4%	\$64,898	\$39	0.5%
Adult/Continuing Education	\$193,587	\$36	0.2%	\$1,137	\$0	0.0%
Other Instruction	\$5,176,255	\$962	7.8%	\$251,141	\$108	1.3%
Subtotal Instruction	\$37,727,850	\$7,014	57.1%	\$10,254,762	\$4,974	59.5%
Supporting Services						
Pupil Support Services	\$3,367,403	\$626	5.1%	\$746,771	\$350	4.2%
Instructional Support Services	\$5,456,652	\$1,014	8.2%	\$848,447	\$384	4.6%
Plant Operation & Maintenance	\$7,855,597	\$1,460	11.9%	\$1,838,298	\$911	10.9%
Pupil Transportation	\$1,842,752	\$343	2.7%	\$838,979	\$368	4.4%
Administration	\$4,533,363	\$843	6.8%	\$1,287,312	\$670	8.1%
Subtotal Support Services	\$23,055,766	\$4,286	34.9%	\$5,559,808	\$2,682	32.2%
Other Support Services:						
Fiscal Services	\$1,129,227	\$210	1.7%	\$444,280	\$236	2.8%
Business Services	\$1,093,266	\$203	1.6%	\$42,502	\$15	0.2%
Board of Education	\$24,217	\$5	0.0%	\$49,324	\$31	0.4%
Central Support Services	\$1,485,328	\$276	2.2%	\$55,694	\$51	0.6%
Subtotal Other Support Services	\$3,732,037	\$694	5.6%	\$591,801	\$332	4.0%
Subtotal Instruction & Support	\$64,515,653	\$11,994	97.7%	\$16,406,370	\$7,988	95.7%
Non-Instructional Operations						
Food Services Operations	\$0	\$0	0.0%	\$1,687	\$1	0.0%
Community Services	\$498,729	\$93	0.7%	\$124,766	\$56	0.7%
Enterprise Operations	\$0	\$0	0.0%	\$13,934	\$3	0.0%
Other	\$0	\$0	0.0%	\$91	\$0	0.0%
Subtotal Non-Instructional Operations	\$498,729	\$93	0.7%	\$140,478	\$60	0.7%
Extracurricular Activities						
Academic/Subject Extracurricular	\$520,079	\$97	0.7%	\$46,226	\$26	0.3%
Occupational Oriented Activities	\$14,515	\$3	0.0%	\$527	\$0	0.0%
Sports Oriented	\$192,020	\$36	0.2%	\$436,215	\$257	3.1%
Co-Curricular Activities	\$233,773	\$43	0.3%	\$28,184	\$12	0.1%
Subtotal Extracurricular	\$960,387	\$179	1.4%	\$511,151	\$295	3.6%
Subtotal non-Instructional Operations & Extra. Activities	\$1,459,116	\$271	2.2%	\$651,629	\$355	4.3%
Operational Expenditures	\$65,974,770	\$12,265	n/a	\$17,057,999	\$8,343	n/a

Source: MCSD and peer districts' FY 2005-06 un-audited year-end financial records. Peer district data has not been tested.

As shown in **Table 2-2**, MCSD exceeds the peer district average in total costs per ADM and in several functional line items. The following are brief explanations and references to recommendations which could help MCSD reallocate its expenditures toward instructional functions.

Instruction: Although MCSD spends more in total dollars on regular instruction, special instruction, vocational instruction, adult/continuing education, and other instruction than the peer district average, MCSD spends approximately 2.4 percent less than the peer district average on total instruction in terms of percent of total operational expenditures.

Supporting Services: MCSD spends more on support services than the peer district average; which is attributed to staffing levels within the District. Implementation of recommendations in the **human resources** section may bring MCSD more in line with the peer average.

Non-Instructional Operations: While MCSD spends less on non-instructional operations per ADM and as a percent of total expenditures. Recommendation **R2.12** includes additional cost-saving measures for non-instructional services. Implementation of this recommendation would help improve the overall operational expenditures on both a per ADM and a percent of total expenditures basis.

Discretionary Expenditures

Table 2-3 shows FY 2005-06 General Fund discretionary expenditures, expenditures per ADM, and the percent of total expenditures for MCSD compared to the peer district average. Discretionary expenditures accounted for about 7.5 percent of the District's General Fund expenditures in FY 2005-06, whereas the peer districts spent an average of nearly 10.7 percent on discretionary items. The low ratio of discretionary expenditures reflects the financial condition of the District and its efforts to economize in several areas.

Table 2-3: Discretionary Expenditures Comparison

Discretionary Expenditures		MCSD			Peer District Average		
		ADM:	5,379		ADM:	2,026	
		Total \$	\$ per ADM	% of Total	Total \$	\$ per ADM	% of Total
Description	Object Code						
Professional & Technical Services ¹	410 ²	\$776,063	\$144	1.48%	\$229,508	\$106	1.37%
Property Services	420	\$309,085	\$57	0.59%	\$209,871	\$122	1.50%
Mileage/Meeting Expense	430	\$82,610	\$15	0.16%	\$21,319	\$10	0.13%
Communications ¹	440 ³	\$396,442	\$74	0.76%	\$54,736	\$28	0.36%
Craft or Trade Services	460	\$0	\$0	0.00%	\$12,267	\$5	0.07%
Pupil Transportation Services	480	\$3,103	\$1	0.01%	\$23,435	\$7	0.10%
Other Purchased Services ¹	490 ⁴	\$184,451	\$34	0.35%	\$6,010	\$3	0.04%
General Supplies	510	\$576,829	\$107	1.10%	\$211,720	\$117	1.52%
Textbooks/Reference Materials	520 - 540	\$150,685	\$28	0.29%	\$104,417	\$59	0.73%
Plant Maintenance & Repairs	570	\$220,794	\$41	0.42%	\$104,262	\$59	0.77%
Fleet Maintenance & Repairs	580	\$254,334	\$47	0.49%	\$136,444	\$62	0.81%
Other Supplies & Materials	550, 560, 590	\$0	\$0	0.00%	\$21,436	\$6	0.08%
Capital Outlay (New)	600's	\$345,888	\$64	0.66%	\$198,564	\$95	1.23%
Dues & Fees	840	\$443,403	\$82	0.85%	\$277,642	\$138	1.76%
Insurance	850	\$195,315	\$36	0.37%	\$25,796	\$14	0.18%
Total Discretionary Expenditures		\$3,939,001	\$732	7.53%	\$1,637,434	\$837	10.67%
Total General Fund Expenditures		\$52,288,505			\$15,719,668		

Source: MCSD and peer districts' FY 2005-06 un-audited year end financial records. MCSD data tested for reliability but not validity. Peer district data has not been tested.

¹ These line items were analyzed further due to the material difference between MCSD and the peer average.

² 410 through 419

³ 440 through 449

⁴ 490, 491, 492, and 499

As shown in **Table 2-3**, MCSD spent approximately \$105 less per ADM in discretionary expenditures than the peer district average. However, in the following line items, MCSD spent more than the peer district average; professional and technical services (410), mileage/meeting expense (430), communications (440), other purchased services (490), and insurance (850). The following are explanations of higher spending of a material nature:

- **Professional and Technical Services (PTS) (410)** - As defined by the Uniform School Accounting System (USAS), PTS are non-payroll services which, by their nature, can be performed only by persons with specialized skills and knowledge. Included are the services of architects, engineers, dentists, medical doctors, nurses, lawyers, consultants and teachers.

In FY 2005-06, MCSD spent approximately \$144 per ADM compared to the peer district average of \$99 within the PTS category. Nearly half of the PTS expenses were for instructional services. The majority of the instructional services were due to contracts with the City of Mansfield Department of Regional Community Advancement (MDRCA) and the Richland County Youth and Family Council (RCYFC). In addition, the District had encumbered expenses of approximately \$35,000 for the MDRCA contracts that are not included in **Table 2-3**. (See recommendation **R2.15** for further details on recommended policies for obtaining contracted services and **R2.16** for further detail on determining the cost benefit of existing contracted services.)

About 20 percent of the PTS expenses were coded as professional/legal services which are defined by USAS as services performed by qualified persons to assist the governing body of the district in its particular activities. The majority of these expenses were costs associated with 72 grievances filed in FY 2005-06, questionable spending of past employees, and the legal services to remove those employees.

- **Communications (440)** - As defined by USAS, communications services are those provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and telegraph services as well as postage machine rental and postage.

In FY 2005-06, MCSD spent approximately \$74 per ADM compared to the peer district average of \$30 for communications. About 93 percent of these expenditures were for local and long distance services and associated equipment, including installation and alternative charges from EMBARQ Communications, Inc. (formerly referred to as Sprint Local). These also include charges for T-1 lines and frame-relays used for voice and data transmission. In FY 2005-06 the District received approximately \$200,000 in reimbursements for telecommunications-related expenses from the Schools and Libraries Universal Service Program (also known as e-Rate).

- **Other Purchased Services (OPS) (490)** – In FY 2005-06, MCSD spent approximately \$34 per ADM for OPS, compared to the peer average of \$3 per ADM. Approximately 57 percent of the expenses were for services provided by the Community Action for Capable Youth program; donations to the National Association for the Advancement of Colored People (NAACP), Culliver Reading Center, and In the Spirit of Ujima, Inc.; and services rendered by the Mulberry Press for printing the District's annual school calendar. Another 18.9 percent was spent on technology services not provided by the Information Technology Center serving MCSD. (See recommendation **R2.15** and **R2.16** on contracted services).

Financial Condition

The financial forecast presented in **Table 2-4** represents the Treasurer's projections of present and future financial conditions at the time of the audit engagement. AOS has reviewed the assumptions that have a significant impact on the forecast, such as tax revenue, property tax allocations, unrestricted and restricted State funding, and salaries and benefits. Following **Table 2-4** is a summary and explanation of the District's forecast assumptions, along with AOS comments and assessments.

Table 2-4: Mansfield City School District Five-Year Forecast (in 000's)¹

	Actual			Forecasted				
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues								
General Property Tax (Real Estate)	\$12,094	\$12,471	\$12,676	\$12,803	\$12,867	\$11,627	\$10,237	\$10,288
Tangible Personal Property Tax	5,039	4,152	4,004	3,003	2,002	1,001	128	64
Unrestricted Grants-in-Aid	24,671	25,273	25,405	24,929	25,406	25,014	26,121	26,517
Restricted Grants-in-Aid	3,457	3,644	3,923	3,910	3,988	4,068	4,149	4,232
Property Tax Allocation	1,695	1,696	2,062	3,151	3,256	2,882	2,954	3,211
All Other Revenues except	3,262	2,500	3,384	4,040	3,440	3,440	3,440	3,440
Total Revenues	50,221	49,738	51,457	51,838	50,962	48,014	47,031	47,755
Other Financing Sources								
Operating Transfers-In	0	0	61	0	0	0	0	0
Advances-In	290	0	0	4	0	0	0	0
All Other Financing Sources	266	30	262	75	0	0	0	0
Total Other Financing Sources	556	30	324	79	0	0	0	0
Total Revenues and Other Financing Sources	50,778	49,769	51,781	51,917	50,962	48,014	47,031	47,755
Expenditures								
Personal Services	32,238	32,437	32,746	31,898	32,695	33,513	34,350	35,209
Employees' Retirement/ Insurance Benefits	11,318	12,226	12,159	12,823	14,002	15,291	16,697	18,234
Purchased Services	5,529	6,723	7,946	8,250	8,662	9,095	9,550	10,028
Supplies and Materials	1,783	1,893	1,202	1,238	1,275	1,314	1,353	1,394
Capital Outlay	891	1,377	373	384	392	404	416	428
Other Objects	651	696	657	677	697	718	740	762
Total Expenditures	52,413	55,354	55,086	55,272	57,726	60,336	63,109	66,056
Other Financing Uses								
Operating Transfers-Out	168	159	125	125	125	125	125	125
Advances-Out	5	0	4	0	0	0	0	0
All Other Financing Uses	0	16	0	0	0	0	0	0
<i>Total Other Financing Uses</i>	<i>173</i>	<i>175</i>	<i>129</i>	<i>125</i>	<i>125</i>	<i>125</i>	<i>125</i>	<i>125</i>
Total Expenditures and Other Financing Uses	52,587	55,530	55,216	55,397	57,852	60,462	63,234	66,182
<i>Other Financing Uses</i>	<i>(1,808)</i>	<i>(5,760)</i>	<i>(3,434)</i>	<i>(3,479)</i>	<i>(6,890)</i>	<i>(11,521)</i>	<i>(15,774)</i>	<i>(18,602)</i>
<i>Cash Balance July</i>	<i>12,246</i>	<i>10,437</i>	<i>4,676</i>	<i>1,242</i>	<i>(2,237)</i>	<i>(9,127)</i>	<i>(21,574)</i>	<i>(37,778)</i>
Cash Balance June 30	10,437	4,676	1,242	(2,237)	(9,127)	(21,574)	(37,778)	(56,205)
<i>Estimated Encumbrances</i>								
<i>June 30</i>	<i>941</i>	<i>623</i>	<i>752</i>	<i>600</i>	<i>600</i>	<i>600</i>	<i>600</i>	<i>600</i>
Budget Reserve	826	0	0	0	0	0	0	0
Fund Balance June 30 for Certification of Appropriations	8,669	4,053	490	(2,837)	(9,727)	(22,174)	(38,378)	(56,805)
Revenue from Replacement/Renewal Levies								
Property Tax - Renewal or Replacement	0	0	0	0	0	1,618	3,440	3,440
Cumulative Balance of Replacement/Renewal Levies	0	0	0	0	0	1,618	5,058	8,498
Fund Balance June 30 for Certification	8,669	4,053	490	(2,837)	(9,727)	(20,556)	(33,320)	(48,307)

Source: Mansfield City School District October 31, 2006 five-year forecast. Proposed 1.5% income tax levy not included.

¹ Totals may vary from the District's forecast due to rounding.

According to its five-year forecast, the District is projecting a negative unreserved fund balance unless budgetary reductions are made and/or additional revenue is obtained. The deficit is projected to be approximately \$2.8 million in FY 2006-07, and reach \$48 million by FY 2010-11.

The assumptions and methodologies disclosed herein were developed by the Treasurer and were based on information obtained from MCSD. AOS analyzed the assumptions and methodologies and recommended changes as necessary. By its nature, forecasting requires estimates of future events. Therefore, differences between projected and actual revenue and expenditures are common as circumstances and conditions assumed in projections frequently do not occur as expected and are based on information existing at the time projections are prepared.

The Treasurer develops a companion document to the forecast listing the assumptions. This is made available to stakeholders through the ODE web site. In several areas, the District assumptions were determined to be reasonable. However, some areas warrant additional examination. In areas warranting reconsideration, revised projections based on AOS methodologies and analyses were applied to the adjusted forecast presented in **Table 2-15**. These include the following:

Revenue

General Property Tax (Real Estate): These projections may be understated. General property tax collections represented 24.5 percent of the District's general operating revenue in FY 2005-06, and a projected 24.7 percent in FY 2006-07. See **R2.6** for further analysis and discussion regarding general property taxes.

Tangible Personal Property Tax (TPPT): These projections appear reasonable but the District's projections do not match the TPPT reimbursement worksheet from ODE which also shows projected amounts for TPPT. (See **R2.7** for further discussion and analysis of TPPT).

State Funding: This line item may be understated. Although the Treasurer's conservative approach is not necessarily inappropriate, a more detailed and less conservative projection may be needed to better understand the District's financial position. See **R2.8** for additional analysis and discussion regarding State funding.

Property Tax Allocation: The District's assumptions seem reasonable based on the effects of House Bill 66, electric deregulation, and utility deregulation. However, the District's rollback amount will change due to assumption changes detailed in **R2.9**. Audit staff used 12.5 percent to determine the millage rollback amount based on HB 204, which was enacted in 1979.

Expenditures

Personal Services: Personal services represented 59.3 percent of the District's FY 2004-05 general operating expenditures, and are projected to account for 57.5 percent of the District's FY 2006-07 general operating expenditures. With the exception of FY 2006-07, future expenditures are expected to increase by an average of 2.5 percent per year, or approximately \$840,000. This dollar amount is larger than historical amounts because the forecast does not assume additional staff reductions in the future as was the case in previous years. The District's projections are understated because the base year (FY 2006-07) assumes the cost reduction goals and not actual savings realized in the current fiscal year. See **R2.10** for additional analysis and discussion regarding personal services.

Employees Retirement and Insurance Benefits (ERIB): ERIB represented 22.0 percent of the District's FY 2005-06 general operating expenditures, and is projected to be 23.1 percent of FY 2006-07 general operating expenditures. The District's assumptions do not seem reasonable because they do not include recent staffing reductions and use a flat 9.2 percent increase after FY 2006-07. See **R2.11** for additional discussion regarding projections for ERIB.

Purchased Services: The District anticipates an average increase in purchased services expenditures of 4.8 percent per year during the forecasted period. Although the District has accounted for the appropriate reductions in FY 2006-07, increasing the line-item by an average of 4.8 percent does not address cost increase variations at the object level or account for historical and other reasonable changes. See **R2.12** for revised projections and further discussion regarding purchased services.

Supplies and Materials: The District's projections for all years assume a flat 3.0 percent increase over the prior year's projected amount. The District attributes the percentage increase to the effect of inflation on the cost of supplies and materials. In this area, the District's assumptions do not seem reasonable as they are based on a flat 3.0 percent increase per year over the prior year's projected amount. See **R2.13** for further analysis and discussion regarding supplies and materials expenditures.

Performance Audit Follow-up

In 1999 AOS completed a performance audit of MCSD as a part of the urban school district initiative. Following the issuance of the performance audit, MCSD was required to develop and approve an Economy and Efficiency Plan detailing how the District intended to address the performance audit recommendations.

As a follow-up to the 1999 Performance Audit assessment of MCSD's financial systems, this section of the performance audit reviewed the previous recommendations, MCSD's Economy and Efficiency Plan, and current District operations to determine the implementation status of all previous financial systems recommendations. The results of this analysis can be found in **Appendix 2-A** with references, where pertinent, throughout the section. Of the 26 recommendations contained in the 1999 Performance Audit, MCSD fully implemented 5 recommendations, partially implemented 6 recommendations, and did not implement 10 recommendations.² Six recommendations from the 1999 audit were re-issued in this performance audit.

² Five recommendations were deemed no longer applicable to MCSD.

Recommendations

R2.1 MCSD should develop comprehensive financial policies that are based on recommended best practices. Financial policies should be formally adopted by the Board and the District's financial and budgetary practices should be consistent with these policies.

The Board has established financial policies; however, the policies do not contain several elements that are considered best practices. According to the Government Finance Officers Association (GFOA), financial policies should be consistent with broad government goals and should be the outcome of sound analysis. Policies also should be consistent with each other and relationships between policies should be identified. Financial policies should be an integral part of the development of service, capital, and financial plans, and the overall budgeting process. All other adopted budgetary practices should be consistent with these policies.

Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting, (GFOA, 1999), recommends policies for several items not currently encompassed in MCSD's Board policies.

- **Budget Stabilization Funds** – to guide the creation, maintenance, and use of resources for financial stabilization purposes.
- **Fees and Charges** - to identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.
- **Debt Issuance and Management** - to guide the issuance and management of debt because issuing debt commits a government's revenues several years into the future, and may limit the government's flexibility to respond to changing service priorities, revenue inflows, or cost structures.
- **Debt Level and Capacity** – to set a limit on the amount of debt and debt service that should be outstanding at any one time.
- **Use of One-Time Revenues** - to prohibit the use of one-time revenues for ongoing expenditures because by definition, one-time revenues cannot be relied on in future budget periods.

- **Use of Unpredictable Revenues** - to identify major revenue sources considered unpredictable and to define how these revenues may be used because, by definition these revenue sources cannot be relied upon.
- **Revenue Diversification** - to encourage diversity of revenue sources because all revenue sources have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on taxes and taxpayers.
- **Contingency Planning** - to guide the financial actions the entity will take in the event of emergencies, natural disasters, or other unexpected events.

MCSD should consider implementing and/or enhancing its existing financial policies by adopting the comprehensive policies recommended by GFOA. Taking such action could help the District better manage its limited resources and help ensure consistency in financial and budgetary practices. Such policies can also help the District operate more effectively, be used as a tool for financial decision making, and improve the ability of the District to take timely action. Finally, a comprehensive set of financial policies can aid in the overall management of the District's budget and the achievement of its long-range goals.

- R2.2 MCSD should expand and update its fiscal planning policies to address key forecast factors, including parties responsible for information, stakeholder input, periods covered, supporting assumptions, presentation formats, and outside consultation. In addition, the District should develop formal guidelines that outline the process for preparing forecast documents and include timelines for the review and completion of the forecast as well as specifications regarding the methodology used for each major line-item in the forecast. Finally, the fiscal planning policies and procedures should be expanded to include guidelines for the development of alternative forecast scenarios in order to better understand the impact of variables in economic conditions, State funding, enrollment, and unforeseen expenditures.**

MCSD has not established policies that reference financial planning procedures for the State mandated five-year forecast. When the District's forecast was examined, several areas warranted reconsideration. Likewise, supporting documentation and line item detail was not available for several critical forecast line items.

In addition to the financial policies outlined in **R2.1**, *Best Practices in Public Budgeting: Evaluate the Effect of Changes to Revenue Sources Rates and Base*, (GFOA, 2000) recommends entities develop projections (five-year forecasts) using alternative scenarios. Projections should be available before and during the budgetary process. Although the

Treasurer's five-year forecast provides decision makers with relevant information, implementing a policy to include alternative five-year forecasts under different assumptions or scenarios will allow the Board to evaluate best and worse case scenarios. Financial planning policies and procedures should be formalized, approved, and added to the existing policies and any future operational procedures that are developed. In addition, the financial planning policies and procedures should be reviewed periodically according to a review schedule and the policies and procedures should be promptly updated when changes occur.

Financial planning expands a government's awareness of its financial options, potential problems, and opportunities. In addition, the long-term revenue, expenditures, and service implications of continuing or ending existing programs or adding new programs, services, and debt can also be identified through financial planning. Finally, the financial planning process helps shape decisions and permits necessary and corrective action to be taken before financial problems become severe.

R2.3 MCSD should update its Administrative Guidelines pertaining to credit card use to incorporate all areas of best practice and govern all personnel with authorization to use District credit cards. A District-wide credit card policy will help ensure proper internal controls over credit card use and help promote accountability. This policy should be included in the existing Board policy manual and be communicated to all employees authorized to make credit card purchases on behalf of the District.

MCSD recently developed a credit card policy for administrative employees under its Administrative Guidelines. This policy is broken out into two areas: appropriate and inappropriate credit card use. While this policy incorporates a majority of best practices, it is missing some GFOA recommended practices and only pertains to District administrators. Due to the number of credit cards and fuel cards issued in the Transportation Department, this policy should also be applied to all Transportation employees. Furthermore; the policy should be incorporated in the Transportation Department Handbook, and/or the Transportation Department Work Rules.

According to *Best Practices*, (AOS, 2004), if not properly monitored, the issuance of purchasing cards or credit cards to employees could result in internal control issues or abuse. Best practice guidelines for the use of purchasing/credit cards include, but are not limited to, the following:

- Review and update written policies and procedures for internal staff.
- Develop instructions for employee responsibility and written acknowledgements signed by the employee.

- Set spending and transaction limits for each cardholder on both a per transaction and monthly basis.
- Require that requests for higher spending limits be justified in writing.
- Determine record keeping requirements, including the review and approval processes.
- Clearly communicate guidelines for the appropriate use of purchasing cards, including approved and unapproved merchants.
- Conduct periodic audits of card activity and the retention of sales receipts and other documentation of purchases.
- Establish procedures for handling disputes and unauthorized purchases.
- Set standards and procedures for card issuance and cancellation, lost or stolen cards, and employee termination.

A Board-approved credit card policy that applies to all employees and that incorporates all best practice elements, including those listed above, will help ensure proper internal controls over credit card use and help promote employee accountability provided it is widely-distributed and enforced. Without a comprehensive credit card use policy, the District increases the risk of misuse and abuse of District funds.

R2.4 As an addendum to its financial policies, MCSD should adopt a Board-approved ethics policy consistent with guidelines suggested by the Ohio Ethics Commission (OEC). Such a policy should require all employees, particularly financial staff, to conduct themselves, at all times, in a manner that avoids favoritism, bias, and the appearance of impropriety. The ethics policy should contain “conduct restraints” that mirror those recommended by OEC.

During the course of the audit, the District developed ethics policies pertaining to “Avoidance of Conflicts of Interest” and “Code of Ethics for Members of the Board of Education of the Mansfield City School District.” Although the District now has some policies pertaining to ethics, the newly developed policies are missing key elements recommended by the OEC.

According to the OEC sample ethics policy³ for local governments, officials and employees must, at all times, abide by protections to the public embodied in Ohio's ethics laws, as found in ORC §102 and ORC §2921, and as interpreted by OEC and Ohio courts. A copy of these laws should be provided to employees and their receipt acknowledged, as required in ORC § 102.09(D).

An official written policy will help ensure that all staff members, particularly those entrusted with District funds, conduct themselves in a manner that avoids favoritism, bias, and the appearance of impropriety. Furthermore, a comprehensive ethics policy will help ensure that employees' actions are always in the best interest of the District and help MCSD avoid any appearance of impropriety. After the Board implements an ethics policy that encompasses the OEC elements, it should have staff read and sign the policy to acknowledge their understanding of the Board's expectations.

R2.5 The District should establish comprehensive and appropriate internal controls over its payroll process to ensure that controls encompass the full range of operations in the payroll process. Updated procedures for all payroll functions would solidify MCSD's controls over this process.

MCSD does not have comprehensive internal controls over, or appropriate documentation of, payroll operations and functions. The District's written payroll policies and procedures only pertain to salary deductions, and expense reimbursements.

According to Indiana University (IU), *Internal Controls a Guide for Managers*, (2004), internal controls and procedures are classified as preventive or detective controls. Preventive controls are designed to discourage errors or irregularities, while detective controls are designed to identify an error or irregularity after it has occurred. Through careful design, the systems of internal controls and procedures can help districts operate more efficiently and effectively. They also provide a reasonable level of assurance that the processes that the department is responsible for are adequately performed.

In designing procedures, MCSD should incorporate all payroll process to ensure that internal controls help achieve the objective or purpose of the department. According to IU, items that should be considered for inclusion in written procedures encompass processes for the following:

- Updating payroll and personnel data;
- Payroll approval;

³ A sample recommended ethics policy for all district officials and employees entrusted with District' funds can be found at: http://www.ethics.ohio.gov/ModelEthicsPoilcy_localagencies.html.

- Monthly payroll expense report review;
- Financial record review and reconciliation on a monthly basis;
- Distribution of payroll;
- Payroll schedule development;
- Master file security;
- Deductions; and
- Direct deposit and electronic pay stub distribution.

Formal procedures addressing the aforementioned processes can effectively ensure that appropriate internal controls exist over MCSD's payroll operations. These practices also help promote accountability and accuracy within the payroll function, while reducing the risk of possible error.

R2.6 MCSD should review its projections in the areas of general property tax and consider using assumptions more closely aligned to historical data, current trends, and any other known or reasonable factors. After reviewing the assumptions, the Treasurer should update the District's projections for general property tax, sufficiently document the methodology used, and include the documentation in the detailed assumptions. The current projections appear to be overly conservative and may not adequately capture future revenues.

General property tax includes local revenue collected and paid to the District from residential real estate taxes, public utility property taxes, and manufactured home taxes. Based upon the Treasurer's assumptions, it appears that the projections may be understated when compared to the methodology used by AOS. The Treasurer's preference was to be conservative when making revenue projections, and while this practice is not necessarily inappropriate, more detailed and less conservative projections may be needed to form a better the understanding of the District's financial position.

The District's general property tax projection for FY 2006-07 is based on the certificate of estimated resources, and includes an increase of approximately 1.0 percent over FY 2005-06 actual collections. The certificate of estimated resources is developed by the Treasurer and then certified by the Richland County Auditor's Office. The District's projections for FY 2007-08 through the end of the forecast period are based on a flat 0.5 percent increase over the prior year's projection. The majority of this increase is attributed to the phase-in of the property value reappraisal and future triennial updates, as well as new construction. Due to the expiration of the emergency levy in FY 2008-09, the District reduced a half year's collection amounting to approximately \$1,304,546 in FY 2008-09, and another half year's collections of approximately \$1,448,336 in FY 2009-10. The projections include the potential effect of the loss of the emergency operating levy if it is not renewed by the community.

Although general property tax increases vary depending on a number of factors, projections under alternative scenarios (see **R2.5**) would allow the Board the opportunity to determine which approach is more appropriate depending upon the financial situation of the District and community, and the educational goals of the District. Using the historical percentage increase, AOS projected general property tax revenue which represents only one alternative scenario.

From FY 2002-03 through FY 2005-06, MCSD has had an average increase of approximately 3.9 percent in general property tax revenue. The majority of this increase is due to reappraisals, new construction, and delinquent tax collections. Although historically, MCSD has experienced a 3.9 percent increase, this increase could not be applied to future projections because of an inflated increase of 6.8 percent which occurred in FY 2003-04, caused by a reappraisal. Therefore, AOS applied an average increase of 2.4 percent per year for the forecasted period, which excludes the reappraisal period and therefore makes the assumption somewhat conservative.

Table 2-5 shows the net difference, by fiscal year, between the revised, less conservative projections, and the District’s more conservative projections for general property tax revenue.

Table 2-5: Revised General Property Tax Revenue Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
MCSD Projections					
General Property Tax	\$12,803,586	\$12,867,604	\$11,627,396	\$10,237,197	\$10,288,383
Revised Projections					
General Property Tax	\$12,981,062	\$13,292,607	\$12,307,084	\$11,185,427	\$11,519,946
Net Impact On Fund Balance	\$177,475	\$425,003	\$679,688	\$948,230	\$1,231,563

Source: Mansfield City School District five-year forecast and AOS projections

Table 2-5 shows a cumulative increase over the District’s more conservation scenario of approximately \$4.3 million during the forecasted period. These revised amounts have been included in the forecast presented in **Table 2-15**. The revised projections remain somewhat conservative because there is no assumed increase in revenue from the reappraisal of property values scheduled to take place in FY 2009-10.

R2.7 MCSD should revise its assumptions and update its projections for tangible personal property tax (TPPT). In an effort to increase the reliability of financial information used for decision making, the Treasurer should update the projections using the most current and complete information available. Specifically, TPPT assumptions should be based on the ODE TPPT reimbursement worksheet.

Tangible personal property taxes (TPPT) are paid by businesses based on the assessed value of the furniture and fixtures, machinery and equipment, supplies, and inventory used in conducting their business. TPPT represented 7.7 percent of the District's general operating revenue in FY 2005-06. In FY 2006-07, the District is projecting tangible personal property tax to be 5.8 percent of the general operating revenue. House Bill (HB) 66 phases out TPPT by reducing the yearly assessed valuation rates on general businesses, telephone and telecommunications companies, and railroads. The tax is phased out by reducing the property assessment rate each year. At the same time, HB 66 replaces the revenue lost due to the phase-out. In the first five years, school districts and local governments are reimbursed fully (Hold-Harmless Period) for the lost revenue; in the following seven years, the reimbursement is phased out (Phase-Out Period).

MCSO experienced an average decrease in TPPT of 6.5 percent over the past three fiscal years. Some of this loss can be attributed to the closure of local businesses. The District's projections from FY 2006-07 through the remainder of the forecasted period take into consideration the effects of HB 66. The projections for each fiscal year of the forecast are based on the following percentage of FY 2005-06 actual collections.

- FY 2006-07 uses 75 percent of FY 2005-06 actual collections;
- FY 2007-08 uses 50 percent of FY 2005-06 actual collections;
- FY 2008-09 uses 25 percent of FY 2005-06 actual collections;
- FY 2009-10 uses 3.2 percent of FY 2005-06 actual collections; and
- FY 2010-11 uses 2.1 percent of FY 2006-07 projected amounts.

The District will not experience significant net losses in revenue due to HB 66 until FY 2010-11. The TPPT line-item will show the loss of revenue; however, property tax allocation and State funding line items will increase to offset of loss revenue.

The District's estimates for TPPT for FY 2006-07 through the remainder of the forecasted period are based on percentages of actual collections in FY 2005-06 and year-to-date FY 2006-07 collections. This method for projecting TPPT was suggested by ODE before the TPPT reimbursement worksheet was established. However, with the creation of the TPPT reimbursement worksheet, the projected TPPT amounts have been calculated, giving districts the projected amount to be shown in their five-year forecasts.

Although the method used by the District and the calculations determined through the TPPT reimbursement worksheet are similar, the District should still revise its projections to reflect the calculations from the TPPT reimbursement worksheet the next time it updates its forecast. The difference between the two methodologies results in a loss of revenue in FY 2006-07 of \$75,567 and in FY 2010-11 of \$301; however there is approximately \$212,107 in additional revenue for FY 2007-08 through FY 2009-10, for a

net positive impact of \$136,239. The revised projections have been used in the forecast provided in **Table 2-15**.

R2.8 MCSD should review its projections in the areas of restricted and unrestricted grants-in-aid (i.e., State funding) and consider using less conservative assumptions based on historical data, current trends, and any other known or reasonable factors affecting State revenue. After reviewing the assumptions, the Treasurer should update the District's forecast for State funding and document the methodology used. The current projections appear to be overly conservative and may not adequately capture future revenues that can reasonably be expected.

State funding is comprised of unrestricted and restricted grants-in-aid received from the State through the State Foundation Program. The funding levels are established by the State Legislature and the program is administered by ODE. State revenue represented 56.6 percent of general operating revenue for the District in FY 2005-06, and is projected to remain at 56.6 percent of revenues in FY 2006-07.

The District's FY 2006-07 unrestricted and restricted grant-in-aids projection is based on the ODE Foundation Settlement Report. However from FY 2007-08 through the end of the forecasted period, the unrestricted portion of State revenue assumes no increase over FY 2006-07 except for the increase due to the effects of HB 66. The State's offset amount is calculated by using a formula which was developed by ODE. The District's projections for restricted grant-in-aid for FY 2007-08 through the forecasted period include a flat 2.0 percent increase over the prior year's projection.

Developing alternative scenarios will allow Board members the opportunity to determine which approach is more appropriate, depending upon the reasonableness of the projections. An alternative approach in developing projections would include using the ODE Foundation Settlement Report for FY 2006-07 and considering historical trends and known factors when projecting unrestricted and restricted grant-in-aid for the remainder of the forecast. Assumptions made by AOS to calculate alternative projections for State funding including the following:

- **ADM:** Average daily membership (ADM) was projected using historical ADM numbers for the past five fiscal years and current ADM projections. It was assumed that ADM would decrease by an average of approximately 3.1 percent per year. Based on this assumption, ADM was projected as follows: 5,047.67 for FY 2007-08; 4,940.09 for FY 2008-09; 4,834.80 for FY 2009-10; and 4,731.80 for FY 2010-11.

- **State Foundation:** The State Foundation amount per ADM was projected based upon the historical trend of a 2.2 percent average increase each year. In addition, to be consistent with House Bill 66 provisions, starting in FY 2007-08, no adjustment for the “cost of doing business” was made. Based on this assumption, State Foundation revenue per ADM was projected as follows: \$5,522 for FY 2007-08; \$5,643 for FY 2008-09; \$5,767 for FY 2009-10; and \$5,894 for FY 2010-11.
- **Adjusted Recognized Valuation:** House Bill 66 valuation losses were considered along with increases for new construction and property value reappraisals and updates based upon historical valuation amounts.
- **Special Education Weighted Amounts:** Historically, special education increased by an average of 5.9 percent. Therefore, AOS increased special educational weighted amounts by the historical average, starting with the FY 2006-07 projection from ODE
- **Career Tech / Adult Education:** State funding for career tech / adult education experienced an average increase of 8.7 percent over the past five years. AOS used a more conservative percentage increase of 4.0 percent because it identified some outliers which inflated the historical average.
- **Other Categorical Items:** The remaining categorical line items included in State funding that were not mentioned above were projected using historical trends and other known factors.

Table 2-6 shows the net difference, by fiscal year, between the revised projections of unrestricted and restricted grants-in-aid and the District’s five-year forecast.

Table 2-6: Revised Unrestricted / Restricted Grants-in-Aid Projections

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
MCS D Projections				
Unrestricted Grants-in-Aid	\$25,406,047	\$25,014,868	\$26,121,561	\$26,517,452
Restricted Grants-in-Aid	\$3,988,571	\$4,068,343	\$4,149,710	\$4,232,704
Revised Projections				
Unrestricted Grants-in-Aid	\$25,463,474	\$25,680,123	\$25,494,777	\$25,555,592
Restricted Grants-in-Aid	\$4,386,456	\$4,627,760	\$4,882,470	\$5,151,335
Net Impact on Fund Balance	\$455,311	\$1,224,672	\$105,976	\$(43,229)

Source: Mansfield City School District five-year forecast and AOS projections

Table 2-6 projects a cumulative increase in restricted and unrestricted grants-in-aid over the District's projections of approximately \$1.7 million during the forecasted period. The revised projections were used in the adjusted forecast shown in **Table 2-15**. A more detailed projection with accompanying assumptions will help the District better depict its State revenue picture and help to develop a more accurate understanding of its financial position.

R2.9 In conjunction with R2.6, the District should review and revise its five-year forecast for property tax allocation. MCSD should update its assumption and use the full 12.5 percent millage rollback to estimate the property tax allocation, as stated in House Bill 204 which was enacted in 1979.

Property tax allocation is revenue received from the State as a result of homestead exemption legislation, property tax rollback legislation, and personal property tax exemptions. Property tax allocation represented 4.0 percent of the District's general operating revenue in FY 2005-06 and is projected to be 6.1 percent of the District's FY 2006-07 operating revenue. Property tax allocation is expected to increase throughout the forecasted period due to the effects of House Bill 66.

The District's projections for property tax allocation for FY 2006-07 through FY 2010-11 include 12.0 percent of projected general property tax revenue for property tax rollback and homestead exemption amounts, plus the fixed rate and fixed sum amounts which have been identified in the ODE TPPT reimbursement worksheet. These amounts are being reimbursed to the District due to the phase out of TPPT. In addition, FY 2006-07 includes a final payment for reimbursements from the electric deregulation. **Table 2-7** breaks out the assumptions used to project property tax allocation.

Table 2-7: Projected Revenues for Property Tax Allocation

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
District's General Property Tax	\$12,803,586	\$12,867,604	\$11,627,396	\$10,237,197	\$10,288,383
12.0 Percent Millage Rollback and Exemptions	\$1,536,430	\$1,544,112	\$1,395,288	\$1,228,464	\$1,234,606
Fixed Rates TPPT Reimbursement	\$1,019,717	\$1,252,792	\$1,550,925	\$1,869,091	\$1,517,272
Fixed Sum TPPT Reimbursement	\$460,007	\$460,007	\$460,007	\$460,007	\$460,007
Utility Deregulation Reimbursement	\$135,407	\$0	\$0	\$0	\$0
Total Property Tax Allocation	\$3,151,561	\$3,256,911	\$3,406,220	\$3,557,562	\$3,211,885

Source: Mansfield City School District

Although the District's assumptions are somewhat reasonable, this audit includes revised property tax allocation projections based on the assumption used for general property tax

projections, and uses a millage rollback amount of 12.5 percent to be consistent with House Bill 204. **Table 2-8** breaks out the revised projections based on changes to the assumptions:

Table 2-8: Adjusted Property Tax Allocation Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Revised General Property Tax	\$12,981,062	\$13,292,607	\$12,307,084	\$11,185,427	\$11,519,946
12.5 Percent Millage Rollback	\$1,622,633	\$1,661,576	\$1,538,385	\$1,398,178	\$1,439,993
Fixed Rates	\$1,019,717	\$1,252,792	\$1,550,925	\$1,869,091	\$1,517,272
Fixed Sum	\$460,007	\$460,007	\$460,007	\$460,007	\$460,007
Electric Deregulation	\$135,407	\$0	\$0	\$0	\$0
Total Property Tax Allocation	\$3,237,764	\$3,374,375	\$3,549,317	\$3,727,276	\$3,417,272

Source: AOS

Table 2-9 shows the difference between District and revised projections for property tax allocation.

Table 2-9: Revised Property Tax Allocation Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
MCS D Projections					
Property Tax Allocation	\$3,151,561	\$3,256,911	\$3,406,220	\$3,557,562	\$3,211,885
Revised Projections					
Property Tax Allocation	\$3,237,764	\$3,374,375	\$3,549,317	\$3,727,276	\$3,417,272
Net Impact on Fund Balance	\$86,202	\$117,463	\$143,098	\$169,715	\$205,387

Source: AOS and Mansfield City School District

Table 2-9 shows a cumulative revenue increase of approximately \$721,866 over the forecast period compared to the District's projections. The adjusted amount is shown in **Table 2-15**.

R2.10 Projections for personal services in the District's five-year forecast should include reasonable cost of living adjustments (COLAs) based on historical increases and the District's financial condition. Although the Board has not recently granted COLAs, it is unlikely the District will be able to sustain this practice indefinitely. Therefore, in order to adequately prepare for future expenses, limited COLA increases should be incorporated into the District projections. A COLA of not more than 1.0 percent in FY 2007-08 and FY 2008-09, and 2.0 percent in FY 2010-11 will help MCS D remain in line with other surrounding city school districts. In addition, to increase the reliability of financial information used for decision making, the Treasurer should update the projections using the most current and complete information available including actual staffing reductions made in the current fiscal year and average step increases for salaries.

Personal services consist of employee wages, substitute costs, supplemental contracts, severance pay, and overtime expenditures. MCSD has experienced an average increase of approximately \$250,000 per year over the past three fiscal years. The majority of this increase can be attributed to step increases in salaries negotiated for both classified and certificated bargaining unit employees. Furthermore, increases in personal services have been limited due to employees agreeing to a zero percent cost of living adjustment (COLA) for several fiscal years due to the District's financial situation.

The District's FY 2006-07 projections start with the actual expended amounts for FY 2005-06 and assumes an average increase of 2.5 percent for salary schedule step increases for classified, certificated, and administrative personnel. The projections also assume the District's targeted staffing reduction goals amounting to \$1,601,589, in addition to salary reductions from the elimination of field trips and a high school scheduler. Projections for FY 2007-08 through FY 2010-11 are based on the previous years' projected amounts, plus the average step increase of 2.5 percent. MCSD's projections also assume a zero percent COLA through the forecasted period due to the financial situation of the District.

MCSD should consider updating its projections for personal services. FY 2006-07 projections should be based on the actual reductions made in the current fiscal year rather than the District's reduction goals which had not been reached as of the date on which the five-year forecast was submitted. According to the District's reduction verification spreadsheet, the savings generated as a result of staffing reductions totaled \$1,411,938. The total savings, plus savings associated with field trip salaries and the elimination of the high school scheduler position were subtracted from FY 2005-06 actual expended amounts. After the reductions, a 2.5 percent increase was applied to account for average step increases.

The forecast should include limited increases for COLAs. Due to the extent of the historical COLA freeze, it is highly unlikely that the District will sustain the trend of no wage increases. Therefore, AOS has assumed a 1.0 percent COLA in FY 2007-08 and FY 2008-09, and a 2.0 percent increase in FY 2009-10 and FY 2010-11 for certificated and classified personnel. Accounting for COLAs will help keep District salaries competitive with average salaries for the surrounding areas. Assuming surrounding districts receive 3 percent annual COLAs, implementation of this recommendation would place MCSD classified employees within 4.5 percent and certificated employees within 1.1 percent of the surrounding districts' average by FY 2010-11.

FY 2007-08 through FY 2010-11 should include an additional 2.5 percent increase to account for average step increases.

Table 2-10 shows the difference between the revised approach and the District's personal services projected amounts. The revised approach includes the actual reductions made in FY 2006-07 and calculates the average step increase after reductions.

Table 2-10: Revised Personal Services

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
MCS D Projections					
Personal Services	\$31,898,171	\$32,695,625	\$33,513,016	\$34,350,841	\$35,209,612
Revised Projections					
Personal Services	\$32,050,898	\$33,180,692	\$34,350,312	\$35,913,251	\$37,547,304
Net Impact on Fund Balance	(\$152,728)	(\$485,067)	(\$837,296)	(\$1,562,410)	(\$2,337,692)

Source: AOS and Mansfield City School District

Table 2-10 shows an increase in expenditures for each fiscal year of the forecasted period, for a cumulative change of \$5.3 million. The adjusted amount for each fiscal year is shown in **Table 2-15**.

Table 2-11 shows the difference between the District's calculation for employee retirement/benefit projections using the District's personal services projections and revised personal services projections based on AOS assessments.

Table 2-11: Revised Benefit Projection Based on Adjusted Personal Services

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
MCS D Benefit Projections	\$12,823,065	\$14,002,787	\$15,291,043	\$16,697,819	\$18,234,018
Revised Benefit Projections¹	\$12,884,461	\$14,069,832	\$15,364,256	\$16,777,768	\$18,321,322
Net Impact on Fund Balance	(\$61,396)	(\$67,045)	(\$73,213)	(\$79,949)	(\$87,304)

Source: Mansfield City School District's benefit assumptions and revised salary change.

¹ In the event R2.10 is implemented.

The net difference to the forecast in **Table 2-11** is not shown in **Table 2-15** due to methodology changes in employee retirement/benefit projections (See **R2.11** for additional detail).

R2.11 MCS D should consider revising its assumptions and updating its projections for employee retirement/insurance benefits (ERIB). In an effort to increase the reliability of financial information used for decision making, the Treasurer should update the projections using the most current and complete information available. Specifically, the Treasurer should use the actual reductions made in the current fiscal year in addition to applying historical retirement percentages to salaries. The District should also consider using the Ohio Education Association (OEA) average percentage increase in health insurance of 13.0 percent in its projection for benefits.

ERIB includes the cost of employee health insurance, retirement, Medicare, workers compensation, life insurance, and dental insurance. ERIB has increased by an average of 6.9 percent from FY 2002-03 through FY 2005-06. However, FY 2005-06 expenditures decreased by approximately 0.5 percent from FY 2004-05. This decrease was due to the District's change in insurance carriers, which saved approximately \$1.1 million dollars in premium costs.

The District's ERIB estimates for FY 2006-07 are based on 40.2 percent of projected personal services. This percentage represents the historical average with the exception of FY 2005-06 when there was a decrease in health insurance premiums due to a change in insurance carriers. The majority of the costs reflect payments to the State Teachers Retirement System and the School Employees Retirement System, health insurance premiums, Workers Compensation, and unemployment premiums. FY 2006-07 also shows reductions in ERIB of approximately \$382,000 due to staffing level reductions. FY 2007-08 through FY 2010-11 includes an average increase of 9.2 percent from the prior year's projection. This increase is based on the historical average increase in insurance premiums and retirement costs.

Several major considerations should be included when updating projections for employee retirement and benefits. Historically, retirement costs represent approximately 17.0 percent of personal services. Therefore, 17.0 percent was applied to the revised personal services projection to determine the projected retirement amounts through the forecasted period. The FY 2005-06 insurance cost was used as the basis for determining FY 2006-07 insurance costs. The impact of the FY 2006-07 actual staffing reductions was subtracted from FY 2005-06 insurance costs, then OEA's average 13.0 percent increase was applied to this amount. The 13.0 percent increase was carried through each remaining year of the forecasted period. These two factors, in addition to other considerations such as Workers Compensation and unemployment were added together to represent projected amounts.

Table 2-12 shows the revised ERIB projection based on the audit analysis.

Table 2-12: Revised ERIB Amounts

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
MCS D Projections¹					
Benefit / Retirement	\$12,884,461	\$14,069,832	\$15,364,256	\$16,777,768	\$18,321,322
Revised Projections					
Benefit / Retirement	\$12,496,149	\$13,604,388	\$14,838,501	\$16,274,063	\$17,873,798
Net Impact on Fund Balance	\$388,312	\$465,443	\$525,755	\$503,705	\$447,524

Source: Mansfield City School District's and AOS methodology for calculating Employees Retirement/Benefit.

¹ Recalculated using MCS D methodology with AOS revised personal services projections in R2.10.

Table 2-12 shows a net decrease in expenditures for each year of the forecasted period; for a cumulative change of \$2.3 million. The adjusted amount is shown in **Table 2-15**.

R2.12 MCSD should review and adjust its purchased services forecast assumptions for FY 2006-07 through FY 2010-11. Although historical and current trends are difficult to determine for purchased services, the assumptions should be presented and the projections should be made in a manner which accounts for major expenditures within the line item.

Purchased services represented 14.4 percent of the District's FY 2005-06 general operating expenditures, and are projected to be 14.9 percent in FY 2006-07. The purchased services category accounts for fixed-cost items such as utilities (electricity, gas, water, and telephone) and property insurance. Other items in this area include tuition, leases, repairs and maintenance, postage, legal fees, and staff development.

The average increase for purchased services has been 27.9 percent over the past four fiscal years. The majority of the increase can be attributed to increases in open enrollment payments to other districts, increases in utility costs due to the opening of the new high school, and increases in natural gas prices. From FY 2004-05 to FY 2005-06 natural gas costs increased by 38.9 percent, while tuition payments increased by 40.9 percent.

The District's FY 2006-07 estimates include a 5.0 percent increase over FY 2005-06 actual expenditures, minus the savings from reductions which took place in FY 2006-07. The reductions include \$70,000 from the elimination of donations to the Community Action for Capable Youth program, \$43,000 from the elimination of a high school resource officer, and \$59,000 from the elimination of the intensive day treatment. Further reductions include charging back utility costs to the food services operation for approximately \$120,000 in General Fund savings. FY 2007-08 through FY 2010-11 projections are based on a flat 5.0 percent increase over the prior year's projected amounts.

The District's FY 2006-07 projections account for reductions due to the implementation of cost saving measures; however, the current and forecasted years assume only a 5.0 percent annual increase and do not take historical trends into consideration.

This audit projects purchased services using several factors which the District may want to consider when developing future forecasts. For example, one of the most difficult items to project in purchased services is tuition payments to other schools. MCSD tuition payments increased by approximately 41 percent from FY 2004-05 to FY 2005-06. Although this increase in tuition payments is not typical and distorts the historical trend, a 10 percent annual increase was applied instead of the District's 5 percent.

The District projected a 5 percent increase for utilities (water, electricity and natural gas) over the FY 2005-06 actual amount, and an annual 5 percent increase throughout the forecasted period. This increase may be understated based on increases of 38.9 percent in natural gas, 9.3 percent in electricity, and 19.9 percent in water rates. Therefore, AOS has applied a 9.3 percent increase for electricity, a 6.6 percent increase for natural gas, and a 5.8 percent increase for water. These percentages are based on historical expenditure patterns with the exception of outliers.

In general, other expenditures such as professional and technical services, property services, travel mileage, communication, pupil transportation services, and other purchased services could be expected to increase at the historical rate of increase. However, cost reductions that occurred in recent years skew the historical average and it is reasonable to assume that expenditures will return to a more typical pattern. Therefore, the revised forecast assumes an inflationary increase in these other expenditures of 3.0 percent per year for the forecasted period.

Table 2-13 shows the revised purchased services using AOS' assumptions.

Table 2-13: Revised Purchased Services

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-2011
MCSD Projected Amounts					
Purchased Services	\$8,250,132	\$8,662,639	\$9,095,771	\$9,550,559	\$10,028,087
Revised Amounts					
Purchased Services	\$8,113,185	\$8,768,472	\$9,482,944	\$10,262,209	\$11,112,420
Net Impact on Fund Balance	\$136,947	\$(105,833)	\$(387,173)	\$(711,650)	\$(1,084,333)

Source: Mansfield City School District and AOS

The revised amounts take into consideration all expenditures in the purchased services category. While these projections may change or be adjusted in future forecasts, the District should determine if the revised assumptions and projections realistically reflect future expenditures and update its five-year forecast accordingly. **Table 2-15** reflects the revised projections for purchased services.

R2.13 MCSD should consider revising its assumptions and updating its projections for supplies and materials. To increase the reliability of financial information used for decision making, the Treasurer should update the projections using the most current and complete information available. Specifically, the Treasurer should reduce supplies and materials by the expended textbook amount from FY 2005-06 based on an executive decision to purchase textbooks from the Permanent Improvement Fund for FY 2006-07. In addition, the District should consider expending future textbook purchases from the General Fund and linking expected

expenditures to the academic component of its strategic plan (see R2.17 for more details regarding strategic planning).

Supplies and materials expenditures comprise instructional and non-instructional items including general supplies, textbooks, library books, newspapers, operating maintenance and physical plant repairs. MCSD spent 2.2 percent of its total operating expenditures on supplies and materials in FY 2005-06, and expects supplies and materials to also equal about 2.2 percent in FY 2006-07.

MCSD's supply and material expenditures decreased by an average of 9.0 percent, from FY 2002-03 to FY 2005-06. The largest decrease (approximately 36.5 percent) occurred in FY 2005-06, primarily due to reductions in textbook purchases of approximately \$425,000.

The District's projection for FY 2006-07 includes a 3.0 percent increase over the FY 2005-06 amount expended, while the remainder of the forecasted period includes a 3.0 percent increase over the prior year's projected amount. This projection is not based on historical trends and inflates the projected amount since it does not take into account the District's decision to shift costs from the General Fund to the Permanent Improvement Fund for the purchase of textbooks in FY 2005-06.

Supplies and materials should be projected on a per object code basis while taking into account any decisions to reallocate expenditures to other funds. Several known factors should be considered when developing projections for supplies and materials. For example, since the District moved textbook purchases to the Permanent Improvement Fund in FY 2005-06, amount expended should be subtracted from supply and materials before adding the 3.0 percent increase to determine the FY 2006-07 projection.

In FY 2005-06, the District collected approximately \$1.2 million from the permanent improvement levy, and expended approximately \$2.1 million. These expenses included items such as technology equipment and services, school buses, equipment maintenance, and repairs to school buildings. Since District expenses exceeded collections, it can not reasonably be assumed that the Permanent Improvement Fund can sustain these spending levels and the costs associated with textbook purchases. Therefore, the District should consider moving textbook purchases back to the General Fund from FY 2007-08 through the remainder of the forecasted period.

Spending levels for other line items such as general supplies, library books, plant maintenance and repairs, and motor maintenance and repairs should be based on historical trends. Due to the District's financial situation and the ability to control these

line items, AOS has applied a 3.0 percent annual increase to each line item based on FY 2005-06 expenditures.

Table 2-14 shows the revised projection for supplies and materials based on the revised methodology.

Table 2-14: Revised Supplies and Materials Projections

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-2011
MCS D Projections					
Supplies and Materials	\$1,238,721	\$1,275,883	\$1,314,159	\$1,353,584	\$1,394,192
Revised Projections					
Supplies and Materials	\$1,195,934	\$1,586,141	\$1,633,726	\$1,682,737	\$1,733,220
Net Impact on Fund Balance	\$42,787	\$(310,259)	\$(319,566)	\$(329,153)	\$(339,028)

Source: Mansfield City School District and AOS

The revised projections in **Table 2-14** show an increase in expenditures for each fiscal year of the forecasted period, with the exception of FY 2006-07, for a negative net impact on the five-year forecast of approximately \$1.3 million. The adjusted amount is shown in **Table 2-15**.

R2.14 MCS D should work with its internal audit committee to establish policies and procedures that govern and guide the committee and the internal audit functions of the District. Formalized and well-defined policies and procedures can help ensure that the committee operates effectively and efficiently and can result in more effective risk management.

MCS D has an internal audit function and internal audit committee in place. However, the functions of the internal audit committee are not clearly defined and there are no formal written committee guidelines.

An effective internal audit function can provide value by improving the organization's operations. According to the article, *International Standards of the Professional Practices of Internal Auditing* (Institute of Internal Auditors, 2005) internal audit policies should incorporate the following:

- Organizational independence;
- Planning processes;
- Criteria for communicating; and
- Internal audit activities.

Policies and procedures for the internal audit function would bring a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and organizational processes. Furthermore, proper procedures can help ensure the effective management of the internal audit function and ensure that its activities add value to the organization, while improving and addressing internal control weaknesses.

R2.15 MCSD should establish policies and procedures that are in line with best practices for the procurement and accountability of contracted services. In addition, MCSD should ensure that contracted services support the strategic objectives of the District (See R2.17 for information pertaining to strategic planning). Program sponsors should also supply the administration with appropriate documentation to facilitate the decision-making process. Established policies and procedures for contracted services will help ensure proper internal controls over the process for the selection and accountability of vendors.

The Board's policies pertaining to contracted services and supplies consist of purchasing and bidding requirements; however, they do not incorporate the best practices suggested by the National State Auditors Association (NSAA). For example, MCSD contracts with the City of Mansfield Department of Community Advancement and the Richland County Youth and Family Council for a variety of services. While the District appears to meet statutory purchasing requirements, it could not provide documentation to support the decision to contract for these services (See **R2.16** for more information pertaining to existing contracted services).

MCSD's policies can be summarized as follows:

- **Purchasing** - The function of purchasing is to serve the educational programs by providing the necessary supplies, equipment, and services. The acquisition of supplies, equipment, and services is to be centralized in the business office, which should function under the supervision of the chief operating officer (COO) through whose office all purchasing transactions should be conducted. The Board has also assigned the COO responsibility for the quality and quantity of purchases made.
- **Bidding Requirement** - The COO is to assemble the proper specifications and makes the necessary arrangements for public bidding. The Treasurer is to receive and record the bids. The COO is to make recommendations to the Board. Upon approval by the Board, bidders should be notified of the Board's decision and purchase orders should be processed accordingly.

According to *Contracting Services*, (NSAA, 2003), governments should develop policies and procedures for the procurement of contracted services. Policies and procedures should include the following

- **Planning** - Proper planning provides the foundation for contract awarding and monitoring. Planning identifies what services are needed, when and how they should be provided, and what provisions should be in the contract.
- **Decision to Contract** - The agency needs to determine whether or not to contract for the services. This will determine whether outsourcing or keeping the service in house is the necessary action.
- **Performance Requirements** - Once the decision to contract has been made, the agency should develop performance requirements that will hold vendors accountable for the delivery of quality services.
- **Request for Proposal Process (RFP)** - The decision to issue a request for proposal commits an agency to a formal process based on fair and open competition and equal access to information.
- **Award Process** - Although evaluation methods vary, the contract award process should ensure vendor proposals are responsive to the agency's needs, consistently and objectively evaluated, and contracts are awarded fairly to responsible vendors.
- **Contract Provision** - Contracting for purchased services should be formalized. Contracts should (1) protect the interest of the agency, (2) identify the responsibilities of the parties to the contract, (3) define what is to be delivered, and (4) document the mutual agreement, the substance, and the parameters of what was agreed upon.
- **Monitoring** - Contract monitoring is an essential part of the contract process. Monitoring should ensure that contactors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved. Without a sound monitoring process, the contracting agency does not have adequate assurance it will receive what it contracts for.

Policies and procedures surrounding contracted services can be useful to help ensure efficient, effective, and accountable vendors are selected. Furthermore, policies and procedures help ensure consistent application of appropriate internal controls during the procurement process.

R2.16 Due to the current financial situation, MCSD should suspend contracted services for programs such as those associated with the City of Mansfield Department of Community Advancement (CMDCA) and the Richland County Youth and Family Council (RCYFC). Once MCSD has become financially solvent, procedures for the procurement of contracted services (see R2.15) should be used to determine which programs could be reinstated and whether those programs should be outsourced.

MCSD currently participates in RCYFC, and receives services from the CMDCA. MCSD paid approximately \$96,273 in fees related to membership and additional contracted services to RCYFC in FY 2005-06. These fees are combined with fees from other agencies in the County in an effort to help the Council to acquire additional federal funds. These funds are then used to operate existing programs and/or to establish new programs which will serve the Richland County population, including MCSD students. Furthermore, MCSD paid approximately \$232,600 in fees related to contracted services to the CMDCA for an attendance officer, a school readiness program, and a school suspension program. The following are brief explanations of each program and/or service provided:

Richland County Youth and Family Council (RCYFC): The RCYFC was established under ORC §121.3 and is also known as the Family and Children First Cabinet Council. The statute requires each board of county commissioners to establish a county family and children first council. Under statute, the board of county commissioners may invite any local public or private agency or group that funds, advocates, or provides services to children and families to designate a representative to serve as a permanent or temporary member of its county council. The statute also requires each county council to include several representatives of organizations within the county. One active member of the council must be the superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county. In the case of RCYFC, the council includes the MCSD superintendent. The purpose of RCYFC, based on the statutory framework for county councils, is to streamline and coordinate existing government services for families seeking services for their children.

City of Mansfield Department of Community Advancement: MCSD contracts with the CMDCA for three services:

- 1. Elementary Drop-In Center (EDIC):** The EDIC is an alternative to out-of-school suspensions for elementary students. The main objective of the EDIC is for elementary students “to have a place to attend in the event that students are suspended from school, which provides supervision and so that the parents do not have to miss work to watch their child.” The program is supervised by 2 FTE employees. They are responsible for pick-up and drop-off of students at their

respective schools, assisting students with course work, and monitoring students' behavior while in attendance. The EDIC provides the District with a year-end report that shows statistical data pertaining to the students enrolled in the program. The report also provides comments received in the year-end evaluations submitted by building principals, teachers, and parents of suspended students.

2. **Attendance Officer:** The attendance officer provides staff services to all MCSD schools as well as parochial schools receiving supportive services from MCSD. The role of the attendance officer is to help parents avoid court hearings due to their child's lack of attendance by helping them return their child to school. The attendance officer assists parents with problem solving solutions that may help the child with attendance. These problem-solving solutions range from making appropriate phone calls to parents or service calls to student residences, issuing three- and five-day warning letters, and meeting with parents and/or school personnel to resolve issues resulting in lack of attendance.
3. **School Readiness Resource Center (SRRC):** The overall objective of the SRRC is to help bridge the communication and relationship gap that may occur between the school and parents of MCSD students. This objective is accomplished through an array of programs provided by the SRRC.

These programs may be beneficial to MCSD, but no cost-benefit analysis was completed to determine the appropriateness of continuing to fund them. Once the District has become financially solvent, participation in these programs may become an option. However, if the District participates in these programs in the future, their services should be evaluated using elements from **R2.15**.

Financial Implication: By eliminating contracts with the CMDCA the District could save approximately \$116,000 (based on a half year of savings) in FY 2006-07. By eliminating contracts with the RCYFC, the District could save approximately \$96,273 in FY 2007-08, for a total savings from both contracts of \$328,873 per year. The elimination of these contracts could save the District a total of \$1.3 million over the forecasted period.

During the course of the audit, MCSD eliminated the school readiness and elementary drop in centers to save an estimated \$74,000 in FY 2006-07.

R2.17 MCSD should maintain and publish a clearly written, multi-year strategic plan to provide vision and direction. The plan should incorporate the Comprehensive Continuous Improvement Plan (CCIP), and plans from other operational areas such as technology (see the technology section), facilities (see the facilities section), and

financial operations. In developing the strategic plan, the Board should identify and formally adopt a limited number of priorities to guide the District's strategies and major financial and program decisions. The plan should also instruct staff on how these priorities should be considered when making program and budget decisions. The strategic plan should clearly delineate District goals and objectives and the strategies for achieving them, the level of priority assigned to each goal, and actions the District intends to employ to reach desired objectives.

Performance measures should be used to evaluate progress toward organizational goals as well as group and individual performance. Furthermore, once a comprehensive strategic plan is adopted and approved, MCSD should assess all parts of the strategic plan on an annual basis and amend its priorities, as appropriate, to reflect changes in internal and external conditions.

The District has developed a CCIP to comply with ODE requirements, and a technology plan. However, a multi-year strategic plan that incorporates all elements of District operations, such as technology, facilities, transportation, and financial operations has not been developed.

According to *Recommended Budget Practice on the Establishment of Strategic Plans* (GFOA, 2005), entities should develop a multi-year strategic plan that provides a long-term perspective for services delivered and budgeting, thus establishing logical links between authorized spending and annual goals based on identified needs, projected enrollment and revenues. Accordingly, GFOA recommendations that entities take the following actions:

- **Initiate a Strategic Planning Process:** The strategic plan should be conducted under the supervision of administration, while the participation of other stakeholders is critical to ensure its success within the organization.
- **Prepare a Mission Statement:** The mission statement should clearly state the purpose of the organization. The organization's goals, strategies, programs and activities should stem from this mission statement.
- **Assess Environmental Factors:** An analysis of the entity's internal strengths and weaknesses should be conducted, while the external environment should be analyzed for opportunities and threats.
- **Identify Critical Issues:** Identified environmental factors, stakeholders' needs and priorities, and factors affecting the community should be considered.

- **Agree on a Small Number of Goals:** Goals should be developed from the identified issues. It may be necessary to prioritize goals based on the allocation of resources.
- **Develop Strategies to Achieve Goals:** Strategies should be identified to guide the activities to achieve goals. A flowchart or strategic mapping should be used in the design of strategies, while allowing opportunities for stakeholder input.
- **Create an Action Plan:** The action plan describes how the strategy will be implemented, including activities and services to be performed, associated costs, designation of responsibilities, priority order, and time frame involved for the organization to reach its strategic goals.
- **Develop Measurable Objectives:** Objectives are specific, measurable results to be achieved. Objectives should be expressed as quantities, or at least as verifiable statements, and ideally would include timelines.
- **Incorporate Performance Measures:** Performance measures provide an important link between the goals, strategies, actions, and objectives stated in the strategic plan and the programs or activities funded in the budget. Performance measures provide information on whether goals and objectives are being met.
- **Obtain Approval of the Plan:** Policy makers should formally approve the strategic plan so it can provide the context for policy and budget decisions.
- **Implement the Plan:** Stakeholders should work together to implement the plan. Moreover, the plan should drive the operating budget, the capital plan, and the entity's financial planning efforts.
- **Monitor Progress:** Progress toward planned goals should be monitored at regular intervals. Organizations should develop a systematic review process to evaluate the extent to which the strategic goals have been met.
- **Reassess the Strategic Plan:** Goals, strategies, and actions may need to be adjusted to reflect external and internal factors.

By implementing a strategic plan, the District can develop a more comprehensive approach to long-range planning and decision-making. A multi-year strategic plan can also foster alignment of the budget process with strategic plan goals and objectives. Long-range planning also would help MCSD prioritize key goals and activities, and essential processes in periods of lean financial resources. Furthermore, by regularly

assessing its strategies and goals in relation to performance measures, MCSD will have the opportunity to determine what changes need to be made to the curriculum, staffing, and/or other District operations.

R2.18 MCSD should consider developing and releasing a comprehensive annual financial report (CAFR) and a popular annual financial report (PAFR). The District should also ensure that these reports are readily available and publicized through several forms of communication such as public libraries, mailings to major businesses, the District's web site (see R2.19), and press releases to the local media. These reports should also be reviewed by Board members and administrators, and copies should be made available to the public upon request.

MCSD does not publish a CAFR or a PAFR. According to the Governmental Finance Officers Association (GFOA), governments should develop a CAFR. A CAFR is an unparalleled means of demonstrating financial accountability, as recognized by the National Council of Governmental Accounting (NCGA) and reiterated by the Governmental Accounting Standards Board (GASB). The Westerville City School District develops both a CAFR and PAFR, which are used by community members, Board members, staff, and local businesses to gain insight into the financial operations of the district.

GFOA also recommends that governments issue a PAFR. A PAFR is designed to assist those who need or desire a less detailed overview of government financial activities than the CAFR provides. A PAFR can take the form of consolidated or aggregated presentations, or a variety of other forms. Although outsourcing the development of a PAFR can be costly, the District can create a PAFR-like document using characteristics that a PAFR should exhibit, which can be found at <http://www.gfoa.org>.

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

R2.19 MCSD should increase the use of its web site as a means to inform and educate its residents on the financial issues. The District should publish documents on its web

site, including but not limited to budget documents, the CAFR and PAFR (see R2.14), and any financial reports provided to the Board.

During the course of the audit, MCSD began enhancing its website by expanding the range of information offered to students, parents, and community members.

The MCSD web site includes links to parent, student, school, and District information, as well as other “quick links”. The web site also links the user to information on various operational functions of the District, such as the Technology Department, Pupil Services, and the Transportation Department. Although the District has been proactive in providing the community with this type of information, there is no information pertaining to financial operations on the web site.

In contrast, the web sites for the Westerville City School District and Olentangy Local School District provide access to financial information pertaining to their operations. Westerville City School District provides the community with several key financial reports. Its website provides financial information grouped into the following five major components:

- **Levy Information** – Levy Facts, Reappraised Home Values and School Taxes, Property Tax Calendar, Income Tax Calculator, Ohio School District Income Tax, Glossary of Terms;
- **Budget Appropriations** – Current Five-Year Forecast, Understanding the Five-Year Forecast, Appropriations, Tax Budget, and Historical Year-end Analysis;
- **Taxes/Millage/Valuation** – Tax Calculator, Presentation of Governor’s Blue Ribbon Task Force on Student Success, Franklin County Area School District Effective Tax Rates (Historical Information), WCS Tax Rate History, Q&A on Taxes and Millage;
- **Annual Report** – Two years Historical Information for both the CAFR and PAFR, and most recent FY CAFR; and
- **Miscellaneous** – State Performance Audit, School Finance Terms, State Financial Designations, and Local Report Cards.

The Olentangy Local School District also provides the following key financial information:

- Comprehensive Annual Financial Report;

- Development Committee Report on Enrollment and Building Projects;
- Financial and Audit Committee Reports; and
- Five Year Forecast.

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

R2.20 Although MCSD has successfully negotiated mandatory direct deposit, it should incorporate mandatory electronic pay stubs for all District employees. The District could realize a cost savings associated with the reduced use of supplies and materials while increasing labor efficiency in the Treasurer's Office. In addition, District employees would benefit from easy access to, and availability of, historical pay stubs.

MCSD has successfully negotiated a requirement that all District employees participate in the direct deposit program. The majority of savings to the District has been the costs associated with traditional check processing, bank fees, and watermarked checks. However, the District still incurs costs associated with the preparation of paper pay stubs, including envelopes and stamps during the summer months, and employee time that could be avoided if electronic pay stubs were issued.

During the course of the performance audit, MCSD implemented a pilot electronic pay stub program. According to the former Treasurer, the District is looking at the possibility of using the State Software System through NCOCC to distribute the employee direct deposit statements. The software program has the capability of including the employee e-mail address as part of the employee bio screen. He believes this e-mail process will be a valuable tool for use in the future. The only reservation at this time is the availability of computers and printers for use by the classified staff during the day and the summer months to print these forms off. For the most part the certificated staff should have access to computers and printers during the year.

According to the National Automated Clearing House Association (NACHA), employers and employees can monetary benefit from electronic pay stubs while increasing efficiencies within a payroll department. The employer benefits from the fact that electronic pay stubs eliminate the need to print and distribute pay stubs or reproduce lost

pay stubs. Employees also benefit as they can easily access their pay information from any computer with a browser and internet connection. Also, the employee's pay history is available, beginning with the first electronic pay stub. Electronic pay stubs also make it easy for employees to provide pay stub information to third parties, such as accountants, mortgage lenders, and other agencies requiring pay verification.

The North Central Ohio Computer Corporation (NCOCC) indicated that the State Software system has the capability of producing electronic pay stubs. The process would involve such items as ensuring e-mail addresses for each employee, and that District systems are set up to process electronic pay stubs. To solve any logistical problem of computer access for bus drivers and custodians, the District could issue e-mail addresses to these employees to allow limited access to several of the approximately 3,561 computers within the District. In addition, the District could establish a centralized computer station during the summer months for employees to access their electronic stubs if they do not have personal computers.

Although the savings for electronic pay stubs is difficult to quantify, the District could save the cost of paper, envelopes, stamps, and the associated time of the payroll department to process paper stubs. Most importantly, it would help improve the efficiency of the payroll process.

R2.21 The Treasurer's Office should consider cross-training its employees as a way to broaden skill sets and to ensure adequate backup for key office functions. The Treasurer should identify critical functions; match employees' interest and skills with these functions; identify appropriate trainings; track the training employees receive; and monitor feedback from management and the employees.

The District does not formally cross-train employees in other functional duties within the Treasurer's Office. While Treasurer's Office staff does not receive official training in other functional areas, the Treasurer feels that some of the job duties are too complex to perform without constant repetition and reinforcement. However, cross-training is a best practice that could benefit the Treasurer's Office if applied in key functional areas.

Several organizations have developed cross-training programs within functional areas. Steps for implementing cross training include developing a program, tracking employees training, and monitoring feedback. Cross-training has enabled these organizations to be more flexible with employees' schedules and decreased the risk of functional down time. According to *Cross Training – Value in Today's Environment* (Society for Human Resource Management, 2002); cross-training can be beneficial to both the organization and the employees. Cross-training increases employee knowledge and ability to perform different tasks by enhancing current skills. Cross-training also adds variety to

employees' workdays, adds new challenges to their jobs, and enhances future career opportunities within the organization. Finally, cross-training can help employees better understand interrelationships between jobs, in addition to enhancing employees' perception of the complete organization.

Perhaps most importantly, cross-training enables organizations to be prepared in the event of short or long-term absences and ensures that job functions are performed with minimal impact on the organization. Because of the limited staffing in the Treasurer's Office, ensuring continuity through cross-training is essential. The Treasurer's Office could implement this recommendation at no additional cost to the District.

R2.22 MCSD should consider implementing additional recommendations from the 1999 Performance Audit that have not yet been implemented or addressed in this section. These recommendations, while not key to District financial operations, could have a beneficial effect on the financial management practices of the District.

Some operational items reviewed in the 2007 Performance Audit differ from those reviewed in the 1999 Performance Audit. While the following areas were not reviewed in 2007, the recommendations were determined to be relevant and, if implemented, could result in increased internal controls or enhanced financial management effectiveness.

- **Budget Committee (1999 R2.12)** MCSD should consider establishing an internal budget committee. The committee should meet on an as-needed basis to discuss the possible impact of specific budgetary items, evaluate "what-if" scenarios, monitor the preparation and adoption of the budget and ensure that the recommended budget remains consistent with operating parameters that will be established in the strategic plan. The creation of an internal budget committee would help all parties involved gain a detailed understanding of the budget process and its financial implications.
- **Inventory Systems (1999 R2.18)** Although the District has an inventory system, it has been used primarily for insurance purposes. The textbook inventory system should be fully utilized to reconcile all textbooks, new purchases, transfers, and books which have been damaged, lost or destroyed throughout the year to the physical inventory taken by administrators. Any discrepancies between the textbook inventory system and the inventory sheet should be explained by the appropriate building administrator.

The District has recently implemented a new inventory system. However, as in 1999, the inventory system does not include textbooks. The District should

implement this recommendation in order to accurately account for textbook inventory.

- **Percent Threshold (1999 R2.19)** The District should consider changing the \$500 threshold to a percentage threshold. This will provide a heightened level of additional review if the invoice amount exceeds the purchase order by the established percentage. Most districts use a 10 percent threshold, which should cover items omitted from the purchase order such as freight and handling charges or if an outdated price list was used. If the district wishes to maintain a specific dollar amount threshold, different thresholds should be developed for various ranges of expenditures. Discretion should still be used by the accounts clerk regarding unusual situations.

R2.23 MCSD should consider making the recommended adjustments to the five-year forecast and implementing the other performance audit recommendations contained in this report. Making the forecast adjustments and implementing the performance audit recommendations will offset projected deficits and allow the District to maintain a positive year-end balance through FY 2009-10. However, in order to achieve solvency through the five-year forecast period, the performance audit recommends substantial reductions in teaching and other educational personnel. Enhancing general operating revenue and/or identifying additional savings beyond those included in this performance audit would allow the District to make less severe reductions in educational staff.

In order to alleviate the projected deficit, MCSD must make substantial reductions in its staff and program operations. Reductions of this magnitude will likely have a negative effect on student performance and impact the District's ability to provide some specialized programs to its students. Many reductions take staffing to levels below those of the peer districts. To hold reductions to the peer average, MCSD would need an additional infusion of local revenue as reductions to the peer average would leave a deficit of about \$9 million in FY 2010-11. In Mansfield, a mill generates between \$320,000 and \$480,000 depending on the year, with the amount decreasing over the forecast period because any additional millage generated is not subject to the "hold harmless" clause in HB 66.

By implementing the performance audit recommendations, including reductions to near State minimums, and using less conservative and more detailed assumptions to update the forecast line-items, MCSD could maintain a positive fund balance through FY 2009-10, and would experience a negative fund balance in FY 2010-11 of approximately \$1.2 million.

Table 2-15 demonstrates the effect on the five-year forecast and ending fund balances, assuming the forecast adjustments are made and all recommendations contained in this audit are implemented by FY 2007-08. MCSD made several mid-year reductions, effective March 2007, which are also reflected in **Table 2-15**. These reductions include non-certificated and administrative staff and several non-essential programs. These proactive steps made by the Board, in conjunction with the full implementation of performance audit recommendations, are projected to result in a positive fund balance in FY 2010-11 of approximately \$410,000.

Table 2-15: Revised Five-Year Forecast (in 000s)

	Actual			Forecasted				
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Revenue								
General Property Tax (Real Estate)	\$12,094	\$12,471	\$12,676	\$12,981	\$13,292	\$12,307	\$11,185	\$11,519
Tangible Personal Property Tax	\$5,039	\$4,152	\$4,004	\$2,927	\$2,149	\$1,066	\$128	\$64
Unrestricted Grants-in-Aid	\$24,671	\$25,273	\$25,405	\$24,929	\$25,463	\$25,680	\$25,494	\$25,555
Restricted Grants-in-Aid	\$3,457	\$3,644	\$3,923	\$3,910	\$4,386	\$4,627	\$4,882	\$5,151
Property Tax Allocation	\$1,695	\$1,696	\$2,062	\$3,237	\$3,374	\$3,549	\$3,727	\$3,417
All Other Revenues except	\$3,262	\$2,500	\$3,384	\$4,093	\$3,493	\$3,493	\$3,493	\$3,493
Total Revenues	\$50,221	\$49,738	\$51,457	\$52,079	\$52,159	\$50,723	\$48,912	\$49,201
Other Financing Sources								
Operating Transfers-In	\$0	\$0	\$61	\$0	\$0	\$0	\$0	\$0
Advances-In	\$290	\$0	\$0	\$4	\$0	\$0	\$0	\$0
All Other Financing Sources	\$266	\$30	\$262	\$75	\$0	\$0	\$0	\$0
Total Other Financing Sources	\$556	\$30	\$324	\$79	\$0	\$0	\$0	\$0
Total Revenues and Other Financing Sources	\$50,778	\$49,769	\$51,781	\$52,159	\$52,159	\$50,723	\$48,912	\$49,201
Expenditures								
Personal Services	\$32,238	\$32,437	\$32,746	\$32,050	\$33,180	\$34,350	\$35,913	\$37,547
Employees' Retirement/ Insurance Benefits	\$11,318	\$12,226	\$12,159	\$12,496	\$13,604	\$14,838	\$16,274	\$17,873
Purchased Services	\$5,529	\$6,723	\$7,946	\$8,113	\$8,768	\$9,482	\$10,262	\$11,112
Supplies and Materials	\$1,783	\$1,893	\$1,202	\$1,195	\$1,586	\$1,633	\$1,682	\$1,733
Capital Outlay	\$891	\$1,377	\$373	\$384	\$392	\$404	\$416	\$428
Other Objects	\$651	\$696	\$657	\$677	\$697	\$718	\$740	\$762
Total Expenditures	\$52,413	\$55,354	\$55,086	\$54,918	\$58,229	\$61,428	\$65,288	\$69,457
Other Financing Uses								
Operating Transfers-Out	\$168	\$159	\$125	\$125	\$125	\$125	\$125	\$125
Advances-Out	\$5	\$0	\$4	\$0	\$0	\$0	\$0	\$0
All Other Financing Uses	\$0	\$16	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Other Financing Uses</i>	<i>\$173</i>	<i>\$175</i>	<i>\$129</i>	<i>\$125</i>	<i>\$125</i>	<i>\$125</i>	<i>\$125</i>	<i>\$125</i>
Performance Audit Net Savings	\$0	\$0	\$0	\$0	(\$10,699)	(\$11,495)	(\$12,203)	(\$12,853)
MCSD Mid-year Reductions	\$0	\$0	\$0	(\$560)	(\$115)	(\$115)	(\$115)	(\$115)
Total Expenditures and Other Financing Uses	\$52,587	\$55,530	\$55,216	\$54,483	\$47,560	\$49,963	\$53,115	\$56,634
<i>Result of Operating Net</i>	<i>(\$1,808)</i>	<i>(\$5,760)</i>	<i>(\$3,434)</i>	<i>(\$2,324)</i>	<i>\$4,619</i>	<i>\$780</i>	<i>(\$4,183)</i>	<i>\$(7,412)</i>
<i>Cash Balance July</i>	<i>\$12,246</i>	<i>\$10,437</i>	<i>\$4,676</i>	<i>\$1,242</i>	<i>(\$1,081)</i>	<i>\$3,537</i>	<i>\$4,317</i>	<i>\$133</i>
Cash Balance June 30	\$10,437	\$4,676	\$1,242	(\$1,081)	\$3,537	\$4,317	\$133	(\$7,279)
<i>Estimated Encumbrances June 30</i>	<i>\$941</i>	<i>\$623</i>	<i>\$752</i>	<i>\$600</i>	<i>\$600</i>	<i>\$600</i>	<i>\$600</i>	<i>\$600</i>
Budget Reserve	\$826	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance June 30 for Certification of Appropriations	\$8,669	\$4,053	\$490	(\$1,681)	\$2,937	\$3,717	(\$466)	(\$7,879)
Revenue from Replacement/Renewal Levies								
Property Tax - Renewal or Replacement	\$0	\$0	\$0	\$0	\$0	\$1,489	\$3,439	\$3,439
Cumulative Balance of Replacement/Renewal Levies	\$0	\$0	\$0	\$0	\$0	\$1,489	\$4,929	\$8,369
Fund Balance June 30	\$8,669	\$4,053	\$490	(\$1,681)	\$2,937	\$5,207	\$4,463	\$490

Source: Mansfield City School District and AOS

Table 2-16 summarizes the performance audit recommendations reflected in the revised five-year forecast presented in **Table 2-15**. Recommendations are divided into two categories, those requiring negotiation and those not subject to negotiation.

Table 2-16: Summary of Performance Audit Recommendations

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Not Subject to Negotiations				
<i>Financial Systems</i>				
R2.16 Eliminate Contracts with RCYFC and CMDCA	\$328,873	\$328,873	\$328,873	\$328,873
<i>Human Resource</i>				
R3.1 Reduce 6 FTE Administrators	\$321,534	\$338,062	\$359,367	\$375,719
R3.2 Reduce 65 FTE Regular Classroom Teachers	\$3,067,343	\$3,225,013	\$3,428,261	\$3,584,247
R3.3 Reduce 35 FTE Other Certificated	\$1,473,765	\$1,549,521	\$1,647,175	\$1,722,122
R3.4 Reduce 46 FTE ESP	\$2,026,928	\$2,131,118	\$2,265,426	\$2,368,502
R3.5 Reduce 25 FTE Clerical Staff	\$786,328	\$826,747	\$878,851	\$918,838
R3.6 Reduce 3 FTE Library Aids	\$37,273	\$39,189	\$41,659	\$43,554
R3.7 Reduce 18 FTE Teaching Aids	\$351,074	\$369,121	\$392,384	\$410,237
R3.12 Participate in the BWC's PDP+ and DFWP Programs	\$194,107	\$200,949	\$104,016	\$107,683
R3.15 Reduce Sick Leave Usage	\$27,021	\$54,041	\$81,062	\$81,062
R3.25 Reduce 11 FTE Special Education Teachers	\$383,887	\$403,620	\$429,057	\$448,579
<i>Facilities</i>				
R4.5 Reduce Two Custodial FTE's	\$62,510	\$65,724	\$69,866	\$73,044
R4.8 Implement an Energy Conservation Education Program	\$192,618	\$208,110	\$224,884	\$243,047
R4.12 Close two Elementary Buildings and the Central Office to Eliminate Excess Capacity	\$367,028	\$388,237	\$414,064	\$436,298
Transportation				
R5.2 Eliminate High School Transportation	\$93,844	\$94,782	\$96,421	\$97,541
R5.8 Reduce Fuel Expenditures Through Competitive Bidding	\$20,000	\$20,000	\$20,000	\$20,000
Subtotal Not Subject to Negotiation	\$ 9,734,133	\$10,243,107	\$10,781,366	\$11,259,346
Subject to Negotiation				
<i>Human Resource</i>				
R3.10 Renegotiate Fringe Benefit Pick-Up	\$157,435	\$314,000	\$338,549	\$347,013
R3.11 Negotiate an increase to Health Insurance Contributions to 15 Percent	\$982,282	\$1,109,979	\$1,254,276	\$1,417,332
R3.14 Renegotiate Costly Contract Provisions	\$23,340	\$24,040	\$24,761	\$25,504
Subtotal Subject to Negotiation	\$ 1,163,057	\$ 1,448,019	\$ 1,617,586	\$ 1,789,849
Total Cost Savings form Performance Audit Recommendations	\$10,897,190	\$11,691,126	\$12,398,952	\$13,049,195

Source: AOS Performance Audit Recommendations

Table 2-17 summarizes the implementation costs associated with the recommendations contained in the performance audit. Each cost estimate is dependent on MCSD’s decision to implement the associated recommendation and the timing of the implementations.

Table 2-17: Implementation Costs

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
R4.13 Purchase a subscription to an online work order system	\$2,300	\$500	\$500	\$500
R5.10 Replace three buses each year ⁺	\$195,000	\$195,000	\$195,000	\$195,000
Total Implantation Costs	\$197,300	\$195,500	\$195,500	\$195,500

Source: AOS Performance Audit Recommendations

Appendix 2-A: 1999 Performance Audit Recommendations and Implementation Status

Table 2-A summarizes the 1999 Performance Audit recommendations and their implementation status. Each recommendation was categorized either as implemented, partially implemented, not implemented, or no longer applicable.

Table 2-A: 1999 Performance Audit Status

Recommendation	Implementation Status
R2.1 Link between the strategic plan and the financial planning and budgeting process.	This recommendation was not implemented and was issued again (2007 R2.17).
R2.2 A more precise methodology for estimating salaries and related benefits.	This recommendation was no longer applicable.
R2.3 A more detailed forecast including historical and projected financial information.	This Recommendation was no longer applicable
R2.4 "What if" scenarios for the forecast to develop appropriate action plan.	This recommendation was not implemented and was issued again (2007 R2.2).
R2.5 Develop process to ensure the maximization of grant revenues.	This recommendation was partially implemented.
R2.6 Allocating additional cost to the food service.	This recommendation was implemented.
R2.7 The District should seek reimbursements of CAFS programs.	This recommendation is no longer applicable.
R2.8 Parent involvement in the budgeting process.	This recommendation was partially implemented.
R2.9 Prepare a budget document containing detailed information and support materials that highlights the District's goals.	This recommendation was not implemented.
R2.10 Lowest discretionary expenditures among the peer districts.	This recommendation was no longer applicable.
R2.11 Review policy regarding annual appropriation resolution which is sets the operating budget.	This recommendation was no longer applicable.
R2.12 The District should establish an internal budget committee.	This recommendation was not implemented.
R2.13 The District should prepare and issue an annual CAFR and a PAFR.	This recommendation was not implemented and was issued again (2007 R2.18).
R2.14 The District should establish a formal audit committee.	Not Implemented
R2.15 In procuring certain purchased services, the District should obtain request for proposals from versus vendors.	This recommendation was implemented.
R2.16 The District should consider ordering copy paper in bulk as the beginning of the year for all operational units.	This recommendation was implemented.
R2.17 The District should implement a formal vendor performance monitoring program either through utilization of the NCS software or on a manual bases.	This recommendation was partly implemented and was issued again (2007 R2.15).
R2.18 A textbook inventory system should be fully utilized to reconcile all textbook.	This recommendation was partly implemented.
R2.19 The District should consider establishing a percentage threshold if invoice amount exceeds the purchase order amount.	This recommendation was not implemented.
R2.20 The District should attempt to maximize cash flow by increasing paying vendors on "net 30".	This recommendation was no longer applicable.
R2.21 The District should purchase software that would create a daily audit trail of the payroll function in an effort to enhance internal controls.	This recommendation was implemented.

Recommendation	Implementation Status
R2.22 MCSD should install an automated time and attendance systems at the various building throughout the District.	This recommendation was partly implemented.
R2.23 The District should establish additional internal controls over large payout and employees being paid for hours in excess of their regular hours by a certain amount.	This recommendation was implemented.
R2.24 MCSD should develop a policy and procedures manual related to the payroll process for the payroll department.	This recommendation was not implemented.
R2.25 The District should develop a payroll user manual for the operational units.	This recommendation was not implemented and was issued again (2007 R2.5).
R2.26 The District should investigate the feasibility of printing paychecks, Form W-2s and Form 1099s with self-sealing mailers.	This recommendation was partly implemented.

Source: Mansfield City School District and AOS

Appendix 2-B: Summary of Objectives for Financial Systems

The following questions were used to evaluate the performance of MCSD's financial operations:

- What circumstances led to the district being placed in fiscal caution and what steps has the district implemented to remove itself from this designation?
- Do the recommendations of the performance audit and review of the financial systems provide financial recovery?
- Does District's five-year forecast seem reasonable, and does it accurately project the District's future financial position?
- Has the District implemented the appropriate processes in the development of the five-year forecast that meet best practices?
- Are revenues and expenditures properly controlled, reported and similar to comparable peer districts?
- Does the district formally set performance targets, evaluate the performance and cost of its major educational and operational programs, and use evaluation results to improve program performance and cost-efficiency?
- Has the District developed a strategic plan that is linked to educational and operational goals and meets best practice standards?
- Does the District issue financial reports that can be used by stakeholders as informational tools and that meet best practice standards?
- Does the District provide financial reports to the community and stakeholders?
- Do District purchasing practices incorporate best practices?
- Are District payroll processes in line with recommended practices?

- How does the District ensure its financial service units are delivered effectively to the users?
- What is the status of the recommendations issued in the 1999 Performance Audit of the Mansfield City School District?
- Has the District developed the appropriate internal controls to ensure that financial processes meet best practice standards, and are consistent with the goals of the District?

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Human Resources

Background

This section of the performance audit focuses on the human resource functions of the Mansfield City School District (MCSD or the District). **Appendix 3-B** provides a summary of the audit objectives for the human resources section. Operations were evaluated against best practices, industry benchmarks, operational standards, and the average of ten peer districts¹ for the purpose of developing recommendations to improve efficiency and business practices. Recommendations also identify potential cost savings to assist the District in its efforts to address projected deficits. This assessment of human resource operations includes staffing levels and compensation, negotiated agreements, human resource management, and program operation processes. Best practices and industry standards were drawn from various sources, including, but not limited to, the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), the Ohio Department of Education (ODE), the Ohio Bureau of Workers' Compensation (BWC), the Ohio School Boards Association (OSBA), the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), and the State Employment Relations Board (SERB). In addition, audit staff administered a survey of MCSD's employees regarding human resources issues. Survey questions and results can be found in **Appendix 3-A** at the end of this section.

Organizational Structure

In the State of Ohio, all schools are required to have a superintendent and a treasurer who report directly to the Board of Education (the Board). MCSD also employs a Chief Operating Officer (COO), Chief Academic Officer (CAO), Executive Director of Human Resources (Director of HR), and an Executive Director of Pupil Services. The CAO and the COO report to the Superintendent. The Director of HR reports to the COO, while the Executive Director of Pupil Services reports to the CAO.²

In addition to the Director of HR, the Human Resources Department (HR Department) consists of three executive secretaries and two receptionist/switchboard secretaries. While not formally

¹ Peer Districts: Boardman Local School District (Mahoning Co.), Dover City School District (Tuscarawas Co.), Elida Local School District (Allen Co.), Fairland Local School District (Lawrence Co.), Heath City School District (Licking Co.), Indian Creek Local School District (Jefferson Co.), Lowellville Local School District (Mahoning Co.), McDonald Local School District (Trumbull Co.), Tiffin City School District (Seneca Co.), and Wheelersburg Local School District (Scioto Co.).

² During FY 2006-07, the Treasurer resigned and the COO assumed his duties in addition to the COO duties. The District will fill the Treasurer's position in the future and the COO will resume his regular duties. Also, in FY 2007-08, the District plans to replace the Technology Director's position (currently vacant) with an Executive Director of Instructional Technology.

included in the HR Department, the Education Management Information System (EMIS) Coordinator works closely with the HR Department to ensure the accuracy of EMIS staffing data. The Treasurer's Office oversees the benefits component of human resources, as well as payroll operations.

Staffing

MCSD's overall staffing level is higher than the average of the peer districts. **Table 3-1** shows the number of full-time equivalent (FTE) employees per 1,000 students for MCSD compared to the peer district average. Comparing staffing levels on a per 1,000 student basis eliminates variances attributable to the size of the peer districts.

Table 3-1: Staff Comparison (FTEs per 1,000 Students¹)

Category	MCSD	Peer District Average	FTE Difference from Peer Districts ²
Students Educated (FTE) ³	5,360	2,069	3,291
Administrative Staff	7.1	5.9	1.2
Educational Staff	93.2	67.3	25.8
Professional Staff	4.3	1.8	2.6
Technical Staff	3.2	3.1	0.1
Office / Clerical Staff	20.8	11.5	9.3
Maintenance Staff	2.1	1.5	0.6
Custodial / Grounds Staff	9.7	8.2	1.5
Transportation Staff	5.6	8.0	(2.4)
Food Service Staff	9.4	7.7	1.7
All Other Staff	1.1	2.5	(1.4)
Total FTE Staff	156.6	117.5	39.1

Source: MCSD HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer data has not been tested.

¹ Comparing staffing levels on a per 1,000 student basis eliminates differences caused by the size of the peer districts.

² EMIS requires districts to enter full-time equivalents (FTE) based on the number of hours included in a full time position in the employees' collective bargaining agreement. In most cases, this represents an eight-hour day, but in classifications like food service and transportation, an FTE, as defined by the district's collective bargaining agreement may be less than eight hours and differ from district to district.

³ Students educated equals FTE students receiving educational services from the districts and excludes the percent of time students are receiving educational services outside the district.

Table 3-1 shows that when compared to the peer district average, MCSD staffing levels per 1,000 students are above the peer district average in all categories except transportation staff and all other staff. Each category where staffing levels are higher than the peer district average presents an opportunity for the District to reduce staff and save money while maintaining staffing levels similar to those of the peer districts (see **R3.1** through **R3.7**).

Compensation

Table 3-2 compares MCSD's average salaries for administrative, certificated, and classified staff to the Richland County³ and surrounding city school district (CSD)⁴ average. Years of service, cost of living allowances (COLAs), step increases, and in some cases, the education level attained by the personnel within a category, are factors which directly impact average salaries.

Table 3-2: MCSD Salaries Comparison¹

Classification	MCSD Average	Richland County Average	Percent Difference from Richland County Avg.	Surrounding CSD Average	Percent Difference from Surrounding CSD Avg.
Administrative	\$62,269	\$58,420	6.6%	\$65,541	(5.0%)
Certificated	\$47,482	\$43,321	9.6%	\$44,714	6.2%
Classified	\$22,637	\$19,255	17.6%	\$20,475	10.6%

Source: FY 2004-05 average salaries from ODE.

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

As shown by **Table 3-2**, MCSD pays higher average salaries than other Richland County districts for all classifications, and higher certificated and classified salaries than the surrounding CSD average. Salaries higher than benchmark averages are indicators of overly generous compensation and represent areas in which MCSD could limit salary increases (see **R3.8**).

Negotiated Agreements

The District's two main employee groups, certificated and classified personnel, are covered under collective bargaining agreements:

- **Mansfield School Employees Association (MSEA) Agreement:** Membership in this collective bargaining unit includes all teachers and other professional certificated personnel.
- **Mansfield School Employees Association (MSEA) School Support Personnel Agreement:** Membership in this collective bargaining unit includes all non-certificated school support personnel including maintenance and custodial staff, clerical staff, paraprofessionals, switchboard operators, and food service employees.

³ Richland County Districts include: Clear Fork Valley LSD, Crestview LSD, Lexington LSD, Lucas LSD, Madison LSD, Mansfield Community, Mansfield Enhancement Academy, Mid-Ohio ESC, Ontario LSD, Pioneer Career & Technology JVS, Plymouth-Shiloh LSD, and Shelby CSD.

⁴ Surrounding CSDs include: Bellevue CSD, Bucyrus CSD, Galion CSD, Mount Vernon CSD, Norwalk CSD, and Willard CSD.

- **Truck Drivers Union Local #40, International Brotherhood of Teamsters Agreement:** Membership in this collective bargaining unit includes all school bus drivers, aides, and mechanics.

As part of the performance audit, certain contractual and employment issues were assessed and compared to Ohio law and industry benchmarks. Areas of analysis included common contractual provisions such as maximum sick leave accrual and payout at retirement, number of paid holidays, uniform allowances, length of work-week, and employer liability (see **R3.14**).

Performance Audit Follow-up

In 1999 AOS completed a performance audit of MCSD as a part of the 21 urban school district initiative. Following the issuance of the performance audit, MCSD was required to develop and approve an Economy and Efficiency Plan detailing how the District intended to address the performance audit recommendations.

One key area of assessment in the 1999 Performance Audit was MCSD's human resource function. As a follow-up to the 1999 Performance Audit, this section of the performance audit reviewed the previous recommendations, MCSD's Economy and Efficiency Plan, and current District operations to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 3-C** with references, where pertinent, throughout the section.

Recommendations

Staffing

R3.1 MCSD should consider reducing 6 FTE administrative positions to bring its staffing level more in line with the peer district average. Savings generated from reduced salaries and benefits expenditures can be used to offset projected deficits or be reallocated to other priorities in the future. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

During the course of the audit, MCSD achieved a net reduction of 5 FTE administrator positions through a reorganization of administrative responsibilities. This reduction brings MCSD's administrators to a total of 33 FTE positions (including vacancies). Additional cost savings were achieved by the District through job redesign and re-designations which lowered the salaries for some of these positions.⁵

Table 3-3 shows the number of FTE administrators, and the FTE administrators per 1,000 students for MCSD compared to the peer district average.

Table 3-3: Administrator Staffing Comparison (in FTEs)

	MCSD ¹	Peer District Average ²	Difference from Peer Districts
Central Administrators	20.1	6.7	13.4
Site Based Administrators	18.0	5.6	12.4
Total FTE Administrators	38.1	12.3	25.8
Total FTE Employees	839.3	243.2	596.1
Employees per Administrator	22.0	19.8	2.2
Students Educated (FTE) ³	5,360.3	2,069.4	3,290.8
Central Administrators per 1,000 Students	3.7	3.2	0.5
Site Based Administrators per 1,000 Students	3.4	2.7	0.7
Total Administrators per 1,000 Students	7.1	5.9	1.2
Total Administrators Above/(Below) Peer District Avg.⁴			6.4

Source: MCSD HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ Students educated equals FTE students receiving educational services from the districts and excludes percent of time students are receiving educational services outside the district.

⁴ Calculated by multiplying the difference per 1,000 students by the FTE students educated which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

⁵ Some of these staffing reductions will be effective for FY 2007-08.

Table 3-3 shows that MCSD employs about 7.1 FTE administrators per 1,000 students. Compared to the peer district average, MCSD has about 1.2 more FTE administrators per 1,000 students. A reduction of 6.4 FTE administrative positions would bring the number of administrators per 1,000 students in line with the peer district average. Having higher administrative staffing levels increases the District's salary and benefit costs and represents an opportunity to reduce personnel costs.

Financial Implication: By reducing 6 FTE administrative positions, MCSD would save an estimated \$322,000 in salaries and benefits in FY 2007-08. Cumulative savings through FY 2010-11 are estimated to be approximately \$1,395,000.

R3.2 Without new revenue, significant reductions in salary and benefit expenditures are needed to avoid projected deficits. Assuming successful implementation of all cost-saving performance audit recommendations, MCSD would still need to reduce at least 65 FTE regular classroom teaching positions⁶ to avoid deficits through FY 2010-11. If a portion of the recommendations cannot be implemented, Mansfield CSD may need to reduce up to 97 classroom teaching positions to regain financial solvency, taking the District to state minimum standards. However, prior to making such substantial reductions in classroom teaching positions, MCSD should consider the potential impact on student achievement and look for alternative ways to address its deficit situation.

During the course of the audit, MCSD made substantial reductions in its regular education personnel through attrition, retirements, and reductions in force. As of May 1, 2007, the district had eliminated 79.5 FTE positions in this classification.⁷

Table 3-4 shows the number of FTE regular classroom teachers and the number of regular teachers per 1,000 students as compared to the peer district average and the State minimum standards.

⁶ A reduction of 65 FTE regular classroom teaching positions would leave the District about 21 percent above the State minimum requirement.

⁷ Some of these staffing reductions will be effective for FY 2007-08. This total includes 3 Vocational Education FTEs.

Table 3-4: Regular Classroom Teacher Staffing Comparison (in FTEs)

	MCSD ¹	Peer District Average ²	Difference from Peer Districts
Regular Classroom Teachers (FTE)	250.8	100.8	150.0
Regular Student Population ³	3,845	1,792	2,054
Regular Teachers per 1,000 Regular Students	65.2	56.3	9.0
Regular Teachers Above/(Below) per 1,000 students ⁴			34.5
Regular Students to Regular Teacher Ratio	15.3	17.8	(13.8%)
Students Educated per Teacher	21.4	20.5	4.1%
Performance Indicators Met (out of 25)	5.0	20.1	(75.1%)
Performance Index (out of 120)	80.5	98.2	(18.0%)
Comparison to State Minimum Requirements			FTE Teachers
Total Regular Classroom Teaching Positions			250.8
State Minimum Required Classroom Teachers			153.8
Teachers Above/(Below) State Minimum Requirement			97.0

Source: MCSD HR Department FY 2006-07 staffing data, peer district FY 2005-06 EMIS staffing data as reported to ODE, and FY 2005-06 ODE Local Report Cards. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ As defined by ORC 3315.17(F).

⁴ Calculated by multiplying the difference per 1,000 students by the regular student population which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

Table 3-4 shows that MCSD has 65.2 FTE regular education teachers per 1,000 students which is approximately 9 FTE per 1,000 students more than the peer district average. MCSD would need to reduce approximately 34.5 FTE regular education teachers in order to bring its staffing levels in line with the peer district average. However, reductions to bring MCSD in line with the peer district average will not yield sufficient savings to address the District's deficit, even if savings from all the performance audit recommendations were realized. AOS estimates that MCSD would need to successfully implement all of the performance audit recommendations and reduce a total of 65 FTE regular education teaching positions in order avoid deficits through FY 2010-11 without additional revenue. (See **Table 2-15** in the **financial systems** section for the AOS revised forecast).

In addition, in FY 2005-06, MCSD met 5 out of 25 performance indicators and had a performance index of 80.5 out of 120. The peer district average indicator score was 20.1 out of 25 with an average performance index of 98.2 out of 120. A reduction in regular education staffing may have an adverse effect on MCSD's performance indicator and index achievement. Therefore, the District should consider both financial conditions and student performance when determining appropriate staffing levels.

Financial Implication: By reducing 65 FTE regular classroom teaching positions, MCSD could save approximately \$3,067,000 in salaries and benefits in FY 2007-08. Cumulative savings through FY 2010-11 would be approximately \$13,305,000.

R3.3 MCSD should consider reducing the 6.0 FTE remedial specialist positions, the 18.6 FTE tutor/small group instructor positions, and the 10.7 FTE other professional staff positions that are paid out of the General Fund. As shown in Table 3-5, MCSD has a total of 65.3 FTE positions in the other certificated staff category above the peer district average on a per 1,000 students basis. Reducing the positions paid from the General Fund would still leave the District with about 30 FTE position more the average of the peer districts. By eliminating a total of 35.3 FTE positions from the General Fund, MCSD would reduce salary and benefit costs which would help reduce its projected deficits. MCSD should also look for ways to fund more of these certificated non-teaching support positions with State and federal grants.

During the course of the audit, MCSD made reductions in its other certificated personnel classification through attrition, retirements, and reductions in force. As of May 1, 2007, the district had eliminated 5 FTE positions in this classification.⁸

Table 3-5 compares MCSD's FTE other certificated staffing to the peer district average.

Table 3-5: Other Certificated Staffing Comparison (in FTEs)

Employment Classification	MCSD ¹	MCSD FTEs Per 1,000 Students	Peer District Avg. ²	Peer District Avg. per 1,000 Students	Difference per 1,000 Students
Remedial Specialists	30.9	5.8	4.4	2.1	3.6
Tutor/Small Group Instructors	32.9	6.1	2.0	1.0	5.2
Other Professional Educational Staff	18.6	3.5	0.3	0.1	3.4
Total FTEs	82.4	15.4	6.7	3.2	12.2
Total Other Certificated Above/(Below) Peer District Average³					65.3

Source: MCSD HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ Calculated by multiplying the difference per 1,000 students by the students educated which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

⁸ Some of these staffing reductions will be effective for FY 2007-08.

Table 3-5 shows that MCSD employs 82.4 FTE in other certificated personnel categories who are not in classroom teaching positions. MCSD has approximately 15.4 FTEs per 1,000 students while the peer district average is 3.2, which means the District is employing approximately 12.2 FTE more other certificated staff positions per 1,000 students than the peer district average. Based on the number of students educated, MCSD has approximately 65.3 more FTE other certificated staff positions when compared to the average of the peer districts. According to the District's EMIS data, 35.3 of the 82.4 FTE positions are paid out of the General Fund, including 6.0 FTE remedial specialists, 18.6 FTE tutor/small group instructors, and 10.7 other professional educational staff. Eliminating these positions would yield savings through reduced salary and benefits costs which would help the District address its projected deficits.

Financial Implication: By reducing 35 FTE in the other certificated staff categories, MCSD could save approximately \$1,474,000 in salaries and benefits in FY 2007-08. Cumulative savings would be approximately \$6,393,000 through FY 2010-11.

R3.4 In the absence of new revenue, significant reductions in salary and benefit expenditures are needed to avoid projected deficits. MCSD may need to consider reducing up to 46 FTE education service personnel (ESP) positions. A reduction of 46 FTE positions would leave ESP staffing levels at approximately 10 percent above State minimum requirements. While MCSD is only about 32 ESP positions above the peer district average on a per 1,000 basis, it is nearly 49 FTE position above the State minimum standards. Savings resulting from staffing level reductions could be used to avoid projected deficits. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

During the course of the audit, MCSD made reductions in its ESP classification. As of May 1, 2007, the district had eliminated 14 FTE positions in this classification.⁹

Table 3-6 compares ESP staffing levels to the peer district average and State minimum requirements.

⁹ Some of these staffing reductions will be effective for FY 2007-08.

Table 3-6: ESP Staffing Comparison (in FTEs)

	MCS D ¹	Peer District Average ²	Difference from Peer Districts
ESP Teachers ³	42.0	9.4	32.6
Counselors	13.0	4.8	8.2
Librarian / Media Specialist	3.0	1.5	1.5
School Nurses	6.0	1.0	5.0
Social Workers	2.0	0.2	1.8
Visiting Teachers	2.0	0.0	2.0
Total ESP	68.0	16.9	51.1
Regular Student Population ⁴	3,845	1,792	2,054
Total ESP per 1,000 Regular Students	17.7	9.4	8.2
Total ESP Staffing Above/(Below) Peer District Average⁵			31.7
Comparison to State Minimum Requirements			FTEs
Total ESP Positions			68.0
State Minimum Required ESP			19.2
ESP Above/(Below) State Minimum Requirement			48.8

Source: MCS D HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCS D and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ ESP teachers include K-8 art, music, and physical education teachers.

⁴ As defined by ORC 3315.17(F).

⁵ Calculated by multiplying the difference per 1,000 students by the regular student population which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

Table 3-6 shows that MCS D maintains a total ESP staffing level of 68.0 FTE positions or approximately 17.7 FTE ESP per 1,000 students. The peer district average is approximately 9.4 FTE ESP per 1,000 students. On a per 1,000 student basis, MCS D maintains a staffing level which is 8.2 FTE ESP higher than the peer district average or 31.7 total FTE ESP positions.

OAC § 3301-35-05 requires that a minimum of 5 FTE ESP shall be employed for each 1,000 students in the regular student population, and ESP shall be assigned to at least five of the eight areas that include counselors, library media specialists, school nurses, visiting teachers, social workers, and elementary art, music, and physical education teachers.

Based on OAC § 3301-35-05, MCS D is required to maintain a minimum ESP staffing level of 19.2 FTEs. MCS D's current staffing level of 68.0 FTE ESP is 48.8 FTEs higher than the State minimum.

MCS D could reduce ESP staffing by 46 FTE and remain approximately 10 percent above the State minimum requirement. Such a reduction would significantly reduce MCS D's salaries and benefits costs and help address its projected deficits. However, a reduction of

this magnitude would impact the District's ability to provide certain services and classes to its students.

Financial Implication: By reducing 46 FTE ESP positions, MCSD would save approximately \$2,027,000 in salaries and benefits in FY 2007-08. Cumulative savings would be approximately \$8,792,000 through FY 2010-11.

R3.5 MCSD should consider reducing 25.0 FTE clerical positions. A reduction of 25.0 FTE clerical positions would bring MCSD in line with the peer district average and reduce the District's salary and benefit costs. Savings from reduced salary and benefits can be used to avoid projected deficits.

During the course of the audit, MCSD made reductions in its clerical classification. As of May 1, 2007, the district had eliminated 14.5 FTE positions in this classification.¹⁰

Table 3-7 compares the clerical staffing level to the peer district average.

Table 3-7: Office / Clerical Staffing Comparison (in FTEs)

	MCSD ¹	Peer District Average ²	Difference from Peer Districts
Total Office / Clerical Staff	59.6	13.4	46.3
Students Educated ³	5,360	2,069	3,291
Clerical Staff per 1,000 Students	11.1	6.5	4.7
Clerical Staff FTEs Above/(Below) Peer District Avg.⁴			25

Source: MCSD HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ Students educated equals FTE students receiving educational services from the districts and excludes percent of time students are receiving educational services outside the district.

⁴ Calculated by multiplying the difference per 1,000 students by the FTE students educated which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

Table 3-7 shows that MCSD maintains a clerical staffing level of 11.1 FTE clerical staff per 1,000 students while the peer district average is 6.5 per 1,000 students. In order for MCSD to maintain a clerical staffing level that is in line with that of the peer district average, it would need to reduce 25.0 FTE clerical staff positions. Staffing levels in excess of the peer district average are indicators of staffing inefficiency and detract from the District's cost-effectiveness.

¹⁰ Some of these staffing reductions will be effective for FY 2007-08.

Financial Implication: By reducing 25 FTE clerical staff positions, MCSD would save approximately \$786,000 in salaries and benefits in FY 2007-08. Cumulative savings would be approximately \$3,411,000 through FY 2010-11.

R3.6 MCSD should consider reducing 3 FTE library support staff positions (technicians and aides). A reduction of 3 FTE positions would bring MCSD in line with the peer district average and reduce the District's salary and benefit costs. Savings from reduced salary and benefits costs could be used to avoid projected deficits.

During the course of the audit, MCSD implemented this recommendation.¹¹

Table 3-8 compares library technician and aide staffing levels to the peer district average.

Table 3-8: Library Technicians and Aides Staffing Comparison (in FTEs)

	MCSD ¹	Peer District Avg. ²	Difference from Peer Districts
Library Technicians and Aides FTEs	10	2.7	7.3
School Buildings	13	4.4	8.6
Library Technicians and Aides FTEs per Building	0.8	0.6	0.2
Students Educated ³	5,360.3	2,069.4	3,290.8
Library Technicians and Aides FTEs per 1,000 Students	1.9	1.3	0.6
Library Technicians and Aides FTEs Above/(Below) Peer District Avg.⁴			3

Source: MCSD HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ Students educated equals FTE students receiving educational services from the districts and excludes percent of time students are receiving educational services outside the district.

⁴ Calculated by multiplying the difference per 1,000 students by the FTE students educated which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

Table 3-8 shows that MCSD maintains a staffing level of 10 FTE technicians and aides or 1.9 FTEs per 1,000 students. MCSD's staffing level is approximately 0.6 FTEs per 1,000 students higher than the peer district average. A reduction of 3 FTE positions would bring staffing in line with the peer districts. A reduction in cost in this area would allow MCSD to redirect the funds to deficit reduction strategies.

Financial Implication: By reducing 3 FTE library technician and/or aides, MCSD could save approximately \$37,000 in salaries and benefits in FY 2007-08. Cumulative savings would be approximately \$162,000 through FY 2010-11.

¹¹ Some of these staffing reductions will be effective for FY 2007-08.

R3.7 MCSD should consider reducing 18 FTE teaching aide positions in order to bring staffing levels in line with the peer district average. A reduction of 18 FTE teaching aides would allow MCSD to maintain an acceptable staffing level in this category while reducing expenditures and increasing staffing efficiency. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

During the course of the audit, MCSD made reductions in its teaching aide classification. As of May 1, 2007, the district had eliminated 20 FTE positions in this classification.¹²

Table 3-9 compares the FTE teaching aide staffing level to the peer district average.

Table 3-9: Teaching Aide Staffing Comparison (in FTEs)

Employment Classification	MCSD ¹	MCSD FTEs per 1,000 Students	Peer District Avg. ²	Peer District Avg. per 1,000 Students	Difference per 1,000 Students
Teaching Aides	52.0	9.7	10.4	5.0	4.7
Instructional Paraprofessionals	1.0	0.2	3.1	1.5	(1.3)
Total Teaching Aides & Paraprofessionals	53.0	9.9	13.5	6.5	3.4
Total Teaching Aides and Paraprofessionals Above/(Below) Peer District Average³					18

Source: MCSD HR Department FY 2006-07 staffing data and peer district FY 2005-06 EMIS staffing data as reported to ODE. Peer district data has not been tested.

¹ FY 2006-07 FTE employees were provided by MCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2005-06 staffing levels as reported to ODE through EMIS.

³ Calculated by multiplying the difference per 1,000 students by the FTE students educated which represents the number of FTE employees that if added or subtracted would bring the number of employees per 1,000 students in line with the peer district average.

Table 3-9 shows that MCSD maintains 53 FTE teaching aides or 9.9 FTEs per 1,000 students, which is higher than the peer district average of 6.5 FTEs per 1,000 students. In order to bring staffing levels in line with the peer district average, MCSD would need to reduce 18 FTE teaching aides. Staffing levels in excess of the peer district average could be indicators of staffing inefficiencies which result in more costly funding allocations to personnel.

Financial Implication: By eliminating 18 FTE teaching aide positions, MCSD would save approximately \$351,000 in salaries and benefits in FY 2007-08. Cumulative savings through FY 2010-11 would be approximately \$1,523,000.

¹² Some of these staffing reductions will be effective for FY 2007-08.

Compensation

R3.8 MCSD should continue to limit cost of living adjustments (COLAs) for District employees. Continued limitations on COLAs will help bring average salaries for certificated and classified employees more in line with the County average while remaining competitive with other area districts. As described in R2.10, MCSD should seek to negotiate a COLA of not more than 1.0 percent in FY 2007-08 and FY 2008-09, and not more than 2.0 percent in FY 2009-10 and FY 2010-11.

As shown by **Table 3-2**, MCSD's average salaries for both certificated and classified personnel are above the Richland County average as well as the surrounding CSD average. Average salaries for administrators were higher than the Richland County average but lower than the surrounding CSD average. Average salaries in excess of the benchmarks represent an opportunity for MCSD to limit future COLAs while bringing average salaries more in line with other districts in the region. Limiting COLAs to two percent or less would allow MCSD's salaries to remain regionally competitive.

Due to its financial situation, MCSD has negotiated a wage freeze over the past few years. Further, MCSD's five-year forecast does not assume any COLA increase through FY 2010-11 (see **R2.10** in **financial systems** section). However, it is unlikely that the District will be able to negotiate zero percent increases for its classified and certificated employees in all five years of the forecast period. In addition, the District's financial situation does not allow for large COLA increases. Because average salaries are already higher than surrounding Districts, MCSD should negotiate limited COLAs in the forecast years.

The National Association for State Budget Officers (NASBO), in *Budget Shortfalls: Strategies for Closing Spending and Revenue Gaps* (NASBO, 2002), highlights a number of strategies and measures for closing revenue and spending gaps. Among the recommended strategies for adjustments that directly affect expenditures is the freezing of annual COLAs for employees.

If MCSD offered 1 percent COLAs, it would place salaries on par with the salary growth of selected comparison districts in Richland County. Given that MCSD has average salaries in excess of Richland County and surrounding city school district averages, a limited COLA, such as projected by AOS, would allow it to forecast more reasonable wage expenditures and help bring average salaries closer to regional levels. (See **R2.10** in the **financial systems** section for the financial implication.)

R3.9 MCSD should take the necessary steps to promote a consistent and accurate District policy knowledge base among its employees. These steps should include: the provision of training, the distribution of new policy bulletins, the distribution of

existing policy reminders, and employee acknowledgement of having received and read the policies. The dissemination of up-to-date and consistent policy information to all employees would promote a consistent and thorough knowledge of District policies.

As shown in **Table 3A-1 of Appendix 3-A**, the average response rating for MCSD's employee survey was 3.17. An average response greater than 3.0 is considered acceptable. However, a number of issues were raised which indicate that employees may be poorly informed regarding District policies and procedures. The indicative statements from the human resources section of the survey, including the percentage of respondent who either disagreed or disagreed strongly, are as follows:

- I am aware of the Board of Education's achievement goals, 36 percent;
- I am satisfied with the overall effectiveness of Human Resources management policies and procedures, 43 percent;
- I am informed of changes in District policies and procedures, 39 percent;
- Information regarding my job duties and responsibilities is shared in a timely and effective manner between departments and individuals, 39 percent;
- The District has formal written procedures that direct staff on how to respond to constituent inquiries, 28 percent; and
- The District staff receives training on how to respond to constituent inquiries, 42 percent.

The responses to the facilities section of the survey (see **Appendix 4-A**) also indicated a number of similar issues with policy familiarity. The indicative statements, including the percentage of respondents who either disagreed or disagreed strongly, are as follows:

- I am aware of the District's security policies and procedures, 29 percent; and
- I feel that the District's security policies and procedures are enforced, 28 percent.

All of these issues seem to stem from the same condition: MCSD's employees lack clear and consistent policy knowledge. In order to mitigate this knowledge gap, MCSD would need to both improve its policy communication processes and improve the existing level of policy awareness. Policy familiarization training should be a priority for the preceding conditions, especially those which expose a possible safety risk to students and staff.

R3.10 Due to MCSD's financial situation, the Board should eliminate the practice of paying the employees' portion of retirement contributions (retirement pick-up) in the personnel contracts for all non-bargaining unit administrative and support staff except for its senior executive level administrators. The retirement pick-up represents a hidden cost to the District that significantly increases the projected deficit. This benefit is a form of added compensation which the Board is not

required by law to provide. In light of MCSD's fiscal condition, the Board should seek alternative and less costly strategies for attracting and retaining qualified administrative personnel without incurring the cost associated with the retirement pick-up.

On March 20, the MCSD Board passed a resolution discontinuing this practice for new administrators joining the District.

In addition to the employer required share paid into the employees' retirement system, MCSD pays the employee required share for all its non-bargaining unit administrative and support staff. MCSD filed a notice of employee retirement pick-up plan with SERS in FY 2002-03. This notice states that each employee will have his/her retirement contribution sheltered. The Board agreed to pay one third of the employees' share of the retirement contribution to STRS or SERS for the FY 2002-03, two thirds during the FY 2003-04 and 100 percent in FY 2004-05 and thereafter. According to the District, this fringe benefit was offered to administrative staff in lieu of a pay increase. In FY 2006-07, MCSD offered the retirement pick-up to 71 administrative and support personnel at a cost of \$396,000.

This additional cost is not included in the average salary reported by school districts through EMIS. Therefore, total compensation for administrative and support personnel is under-stated. For example, if an administrator earns \$100,000 per year and the Board "picks up" the employee portion of the required retirement system contribution (10 percent) as a benefit, the total compensation paid by the Board for that administrator is actually \$110,000.

Pick up of the employee share of retirement contributions allows some districts to control administrative salary costs and attract administrative personnel by offering this fringe benefit in lieu of a higher salary. However, given the projected deficit, MCSD should seek to discontinue the fringe benefit pick up for all administrative and support personnel except its most senior executive level administrators. Implementation of this recommendation will not require collective bargaining although it will require renegotiation of individual employment contracts.

Financial Implication: If implemented, MCSD would need to phase out the payment of retirement pick-up given that each administrative staff person has a one or two year contract. Taking this into account, the financial implication for the General Fund is estimated to be \$157,000 in FY 2007-08, assuming half the administrators are offered new contracts without the fringe benefit pick-up. The full savings of \$330,000 would be realized in FY 2008-09. Total savings over the forecast period would amount to approximately \$1,173,000. The elimination of fringe benefit pick-up will also yield non-General Fund cost savings from those administrative staff paid from other funds.

Benefits

R3.11 MCSD should attempt to negotiate 15 percent employee health care premium contributions. Increasing employee contributions to 15 percent would allow MCSD to defer some of the District's costs while maintaining a contribution percentage comparable to the Ohio Department of Administrative Services' (DAS) employee contribution percentage. In addition, MCSD should negotiate to eliminate all certificated and classified bargaining unit contract language specifically defining employer contribution rates or benefits percentages. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

MCSD's insurance program is self-funded and is therefore subject to ORC § 9.833 which requires self-insured districts to maintain a reserve balance in its self-insurance fund. While MCSD has maintained compliance with this required reserve amount, the District found it necessary to increase premiums to maintain compliance. Citing increased claims for health, dental, and prescription insurance and a need to maintain adequate reserves to pay all claims, the Board increased the insurance premiums it pays into the self-insurance fund effective August 1, 2006. The monthly premium for family health insurance was increased 16.2 percent from \$748 to \$869, and the monthly premium for single health insurance increased 19.3 percent from \$300 to \$358. Composite dental coverage increased 28.0 percent from \$50 to \$64. Composite drug coverage increased 42.7 percent from \$110 to \$157. Because the Board pays 100 percent of health insurance premiums, employees did not share in any of the cost increases.

All three of MCSD's collective bargaining agreements contain provisions related to the amount of benefits offered. Both certificated and classified agreements contain specific language defining benefits and required employee contribution percentages. MCSD's classified agreements state that employees who have single coverage shall pay zero dollars (\$0) per month and employees who have family coverage shall pay zero dollars (\$0) per month, provided they work a minimum of thirty (30) hours per week. MCSD's certificated agreement states that the Board shall pay the full cost for family or single hospitalization/surgical/major medical insurance for each staff member enrolled in the family or single plan.

The Teamsters' agreement states that, employees must work at least 20 hours per week on a regular basis to qualify for health insurance benefits. Further, the agreement states that the District will choose the provider but employees will have the same insurance plan and coverage as the non-certificated staff except that those employees regularly working at least 20 hours per week will be treated similarly to those non-certificated staff regularly working 30 hours per week.

Table 3-10 compares MCSD's FY 2005-06 single health insurance premiums and employee contributions to the SERB average.

Table 3-10: MCSD Single Health Insurance Premiums & Contributions

District	Classification	Single Plan Monthly Premium	Single Share	Board Share	Board Ratio	Number of Employees	Annual Board Cost
MCSD	Administrators/Support	\$358.00	\$0.00	\$358.00	100.0%	13	\$55,848
	Teachers (incl. Subs)	\$358.00	\$0.00	\$358.00	100.0%	110	\$472,560
	Non Certificated Staff	\$358.00	\$0.00	\$358.00	100.0%	52	\$223,392
SERB FY 2005-06 ¹		\$376.75	\$27.50	\$349.25	92.7%	N/A	N/A
Total Insurance Cost to District							\$751,800

Source: MCSD Single Health Insurance Plan and Enrollment and SERB benchmark.

¹ SERB categorizes insurance premiums categorized by district average daily membership (ADM). Based on MCSD's ADM the relevant SERB comparison category is for an ADM of 2,500 – 9,999.

As shown by **Table 3-10**, MCSD's single coverage health insurance premium is \$18.75 less than the SERB average single coverage premium. However, the Board pays 100 percent of the single premium while the SERB average board share is 92.7 percent. Because the Board pays 100 percent of the premium, its cost is actually higher than the SERB average of \$349.25 per employee.

Table 3-11 compares MCSD's FY 2005-06 family health insurance premiums and employee contributions to the SERB average.

Table 3-11: MCSD Family Health Insurance Premiums & Contributions

District	Classification	Family Plan Monthly Premium	Family Share	Board Share	Board Ratio	Number of Employees	Annual Board Cost
MCSD	Administrators/Support	\$869.00	\$0.00	\$869.00	100.0%	50	\$521,400
	Teachers (incl. Subs)	\$869.00	\$0.00	\$869.00	100.0%	384	\$4,004,352
	Non Certificated Staff	\$869.00	\$0.00	\$869.00	100.0%	184	\$1,918,752
SERB FY 2005-06 ¹		\$971.84	\$81.63	\$890.21	91.6%	N/A	N/A
Total Insurance Cost to District							\$6,674,904

Source: MCSD Family Health Insurance Plan and Enrollment and SERB benchmark.

¹ SERB categorizes insurance premiums categorized by district average daily membership (ADM). Based on MCSD's ADM the relevant SERB comparison category is for an ADM of 2,500 – 9,999.

Table 3-11, shows that MCSD has a family coverage health insurance premium which is \$103 less than the SERB average family coverage premium. However, the Board pays 100 percent of the family premium while the SERB average board share is 91.6 percent.

DAS health plans have contribution rates of 15 percent for both single and family coverage. MCSD employee contributions at a comparable 15 percent rate would allow the District to maintain an acceptable contribution percentage while at the same time realizing significant cost savings. Further, research shows that when employees pay a portion of their health insurance premiums based on a percentage rather than a fixed dollar amount, premium cost increases are more equitably shared between the employer and employee, and the premium amount does not increase as rapidly.

Financial Implication: If MCSD were able to negotiate employee contributions to the DAS level of 15 percent, the District could potentially save approximately \$982,000 in FY 2007-08 and \$4,776,000 over the forecast period.

R3.12 MCSD should work with a representative from the Bureau of Workers' Compensation (BWC) to determine the District's eligibility for participation in the Drug-Free Workplace Program (DFWP) and the Premium Discount Program + (PDP+). Full participation in these programs would not only allow MCSD to create a safer workplace environment but also could save the District as much as 30 percent on its current BWC premiums.

During the course of the audit, MCSD contacted BWC and began implementation of BWC's 10-Step Business Plan. The District estimates that its participation in this program will achieve a savings of \$124,000. To implement the Drug Free Workplace program, MCSD administrators indicated that it would require negotiation with the classified collective bargaining unit. Although the issue was raised with the bargaining unit, no agreement was reached.¹³

MCSD's BWC experience modification rates for the last three years were as follows: for 2004, the rating was 0.83 (credit rated); for 2005, the rating was 1.09 (penalty rated); and for 2006, the rating was 1.45 (penalty rated).¹⁴ MCSD's average rating over the three year period was approximately 1.12. MCSD participates in the Richland County Safety Council (RCSC). The RCSC is a group of professionals collectively addressing workplace safety issues. The RCSC informs participants about new techniques, products, and services. The COO indicated that for participation in the RCSC, MCSD will be receiving a 4 percent discount on its BWC premium.

¹³ Certificated staff must undergo drug tests to renew their certifications.

¹⁴ BWC assigns experience modification rates to each group employer based on that employer's projected claims. MCSD's experience modification rate is applied to the District's base rate in order to determine the pure premium rate. If the initial calculation of the base rate and the experience modification rate is less than 100 percent MCSD is credit rated, meaning that the District experienced fewer claims than anticipated and a credit will be applied to the base rate. If MCSD's calculation is greater than 100 percent the District experienced more claims than anticipated and is penalty rated and a penalty will be applied to the base rate.

The Ohio BWC offers two programs specifically focused on helping government entities reduce their premium amounts. These programs are the Premium Discount Program + (PDP+) and the Drug-Free Workplace Program (DFWP). According to the Ohio BWC, eligible employers may participate in the DFWP and PDP+ during the same policy year and stack the discount amounts for both programs.

The PDP+ is an incentive program designed to assist experience-rated employers (those not in a group rating, retrospective rating, or one claim program) having a 0.90, or greater experience modifier establish a safer, more cost-effective workplace. For implementing BWC's 10-Step Business Plan, employers will receive premium discounts of up to 10 percent for each of the first two years of participation and up to 5 percent the third year, upon meeting program requirements. However, the premium discount cannot take the premium rate below a 0.90 experience modifier.

The DFWP is an incentive program designed to help employers deter, detect and take corrective action related to substance use that affects workplace safety. Participants must develop a substance policy that describes their drug-free program. The policy should describe annual employee education and supervisor training, drug and alcohol testing, and employee assistance, which – along with the written policy – comprise the key components of any effective drug-free workplace program.

Savings related to participation in the DFWP are categorized into three levels with corresponding increased requirements. The levels are:

- Level 1 – 10 percent discount;
- Level 2 – 15 percent discount; and
- Level 3 – 20 percent discount.

MCSD is participating in a program to reduce its premium amounts. However, it has not taken advantage of all available programs; most notably, those offered by the Ohio BWC. While it is commendable that MCSD is attempting to reduce its risk rating and premium amount, there are other potential savings that the District has not been able to capture.

Financial Implication: If MCSD were to fully participate in both Ohio BWC programs, it could save approximately \$194,000 in FY 2007-08 and \$607,000 over the forecast period.

Negotiated Agreements

R3.13 MCSD should develop a collective bargaining plan which governs the District's collective bargaining process. The plan should outline each collective bargaining team member's authority, the Board's expectations for each team member as well as

the authority and expectations of the entire team. The plan should contain an outline of key issues as well as the Board's acceptable negotiation parameters for each issue. Finally, the plan should include a set of procedures and timelines as well as a mechanism for the team to update the Board on the progress of negotiations.

All collective bargaining team members should have the opportunity to develop negotiating skills. MCSD should provide the necessary access to collective bargaining training for all team members as well as for all prospective team members. A collective bargaining plan, in conjunction with the appropriate training, should allow MCSD to approach collective bargaining with a clear picture of what the Board wants, what each team member is responsible for, and how best to achieve the District's bargaining goals.

The new Superintendent was not with the District when the collective bargaining process took place. However, administrative personnel directly involved with collective bargaining included:

- The Chief Academic Officer;
- The Director of Human Resources;
- The Executive Director of Pupil Services;
- The Superintendent (former);
- The Chief Operating Officer;
- The Principal at John Sherman Elementary; and
- The Treasurer.

The Chief Academic Officer (CAO) indicated that the bargaining team may not always be the same mix of administrators. The CAO indicated that the most recent negotiations was the first time that she had participated. The former Superintendent felt that this was something that the CAO would benefit from being involved with. However, the CAO did not receive any collective bargaining training prior to participation on the collective bargaining team. Instead, this was more a learn-as-you-go experience for the CAO.

MCSD does not have a formal collective bargaining plan. It relies on an informal process for its collective bargaining planning. During the last round of negotiations the District's administrators were asked to provide feedback on problems that they had identified within the collective bargaining agreements. This feedback was condensed into a series of issues by MCSD's attorney. The list of condensed items was then presented to the negotiating team for discussion and revision.

The majority of the bargaining process involved sending proposals back and forth between MCSD and the MSEA. The only parameters set by the Board were a list of things that the Board would not accept. The Board's role seemed to be more of a reactive

one in which the MSEA would propose an offer and then the Board would counteroffer based on the initial proposition. As a result of negotiations difficulties, a mediator was assigned, although according to at least one District administrator, the overall effectiveness of the mediation process was questionable.

According to the *Labor Relations Primer* (OSBA, 2005), bargaining, like most board activities, is generally handled by the personnel or negotiation committee, also known as the bargaining team. The board selects the negotiating team members and provides the team with enough authority to permit it to engage in good faith negotiations. The team should have the authority to receive, discuss, modify, and tentatively agree to the union's proposals. Likewise, the team should be able to make proposals of its own, and compromise on those proposals, if needed. However, the authority of the team must be limited. The team should only be allowed to reach a tentative agreement subject to the full board's review, and ratification or rejection.

The board typically establishes "parameters" which define the team's limitations and authority. The team should periodically report to the full board about the status of negotiations. It may also request changes in the board's guidelines should the original limits be too restrictive to reach settlement; however, without such approval the team has no authority to go beyond the limitations that the full board has set.

After the parties have reached a tentative agreement, the team returns the agreement for the full board's review, and ratification or rejection. If the team has kept the board informed of the progress of negotiations, and has stayed within the board's guidelines, a majority of the board should ratify the tentative agreement.

SERB offers collective bargaining training specifically designed to introduce public-sector collective bargaining to people who are or will be working in positions where they need to know how Ohio's law governs labor relations in the public sector.

MCSD involves its top administrators in the collective bargaining process because these positions carry the most authority and experience. However, by failing to ensure that all employees participating on the collective bargaining team have had the necessary training, MCSD may not be bargaining as effectively as possible. Furthermore, without a bargaining plan or formalized negotiating parameters, MCSD limits the team's overall effectiveness.

R3.14 MCSD should attempt to renegotiate the certificated, classified, and Teamsters' agreements to limit or remove contract provisions which are determined to exceed State requirements or are contrary to recommended practices. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

As a component of the performance audit, certain provisions within the MCSD certificated, classified and Teamsters agreements were compared to State requirements and best practices. The following areas in MCSD's certificated, classified, and Teamsters' contracts exceeded benchmark provisions:

- **Maximum number of sick day accrued:** MCSD's agreements allow District employees to accrue sick days in excess of the State minimum requirement of 120 days. MCSD's certificated agreement permits an additional 120 days while the classified and Teamsters' agreements permit an additional 60 days. Provisions allowing employees to accrue sick days in excess of State requirements represents a potential for increased financial liability when accrued sick leave is paid out to retiring employees.
- **Maximum sick leave payout:** Because of higher accrual limits on sick leave, MCSD's negotiated agreements allow for a maximum sick leave payout which is also in excess of State requirements. The State required maximum sick leave payout is 25 percent of accrued but unused sick leave up to a maximum of 30 days. MCSD's certificated agreement allows an additional payout of 29 days (59 days total) while the classified and Teamsters' agreements allow for an additional 14 days. MCSD's excess days represent an increased financial responsibility which the District will incur as its employees retire.

The following additional provisions in MCSD's classified and Teamsters' contract provisions were determined to exceed State requirements and best practices:

- **Paid holidays:** MCSD's agreements allow District employees a total number of paid holidays in excess of State requirements as defined by number of days worked during the year. Within the classified agreement, maintenance, custodial, secretarial, and food service technician FTEs are allowed 12 paid holidays which is 5 days more than the State minimum requirement of 7 days. Food service and paraprofessional employees are allowed 11 paid holidays which is 5 days more than the State requirement of 6 days. MCSD's Teamsters' agreement allows regular employees (mechanics) 12 paid holidays which is 5 days more than the State minimum requirement of 7 days. Paid holidays in excess of State requirements represent a potential for decreased operational efficiency.
- **Uniform provisions:** MCSD's agreements obligate the District to provide and launder uniforms for food service employees and Transportation Department mechanics. In addition, the District has a practice of extending this benefit to Maintenance and Operations Department staff including maintenance and custodial employees. MCSD's uniform provisions and practices obligate the District to incur an unnecessary expense.

Finally, there were two areas unique to MCSD's classified agreement which exceed best practices.

- **Paraprofessional Work Week:** MCSD allows paraprofessional employees to work a 35 hour work week as full-time employment. Standard practice is to require a 40 hour work week. Requiring less than 40 hours per employee creates a condition in which the District does not receive full-time work from this classification and, as a result, experiences diminished efficiency. In some instances, MCSD may need to employ another paraprofessional in order to mitigate the equivalent of a lost work-week for every four FTE paraprofessionals currently in the District's employ.
- **Personal Item Liability:** MCSD is obligated to replace lost or stolen personal equipment belonging to District employees if such equipment is lost or stolen while that employee is at work. However, as a best practice, a school district should not accept any further liability than what is covered by its existing insurance policies. Accepting increased liability adds to MCSD's overall financial risk and could potentially lead to further District financial obligations.

Financial Implication: All of the above provisions are subject to negotiation. However, the most identifiable financial implication is associated with MCSD's uniform provisions contained in the classified and Teamsters' agreements. In FY 2005-06 MCSD spent approximately \$29,000 to fulfill these contract obligations. However, approximately \$6,000 of this amount was for food service uniforms, the reduction of which would not directly affect the General Fund. If MCSD is able to renegotiate these provisions, it could save approximately \$23,000 in FY 2007-08, and \$98,000 over the forecast period.

R3.15 MCSD should track leave use by employees and benchmark it against State averages. Further, MCSD should develop and implement a Board approved leave policy to prevent sick leave abuse. The sick leave abuse policy should clearly define what MCSD will consider a pattern of abuse as well as the penalties associated with abuse. Development and enforcement of a consistent policy will help ensure that employees are not abusing leave and will enhance productivity in the District. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

MCSD's Teamsters' agreement includes language that would prohibit excessive absences. The agreement states that excessive unexcused absenteeism and tardiness will not be tolerated. In addition, the agreement provides a framework for a progressive discipline schedule based on the number of unexcused absences in a given 18 month period.

MCSD's certificated agreement includes an attendance policy which states that staff members who fail to meet the attendance rate of 94 percent during the previous school year, shall be required to verify sick leave absences once they reach an attendance rate of 95 percent. Staff members who have an attendance rate of 94 percent or less in any school year shall be subject to the attendance policy for the succeeding school year.

MCSD's classified agreement includes a leave policy which states that if the District discerns a pattern of sick leave abuse (including attendance of less than 95 percent of all workdays in a rolling year, verified or unverified) by an employee, an administrator shall consult with the employee about the leave use. In addition, the District may require the employee to produce written medical certification from the attending physician to verify the prior and/or continuing medical need for sick leave.

Table 3-12 shows FY 2004-05 MCSD sick leave use by classification as compared to the State averages.

Table 3-12: MCSD Leave Use Analysis

MCSD	MCSD Total Days Taken	MCSD Employees ¹	MCSD Leave Hours per Employee	MCSD Leave Days per Employee ²	State Avg. Leave Hours per Employee ³	State Avg. Leave Days per Employee	Days Difference vs. State Avg.
Certificated	4,123.73	470	70.19	8.77	51.29	6.41	2.36
Classified	2,660.88	266	80.03	10.00	57.78	7.22	2.78

Source: MCSD HR department leave use reports and Ohio Department of Administrative Services.

¹ Includes only MCSD employees that used leave in FY 2004-05.

² Calculated assuming an 8-hour day for all employees.

³ Certificated leave use is compared to Ohio Educators Association (OEA) while classified and Teamsters' leave use is compared to the American Federation of State County and Municipal Employees (AFSCME).

Table 3-12, shows that in FY 2004-05, MCSD's certificated leave use was approximately 8.77 days per employee, which was about 2.36 days per employee higher than the OEA reported average of 6.41 days per employee. Certificated sick leave can be directly associated with the cost of substitute teachers who are paid at the rate of \$73 per day. MCSD's classified leave use was approximately 10.0 days per employee which was about 2.78 days per employee more than the AFSCME reported average of 7.22 days per employee. While in most cases, there is no direct cost to MCSD when classified employees use sick leave, there is a presumed loss of productivity and efficiency which cannot easily be quantified.

The State has collective bargaining agreements with the State Council of Professional Educators, Ohio Education Association (SCOPE/OEA) and the Ohio Civil Service Employees Association (OCSEA), Local 11. Teachers, librarians, and educational specialists comprise the majority of positions represented by SCOPE. OCSEA Local 11

represents numerous classifications including clerks, administrative assistants, custodial workers, electricians, equipment operators, food service workers, and maintenance repair workers. These collective bargaining agreements (in effect for 2003-2006) with the State contain provisions for disciplining employees for sick leave abuse as well as provisions for pattern abuse, defined as consistent periods of sick leave use.

There are additional best practices that MCSD can adapt. OPPAGA's best practices for personnel management state that a district should have an efficient and cost-effective system for managing absenteeism and the use of substitute teachers and other substitute personnel. A district should monitor absenteeism rates for teachers and other employees, and develop policies and procedures to deal effectively with identified trends. In addition, OPPAGA recommends that districts include an incentive program to reward good attendance.

The article *Sick Leave Abuse: A Chronic Workplace Ill?* (ASPA and IPMA, 2002), emphasizes that determining if and why employees exploit leave policies is important. Just as an employer analyzes turnover, organizations should also look at sick leave trends. Doing so would help determine if sick leave is higher in one department, or under a particular supervisor, and if workplace policies and procedures affect absences. Finding the root causes of the problem helps address core issues. Methods for monitoring sick leave abuse vary from one organization to another, but the following explains common guidelines all employers can follow to manage sick leave effectively:

- Recognize the problem and intervene early before it escalates. Managers need to enforce leave policies and take appropriate action.
- Find out why the employee is abusing leave. Talk to employees who are abusing leave and see if their behavior stems from personal problems.
- Learn to say no. Employers should not let employees get away with abusing leave policies.
- Use procedures, regulations, practices, and knowledge to benefit management as well as the employee.
- Document everything to learn from past mistakes.

Although MCSD has leave clauses in each of its contracts, they are inconsistent in their implications and have not been able to reduce the amount of leave use to a level comparable to the State average. In the absence of clearly stated expectations that include sanctions for abuse that apply to all classifications of employees, MCSD is vulnerable to sick leave abuse by employees. Sick leave abuse is costly, both in direct and indirect

costs. Such costs include overtime pay for other employees, hiring of substitutes, missed deadlines, sinking morale, and lower productivity.

Financial Implication: If MCSD could reduce certificated leave to a level comparable to the State average it could save approximately \$81,000 per year based on the current substitute rate of \$73 per day. However, it can be expected that the implementation of a reformed sick leave policy may not immediately produce full benefits for the District. Given the incremental nature of this type of policy change, it would be more conservative to assume a gradual realization of savings. **Table 3-13** shows the financial implication over the forecast period (also see the **financial systems** section).

Table 3-13: Potential Savings from Reduced Certificated Sick Leave

Fiscal Year	Annual Savings	Cumulative Savings
2007-08	\$27,021	\$27,021
2008-09	\$54,041	\$81,062
2009-10	\$81,062	\$162,124
2010-11	\$81,062	\$243,186

Source: MCSD FY 2004-05 certificated sick leave use, MCSD FY 2005-06 substitute salary, and DAS OEA FY 2004-05 sick leave use average.

Note: Assumes 1/3 of the potential savings in FY 2007-08, 2/3 in FY 2008-09, and full implementation in FY 2009-10 and FY 2010-11.

If phased in, MCSD would see savings of approximately \$27,000 in FY 2007-08 and approximately \$243,000 over the forecast period.

Human Resource Management

R3.16 MCSD should establish formal human resource policy development teams which include, where appropriate, representation from the District's certificated and classified staff members. Allowing employees to participate in the policy development process should act to strengthen the staff's sense of ownership and accountability. In addition, MCSD should periodically evaluate existing policies by soliciting feedback from employees through District-wide surveys (see R3.19).

MCSD does not have a single document which constitutes an employee handbook, but there are a number of different documents which are distributed to staff members in lieu of a handbook. New employees are given benefits information, job descriptions, and other District information in an orientation packet.

Also, MCSD does not have formal policy development committees so individual departments tend to develop new policies on an as needed basis. The Director of HR feels that the current system is adequate to meet MCSD's policy needs, but this is more because of competent people rather than a flawless system (see **R3.24**).

According to the SHRM policy paper *Human Resource Policies: Are They “Anchors” or “Oars”?* (SHRM, 2006), existing policies present complex and controversial choices for policy-makers and for those expected to implement them. There is widespread recognition that changes in the competitive environment, the labor market, and the nature of work itself present challenges to applying existing policies and charting a course for the future. While the perception is that policies in some ways are accomplishing their stated purposes, HR practitioners observe that the policies that guide their job-related decisions often do not provide the discretion and flexibility needed to respond to contemporary challenges. Policies are viewed more as a product of history and inertia than as an evolving set of guidelines being reshaped to meet the challenges of today and tomorrow. There is widespread agreement that policies must evolve with the realities of the contemporary business environment, yet there is concern that the pace of change is too slow. According to HR practitioners, the answer is not more policies, but rather policies that give practitioners the wherewithal to deal with future challenges.

Policies must be implemented more effectively, with an eye toward buy-in by managers and employees alike. In addition, policies must be more closely tied to the concepts of performance and accountability while at the same time being more responsive to the realities of the labor market and the needs of employees. Future successes will be more likely if policies offer greater flexibility in balancing work and family issues, are more accommodating of teams and an empowered work environment, and provide greater discretion to decision-makers. The capacity to reward high levels of performance and desired work-related behaviors must be increased, and policies of the future must raise the bar of desired employee contributions and hold employees accountable when they do not meet expectations or deviate from behavioral expectations. Both the content and concept of policies have to be updated. There is a strong sense that policies in the future will have to be more:

- Flexible;
- Suited to teams and empower employees;
- Dynamic;
- Strategic;
- Employee-centered; and
- Performance-oriented.

Although MCSD has a system in place for policy development and revision at the administrative level, it does not provide all District staff this same opportunity to have a voice in the development and revision of policies. This process should not be limited only to administrative staff because a lack of opportunity for staff members to participate in policy development committees could potentially cause problems.

During the course of the audit, AOS administered a satisfaction survey to all MCSD employees. Employees were asked to evaluate the following statements:

- I am satisfied with the overall effectiveness of Human Resource management policies and procedures. (43 percent of respondents disagreed or disagreed strongly);
- I am informed of changes in District policies and procedures. (39 percent of respondents disagreed or disagreed strongly);
- My opinion is valued and my input is given consideration. (39 percent of respondents disagreed or disagreed strongly.)

The results seem to indicate that employees are unsatisfied with the current policy development and revision process. If staff members feel that they have no formal say in policy development, they may not have the same respect for those policies that they would for policies for which they have provided input or feedback.

R3.17 MCSD should establish a formal staffing plan to address current and future staffing and fiscal constraints. The District should consider establishing staffing authorization levels for administrative, certificated, and classified personnel. Establishing staffing allocations will help to ensure that MCSD is proactively addressing its staffing needs, is in compliance with State and federal requirements, and is aware of the impact current and future staffing levels have on its budget. The District should ensure that it has identified appropriate staffing levels based on up-to-date job descriptions for critical positions within the organization. Up-to-date and complete job descriptions are essential to understanding the full range of responsibilities and professional requirements for each position in the organization. The updated job descriptions can also be used by the District in developing a succession plan.

In addition, MCSD should develop a comprehensive recruitment plan to address all District staffing needs as identified by the staffing plan and updated job descriptions. The development and design of a recruitment plan should align with industry best practices. Finally, MCSD should develop a recruitment team with the responsibility for periodic updates of the District's recruitment plan. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

During the course of the audit, MCSD administrators indicated that this recommendation would be addressed in the District's updated strategic plan.

MCSD does not have a formalized staffing plan. Instead, the Director of HR attempts to ensure proper staffing levels by evaluating whether hiring or replacement of previous employees is necessary. The process described by the Director of HR encompasses meeting with department administrators to determine whether a position needs to be

filled. The Director of HR then meets with the Treasurer to determine whether the district can afford a new hire and orders all necessary background checks to be completed. After these steps are completed and the prospective employee meets MCSD's approval, an offer of employment is made.

The Society for Human Resource Management (SHRM) publication *Estimating Future Staffing Levels* (SHRM, 2006) highlights the need for a staffing plan. SHRM notes that the most important question for any organization is what type of workforce it will need in order to successfully implement its business strategy. Once this question is answered, the human resource department must focus on recruiting, developing, motivating and retaining the number and mix of employees that will be required at each point in time.

School districts like the Tulsa Public Schools (TPS) and Olentangy and Lakota Local School districts in Ohio have established staffing plans which incorporate staff allocation factors including: State and federal regulations, workload measures, and industry benchmarks. In general, staffing benchmarks in these plans are based on General Fund revenues; a practice which helps to maintain a focus on a balanced budget. Staffing plans are used as guides to determine staffing levels on an annual basis, and at mid-year to determine if the staffing levels need to be modified based on actual ADM (average daily membership). These districts usually do not negotiate class size or the staffing plan in contract agreements.

Meeting the Challenges of Recruitment and Retention (NEA, 2003) recommends that school districts develop a comprehensive recruiting plan to address staffing needs. A district should first gather a recruitment team to evaluate the district's needs, identify resources, and recommend a list of desired changes in policies and practices. The recruitment team should include administrators, teachers, union members, parents, representatives from higher learning institutions, and community leaders. The district recruitment plan should examine the culture within that district to ensure a positive working environment exists. The recruitment plan should be consistent with the academic mission and clarify what new teaching staff should be able to provide. The recruitment plan should identify the population of potential teachers and how to appeal to their interests as well as how to attract them to the community. The district must ensure that accurate data is maintained throughout the recruiting process to assist with future recruiting efforts by determining which methods are effective, ineffective, or require alterations.

According to Business and Legal Reports, Inc., organizations should have a formal schedule for reviewing all job descriptions, preferably at least once a year. Maintaining up-to-date job descriptions is important because they facilitate effective human resources management in the following ways:

-
- Clarify duties and define relationships between individuals and departments;
 - Help the jobholder understand relative importance of tasks and level of accountability;
 - Provide information about the knowledge, training, education, and skills needed for a job;
 - Help minimize conflicts and improve communications by telling employees what they need to know about the job;
 - Help management analyze and improve the organizational structure and resource allocation; and
 - Provide all this information in a completely objective and impersonal way.

Accurate job descriptions also provide a basis for job evaluation, wage and salary surveys, and an equitable wage and salary structure. The content of the written job descriptions should include the following:

- List of tasks;
- List of decisions made;
- Amount of supervision received;
- Supervision exercised;
- Interactions with other staff;
- Physical conditions;
- Physical requirements; and
- Software or other equipment used.

Lastly, the American Society for Public Administration recommends governmental entities begin taking steps to develop and implement succession plans. *Public Section Succession: A Strategic Approach for Sustaining Innovation* (Schall, Public Administration Review, 1997) recognizes the increasing level of complexity in governmental operations and discusses options for senior managers in governmental entities to implement succession plans. The article asserts that, in order to sustain innovation and enhance continuity, senior governmental managers must plan for periods beyond their tenure, including efforts to ensure appropriately trained personnel are prepared to accept leadership roles in the organization.

Since MCSD relies on building administrative staff to set and report desired staffing levels, it may not be able to effectively achieve its academic mission and ensure optimum staffing levels that meet legal staffing and budgetary requirements. Minimum staffing levels for classroom teachers, educational service personnel, principals and the delivery of services for students with special needs are governed by OAC § 3301-51-06 and should be included in the staffing plan.

In the absence of a formal staffing plan to incorporate staffing requirements and benchmarks, MCSD does not have an effective way to ensure it is consistent in meeting State minimum requirements and allocating staff appropriately to meet the District's academic and fiscal needs. It does not have a formal method to determine or verify if the district is sufficiently staffed in accordance to State laws, regulations, and projected needs. As a result, MCSD may not be able to correctly identify staffing needs or overstaffing. Without a recruitment plan, MCSD may not be able to attract quality employees to fill the position needs as identified by the staffing plan. Finally, without a succession plan, MCSD may be unprepared to fill key management roles in the event of turnover.

MCSD could develop and implement these best-practice plans at no additional cost.

R3.18 MCSD should organize a committee for the purpose of reviewing and updating employee evaluation forms. The District should include all elements of the best practice criteria in the updated evaluation forms. Up-to-date evaluation forms would allow MCSD to complete required evaluations in a consistent manner that is acceptable to both the District and its staff. In addition, updated evaluation forms would allow MCSD link performance to the achievement of professional and organizational goals, further strengthening the District's organizational culture.

The CAO and the Executive Director of Pupil Services were responsible for the completion of all building administrator evaluations. In addition, the CAO offered advisory input to the former Superintendent on the appropriate contract length for each principal. MCSD's building principals are responsible for certificated and classified evaluations of staff at their buildings. Administrative evaluations are divided among MCSD's administrative staff in accordance with the organizational structure. The Director of HR feels that the current system allows for a thorough review in accordance with Board policy but that the evaluation forms are in need of updating. MCSD attempted to address this two years ago but the process was unsuccessful. Administrators, department heads, union representatives, and staff were trying to work together to update the evaluation form but the effort failed to result in an agreeable outcome.

MCSD has updated the evaluation process for building level administrators but has not updated the corresponding administrative evaluation forms. In FY 2005-06, the Executive Leadership Team developed a rubric for assessing administrators' performance. The rubric was aligned with the Leadership Training curriculum that the District was implementing with all school leaders and to the outdated administrative review forms. It was crafted for use as an instrument for reflective, self-evaluation and as a guide for determining next steps for improvement.

Feedback, Not Appraisal (SHRM, 2006) makes the case that successful performance management must contain a healthy degree of feedback and employee involvement. An ideal approach to performance management would be a system of structured feedback used to manage, regulate and improve performance. Feedback is a requirement for effective management whether or not a formal evaluation system is in place.

While most feedback will be informal, there is a need for planned feedback as well. Planned feedback opportunities keep both the employee and the manager honest. When there is difficult information to share, it can only be avoided for so long, and successes can be reinforced and celebrated sooner, when structured feedback sessions are placed on the calendar at periodic intervals. Some experts recommend holding feedback sessions, called progress reviews or “check-ins,” every six to eight weeks, bimonthly, quarterly or on some other previously determined schedule.

Supervisors have to maintain a positive but productive relationship with the person for whom they have passed judgment. Employees want feedback delivered in a coaching fashion with clear improvement plans. When judgment is removed from feedback, information is more likely to be received in the spirit in which it was intended. Coaching supports peak performance and helps to build and maintain a relationship with the employee that is a partnership instead of one that is adversarial.

HR managers should audit their performance management systems to ensure they allow for a proper amount of discourse. Replacing or revamping the system is in order if it does not include employee involvement and a future-oriented process to share feedback. A system that is intentionally designed to generate information and feedback about work activities will guarantee positive outcomes because effective communication is the key to increasing productivity.

During the course of the audit, AOS administered a satisfaction survey to all MCSD employees. Employees were asked to evaluate the following statements:

- I am evaluated annually. (31 percent of respondents disagreed or disagreed strongly);
- The evaluation process provides timely and relevant feedback. (31 percent of respondents disagreed or disagreed strongly);
- The evaluation form used is relevant to my job duties. (34 percent of respondents disagreed or disagreed strongly);
- I am satisfied with how human resources activities are managed in the District. (45 percent of respondents disagreed or disagreed strongly); and
- Information regarding my job duties and responsibilities is shared in a timely and effective manner between departments and individuals. (39 percent of respondents disagreed or disagreed strongly).

As shown by the survey responses, MCSD's employees are not satisfied with the evaluation processes. Without a consensus view of the purpose and content of the evaluation forms, MCSD may risk reviewing and evaluating employees based on an outdated or inappropriate methodology.

R3.19 MCSD should develop a District-wide employee climate and satisfaction survey and a comprehensive exit interview process as part of an overall employee retention policy. An employee retention policy and climate survey would help to retain MCSD's qualified staff and encourage a positive, productive working environment while analysis of exit interviews could allow the District to identify those issues most likely to cause an employee to leave. Careful monitoring for a decline in working conditions should be a focus for MCSD; especially given the National Education Association (NEA) identification of working conditions as the most significant factor in retaining teachers. A similar recommendation was issued in the 1999 Performance Audit (see Appendix 3-C).

During the course of the audit, AOS administered a survey to all MCSD employees to obtain feedback and perceptions concerning human resource issues. Employees were asked to evaluate the following statement; I feel overall District employees' satisfaction and morale is positive. The survey found that the largest number of respondents disagreed with that statement (see **Appendix 3-A**).

MCSD does not conduct climate or employee satisfaction surveys, nor does it have an employee retention policy. The Director of HR indicated that employee dissatisfaction is usually directly communicated to the HR Department by the unhappy employee. MCSD does not conduct exit interviews but the Director of HR indicated that was something that has been considered. Most employee turn-over was attributed to retirement and people moving out of the area rather than people leaving for another district.

Making Exit Interviews Work (SHRM, 2004) states that the information collected in an exit interview can provide a unique perspective on organizational performance and employee satisfaction. People who leave may be brutally honest about their experiences without fear of immediate repercussions.

Exit interview practices and policies vary widely according to company size and industry, but human resource professionals agree on at least three points:

- The company should have a formal policy regarding exit interviewing.
- Exit interviews should be reserved for voluntary separations, because issues raised by layoffs and terminations for cause will require a special approach.

- Exit interviews should be extended to all departing employees—not just key performers or long-timers.

An exit interview should be an accepted expectation of employees; however, to encourage more employees to participate in exit interviews, employers should stress the confidentiality of the discussions. The degree of structure can range from a casual conversation with note-taking to a standardized list of talking points to a questionnaire or other survey instrument. Exit interview information is so valuable it should be included in annual reviews, strategic planning, recruiting strategies, training plans, and management development programs.

Soliciting Employee Feedback: Getting Results (SHRM, 2002) states that every HR professional knows that an organization is only as good as its employees. That's why it's so important to get employees' feedback and respond to their needs, ideas, and suggestions. Surveys are the most effective way to tap into the thoughts of the workforce. Soliciting feedback should be a regular part of the HR function. While it is common to ask for employee feedback when changes are being implemented, there are few surveys to check on the status quo. However, people, organizational culture, and goals all change frequently. Just because something worked well six months ago doesn't mean that it still does. By tuning into what employees are really thinking, organizations have an opportunity to correct problems early and capitalize on successes quickly.

No organization should miss an opportunity to survey staff. It's the only sure-fire way to peer into the minds of employees and take the pulse of the company as a whole. Surveys ensure a happier, more productive and more loyal staff. Not only do surveys give your organization an opportunity to address pressing issues as they emerge, but, even more importantly, surveys empower employees. Asking them what they think and acting on their advice makes them partners with management in determining direction. In turn, the workplace will soon look more like a place employees want to be and give them a vested interest in being there.

The Western Alliance for the Study of School Climate (WASSC) provides a good example of an assessment rubric which includes sub-categories for eight school climate areas including:

- Appearance and physical plant;
- Faculty relations;
- Student interactions;
- Leadership/decision making;
- Discipline environment;
- Learning environment;

- Attitude and culture; and
- School-community relations.

The WASSC further notes that team members should use the assessment exercise to form impartial judgments related to the quality of their school's climate with the intention of gaining awareness and initiating future collective action. The exercise should never be used to assign blame to other faculty, put down kids, indict leadership, or promote the perception that certain "individuals" are the problem. Solutions in the area of school climate improvement most often come as a result of the raising of the faculty's collective awareness related to their systemic patterns and choices that effect life in their school. This exercise should help the learning community address and collectively act on those areas of concern in an effort to promote collective accomplishment.

According to *Meeting the Challenges of Recruitment and Retention* (NEA, 2003), surveys have shown that working conditions are the most significant factor in retaining teachers, particularly in hard-to-staff schools. Schools with strong, energetic leadership, in which teachers feel like valued members of a learning community, attract and hold staff while those lacking these qualities do not, even when districts offer teachers monetary incentives to be there.

MCSD has not invested the time and effort to develop employee satisfaction surveys, retention policies, or exit interviews. There is the perception that these systems are not needed because if an employee is unhappy and has a single issue it will be brought to the attention of District administrators. Likewise, most employee turnover is attributed either to individuals leaving the area or to retirement. The Director of HR felt that if a problem does exist, administrators will hear about it, thus eliminating the need to perform climate surveys and exit interviews. However, by failing to proactively address employee issues, the District may be risking the loss of qualified staff by appearing unconcerned or insensitive to working conditions.

During the course of the audit, AOS administered a satisfaction survey to all MCSD employees. Employees were asked to evaluate the following statements:

- The District's overall recruitment process is effective. (40 percent of respondents disagreed or disagreed strongly); and
- The District's employee substitutes are qualified and effective. (45 percent of respondents disagreed or disagreed strongly.)

As indicated by the survey responses, MCSD may be missing an opportunity to gauge employee satisfaction and to determine reasons for dissatisfaction. Furthermore, MCSD may have difficulty maintaining employee support and productivity during difficult times because it is not fully aware of the organizational climate.

R3.20 MCSD should have procedures in place to ensure that employees are trained and familiar with any new HR software applications prior to implementation. Inefficient implementation of software applications could be costly both in terms of man-hours and administrative errors. In addition, MCSD should ensure the ongoing security of its confidential personal and financial information. In doing so, the District should ensure up-to-date background checks on all employees with access to sensitive financial or personal information.

MCSD does not have a comprehensive human resources information system (HRIS). Instead, it uses other systems, including EMIS and State software applications. The HR Department uses EMIS for all staff and student information. According to the Director of HR, access to EMIS is available to the following people with different levels of access depending on their position:

- One executive secretary in the HR Department;
- The EMIS Coordinator; and
- All building level secretaries have access to code specific building employees.

In 2003, MCSD started using State supported software. The switch was made to save an estimated \$100,000 annually. Cost savings resulted from the reduction of salaries for employees charged with operating the old system.

MCSD's transition from the AS 400 was not smooth. All employee information had to be re-entered into excel spreadsheets then imported into the State accounting, payroll, and EMIS software. Training in the use of the new systems was not readily available to MCSD's staff prior to implementation. MCSD contacted the North Central Ohio Computer Cooperative (NCOCC) to request that a representative train District employees on EMIS. However, MCSD and NCOCC could not coordinate this effort and the training did not occur until after the District's employees had already learned the basics of the system. Since the initial implementation, there have been several opportunities for MCSD's employees to attend EMIS coding information sessions but these sessions were more clarifications of coding changes rather than formal training on how to use the system.

MCSD assigns access codes and user names to employees and each access code has an assigned security level. There are three employees within the Treasurer's Office who have access to change information within the system. Aside from those three employees, access is limited to read-only. MCSD also helps ensure information security through pre-employment background checks however, it does not perform periodic background checks after employment with the District.

According to *Safeguarding HR Information* (SHRM, 2005), intruders can strike from outside an organization or from within. HR departments can help screen out potential identity thieves by following four basic rules:

- Perform background checks on anyone who is going to have access to personal information.
- If someone with access to personal information is out sick or on leave, don't hire a temporary employee to replace them. Instead, bring in a trusted worker from another department.
- Perform random background checks like random drug tests. Just because someone passed five years ago doesn't mean their current situation is the same.
- Limit access to information like social security numbers, health information, and other sensitive data to HR managers who require it to do their jobs.

Implementation of best practices as outlined by SHRM will help ensure maximum safeguarding of personnel records and confidential information.

Although MCSD's financial and human resources information systems adequately address the District's needs, there are some issues that could impact the effectiveness of the systems. Inadequate training and implementation plans, and inadequate security measures could greatly impact the effectiveness of the new information systems. Finally, in the case of information security, security breaches could have a direct and detrimental effect on employees of the District as confidential information could be improperly distributed.

School Board Operations

R3.21 MCSD should develop a formal new Board member orientation packet which includes all relevant information on school-community relations, general responsibilities, school finance, curriculum and instruction, administration and staff, District facilities, and any other pertinent information. District administrators should take the time to review the materials in the packet with new Board members as part of a formal internal orientation. The development and use of a formal Board member orientation packet and training program should allow the Board to operate more efficiently in a shorter period of time after the election of new members. In addition, Board members should continue to participate in Ohio School Boards Association (OSBA) training sessions. The District should also track the number of training hours and courses attended by each Board member.

MCSD has Board policies which include sections pertaining to new member orientation as well as ongoing training opportunities for all Board members. Board Policy section BHA states that the Board will provide an orientation program for its members-elect. The primary purpose of this program is to acquaint the members-elect with the procedures of the Board, the scope of their responsibilities, and assist them in becoming informed and active Board members. Board Policy BHBA states that, in keeping with its stated position on the need for continuing in-service training and development for its members, the Board encourages the participation of all members at appropriate Board conferences, workshops and conventions.

Consistent with its policy, Board members have the opportunity to participate in OSBA training sessions. While these training sessions are not provided internally by MCSD, they are reimbursable by the District. In the past, most Board members have attended the OSBA annual meeting as a group; however, MCSD's Board did not participate in this activity as a group in FY 2006-07 due to the District's financial situation.

New Board members are encouraged to attend OSBA's New Board Member training session. This session was identified by MCSD's Board as an informative and useful option for a new Board member. There are also informal orientation efforts for new Board members which have included informational meetings with the former Superintendent, Treasurer, and other experienced Board members. However, MCSD does not have a specific new Board member orientation program. While the current training opportunities have been identified as adequate by the sitting Board members, the new members may benefit from a formal Board orientation packet and in-house training.

According to *Becoming a Better Board Member* (NSBA, 1996), the following resources should be available to all new Board members in the form of an orientation packet:

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

Furthermore, NSBA notes that the board secretary is responsible for recording all proceedings, preserving all records, and furnishing copies of the minutes to members. The number of training hours and course topics constitute Board records and therefore should be tracked by the Board's secretary.

OSBA offers a number of training courses and seminars for Board members. Online training through OSBA is available free of charge for a number of topics. Seminars and training courses are scheduled at various locations and dates but there is a fee for attendance.

Although MCSD's ongoing training methods appear to be administered in accordance with Board policy, there may be some gaps in new Board members' training. Without a formal orientation program for new Board members the District may experience a loss of efficiency in the event that one or more new Board members are elected. Finally, in the absence of training records, MCSD may not be able to readily identify individual Board members who have personal expertise on a given topic.

R3.22 MCSD should reestablish its school-community relations program in order to comply with Board policy. The District should maintain formal written documentation describing the functions and activities it will undertake to meet the intent and expectations of this policy. Due to its financial situation, the District cannot afford to fill the vacant Public Relations Officer position at this time. However, the District should consider delegating the most essential duties of this position to current administrators.

There is a complete section in the Board's policies (Section K) related specifically to community relations. Section K includes various Board policies which cover all aspects of school-community interactions. Section KA states that, "schools belong to the public, and the public is entitled to be informed about the operations of the school system". The Board policy indicates that schools operate best when they have a positive relationship with the community in which the citizens can make known their desires, and the Board can make known its plans and actions. Under the policy, it is the responsibility of every member of the District staff to promote good school-community relations. The school-community relations program of the District is directed by the Superintendent and is based upon the following principles:

- The school-community relations program will be a planned, systematic, two-way process of communications between the District and the community.
- The program may use media sources and other forms of communication available to effectively communicate with the citizens and employees of the District.
- Communications with the public should promote involvement, objective appraisal, and support.
- Communications must be internal as well as external, and should provide factual, objective, and realistic data.

- The school communications program should be responsive both to events as they arise and to evaluations of the program.

Despite the Board policy, the Interim Superintendent was not aware of any active school-community relations program or of any formal group with responsibility for improving community relations. MCSD's organizational chart shows a Public Relations Officer reporting to the Superintendent; however, the position is vacant and the District does not intend to fill it for financial reasons.

Board members indicated that they have experienced numerous informal community member inquiries (usually concerning the condition of the District or other personal interests). All Board members who noted that this was a common occurrence also noted that they were careful to refer inquiries to the proper District authority (i.e. the Superintendent). This was also seen as the best way to address issues rather than giving an individual response which may not be valid or representative of the entire Board.

MCSD's Board members felt that community support for the District is starting to react to the urgency of its financial situation. One Board member also felt that there needed to be an agreement where all sides realize that change is imminent. In addition there is a perceived need to improve MCSD's relationship with the local newspaper. In order to facilitate positive change, the District must communicate with the community in an open manner.

Becoming a Better Board Member (NSBA, 1996) states that, effective communication doesn't just happen. Effective communication evolves from a well planned and properly implemented communications program. There are numerous reasons why boards should pay attention to and formalize their efforts to communicate. These reasons are broadly categorized into four major areas including:

- The need to be accountable;
- The board's dual role of representing both the schools and the community;
- The need to have insight into and to influence public opinion about the direction and function of public education; and
- The board's moral and legal obligation to communicate the reasons for its actions and the way the schools operate.

Although MCSD has a Board policy which governs community relations, there is no corresponding program to carry out this policy. Without an active school-community relations program under the direction of a specific administrator, MCSD may not be able to effectively communicate District improvements and build positive relationships with the community. The lack of effective and proactive communication confines the District's communications to crisis prevention rather than promotion of positive

developments. If MCSD were to adhere to its policy and reassign community relations duties, it could see improved community relations and a potential increase in community support.

R3.23 The Board should improve the process by which it evaluates the performance of the Superintendent, Treasurer, and the Board as a whole. In addition, the Board should improve the timeliness of its goal setting. Clearly defined goals should be revised and agreed upon annually, preferably at the end of the school year to ensure adequate time to prepare action plans that address any performance issues. The Board should also consider using a more comprehensive evaluation instrument. The evaluation instrument should facilitate a balanced approach which includes not only a performance assessment, but also requires input on how the perceived deficiencies may be adequately addressed.

MCSD's Interim Superintendent indicated that at the start FY 2006-07, the Board had not developed the District's goals for that year. He further indicated that, as a result, the assignment of personal responsibilities and evaluation goals was also delayed. In order to be effective, these items should have been set out in June of the previous school year to give MCSD's personnel adequate time to plan. Given the late establishment of these goals, the Interim Superintendent felt that Board and administrative performance goals were not created in a manner which allowed for a reasonable period of time for the goals to be addressed prior to the next evaluation.

MCSD's Board uses a narrative evaluation instrument that is designed to take into account district goals, position goals, financial accountability, and academic performance. These position goals are the product of the Board's quarterly meetings with the Executive Leadership Team (ELT). Because the position goals are the product of internal meetings the Board members felt that they were all clearly understood and agreed upon and would not be a surprise during the evaluation process.

Most Board members who had participated in the evaluations or the development of the evaluation tool felt that there was a growing need for financial and academic accountability in the District. The evaluation tool is moving in this direction and while it is not yet perfect, it does take into account the fact that ultimately, the Treasurer and Superintendent are responsible for the District's financial and academic performance. The Board also expressed concern that the evaluations may not be an effective development tool. The perception expressed was that the evaluations were more punitive in nature, rather than being helpful by offering constructive feedback to address the weaknesses of the person being evaluated.

The Board's delay in developing goals also impacted its self-evaluation process. The Board was not able to define District goals in a timely manner and was unable to develop

an accurate and useful self-assessment. In the absence of a timely determination of Board goals, the Board cannot effectively act on its goals or perform a subsequent self-assessment.

Becoming a Better Board Member (NASB, 1996) lists several elements of an effective Board self-evaluation. The ingredients of an effective evaluation include both elements and desired outcomes such as:

- An evaluation should be constructive;
- Board members should develop the standards for self-evaluation;
- Evaluation should be based on Board goals, not on District-wide goals;
- The evaluation process should include establishment of goals and strategies for improving performance;
- The Board should not limit itself to those items that appear on the evaluation form;
- Formal evaluations should occur on a fixed annual schedule;
- A composite picture of Board strengths and weaknesses is best; and
- The Board should be evaluated as a whole, not as individuals.

Becoming a Better Board Member also states that the evaluation of the superintendent's performance should focus on what the board wants to accomplish for the district, what the law says the district must do, what the superintendent's roles and responsibilities to the district are, and how well the superintendent does the job. Accordingly, three items are vital to the process:

- A statement of goals and priorities;
- The Superintendent's job description; and
- A written evaluation procedure.

Board-Treasurer Partnership (OSBA, 2005) states that the board should evaluate the performance of the treasurer in order to assist both the board and the treasurer in the proper discharge of their responsibilities and to enable the board to provide the District with the best possible leadership. Criteria for the evaluation of the treasurer should be based on the job description and should relate directly to each of the tasks described. The job description and any revisions should be developed in consultation with the treasurer and adopted by the board. The board should evaluate this position annually in accordance with the provisions of its policy. Evaluation criteria should be reviewed as necessary or as requested by the treasurer, but not less than annually.

As a result of MCSD Board's inability to establish District-wide and personnel goals and expectations prior to the start of FY 2006-07, the District's overall administrative performance in relation to those goals may have been negatively impacted. During the

course of the audit, AOS administered a satisfaction survey to all MCSD employees. Employees were asked to evaluate the following statements:

- The Board of Education monitors its performance and achievement of its goals. (46 percent of respondents disagreed or strongly disagreed);
- I am aware of the Board of Education's achievement goals. (36 percent of respondents disagreed or strongly disagreed);
- I feel confident in the leadership of the District. (66 percent of respondents disagreed or strongly disagreed).

These results are indicative of an underlying employee perception of limited District planning and Board goal-setting (see **Appendix 3-A**).

Timelier goal setting for both the Board and individual administrators should improve the understanding of Board goals and expectations by the superintendent and treasurer, as well as District employees. The development of a more comprehensive and objective evaluation process should allow MCSD to implement more effective Board and administrative evaluations which focus on remedying weaknesses.

R3.24 In order to comply with policy section BFG, the Board should review all written policies and either reaffirm or update them. In addition, the Board should evaluate the effectiveness of all policies as implemented by school staff. To accomplish this task, the Board should consider forming an advisory committee and actively solicit input from its members, administrators, school staff, students, and the community. All policy changes should be Board approved, documented, and dated as evidence of review. Once all policies have been reviewed, evaluated, and either reaffirmed or updated, the Board should establish a formal process for on-going periodic review.

MCSD adopted its Board Policies in 1995. Board Policy section BFG states that, in an effort to keep its written policies current so that they may be used consistently as a basis for Board action and administrative decision, the Board will review its policies on a continuing basis. Furthermore, the Board is expected to evaluate how the policies have been executed by the school staff and weigh the results. Under its policies, the Board should rely on the school staff, students and the community to provide evidence of the effect of the policies which it has adopted. Also, the policy gives the Superintendent the continuing responsibility of calling to the Board's attention all policies that are outdated or for other reasons appear to need revision. To accomplish this, the Superintendent may request input from the Board or an advisory committee. In spite of there being a formal process in place for Board Policy review, MCSD's Board Policies do not contain any evidence of review. All policies appear to be dated November 21, 1995, the original date of adoption.

According to *Becoming a Better Board Member* (NSBA, 1996), a Board usually relies on the administration for the enforcement and periodic evaluation of board policies. It may require (usually in a policy) that the superintendent call attention to policies that are out-of-date or in need of revision. The policy-writing and revision process is essentially the same for amending existing rules to meet changing needs, to clarify vague or misinterpreted policies, or to comply with new laws or court decisions. Finally, some state laws require that all school board policies be reviewed periodically.

Key Legal issues for Schools (ASBO, 2006) states that the policies adopted by school boards are often treated as a school district's "law," since they are principles to chart courses of action. Policies provide a community, employees, and students with visible statements of a board's beliefs and practices regarding educational and management practices. Further, they are public statements through which boards can be held accountable.

Further, ASBO indicates that in light of the far-reaching impact of board policy, boards and educational leaders would be wise to consider the following recommendations as means for developing and maintaining current policies:

- School boards and superintendents should include sufficient funds in their annual budgets to retain the services of professional agencies to review and revise their current policy documents and to provide, at a minimum, annual reviews and draft updates of policies on a quarterly basis.
- The general operating procedures of school boards should include annual reviews of all new and revised policies to determine whether modifications should be made on the basis of implementation experiences. The board and superintendent of schools might consider establishing a Policy Review Committee to identify issues and situations that should be considered for the annual policy review activities.
- A Policy Development Committee should be formed to develop new policies and to revise existing ones which may be necessary outside of the annual review process.
- The board and superintendent should encourage consultation with interested groups and individuals in the policy-making process. The board should engage in a public discussion of policies before they are placed on an agenda for formal adoption.

Because Board policies have not been periodically reviewed, some are likely to be out of date or no longer reflective of the Board's position. Without clear and current policies, District administrators may inadvertently act in manner that is inconsistent with the desires of Board or current laws, rules, and regulations.

Special Education, At Risk, and Workforce Development

R3.25 In order to reduce operating costs and avoid potential deficits, MCSD should consider reducing the number of special education teachers. A reduction of up to 11 FTEs would leave the District with 10 more FTE special education positions than suggested by the OAC staffing ratios based on disability type. However, because special education needs and services are driven by individual education plans, and the needs of the District's special education population change every year, MCSD should work closely with a representative from ODE in order to ensure any proposed staffing reductions don't violate the State requirements.

During the course of the audit, MCSD made reductions in its special education positions. As of May 1, 2007, the District had eliminated 7 FTE positions.¹⁵

In FY 2005-06 MCSD reported a total of 995 students with a recognized disability other than a speech/language disability. In addition, MCSD had nearly 91 FTE special education teachers. **Table 3-14** shows MCSD special needs students and OAC suggested staffing ratios categorized by disability type.

Table 3-14: MCSD Special Needs Staffing Ratios

Category of Disability	OAC Teaching Ratios	MCSD Students	OAC Suggested FTE Staff
Cognitive Disabilities	NA	248	NA
Elementary, Middle, Junior High Level	1:16	156	9.8
Senior High School Level	1:24	92	3.8
Specific Learning Disability		747	
Elementary, Middle, Junior High Level	1:16	204	12.8
Senior High School Level	1:24	125	5.2
Hearing, visual, orthopedic and/or other health impairments	1:10	86	8.6
Emotional Disturbances	1:12	124	10.3
Multiple Disabilities	1:08	71	8.9
Autism, deaf-blindness, and/or traumatic brain injury	1:06	16	2.7
Preschool	1:16	121	7.6
Total		995	69.6

Source: MCSD FY 2005-06 December Child Count, OAC, and ODE

Note: Suggested staffing ratios included in the table do not include speech and language disabilities (89 students).

As shown in **Table 3-14**, MCSD's special needs student population would require 69.6 FTE special education teachers based on the OAC suggested staffing ratios. This suggested staffing level is approximately 21.0 FTEs less than MCSD's actual staffing

¹⁵ Some reductions will take effect in FY 2007-08.

level of 90.65 FTEs. A reduction of 11 special education teachers would reduce costs while and still maintaining 10 FTE positions more than suggested by the OAC.

Financial Implication: A reduction of 11 FTE special education teachers would result in savings in salaries and benefits of approximately \$384,000 in FY 2007-08 and \$1,665,000 over the forecast period.

R3.26 MCSD should develop and distribute satisfaction surveys for all special education and at-risk programs. These surveys should be made available to all parents or guardians of special needs or at-risk students. The results of each set of surveys should be documented and reviewed over time to determine satisfaction improvements or deficiencies. Reviewing satisfaction over time should allow MCSD to determine where the most appropriate program changes could be implemented.

During the course of the audit, MCSD contacted ODE's Office of Exceptional Children. Through this office, ODE conducted a district-wide survey of parents whose children are enrolled in MCSD's special education programs.

MCSD takes several steps to review and improve its special education and at-risk program performance. These steps include reviews of student test scores, periodic use of parental surveys, parent meetings, and a number of other program-specific evaluation techniques. Surveys have been used at MCSD but they were building or teacher-specific. However, these methods have not been consistently applied across the District for all special needs and at-risk students.

As an example of best practice implementation, Chester County School District (CCSD) in Tennessee has a parent/family involvement plan which includes a number of strategies to improve student achievement and school performance. One such strategy is to distribute surveys to the parents of all students, including those in special needs and at-risk programs. CCSD's plan states that parents and other stakeholders will be asked to express ideas and concerns by responding to surveys and needs assessments administered by the school system and individual schools. CCSD also has a Family Engagement Committee which is responsible for reviewing survey results in the context of the District's needs assessment. The Family Engagement Committee makes suggestions for school review and improvement based on these data sources.

In the interest of service improvement, the Wisconsin Department of Public Instruction provides an IEP parent satisfaction survey. The satisfaction survey allows parents of special education students to rate the quality of a district's special education services. Responses are categorized using a number/satisfaction system with a separate section for parent comments.

Internal reviews, test score evaluations, and parental surveys are all useful tools for program evaluation and their use can lead to increased effectiveness over time. In order to ensure that students are meeting academic standards as well as to improve the delivery of program services, MCSD has taken steps to evaluate the success of both its programs and the students themselves. However, in the absence of a formalized survey, MCSD may not be requesting or receiving uniform information and may not be in a position to evaluate parental satisfaction with the special education or at-risk programs.

R3.27 MCSD should determine the cost effectiveness of its special education, at-risk, and vocational education service delivery methods. Each component of the programs should be analyzed separately to determine if the service could be delivered more cost-effectively through collaborative arrangements or a non-District service provider. The analyses should consider the impact on compliance with State laws, State funding, and program effectiveness. Periodic evaluation of service delivery methods and their associated costs would help ensure the District maximizes the efficiency of its special education, at-risk, and vocational programs.

According to ORC § 3323.08, a school district may arrange, by a cooperative agreement or contract with one or more school districts, a cooperative education or joint vocational school district, or an educational service center, to provide for the identification, location, and evaluation of handicapped children, and classes or other suitable education programs for such children that meet the standards established by the State Board of Education. A school district may also arrange, by a cooperative agreement or contract, for the provision of related services for handicapped children.

In addition, ORC § 3313.84.2 states that the boards of education of any two or more school districts may enter into an agreement for the joint or cooperative establishment and operation of any educational program including any class, course, or program that may be included in a school district's graded course of study.

With few exceptions, MCSD delivers special needs services in-house. The District contracts out its special education preschool program to the Mid-Ohio ESC. The Director of Pupil Services recently determined that it was not cost effective to bring this service back in-house and plans to continue doing this type of cost analysis as ODE changes the pre-school education funding system. MCSD also contracts for special education audio and communication services because the District is the regional center for the provision of services for students with hearing disabilities.

MCSD contracts with other local agencies for some at-risk programs; however, no evidence was provided that would indicate that contracting for services was a more cost effective option (see **financial systems** section). MCSD does not coordinate with the Mid-Ohio ESC to provide services for at-risk students.

Also, MCSD offers a comprehensive vocational education program and standard Tech Prep program at its high school. Program offerings cover a wide range of topics and include such areas as automotive mechanics, early childhood care, business marketing, culinary arts, precision machining, computer networking, computer aided design, health, cosmetology, and criminal justice. MCSD does not partner with other districts for vocational programming; however, it does collaborate with Madison High School and the Pioneer Career Technical Center for the provision of some Tech Prep courses. There are only four such courses of a potential total of 70 courses for which a collaborative agreement has been reached.

Driving More Money into the Classroom: The Promise of Shared Services (Deloitte Research, 2005) makes the case that sharing services is a technique used by both the private and public sectors for decades that has been growing rapidly in popularity in recent years due to its proven ability to reduce costs. Sharing services creates economies of scale, and consistency of process and results that come with more centralized models. It also permits districts to maintain the benefits of decentralized control, allowing individual administrators to retain oversight of curriculum, education, and other aspects of non-shared processes. By sharing processes that aren't mission-critical while still retaining local control of the most important aspects of education, shared services can yield significant cost savings.

Contracting or partnering with other educational entities or local agencies for the provision of special education, at-risk, and vocational programs is not a widespread practice in MCSD. Without periodic exploration and cost-benefit analyses of available alternative methods of service delivery, MCSD cannot ensure that its methods are the most cost-effective. In addition, MCSD may not be maximizing its use of available funding.

R3.28 MCSD should consider implementing the additional recommendations from the 1999 Performance Audit that have not been fully implemented or addressed in this section. These recommendations, while not key to MCSD's HR function, could have a beneficial effect on overall operations.

Some operational items reviewed in the 1999 Performance Audit remain applicable to MCSD. While the following areas were not reviewed in depth in the 2007 performance audit, the recommendations were determined to be relevant and, if implemented, could result in positive District improvements or enhanced HR management efficiency and effectiveness.

- **1999 R3.10 Substitute strategies:** The demand for substitutes is much higher than the substitute pool can provide. If MCSD cannot fill a position with a substitute, then it may opt to ask a teacher to cover the class at an additional cost of \$11.00 per class period.
- **1999 R3.18 Retirement notification:** In order to more accurately identify staffing needs for the following school year, MCSD should establish a policy that requires employees to notify the district by March 1st of their intentions to retire the following school year.
- **1999 R3.22 Association business reimbursement:** The teacher's contract stipulates a maximum of fifteen days with pay for teachers on association business. The District should consider renegotiating with the union to provide reimbursement for substitutes while association members are out of the classroom.
- **1999 R3.24 Grievance resolution:** In order to resolve grievance issues in a timely manner, the District should consider requiring all grievances to be filed within five or ten days of the act or condition which is the basis of the grievance.
- **1999 R3.28 Employee probation:** The District should consider extending the probationary period which would provide the District with additional time to assess the potential employee and would enhance the ability of the Board to employ qualified, dedicated and hard-working personnel.
- **1999 R3.32 Performance evaluation seniority:** MCSD's contracts do not include the review of performance evaluations to determine the most senior employee when all other criteria are equal. Because MCSD's union contracts specify that employees are evaluated on an annual basis, employee performance evaluations should also be used in determining the most senior employee.
- **1999 R3.34 Vacation restriction:** The District should negotiate a clause stipulating that employees must take at least a portion of their vacation during summer break or other times when school is not in session.
- **1999 R3.36 Employee evaluation retention:** Employee evaluations should be kept on file and should be retained as long as the employee is employed by the District.
- **1999 R3.38 Grievance training:** The HR Department should establish mandatory training for grievance procedures. The Department should create a procedure to track all grievances filed with MCSD.

- **1999 R3.39 Discipline training:** The HR Department should establish mandatory training for disciplinary policies. The Department should create a procedure to track all disciplinary actions within MCSD.

The above recommendations, if implemented, could improve MCSD's HR operations or could result in improvements in the efficiency and effectiveness of personnel management. See **Appendix 3-C** for a complete assessment of all 1999 performance audit recommendations and their implementation status.

Financial Implications Summary

The following table represents a summary of estimated annual cost savings. For the purpose of this table, only recommendations with quantifiable impacts are listed.

Summary of Financial Implications for Human Resources ¹

Recommendation	FY 2007-08 Cost Savings
R3.1 Reduce 6 FTE Administrators	\$322,000
R3.2 Reduce 65 FTE Regular Classroom Teachers	\$3,067,000
R3.3 Reduce 35 FTE Other Certificated Staff	\$1,474,000
R3.4 Reduce 46 FTE ESP	\$2,027,000
R3.5 Reduce 25 FTE Clerical Staff	\$786,000
R3.6 Reduce 3 FTE Library Aides	\$37,000
R3.7 Reduce 18 FTE Teaching Aides	\$351,000
R3.10 Eliminate Fringe Benefit Pick-Up	\$157,000
R3.11 Increase Health Insurance Contributions to 15 Percent	\$982,000
R3.12 Participate in the BWC's PDP+ and DFWP Programs	\$194,000
R3.14 Eliminate Costly Contract Provisions	\$23,000
R3.15 Reduce Sick Leave Usage	\$27,000
R3.25 Reduce 11 FTE Special Education Teachers	\$384,000
Total Financial Implication	\$9,831,000

Source: AOS Recommendations

¹ Savings based on FY 2005-06 financial information.

Appendix 3-A: Human Resource Survey

AOS administered an employee survey to MCSDs approximately 930 employees to obtain feedback and perceptions concerning human resource issues. The survey was completed by 335 employees, 316 (94 percent) of which completed the human resource section of the survey. The overall participation rate for the AOS survey was approximately 36 percent. Survey responses were made on a scale of 5 to 1: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree. **Table 3-A** illustrates the results.

Table 3-A: MCSD Human Resources Survey Results ¹

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
I am aware of the duties required in my job description.	2% (6)	2% (6)	3% (8)	32% (100)	62% (195)	0% (0)	4.5
My job description accurately reflects my actual daily routine.	5% (16)	10% (30)	12% (39)	37% (116)	36% (113)	0% (1)	3.9
I have sufficient resources to fulfill my responsibilities.	4% (14)	21% (67)	16% (49)	39% (123)	20% (62)	0% (0)	3.48
I receive adequate on-going training to fulfill my job duties.	6% (19)	13% (40)	19% (61)	37% (118)	24% (76)	1% (2)	3.63
Our department could effectively maintain productivity in the event of a short-term absence.	7% (22)	15% (48)	15% (48)	46% (144)	15% (46)	3% (8)	3.53
The Board of Education monitors its performance and achievement of its goals.	15% (48)	31% (99)	31% (98)	14% (43)	4% (12)	5% (15)	2.74
I am aware of the Board of Education's achievement goals.	14% (43)	22% (70)	18% (57)	35% (111)	9% (28)	2% (6)	3.09
Cross training has been implemented in my department.	10% (31)	27% (84)	24% (77)	22% (69)	4% (14)	13% (40)	3.23
I am evaluated annually.	9% (30)	22% (68)	8% (25)	36% (114)	22% (68)	3% (11)	3.49
The evaluation process provides timely and relevant feedback.	11% (34)	20% (64)	17% (55)	34% (108)	13% (42)	4% (13)	3.31
Evaluations are done in accordance with collective bargaining contracts.	9% (27)	13% (42)	16% (51)	36% (115)	18% (56)	8% (25)	3.65

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
The evaluation form used is relevant to my job duties.	12% (38)	22% (68)	20% (62)	33% (104)	9% (27)	5% (17)	3.21
Management responds and acts on recommendations made in evaluation sessions.	10% (31)	20% (63)	36% (112)	22% (69)	6% (20)	6% (20)	3.14
The District's employee's sick leave policy is too lenient.	20% (64)	49% (153)	13% (41)	10% (30)	4% (13)	4% (14)	2.42
The District's employee substitutes are qualified and effective.	13% (42)	32% (102)	29% (91)	19% (60)	1% (3)	5% (17)	2.78
Current substitute system is effective in placing substitutes.	9% (27)	25% (79)	25% (78)	34% (106)	2% (7)	6% (18)	3.13
I am aware of few lapses in certificate/licenses due to lack of management oversight.	8% (25)	17% (54)	25% (79)	23% (71)	9% (27)	19% (59)	3.63
I am satisfied with how human resources activities are managed in the District.	17% (54)	28% (88)	28% (89)	16% (51)	3% (10)	7% (23)	2.82
I am satisfied with the overall effectiveness of Human Resources management policies and procedures.	16% (49)	27% (86)	29% (90)	18% (58)	2% (6)	8% (26)	2.89
I am informed of changes in District policies and procedures.	14% (44)	25% (78)	23% (71)	33% (103)	4% (12)	2% (7)	2.94
The District's overall recruitment process is effective.	16% (51)	24% (75)	31% (99)	15% (48)	1% (4)	12% (38)	2.98
The District's procedures regarding job posting and hiring are effective.	10% (32)	21% (66)	21% (66)	38% (120)	7% (23)	3% (8)	3.19
I am satisfied with procedures regarding health benefits.	8% (24)	17% (52)	21% (65)	45% (141)	9% (29)	1% (4)	3.35
Current grievance procedures are fair and effective.	6% (20)	11% (36)	33% (103)	32% (102)	4% (13)	13% (41)	3.56
Current discipline procedures are fair and effective.	15% (46)	21% (65)	30% (96)	22% (69)	3% (10)	9% (29)	3.06

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
I feel overall District employee's satisfaction and morale is positive.	29% (90)	41% (128)	14% (43)	16% (49)	1% (3)	1% (2)	2.22
I feel confident in the leadership of the District.	32% (100)	34% (107)	21% (67)	10% (30)	2% (5)	2% (6)	2.21
Information regarding my job duties and responsibilities is shared in a timely and effective manner between departments and individuals.	12% (39)	27% (84)	24% (76)	28% (87)	6% (18)	3% (11)	2.98
My opinion is valued and my input is given consideration.	16% (50)	23% (74)	24% (77)	27% (86)	6% (20)	3% (8)	2.92
The District has formal written procedures that direct staff on how to respond on constituent inquiries.	10% (31)	18% (58)	35% (110)	17% (52)	2% (5)	19% (59)	3.38
The District staff receives training on how to respond to constituent inquiries.	14% (43)	28% (89)	31% (97)	9% (28)	1% (2)	18% (56)	3.08

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

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

Appendix 3-B: Summary of Objectives for Human Resources

The following questions were used to evaluate the human resources performance within Mansfield CSD:

- Is the district's current allocation of personnel efficient and effective?
- Is the district's compensation package in line with other high performing districts, state averages, and industry practices?
- How does the cost of benefits offered by the district compare with state averages and industry benchmarks?
- Are the District's negotiated agreements in line with peers and best practices?
- Does the District effectively address human resource management issues?
- Does the District use HRIS technology to manage its human resources?
- Does the Board operate in an effective manner?
- Does the District provide special education programs for students with disabilities that maximizes resources and are compliant with state and federal regulations?
- Does the District provide effective and efficient programs that meet the needs of at-risk students [including English for Speakers of Other Languages (ESOL), Title I, and alternative education]?
- Does the district provide accelerated programs in accordance with State requirements and the needs and resources of the community?
- Does the District provide effective and efficient vocational and workforce development programs that meet the needs and resources of the community?
- Are there any prior 1999 Performance Audit recommendations which have not been implemented to date but are still considered viable and relevant?

Appendix 3-C: 1999 Performance Audit Recommendations and Implementation Status

Table 3-C shows a summarized version of the 1999 Performance Audit recommendation as well as the status of that recommendation; implemented, partially implemented, not implemented, or no longer applicable.

Table: 3-C 1999 Performance Audit Recommendation Status

Recommendation	Implementation Status
R3.1 MCSD should define the requirements for selection and implementation of an HRIS.	This recommendation is no longer applicable.
R3.2 MCSD maintains an assistant principal staffing level in excess of the peer district average and the 21 district average. MCSD should review the existing guidelines for staffing existing principals to determine if current ratios are effective.	This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.1).
R3.3 If future financial situations call for a reduction in operational costs, the administrative supervisor/manager/director – other classification could be reviewed to determine if existing staffing levels are effective. In order to achieve the peer average of 3.5 FTEs the District could potentially reduce on supervisor/coordinator position.	This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.1).
R3.4 MCSD has 0.8 more FTEs per 1,000 students enrolled in the teaching aides classification. In order to achieve staffing levels more consistent with the 21 district average of 7.7 FTEs per 1,000 students enrolled, MCSD could possibly reduce five teaching aide positions.	This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.7).
R3.5 An analysis of the positions coded to the computer programmer/analyst classification indicates that one computer programmer functions as a computer operator. Reclassifying the 1.0 FTE computer operator currently coded to the computer programmer classification would bring MCSD's staffing numbers to 0.2 which is more in line with the peer district average of 0.1. Therefore, no staff reduction would be recommended.	This recommendation is no longer applicable.
R3.6 An analysis of the custodial positions revealed miscoding in a peer district custodial classification. Reclassifying the 8.0 FTE general maintenance employees coded to the custodian classification would bring MCSD's staffing numbers to 8.8 which is consistent with the new peer district average of 7.8. Therefore, no staff reduction would be recommended.	This recommendation has been implemented.

Recommendation	Implementation Status
R3.7 The district should consider negotiating an additional instructional period for high school teachers. By requiring teachers to teach an additional period, class sizes may be reduced due to more classes being offered.	This recommendation has been implemented.
R3.8 If MCSD would reduce the number of sick leave days taken per teacher, it would eliminate additional administrative time, enhance the quality of education by eliminating interruptions in the flow of teacher's curriculum and would reduce the overall substitute costs incurred	This recommendation has not been implemented and analysis of MCSD's sick leave yielded reissue of the recommendation (see 2007 R3.15).
R3.9 MCSD should initiate efforts to define requirements to select and implement an automated substitute teaching calling system which will meet the district's needs.	This recommendation has been implemented.
R3.10 The demand for substitutes is much higher than the substitute pool can provide. If MCSD cannot fill a position with a substitute, then it may opt to ask a teacher to cover the class at an additional cost of \$11.00 per class period.	This recommendation has not been implemented.
R3.11 If MCSD would reduce the amount of sick leave taken, it would reduce additional administrative time, enhance the quality of education by eliminating interruptions in the flow of work and reduce the overall substitute costs incurred	This recommendation has not been implemented and analysis of MCSD's sick leave yielded reissue of the recommendation (see 2007 R3.15).
R3.12 Because of the higher amount of sick leave taken per employee and the costs associated with obtaining substitutes to cover for absences, MCSD may need to implement additional policies to assist with the reduction of sick leave. Sick leave information can be easily gathered through an effective HRIS or automated calling system	This recommendation has been partially implemented and analysis of MCSD's sick leave yielded reissue of a similar recommendation (see 2007 R3.15).
R3.13 If MCSD would experience financial difficulties sometime in the future and would implement employee contributions for medical insurance, the overall insurance expenses would be reduced.	This recommendation has not been implemented and has been reissued (see 2007 R3.11)
R3.14 The district could benefit from implementing a safety incentive program to encourage greater levels of awareness. Successful safety programs have issued benchmarked analyses of safety performance on a quarterly basis.	This recommendation has been implemented.
R3.15 The district should design and implement a modified duty program which allows injured employees to return to work to perform less strenuous tasks rather than remaining on off-site disability leave.	This recommendation has been implemented.

Recommendation	Implementation Status
R3.16 To effectively control workers' compensation costs, accident prevention should be the highest priority. Consequently, the district should consider re-assigning existing staff or hiring a full-time employee to the function as risk coordinator to function in an oversight capacity for the effective administration of the district's workers' compensation.	This recommendation has been implemented.
R3.17 The district could benefit from each of the above techniques utilized in successful workers' compensation programs with little expense.	This recommendation has been implemented.
R3.18 In order to more accurately identify staffing needs for the following school year, MCSD should establish a policy that requires employees to notify the district by March 1st of their intentions to retire the following school year.	This recommendation has been partially implemented.
R3.19 MCSD should consider revising their severance policy to be consistent with the Ohio Revised Code § 124.39 which provides a payout of 25 percent of accrued but unused sick leave credit, upon retirement, up to 120 sick days (30 day payout), for persons with 10 or more years of service.	This recommendation has not been implemented and was reissued (see 2007 R3.14).
R3.20 MCSD should consider establishing a policy which can reduce costs associated with severance payout. One option might be to allow employees to transfer an unlimited number of days into the district but restrict the use of these days to long-term sick leave only and stipulate the days are not eligible for payout at retirement. Another option might be to establish a policy which limits the amount of days that can be transferred into the district or limits the amount of days eligible for severance.	This recommendation has been partially implemented (see 2007 R3.14).
R3.21 The utilization of a curriculum advisory committee can be beneficial to the district. However because of the costs incurred, MCSD should consider limiting the number of meetings being held and provide a structured agenda to ensure relevant issues are addressed in a timely fashion.	This recommendation has been implemented.
R3.22 The teacher's contract stipulates a maximum of fifteen days with pay for teachers on association business. The district should consider renegotiating with the union to provide reimbursement for substitutes while association members are out of the classroom.	This recommendation has not been implemented.
R3.23 The district should consider restricting teachers on sabbatical leave from receiving compensation. In addition, the district should consider requiring all teachers who have 25 years of service to return to the district for a period of one year upon returning from sabbatical leave.	This recommendation has been partially implemented.

Recommendation	Implementation Status
R3.24 In order to resolve grievance issues in a timely manner, the district should consider requiring all grievances to be filed within five or ten days of the act or condition which is the basis of the grievance.	This recommendation has been partially implemented.
R3.25 Staff advisory committees can be utilized as a communication tool between instructional staff and building principals. District principals should fully participate in staff advisory committees to improve morale and communication within each building.	This recommendation has been implemented.
R3.26 MCSD should consider expanding the four or more stipulations when filling vacant job positions to include other factors such as evaluations, training and performance to determine the most qualified candidate to fill the position.	This recommendation is no longer applicable.
R3.27 MCSD and the unions need to remove unnecessary contractual information and incorporate succinct, relevant wording and issues. Contracts with restrictive provisions and language are more susceptible to misinterpretation and lead to potential, litigious liabilities for concerned parties.	This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.11).
R3.28 The district should consider extending the probationary period which would provide the district with additional time to assess the potential employee and would enhance the ability of the board to employ qualified, dedicated and hard-working personnel.	This recommendation has not been implemented.
R3.29 The number of paid holidays provided to MCSD's secretaries should be reconsidered in future negotiations. Peer districts averaged 12 paid holidays annually for 12-month employees in comparison with MCSD's secretaries who receive 16.5 to 17.5 paid holidays.	This recommendation has not been implemented and a similar recommendation was reissued (see 2007 R3.14).
R3.30 The district needs to evaluate the basis of the Labor Management Committee and determine the value of monthly or quarterly meetings. Furthermore, MCSD should develop a standard format for collecting relevant issues and preparation in addressing those issues.	This recommendation has been implemented.
R3.31 The district should establish a policy which defines essential employees including, administrators, maintenance, twelve-month, exempt employees and other personnel necessary to prepare the district for reopening following a calamity day. Essential employees should only receive straight pay for reporting to work on calamity days. If an essential employee does not report to work on a calamity day, the employee should be required to use a day of leave from their own accumulated balance.	This recommendation has been implemented.

Recommendation	Implementation Status
R3.32 MCSD's contracts do not include the review of performance evaluations to determine the most senior employee when all other criteria are equal. Because MCSD's union contracts specify that employees are evaluated on an annual basis, employee performance evaluations should also be utilized in determining the most senior employee.	This recommendation has not been implemented.
R3.33 in order to further optimize the district's efficiency, MCSD should consider renegotiating the contract so that, if an employee is called in and paid for two hours of work, the employee is required to work the entire two hours.	This recommendation has been implemented.
R3.34 The district should negotiate a clause stipulating that employees must take at least a portion of their vacation during summer break or other times when school is not in session.	This recommendation has not been implemented.
R3.35 The district has the ability to evaluate employees on an annual basis and should take advantage of such contractual language. To ensure that the evaluation process is conducted, copies of completed employee evaluations should be kept in the personnel files of the HRD or signed by the executive director of pupil and staff services to ensure consistency before the evaluation is put into the employee file at the buildings.	This recommendation has been implemented; however, analysis of policy compliance yielded reissue of the recommendation (see 2007 R4.3).
R3.36 Employee evaluations should be kept on file and should be retained as long as the employee is employed by the district.	This recommendation has not been implemented.
R3.37 Job descriptions for all district personnel should be reviewed and updated as needed either internally or by a professional management consulting firm.	This recommendation has been partially implemented (see R2007 6.10 in the technology section).
R3.38 The HRD should establish mandatory training for grievance procedures. The department should create a procedure to track all grievances filed with MCSD.	This recommendation has not been implemented.
R3.39 The HRD should establish mandatory training for disciplinary policies. The department should create a procedure to track all disciplinary actions within MCSD.	This recommendation has not been implemented.
R3.40 Because attracting and hiring new teachers at urban school districts appears to be difficult; MCSD should consider expanding recruiting methods.	This recommendation has been implemented; however, an expanded recommendation related to staffing and retention was reissued during the course of the performance audit (see 2007 R3.17).
R3.41 MCSD should track turnover and monitor the reasons why employees leave the district.	This recommendation was not implemented and was reissued during the course of the performance audit (see 2007 R3.19).

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Facilities

Background

The facilities section focuses on custodial and maintenance staffing; operations; expenditures; and building utilization in the Mansfield City School District (MCSD or the District). **Appendix 4-B** provides a summary of the audit objectives for the facilities section. Throughout this section, MCSD's operations are evaluated against best practices and operational standards including, but not limited to, the American School and University Magazine (AS&U), the National Center for Education Statistics (NCES), the International Sanitary Supply Association (ISSA), the National State Auditors Association (NSAA), the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), the Government Finance Officer's Association (GFOA), the Minnesota Office of the Legislative Auditor (MOLA), and Brevard County Schools, Florida (Brevard CS). In addition, audit staff administered a survey of MCSD's employees regarding custodial and maintenance services. Survey questions and results can be found in **Appendix 4-A** at the end of this section.

Summary of Operations

MCSD consists of 13 schools: nine elementary schools (grades Pre-K through 5), two middle schools (grades 6 through 8), a high school (grades 9 through 12), and an alternative school (grades 7 through 12). MCSD also has five other buildings including an administrative office building, a West Fifth Street facility (adult education, maintenance offices, and a warehouse), the Raemelon Building (special needs and staff offices), a transportation facility, and Arlin Field. The average age of MCSD's buildings is 59 years, and the age distribution of the buildings is as follows:

- Less than 10 years of age: 1;
- 30 to 40 years of age: 1;
- 40 to 50 years of age: 4;
- 50 to 60 years of age: 8;
- 80 to 90 years of age: 2; and
- 90 to 100 or more years of age: 2

The custodial, maintenance, and grounds staff are responsible for the operation and upkeep of MCSD's facilities. Approximately 40 percent of the Chief Operating Officer's (COO) time is spent providing oversight and direction for facilities maintenance and operations. In addition to the COO, the maintenance and operations (M&O) department's administrative staff includes three full-time equivalent employees (FTEs): the Maintenance and Grounds Manager (M&G

Manager), the Custodial Manager, and the Maintenance Secretary. The M&G Manager reports directly to the COO while the Custodial Manager and the Maintenance Secretary report to the M&G Manger.

MCSD has 16 head custodians, one for each building, with the exception of Arlin Field and the transportation facility.¹ The head custodians report directly to the Custodial Manager and are responsible for the day-to-day leadership of the custodial staff in their respective buildings. Head custodians are responsible for most of the minor plumbing and electrical work needed at the District's buildings, mowing and sidewalk snow removal at each building, and routine maintenance like changing light bulbs and ballasts. Head custodians are also responsible for training the other staff custodians, and conducting new custodial employee training.

The custodial staff is responsible for providing a clean and safe environment for the students, staff, and public who use MCSD's facilities. Some custodians have been identified by the M&G Manager as having the skill to perform simple carpentry projects, like replacing windows and doors. As a result, these types of projects are generally kept in-house.

In addition, MCSD has nine maintenance employees, one of which is designated Maintenance Team Leader. The Maintenance Team Leader acts in a leadership role for the maintenance staff, and like all maintenance staff, reports directly to the M&G Manager.

Table 4-1, illustrates M&O department staffing levels, and the number of full time equivalent (FTE) positions responsible for the upkeep of MCSD's facilities and grounds. Total positions (employees) may differ from the total FTEs because FTEs are determined based on the actual effort in hours devoted to each duty regardless of title or position held.

¹ This number will be reduced through the planned building closures.

Table 4-1: M&O Staffing Distribution (FY 2006-07)

Employee Position	Positions	FTE Employees
Chief Operating Officer ¹	1.0	0.4
Maintenance and Grounds Manager	1.0	1.0
Custodial Manager	1.0	1.0
Maintenance Secretary	1.0	1.0
Pony Driver	1.0	1.0
Stockroom Coordinator	1.0	1.0
Head Custodians ²	16.0	10.3
Staff Custodians	35.0	31.3
Maintenance Staff	9.0	13.0
Grounds Keepers ³	3.0	4.4
Total ⁴	69.0	64.4

Source: M&O Department staffing information provided by MCSD.

¹ MCSD's COO is not included in the actual M&O department. However, the COO's duties do include oversight of the department; therefore, the position is included along with an estimate of time devoted to the M&O department's operations.

² Head custodians are responsible for maintaining the grounds at all buildings that do not have an assigned grounds keeper. There are 14 head custodians at buildings with no grounds keepers; therefore, they are assigned as 0.125 FTE grounds per head custodian. In addition, all 16 head custodians are responsible for light maintenance at their respective buildings and are assigned as 0.25 maintenance FTE each for these duties.

³ The grounds keeper assigned to Arlin Field is also assigned to periodic custodial duties (0.125 FTE) at this facility and winter custodial duties (0.25 FTE) at John Sherman Elementary.

For FY 2006-07, M&O department staff consists of 68 employees (excluding the COO) in the following positions: 3 administrators, 51 custodians,² 9 maintenance workers, 3 grounds keepers, a pony driver, and a stockroom coordinator.

MCSD also has a voluntary Maintenance Levy Committee (MLC) which meets, by invitation, twice each year to discuss District-wide capital improvement needs and strategies for the best use of the Maintenance Fund. The MLC has not been consistently active over the last five years nor has the committee been sufficiently active in developing and updating a comprehensive capital plan (see **R4.10**).

Key Statistics

Key statistics related to the FY 2005-06 maintenance and operations of MCSD are presented in **Table 4-2**. Also included in **Table 4-2**, and throughout the report, are the results of the *35th Maintenance & Operations Cost Study* (AS&U, 2006). The study was the result of a detailed survey of business officials at school districts across the nation that collected information on staffing levels, workloads, facility expenditures, and salaries. The report provides industry standards in the form of national medians in broad categories based on student enrollment. In addition, **Table 4-2** draws on the *Planning Guide for Maintaining School Facilities* (NCES,

² During the course of the audit, MCSD eliminated 5 custodial positions.

2003). This publication serves as a benchmark for custodial effort, measured by square footage per FTE custodian.

Table 4-2: Key Statistics and Indicators

Number of District Buildings	18
Elementary Schools	9
Middle Schools	2
High Schools ¹	2
Other Buildings ²	5
Total District Square Footage	1,187,436
Total Square Footage Cleaned	1,173,436
Elementary Schools	390,631
Middle Schools	300,579
High Schools ¹	367,280
Other Buildings ²	114,946
Square Feet Per Custodial FTE (41.6 FTEs)	28,208
Elementary Schools	27,127
Middle Schools	28,902
High Schools ¹	25,506
Other Buildings ²	45,978
NCES Custodial Staffing Benchmark ³	29,500
Square Feet Per Maintenance FTE (13 FTEs)	91,341
AS&U 35th Annual Cost Survey 3,500+ Student Median ⁴	80,240
MCSD FY 2005-06 M&O Expenditures Per Square Foot	\$5.02
Custodial and Maintenance Per Square Foot	\$3.44
Utilities Per Square Foot	\$1.58
AS&U 35th Annual Cost Survey 3,500+ Student Median ⁴	\$4.73

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

Note: Totals may vary due to rounding.

¹ Total high school building count includes the Alternative School for high school aged students.

² Other buildings include the administrative offices, Arlin Field, West Fifth Street (Maintenance), Raemelton, and the transportation facility.

³ According to the *Planning Guide for Maintaining School Facilities*, 28,000 to 31,000 square feet per FTE custodian is the norm for most school facilities. Therefore, a benchmark of 29,500 square feet per FTE custodian will be applied in the analysis. This benchmark is acceptable to most stakeholders and does not pose any health issues.

⁴ The *35th Maintenance & Operations Cost Study* is based on a national survey which is released in April each year. Therefore, maintenance staffing expectation and expenditures per square foot from FY 2004-05 are reflected.

Table 4-2, illustrates that MCSD maintains fewer square feet per FTE custodian (28,208) than the *Planning Guide for Maintaining School Facilities* benchmark of 29,500 square feet.³ However, MCSD is maintaining slightly more square feet per FTE maintenance worker (91,341)

³ Based on a median of Level 2 and Level 3 cleaning. MCSD meets Level 3 standards for square feet cleaned per custodian. However, because of its financial condition, MCSD is urged to increase the square footage per custodian by 1,500 square feet.

than the 80,240 square feet per FTE maintenance worker benchmark established in the *35th Maintenance & Operations Cost Study* median for districts with 3,500+ students.

Financial Data

Table 4-3, illustrates General Fund expenditures incurred to maintain and operate MCSD's facilities for FY 2003-04, FY 2004-05, and FY 2005-06.

Table 4-3: Maintenance and Operations Expenditures

	FY 2003-04	FY 2004-05	Percentage Change	FY 2005-06	Percentage Change
Salaries/Wages	\$2,051,825	\$2,423,046	18.1%	\$2,492,770	2.9%
Benefits	\$860,126	\$1,168,611	35.9%	\$1,091,059	(6.6%)
Purchased Services	\$131,635	\$143,113	8.7%	\$126,063	(11.9%)
Utilities	\$1,223,780	\$1,538,406	25.7%	\$1,871,496	21.7%
Supplies/Materials	\$147,484	\$212,234	43.9%	\$220,794	4.0%
Capital Outlay	\$1,825	\$393	(78.5%)	\$974	148.1%
Other	\$174,697	\$158,392	(9.3%)	\$149,844	(5.4%)
Total General Fund	\$4,591,373	\$5,644,194	22.9%	\$5,953,000	5.5%

Source: MCSD FYs 2003-04, 2004-05, and 2005-06 unaudited year-end financial data

Note: Totals may vary due to rounding.

Explanations of significant variances shown in **Table 4-3** are as follows:

- Salaries and wages increased 18.1 percent from FY 2003-04 to FY 2004-05 because MCSD opened and staffed the new Mansfield Senior High School (MSHS) in August 2004.
- Benefits expenditures increased 35.9 percent from FY 2003-04 to FY 2004-05 as a result of opening the new high school and increasing staff. This category decreased 6.6 percent from FY 2004-05 to FY 2005-06 because MCSD eliminated 14 custodial staff positions during FY 2005-06.
- Purchased services expenditures increased 8.7 percent from FY 2003-04 to FY 2004-05 due to purchases related to the opening of MSHS. This line item experienced a decrease of 11.9 percent from FY 2004-05 to FY 2005-06 which can be attributed to across-the-board reductions due to the MCSD's financial situation and savings from the renegotiation of waste removal services.
- Utilities expenditures increased 25.7 percent from FY 2003-04 to FY 2004-05 and 21.7 percent from FY 2004-05 to FY 2005-06 because of rising gas and electric utility rates.

- Supplies and materials increased 43.9 percent from FY 2003-04 to FY 2004-05 because the District opened and stocked the new MSHS.
- Capital outlay expenditures decreased 78.5 percent from FY 2003-04 to FY 2004-05 and increased 148.1 percent from FY 2004-05 to FY 2005-06. The significant volatility in this line item can be attributed to fluctuation in the quantity of phones or phone-related equipment that the District purchased from year-to-year. While the increases and decreases were greater than 5 percent, the dollar amounts were such that the fluctuations are considered immaterial.
- Other expenditures decreased 9.3 percent from FY 2003-04 to FY 2004-05 and 5.4 percent from FY 2004-05 to FY 2005-06. The decreases can be attributed to lower costs for liability insurance, fire insurance, and taxes and assessments.

Table 4-4, compares MCSD's expenditures per square foot to the AS&U median for districts with 3,500+ students.

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

Cost Area	MCSD FY 2004-05 ¹	MCSD FY 2005-06	AS&U Median 3,500 + Students FY 2004-05
District Square Footage	1,187,436	1,187,436	NA
Salaries/Benefits	\$3,591,657	\$3,583,829	
Per Square Foot	\$3.02	\$3.02	\$2.37
Purchased Services	\$143,113	\$126,064	
Per Square Foot	\$0.12	\$0.11	\$0.33
Utilities ²	\$1,538,406	\$1,871,496	
Per Square Foot	\$1.30	\$1.58	\$1.43
Supplies/Materials	\$212,234	\$220,794	
Per Square Foot	\$0.18	\$0.19	\$0.29
Other	\$158,392	\$149,844	
Per Square Foot	\$0.13	\$0.13	\$0.31
Total General Fund Expenditures	\$5,644,194.43	\$5,953,000.24	NA
Per Square Foot	\$4.75	\$5.01	\$4.73

Source: MCSD unaudited year-end financial data, District reported square footage, and the *35th Maintenance & Operations Cost Study*

Note: Totals may vary due to rounding.

¹ MCSD FY 2004-05 year-end financial data was used to be consistent with data in the AS&U Cost Study. In addition, the AS&U does not include capital outlay in the *35th Maintenance & Operations Cost Study*. Therefore capital outlay was not included in MCSD's M&O expenditures.

² MCSD does not include telephone expenditures (object code 441) in its M&O expenditures; therefore, they could not be included in the analysis.

As shown in **Table 4-4**, MCSD's FY 2004-05 total General Fund expenditures were slightly higher than the AS&U benchmark for districts with 3,500+ students. However, per square foot expenditures for salaries and benefits were significantly higher than the AS&U median. These were mostly offset by lower expenditures in the areas of purchased services, utilities, supplies/materials, and other. Expenditures in excess of the AS&U median are indicators of operational inefficiencies and may represent opportunities for the District to target cost reduction efforts. Identified cost drivers for M&O Department salaries and benefits are: salaries and wages (see **R3.8**), benefits (see **R3.11**), high staffing levels (see **R4.5**), and appropriate compensation (see **R4.15**). Analysis of MCSD's operations in comparison to high-performing national and local benchmarks could also serve as a basis for the District's internal performance benchmarking and evaluation processes (see **R4.1**).

As shown in **Table 4-4**, MCSD was able to maintain FY 2005-06 expenditures at a level comparable to the District's FY 2004-05 expenditures for all cost areas but utilities. MCSD's ability to maintain static expenditures is primarily a result of its financial condition and corresponding fiscal restraints as opposed to inherently efficient District operations.

Performance Audit Follow-up

In 1999, the Auditor of State completed a performance audit of MCSD as a part of the 21 urban school district initiative. Following the issuance of the performance audit, MCSD was required to develop and approve an Economy and Efficiency Plan, detailing how the District intended to address the performance audit recommendations.

As a follow-up to the 1999 Performance Audit of MCSD's facilities operations, this section of the performance audit reviewed the previous report, MCSD's Economy and Efficiency Plan, and current District operations to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 4-C**, with references, where pertinent, throughout the section. Of the 13 recommendations contained in the 1999 Performance Audit, MCSD fully implemented 5, partially implemented 2, and did not implement the remaining 5.⁴ Four recommendations from the 1999 audit were reissued in this performance audit.

⁴ One recommendation was deemed no longer applicable to MCSD.

Recommendations

- R4.1 MCSD should enhance current performance measurement processes through implementation of *Best Practices in Public Budgeting* (GFOA, 2000) recommended practices for performance benchmarking and evaluation. When determining which benchmarks to use, MCSD should identify those that would track the areas with the greatest potential to yield cost savings for the District. In addition, MCSD should evaluate facility expenditures annually against the nationally recognized cost per square foot benchmarks contained in the *35th Maintenance & Operations Cost Study*.**

In FY 2005-06 MCSD used nationally recognized benchmarks to determine M&O staffing. The *34th Maintenance & Operations Cost Study* (AS&U, 2005), was used by the District as the primary criterion for evaluating custodial and maintenance staffing and implementing the reduction in force (RIF) of 14 custodial positions. The COO has continually evaluated maintenance and custodial staffing using the *34th Maintenance & Operations Cost Study* benchmarks and has developed comparisons based on the gap between the benchmarks and the current M&O staffing. MCSD's staffing evaluation and gap analysis as compared to a national benchmark is an appropriate first step toward effective organizational performance measurement.

MCSD also uses other methods for benchmarking and improving M&O Department performance. There have been efforts to discuss management issues with other regional school districts and MCSD's Chief Operating Office (COO) attributed a significant reduction in waste management expenditures to these inter-district discussions. The COO also has discussed having representatives from the M&O Department meet with similarly placed representatives from regional districts to discuss ideas and techniques for increasing departmental efficiency and effectiveness.

MCSD Board Policy states that all members of the custodial, cafeteria, maintenance, transportation and aide staff are responsible for the efficient operation of their department. Efficiency is to be measured from the standpoint of cost, adaptability, and service. The policy also notes that the custodial and maintenance staff is responsible for the comfort, safety and health aspects of the students and also for the proper care and maintenance of buildings and/or equipment charged to them.

Best Practices in Public Budgeting recommends that organizations develop performance measures for functions, programs, and/or activities to allow performance comparisons with other service providers, whether within the government, with other governments, or with private providers. Performance benchmarks are comparative standards of performance and provide a frame of reference for evaluating program and service quality and cost-effectiveness. Benchmarks should also be developed to aid in assessing how well a function, program, and/or activity is provided and how well it meets needs.

Performance measures should be linked to the specific goals and objectives of the function, program or activity. The measures should be valid, reliable, and verifiable. Whenever feasible, they should be expressed in quantifiable terms. It is often easier to focus on achieving goals and objectives if they can be expressed as the achievement of quantifiable measures. Measures should also be reported in periodic reviews of functions, programs or activities and should be integral to resource allocation decisions. A government should periodically review its performance measurement system and make improvements in terms of the relevance of the measures used, data collection, analysis, and reporting.

A specific example of where MCSD would be able to make an appropriate performance benchmarking and evaluation comparison would be for district salaries and benefits. As shown in **Table 4-4**, MCSD's expenditures are higher than those of the AS&U median benchmark. Effective performance benchmarking would allow MCSD to pinpoint the exact cause of this operational inefficiency and mitigate the aggravating circumstances.

While MCSD has begun to use benchmarks to monitor its performance, it does not follow all GFOA best practices for measuring organizational performance. In addition, MCSD may not be able to identify all operational inefficiencies without analyzing all M&O functions with the most up to date NCES and AS&U benchmarks. The inclusion of a greater range of benchmarks and greater use of performance measurement practices will ensure that MCSD facility operations are functioning efficiently and effectively.

- R4.2 MCSD should develop a comprehensive maintenance handbook that can serve as a training and reference guide for maintenance staff. The maintenance handbook should be similar in design, content, and layout to that of the *Sample Preventative Maintenance Plan* (Public School Facilities Authority (PSFA), 2006) used by the state of New Mexico. The handbook should be reviewed and updated, if necessary, on an annual basis and be readily available to all maintenance staff, facility users, and community stakeholders.**

During the course of the audit, MCSD began to develop a comprehensive maintenance handbook.

While the M&O department has a custodial handbook, it has not developed a separate manual for maintenance staff. MCSD has an M&O departmental structure chart, equipment inspection schedules, and preventive maintenance checklists but all schedules and procedures are not in a single comprehensive document.

The PSFA has developed a *Sample Preventative Maintenance Plan* to help New Mexico school districts complete a number of maintenance oriented activities. This document is more than just a preventive maintenance plan; it includes all the elements of an effective

maintenance handbook. The *Sample Preventative Maintenance Plan* includes the following indexed sections which are elements of a best practice maintenance handbook:

- Maintenance mission statement and maintenance goals;
- Maintenance organization and staffing responsibilities;
- Maintenance priorities and procedures;
- Inspection and maintenance schedules;
- Scheduled preventative maintenance tasks;
- Established custodian duties and responsibilities;
- District facilities and equipment; and
- Planned major maintenance and repair projects.

Although MCSD has, in the past, developed some of these elements for use by the M&O Department, they have not been updated or revised. In addition, a number of recommended elements were never developed. As a result, MCSD's maintenance staff may not have all of the information necessary to efficiently perform jobs. The lack of written guidelines could have a negative impact on the M&O department's operational efficiency, ability to complete work in a timely manner, and cost of operations. A handbook could be developed from the PSFA model at no additional cost to the District.

R4.3 MCSD should require administrators to comply with Board policy and complete annual evaluations for each M&O staff member. In larger buildings with more staff members, principals and assistant principals should share the responsibility for completing the reviews. For those reviews completed by the assistant principal, the principal should still be responsible for providing input. This recommendation was also issued in the 1999 Performance Audit (see Appendix 4-C).

MCSD Board Policy (section AFD), *Evaluation of Support Staff*, states that regular evaluation of all support staff is intended to bring about improved services; to provide a continuing record of the service of each employee; and to provide evidence on which to base decisions relative to assignment and re-employment. Board Policy also states that the Superintendent will establish a continuing program of performance evaluation for the support staff. The program is to include written evaluations and a means of making the results of such evaluations known to the employees. Specifically, the Board Policy requires new employees to be evaluated during the first year of service and the services of all other employees are to be formally evaluated at least once each year.

According to the M&G Manager, MCSD uses semi-annual staff reviews to continuously evaluate the M&O department employees. The M&G Manager completes evaluations for the M&O department's maintenance staff. Reviews for custodial and grounds staff are conducted by the principal at each assigned building. Semi-annual reviews are more than the minimum requirement as defined by Board Policy. However, through interviews with

MCSD principals it was determined that not all custodial and maintenance reviews are completed twice annually. In addition, during FY 2005-06 the custodial and grounds staff for at least one building was not reviewed at all.

According to the *Planning Guide for Maintaining School Facilities*, employee performance must be evaluated on a regular basis to ensure that employees are doing their part to meet an organization's goals and objectives. To assess staff productivity, the organization (through its managers and supervisors) must establish performance standards and evaluation criteria. For example, a custodian's performance might be measured by the amount of floor space or number of rooms serviced, the cleanliness of those facilities, and the attendance history of the custodian. Custodians' work should be assessed by the immediate supervisor and the principal of the school.

When assessing how an employee measures up to performance standards, the supervisor must maintain composure, objectivity, and professionalism - otherwise one risks inciting staff morale issues and, perhaps, personnel complaints or even legal issues. To avoid these problems, evaluators must be careful to:

- Be objective and not allow personalities to influence the assessment;
- Document evidence that supports the assessment; and
- Encourage improvement rather than fixate on shortcomings.

Furthermore, management must:

- Establish goals;
- Create an evaluation instrument (e.g., a checklist);
- Be as detailed and specific as possible;
- Define the performance scale (e.g., 0 = poor to 5 = excellent);
- Be flexible (i.e., acknowledge extraordinary circumstances when they arise);
- Convey expectations to affected staff; and
- Review the performance standards on a regular basis (e.g., annually).

MCSD has not followed all Board policies with regard to M&O department staff reviews. At one particular building, the principal felt that failure to follow Board policy in FY 2005-06 stemmed from a lack of available time and resources. The principal contended that it was unreasonable to expect one person to comprehensively review over 90 employees each year. It appears that by designating the principal at a larger building as the person solely responsible for all reviews, MCSD has experienced a lapse in compliance with its own review process policies. Lapses in the annual review process could allow for important human resource issues to remain unaddressed for an

unacceptable length of time. As a result, MCSD may not attain the original goals of the review process as stated in section AFD of its Board policy manual.

Furthermore, MCSD's employee performance evaluations should be reflective of individual job performance. In the audit survey of District employees, 32 percent disagreed or strongly disagreed with the appropriateness of the cleaning schedule and 40 percent disagreed or strongly disagreed that there was a sufficient number of custodians in the building. These strong percentages are an indication that MCSD's employees are not wholly satisfied with the quality of custodial services. Service satisfaction is an issue that should be addressed through the performance evaluation process.

R4.4 MCSD should create a formal feedback mechanism to gauge the level of satisfaction with M&O department services. This formal mechanism should exist in the form of a yearly maintenance and custodial satisfaction survey. The survey should be given to all facilities users and should contain a series of general statements along with a rating system like the one used in the *Planning Guide for Maintaining School Facilities* (NCES, 2003). The survey should collect user feedback and should be compiled, analyzed, and documented to facilitate monitoring of performance satisfaction over time.

MCSD's M&O department does not use facility user surveys to assess departmental effectiveness or performance. The M&G Manager has not considered issuing facility user surveys because they are not seen as objective M&O departmental performance measurement tools. Respondents are seen as only highlighting problems rather than offering solutions or constructive criticism.

According to the *Planning Guide for Maintaining School Facilities*, many of the day-to-day activities or systems used to plan and operate a maintenance program also generate the types of information needed to evaluate the program's effectiveness. These can include user feedback/customer satisfaction surveys. There are many ways to gather information from users/customers (i.e., the people who benefit from the maintenance activities), including collecting satisfaction surveys and convening advisory committees of stakeholders.

The value of user perception should not be overlooked as an evaluation tool. An effective customer survey should contain a series of general statements along with a rating system (i.e. strongly disagree, disagree, neutral, agree, and strongly agree). Another aspect to consider while creating a facility user survey is that it should cover both custodial satisfaction and maintenance operations satisfaction.

Without facility user surveys, the M&O department may not be able to pinpoint and address all M&O departmental shortcomings. Furthermore, the lack of formal feedback

mechanisms may not allow the M&O Department to pinpoint areas in which performance meets and exceeds staff expectations. Although the M&O department may feel that it objectively evaluates employee performance and service delivery, there may be issues which are important to the facility users that are being overlooked. The absence of facility user surveys may also give the impression that the M&O department is not concerned about the quality of services provided.

R4.5 MCSD should base all FTE calculations on a methodology which accounts for the distribution of responsibilities for each classification of employees within the M&O Department. This methodology, as shown in Table 4-1, accounts for the duties actually performed by the staff members rather than just the total number of positions. Following this methodology, MCSD's head custodians would be assessed in a manner which is more consistent with the actual work performed rather than just the position held.

Also, because of its financial condition, MCSD should reduce two custodial FTEs in order to bring the total custodial effort per FTE to a level more comparable to the *Planning Guide for Maintaining School Facilities* benchmark staffing level of 29,500 square feet per custodian.

During the audit, MCSD identified five buildings for closure at the end of FY 2006-07. The District recognizes that it will need to reevaluate its staffing needs and make reductions to account for lower total square footage and the enhanced square footage standard.

As shown by **Table 4-1**, MCSD has 51 head and staff custodial positions and a total custodial effort of 41.6 FTEs. Over the previous three years, custodial staffing at MCSD has been significantly reduced. Most recently, at its February 21, 2006 regular meeting, MCSD's Board passed, by unanimous vote, a resolution to approve the intent to implement a reduction in force (RIF). In subsequent meetings the Board voted to reduce 14 non-licensed custodians effective March 16, 2006. Through the combination of 1 retirement and 13 suspensions of contract, MCSD's Board completed the 14 employee RIF resolution.

When determining which M&O benchmarks to use for the custodial RIF, the COO presented the Board with three levels of service and the corresponding reductions for these levels. It was determined and approved by the Board that the most feasible reduction would be one which would still leave staffing at a level higher than the two most efficient benchmarks in the comparison. Therefore, MCSD's staffing, even after the reduction, remained slightly higher than the average benchmark levels.

Board Policy states that it is the Board's intent to have a sufficient number of positions to accomplish the District's goals and objectives. In addition, it states that when it becomes necessary to reduce the support staff for financial reasons, job abolishment, management re-organization, lack of work or in the interest of economy, the procedures set forth in State law and the Negotiated Agreement govern the rights of employees affected directly or indirectly by the reduction.

During the course of the audit, building principals were interviewed as a part of the facilities walkthrough process. The principals indicated that they were pleased with the level of effort and quality of services provided. The head custodians received especially high praise and most principals felt that the head custodians were the reason that the buildings were running smoothly despite the staffing cuts.

According to the *Planning Guide for Maintaining School Facilities* (National Center for Education Statistics (NCES), 2003), there are five levels of cleanliness. Level three cleaning is the norm for most school facilities and is acceptable to most stakeholders while not posing any health issues. According to level three standards, a custodian can clean approximately 28,000 to 31,000 square feet in eight hours. For the purposes of this audit, AOS used an average benchmark of 29,500 square feet per FTE.

Table 4-5 shows square footage cleaned, number of custodial FTEs, and square footage per FTE for each building. The table also shows the *Planning Guide for Maintaining School Facilities* benchmark custodial square footage per FTE.

Table 4-5: MCSD Custodial Staffing by Building vs. Benchmarks

MCSD	Square Feet	MCSD Custodians (FTEs)	MCSD Square Feet Per FTE	NCES Benchmark (FTEs)	FTEs Above / (Below) Benchmark
Elementary	390,631	14.4	27,174	13.2	1.2
Middle	300,579	10.4	28,971	10.2	0.2
High School	367,280	14.4	25,550	12.5	1.9
Administration ¹	114,946	2.5	45,978	3.9	(1.4)
Total Sq. Ft.	1,173,436	41.6	28,208	39.8	1.8

Source: MCSD building square footages, FTE staffing levels, and the *Planning Guide for Maintaining School Facilities*.

Note: Totals and variances may be off due to rounding.

¹ Although administration is higher than the NCES benchmark of 29,500 square feet per FTE, the benchmark will only be applied to actual school building space, not office space.

As reported in **Table 4-5**, MCSD's custodial staffing effort per FTE is nearly comparable to the level recommended by the *Planning Guide for Maintaining School Facilities*. If MCSD reduced two FTE custodians, the District's square footage per custodial FTE would increase to 29,632, a level which is comparable to the NCES benchmark. In order ensure a continuation of high quality custodial services, MCSD could implement a

number of strategies which would increase cleaning efficiency while reducing the time necessary to clean certain building areas. These include, but are not limited to, team cleaning, increased standardization of supplies and equipment, and prioritization of areas within the building, and the frequency with which certain building areas are cleaned.

Financial Implication: If MCSD eliminated two custodial positions, it could save approximately \$63,000 in salaries and benefits in FY 2007-08 and approximately \$271,000 over the forecast period.

- R4.6 MCSD should continuously evaluate the M&O department's service delivery methods in order to ensure that it is operating in the most efficient manner. When considering alternative service delivery methods, MCSD should follow *Best Practices in Public Budgeting* guidelines and evaluate each method based on cost of service, service quality and control, management issues, financial issues, impact on stakeholders, and statutory or regulatory issues. If MCSD determines services could be delivered more efficiently and effectively through an alternative method, the District should follow best practice guidelines such as those listed in *Contracting for Services* (NSAA, 2003).**

MCSD does not contract for summer custodial services. However, it has in the past contracted for comprehensive custodial services, not just summer services. According to the 1999 Performance Audit, MCSD had contracted for a 10-year period prior to FY 1997-98. This service contract was terminated due to dissatisfaction with the quality of work provided by the cleaning companies

According to the *Best Practices in Public Budgeting*, a government should develop programs and services that are consistent with policies and plans and should evaluate alternative delivery mechanisms. Programs and services are the means by which a government addresses priorities established through its policies and plans. An evaluation of delivery alternatives for services and programs helps ensure that the best approach is selected for delivering a service.

For example, AOS completed a high level analysis of potential privatization opportunities within the M&O department in its 1999 Performance Audit. The major facilities functions and activities were evaluated with respect to a number of criteria which are important considerations in assessing privatization opportunities. After applying the assessment criteria to the custodial and maintenance functions at MCSD, AOS determined that the District had a low potential for privatization.

Best Practices in Public Budgeting also states that a government should institute a process to review existing programs in the context of how well they meet programmatic and operating policies and plans. The process should include an examination of how a

government traditionally provides the service. It also should consider whether the service could be delivered more effectively or more efficiently if provided in a different way, either by the government itself or by entities outside the government. Once a program has been developed, periodic review is necessary to ensure that it remains consistent with the government's general policies and plans. Considerations in evaluating service delivery mechanisms, whether provided directly by a government or contracted out, include:

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

If MCSD decides to contract a service, it should consult the publication, *Contracting for Services*, which covers the major issues surrounding contracting for services, including:

- Planning;
- Decision to contract;
- Performance requirements;
- Request for proposal process;
- Award process;
- Award decision;
- Contract provisions; and
- Monitoring.

Each of the sections includes step-by-step best practice procedures for evaluation and implementation of an effective service contract.

MCSO has not recently attempted to determine the feasibility of contracting for summer custodial services because this has not been seen as a reasonable course of action given the size of the FY 2005-06 custodial RIF. However, without a periodic review of service delivery mechanisms, the District may not be providing its M&O department services in the most efficient manner. Periodic review of services and their associated costs will instill confidence in community stakeholders that District funds are being well spent.

R4.7 MCSO should encourage maintenance employees to attain licensure in job-related specializations. The most beneficial areas would be plumbing and electrical. Having in-house employees with specialized licenses could allow the M&O department to maintain the facilities in a manner consistent with building electrical and plumbing codes. In addition, diversified staff skills would allow the District to avoid contracting to potentially more costly third-party providers.

MCSO Board Policy (section GDL) states that all support staff employees shall be encouraged to grow in job skills and to take additional training which will improve job skills. In addition, it is the responsibility of all building principals to assist effectively in the training of support staff assigned to their respective buildings.

MCSO's maintenance staff members are all classified as general maintenance and do not hold licensure in specific areas such as plumbing or electrical work. If the M&O department's staff members seek certifications, the District offers funds for those pursuits. However, it does not appear that any of the staff members have taken advantage of this opportunity for professional development.

According to the *Planning Guide for Maintaining School Facilities*, staff training refers to learning opportunities designed specifically to help an employee do his or her job better. Professional development has a broader meaning, which includes expanding participants' knowledge and awareness to areas outside specific job duties, yet still related to the overall well-being of the organization. Such topics might include: asbestos awareness, energy systems, building knowledge, first aid, emergency response, biohazard disposal, technology use, universal precautions, and Right-to-Know laws.

MCSO's head custodians and maintenance employees are completing in-house electrical and plumbing work, some of which may require the skills of a licensed electrician or plumber. Without licensed employees, MCSO may not be maintaining all building systems in a manner which is up to code and consistent with State requirements. In addition, MCSO may be incurring unnecessary costs by contracting for more specialized services that could be completed in-house by more thoroughly trained employees.

R4.8 MCSD should establish a formal energy conservation policy. The energy conservation policy should be Board approved and contain specific language on what types of energy consumption are approved. The energy conservation policy should include a focus on the areas emphasized by the U.S. Department of Energy (DOE). In addition, after the formalized policies are in place, MCSD should follow the *Planning Guide for Maintaining School Facilities* (NCES, 2003) best practice guidelines by assigning a top-level administrator to monitor District-wide and building-level energy consumption. This recommendation was satisfactorily implemented by MCSD during the course of the audit through the creation of a Board approved energy conservation policy.

MCSD should also develop an energy conservation education program. This program should be based on the District's policies and should communicate the rationale behind energy conservation techniques. The conservation education program should also include students through the development of participation oriented programs such as those described by the Texas School Performance Review (TSPR) and identified in other Ohio districts. This recommendation was also issued in the 1999 Performance Audit (see Appendix 4-C).

MCSD developed and implemented formal energy conservation policies during the course of the audit. The energy conservation policy addresses all NCES recommendations as well as those areas outlined by DOE which are pertinent to the District's facilities. Since implementation, the Treasurer has tracked and documented reductions in energy usage and a corresponding cost savings.

Prior to the start of the performance audit, MCSD did not have a District-wide energy conservation policy. However, energy conservation reminders had been distributed to principals and administrative staff. One such memo, distributed by the COO, stated that, due to increases in fuel costs, MCSD was facing a budget shortfall. This shortfall was the stated impetus for the promotion of energy conservation practices. The memo also stated that the items included in the memo were discussed in the Executive Leadership Committee and that compliance with the listed practices was mandatory. The list of practices included:

- Remove all books and materials from the top of classroom air vents;
- Close windows during heating season and when AC is in use;
- Turn off computers, printers, and lighting at the end of each school day;
- Close curtains and blinds at the end of each day;
- Close the inside set of entry doors and do not leave them propped open;
- Do not use space heaters in the buildings, except where approved;
- Maintain thermostats at approved temperatures;
- Clean air vents more often during the year;

- Set back boilers earlier in the evening; and
- Conserve air conditioning in buildings to offset heating costs.

According to the *Planning Guide for Maintaining School Facilities*, the cost of energy is a major item in any school budget and planners should embrace ideas that can lead to reduced energy costs. The following guidelines will help a school district to accomplish more efficient energy management:

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

According to *School Operations and Maintenance: Best Practices for Controlling Energy Costs* (DOE, 2004), there are several areas on which districts may focus in order to reduce excess energy consumption. These areas include:

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

According to *Energy-Efficient Education* (TSPR, 2001), the bottom line for most energy management programs is getting the people who control the energy-using equipment to understand how they are involved in the overall conservation of energy. For example, by developing policies and programs to promote and reward student and staff participation in energy conservation, the Spring Independent School District (Spring ISD) in Houston, Texas achieved energy savings. Spring ISD developed a rebate program that rewards each school for efficient energy use by sharing savings with any school that reduces its usage below the budgeted amount. The school receives a check for 50 percent of the savings amount. Spring ISD's Office of Construction and Energy reviews actual energy costs against budgeted amounts and sends a monthly report to each school. Principals encourage students and staff to participate in activities such as turning off lights and closing doors when leaving a room to retain conditioned air in the classrooms. Some principals have encouraged operations staff by sharing cost savings with the mechanics. Spring ISD has saved from 7 to 14 percent per year for the five years of the rebate program.

Over 2000 Texas schools are participating in the State Energy Conservation Office's (SECO) Watt Watchers and WATTEAM Programs. Student teams patrol assigned areas of their school, checking for lights left on in unoccupied rooms. "Tickets" or thank you notes are left for the occupants to remind them to turn off lights when they are not needed. Startup kits and training for the patrols are free. This popular hands-on energy education program for students can actually save up to 30 percent on utility costs. The TSPR also says that student councils, science and environmental clubs and any school organization with an adult sponsor can do their part to educate schoolmates, teachers and the general public about ways to save energy in their schools, homes and communities.

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

Prior to its development during the course of the audit, MCSD's lack of a formal energy conservation policy had precluded the District from developing an energy conservation education program. This condition, in turn, prevented it from realizing significant cost savings based on common use reduction techniques.

Financial Implication: By implementing an aggressive energy conservation education program in addition to the newly developed energy conservation policies, MCSD should be able to realize savings comparable to those observed at Union Elementary. In order to maintain a conservative financial implication, savings will be calculated at a conservative level of 10 percent of current gas and electric expenditures. An aggressive energy conservation policy, backed up by a conservation education program, should allow MCSD to achieve a 10 percent savings which would be approximately \$193,000 in FY 2007-08 and approximately \$869,000 over the forecast period.

- R4.9 MCSD should develop a facilities master plan containing all best practice elements. The plan should contain information on MCSD's five-year capital improvements projects, including preventive maintenance projects and Maintenance Fund expenditures (see R4.10). The facilities master plan should contain an up-to-date enrollment projection and capacity analysis for all District buildings (see R4.12). Finally, MCSD's facilities master plan should include continuously updated facilities assessment information to promote the maintenance of overall health and safety conditions (see R4.14). These documents and planning tools are essential for**

long-term facilities management and efficient District operations. Without them, MCSD risks basing important facilities decisions on incomplete or inaccurate information.

During the course of the audit, the M&O Department began to develop a five-year maintenance levy plan.

MCSD has multiple planning documents related to the M&O Department. However, these documents have not been updated consistently or linked together in a manner that would facilitate effective planning. MCSD has an Ohio School Facilities Commission (OSFC) master plan, but the document contains information that has not been reviewed or updated since the plan was issued in 2001. The OSFC master plan includes MCSD's May 2000 enrollment projection and building assessment summaries. MCSD, through the OSFC, has been provided with an updated enrollment projection but the master plan was not updated. MCSD also has a Maintenance Projects Multi-Year Plan but the plan has not been updated, nor does it contain sufficient detail to accurately plan for the District's future (see **R4.10**). MCSD does have a maintenance levy committee that convenes twice a year on a voluntary basis. The purpose is to develop strategies for the use of the District's Maintenance Fund, but these strategies are not formally incorporated in the Maintenance Projects Multi-Year Plan. MCSD has not completed a formal capacity analysis or determined building utilization rates (see **R4.12**).

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

Preventive Maintenance for Local Government Buildings (Minnesota Office of the Legislative Auditor, 2000) recommends that local jurisdictions include preventive maintenance along with other maintenance projects in long and short-term maintenance plans that are tied to capital improvement programs, capital budgets, reserved accounts, and operating budgets.

MCSD has not been able to sufficiently plan for facilities management because it has experienced turnover in key management positions and has been transitioning into new facilities management team. Without a comprehensive facilities master plan, MCSD is not in a position to accurately plan for long-term trends in District enrollment and financial conditions. As such, MCSD may be investing funds in a manner which is not conducive to effective facilities management.

R4.10 MCSD should follow *Best Practices in Public Budgeting* guidelines to revise and approve a new five-year capital improvement plan (capital plan). The capital plan should take into account the projects listed on the 12-year Maintenance Projects Plan and should be tied directly to MCSD's updated facilities master plan (see R4.9). The capital plan, once approved by the Board, should be updated by the District's Maintenance Levy Committee (MLC) on an annual basis. MCSD's updated plan should reflect a five year timeline of projects and maintenance needs as identified by the District's facilities assessment (see R4.14) as well as historical expenditures by project.

MCSD has a 12-year capital planning document which was developed in June 2002. This document is the MCSD Maintenance Projects Multi-Year Plan (MPP). The MPP lists planned maintenance projects from FY 2002-03 through FY 2015-16. These projects are based on funding from MCSD's Maintenance Levy which generates approximately \$2.4 million per year. Projects are organized by building and by year but the plan states that some timelines may need to be flexible and that any changes to the plan should be approved by the MLC. According to MCSD, this document represents a plan to keep the District's facilities well maintained, in good repair, attractive in appearance, and safe for student and public use.

The MPP has not been formally updated since its development, despite the numerous changes which have been noted on the plan. Further, the MPP does not document past Maintenance Levy expenditure amounts and locations. Given the multiple changes and shifting uses of funds, it is important to document each individual building's sunk costs by tracking past expenditures. Historical building costs will be extremely important for MCSD given the projected enrollment numbers and the possible need to retire some of the District's under-utilized facilities. Furthermore, the MPP planned projects are vague. Although this is understandable for projects at the end of the timeline when few details are known and exact costs may be difficult to project. However, having more detailed near-term projects would make the MPP more useful.

According to *Preventive Maintenance for Local Government Buildings* (Minnesota Office of the Legislative Auditor, 2000), a capital improvement program is a schedule of capital improvements, listed in priority order, over a number of years (usually five or more). The capital improvement program's time span typically coincides with the long-

range plan. In contrast to the long-range plan, the capital improvement program is a set of proposed actions. It proposes specific projects to meet the needs identified in the long-range plan. If the long-range plan offers a range of alternatives, the capital improvement program identifies a specific course of action the jurisdiction intends to take. Capital improvement programs typically include remodeling and new construction, as well as major maintenance projects.

Best Practices in Public Budgeting recommends that governments develop specific capital project options for addressing capital needs that are consistent with financial, programmatic, and capital policies. The rationale behind this type of capital planning is that it is necessary to give adequate consideration to longer-range needs and goals, evaluate funding requirements and options, and achieve consensus on the physical development of the community. An evaluation of alternative service delivery mechanisms helps ensure that the best approach for using a capital asset or facility is chosen based on the policies and goals of the government.

The M&O department developed the 12-year MPP to make the best and most efficient use of the District's Maintenance Levy Fund. However, the MPP has not been regularly updated and approved, does not record actual costs, and does not contain enough useful detail on planned projects. One example of the ill effects of the shortcomings of the MPP is a list of additional maintenance needs for Prospect Elementary. These are projects which have been requested because the MPP has been inadequate in addressing or planning for them.

The MLC meets twice a year by invitation, but has not been able to effectively update the District's MPP. In order to adequately address this planning deficiency, MCSD may need to require participation on this committee and consider reconvening the group with a new mix of members. It may also be necessary to request that the MLC meet more frequently, monitor progress in achieving planned initiatives, and provide Board members with periodic reports on and updates to the MPP.

R4.11 MCSD should develop a revised safety plan that is in compliance with ORC § 3313.536. In doing so, MCSD should develop separate plan elements that are tailored to each of the District's facilities. Each of these site-specific elements should take into account the unique environmental conditions and operations of the respective buildings. In addition, if potential hazards are identified, MCSD should include strategies on how it plans to address each situation.

MCSD has an Employee Safety Manual which is available at all buildings and was approved by the Board in 1999. The Employee Safety Manual has sections covering:

- Individual school issues;
 - Bomb threats;
 - Disorderly adult;
 - Evacuation;
 - Fire;
 - Hostage situation;
 - Kidnapping;
 - Medical emergencies;
 - Power outage;
 - Tornadoes;
 - Unauthorized visitors; and
 - Weapons;
- Green alert;
- Yellow alert; and
- Red alert.

MCSD also developed and approved a Blood-borne Pathogens Exposure Control Plan (BPEC Plan) in 1995. The BPEC Plan includes sections covering all aspects of MCSD's planned response to a blood-born pathogen emergency.

School districts are required to have a comprehensive safety plan in place per ORC § 3313.536. In creating the safety plan, the board is required to examine the environmental conditions and operations of each building to determine potential hazards to student and staff safety. The plan should be designed to address and prevent all potential hazards and should be developed with input from law enforcement, community officials, employees, and parents. Finally, the board is required to file a copy of the safety plan with each local law enforcement agency.

MCSD has developed an Employee Safety Manual and a Blood-borne Pathogens Exposure Control Plan. However, neither of these documents contains site-specific information for any of MCSD's buildings. Therefore, these documents do not conform to ORC § 3313.536. Without a comprehensive school safety plan that meets ORC requirements, MCSD is in violation of State law. Furthermore, MCSD has not been effective in communicating its plan as 29 percent of survey respondents indicated that they were not aware of the security policies and procedures (see **Appendix 4-A**). A comprehensive school safety plan would help MCSD better communicate safety plans to its employees.

R4.12 MCSD should close at least two elementary buildings and the Central Office in order to alleviate the District's excess building capacity and reduce its operating costs. When deciding which elementary buildings to close, the District should take into account projected enrollment, building capacity, building utilization, and

building condition. Closing at least two elementary facilities would bring the District's building utilization rates more in line with the benchmark used by industry experts while eliminating excess expenditures associated with the day-to-day operations of those buildings. Moving the Central Offices to empty space in other facilities, perhaps at the middle or high schools, would allow the District to further increase both building utilization and efficiency.

In addition, MCSD should complete an annual assessment of building utilization rates based on the latest building capacities as determined by the District and annually update its enrollment projections. Having these planning tools in place could allow MCSD to avoid the costly operations related to underutilized facilities. This recommendation was also issued in the 1999 Performance Audit (see Appendix 4-C).

MCSD began implementation of building closures during the course of this audit. The Central Office, largely vacated by May of 2007, Carpenter and Ranchwood Elementary schools, Simpson Middle School, and Stadium Alternative School will be closed at the end of FY 2006-07.⁵

MCSD has draft enrollment projections completed by DeJong and Associates dated May 18, 2006. The enrollment projection report was requested from the OSFC and will be used to analyze future enrollment and staffing needs at MCSD. The DeJong enrollment projections are based on analysis of several data sets including:

- Live birth data;
- Historical enrollment;
- Community school enrollment;
- Open enrollment; and
- Housing information.

According to DeJong, the enrollment projections are meant to serve as a planning tool for the future, and with the historical data and anticipated growth, represent the most likely direction of the District.

MCSD has an OSFC Master Plan which was completed in 2001. The Master Plan contains information on a final plan which was approved by MCSD. This plan called for the retirement of all MCSD facilities with the exception of the old senior high school, which was already being replaced under the OSFC's Exceptional Needs Program (ENP). In addition to retiring all existing facilities, the Master Plan called for construction of 6

⁵ In discussions with District administrators, MCSD indicated that it will seek to lease or sell its vacant buildings in order to reduce maintenance costs.

new elementary schools (grades pre-K through 6th) and 1 new middle school (grades 7 and 8). Each planned elementary school was projected to have a capacity of 558 students, while the middle school had a projected capacity of 722 students. The total estimated cost of the project was \$73 million with MCSD's local share approximately \$19.5 million. However, this project was not initiated because MCSD failed to pass the bond issue to fund construction.

In 2006, MCSD sought professional design services from MKC Associates, Inc (MKC) for the purpose of studying District building utilization and possible facility reorganization. MKC performed an evaluation of all MCSD buildings using a set of evaluation criteria including:

- Age and condition of buildings;
- Utility costs;
- Renovation/infrastructure;
- Building site;
- Structural and mechanical;
- Plant maintainability;
- Safety and security;
- Educational adequacy;
- Environment for education; and
- Building capacity cost.

MKC developed a series of five facility scenarios all of which recommended the closure of multiple school buildings and the Central Office building, as well as reconfiguring buildings that house preschool through eighth grade students.

Table 4-6 shows the DeJong projected enrollment from the May 18, 2006 draft report. It is important to note that while special needs pre-K is included in the enrollment projection figures, regular pre-K is not.

Table 4-6: MCS D Projected Enrollment

Grade	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Pre-K (Special Needs) ¹	45	41	43	42	43	43	43	43	43	43
K	410	373	392	383	395	395	395	395	395	395
1	479	399	363	381	372	384	384	384	384	384
2	421	455	379	345	362	354	365	365	365	365
3	404	404	437	364	331	348	339	350	350	350
4	405	389	389	420	350	319	335	327	337	337
5	411	396	381	381	412	343	312	328	320	330
6	411	394	380	365	365	395	329	299	314	307
7	381	392	376	363	348	348	377	314	286	300
8	421	364	374	359	346	333	333	360	300	273
9	421	450	389	400	384	371	356	356	385	321
10	437	367	393	340	349	335	323	310	310	336
11	144	185	156	166	144	148	142	137	132	132
12	117	102	132	111	118	102	105	101	97	94
Pre-K – 12 Total	4,907	4,711	4,584	4,420	4,319	4,218	4,138	4,069	4,018	3,967
Career Tech Comprehensive - Low Bay	153	147	143	138	135	132	129	127	126	124
Career Tech Comprehensive - High Bay	127	122	119	114	112	109	107	105	104	103
Grand Total	5,187	4,980	4,846	4,672	4,566	4,459	4,374	4,301	4,248	4,194

Source: DeJong Enrollment Projection

¹ DeJong projected enrollment includes special needs pre-K but does not include regular needs pre-K.

Table 4-6 shows DeJong projected enrollment of students attending MCS D buildings decreasing from 5,187 students in FY 2006-07 to 4,194 students in FY 2015-16. DeJong projects a net decrease of 993 students over the 10-year projection period.

Table 4-7 shows MCS D's EMIS reported head count by building for FY 2005-06.

Table 4-7: MCSD FY 2005-06 Student Head Count by Building

Elementary Head Count (Pre-K through 5)								
Grade Level	Pre-K	K ¹	1	2	3	4	5	Total
Brinkerhoff	2	59	52	62	49	52	52	328
Carpenter	1	35	29	23	23	40	34	185
Hedges	117	30	37	33	25	37	45	324
Newman	26	44	43	49	43	28	34	267
Prospect	4	53	55	36	46	49	42	285
Ranchwood ²	1	43	38	36	39	47	43	247
Sherman	2	109	97	88	113	77	90	576
Springmill	14	49	41	40	46	43	44	277
Woodland	-	53	50	53	36	46	44	282
Total by Grade	167	475	442	420	420	419	428	2,771
Middle and High School Head Count (6 through 12)								
Grade Level	6	7	8	9	10	11	12	Total
John Simpson	153	190	131	-	-	-	-	474
Malabar	246	239	245	-	-	-	-	730
Alternative H.S.	-	10	17	12	11	4	1	55
Mansfield Senior High	-	-	-	489	328	299	274	1,390
Total by Grade	399	439	393	501	339	303	275	2,649
Total Enrollment								5,421

Source: FY 2005-06 EMIS reported student enrollment by building.

¹ All kindergarten students are full-day students.

² Ranchwood Elementary total students does not include one seventh grade student included on the EMIS and attributed to this building. This student is included in total enrollment.

Table 4-8 shows MCSD's building utilization rates based on DeJong capacity analysis methodology and DeJong projected enrollment as shown in **Table 4-6**.

Table 4-8: MCSD Building Utilization Rates

Building	Capacity	FY 2005-06 Head Count	Over/(Under) Capacity	Utilization Rate
Brinkerhoff	443	328	(115)	74%
Carpenter	277	185	(92)	67%
Hedges	391	324	(67)	83%
Newman	339	267	(72)	79%
Prospect	368	285	(83)	77%
Ranchwood	300	247	(53)	82%
Sherman	797	576	(221)	72%
Springmill	391	277	(114)	71%
Woodland	334	282	(52)	84%
Elementary Total	3,640	2,772	(868)	76%
John Simpson	697	474	(223)	68%
Malabar	790	730	(60)	92%
Middle School Total	1,487	1,204	(283)	81%
Alternative School ¹	68	55	(13)	81%
Mansfield Senior High	1,452	1,390	(62)	96%
High School Total	1,520 ²	1,445	(75)	95%
District Total	6,647	5,421	(1,226)	82%

Source: MCSD FY 2005-06 EMIS head count and building walkthrough capacity analyses as determined using DeJong methodology

Note: Totals may be off due to rounding.

¹ The Alternative School capacity deviates from the standard DeJong methodology in that MCSD has determined specific capacities for the various programs housed in the building. According to the Alternative School Principal this building can have as many as 80 students. In addition, several classrooms are used by the STAR Academy which is a conversion school.

² High school capacity has been adjusted to reflect the 85 percent functional capacity as defined by DeJong methodology.

As shown in **Table 4-8**, MCSD building capacity is less than 100 percent at all levels. However, MCSD's buildings are not considered underutilized if they are at greater than 85 percent capacity. Both elementary and middle school utilization falls below the 85 percent utilization rate. However, given that Malabar Middle School has a 92 percent utilization rate, MCSD cannot close a middle school and maintain enough capacity to serve the affected students. Therefore, only MCSD's elementary capacity falls below this threshold. Given the projected decline in enrollment shown in **Table 4-6**, the District is in a position to reduce the total number of elementary buildings, which would help its fiscal condition.

Table 4-8 also illustrates that MCSD will still have some excess capacity throughout the District after closing two elementary schools. Using this space to house administrative offices would improve the District's overall building utilization rate and reduce operating costs.

The administration is aware that the District's elementary buildings are underutilized and that the closure of some buildings is eminent. As a result, it has been reducing or stopping capital improvements expenditures at two specific elementary buildings.

Table 4-9 shows MCSD projected building capacity, head count, and utilization rates after the closure of two selected elementary buildings.

Table 4-9: Elementary Projected Building Utilization after Building Closures

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Capacity	3,063									
Head Count	2,771	2,851	2,764	2,681	2,630	2,581	2,501	2,491	2,508	2,511
Variance	NA	(212)	(299)	(382)	(433)	(482)	(562)	(572)	(555)	(552)
Utilization Rate	NA	93%	90%	88%	86%	84%	82%	81%	82%	82%

Source: MCSD capacity less two selected elementary buildings, EMIS head count, and DeJong projected enrollment

As shown in **Table 4-9**, if MCSD were to close both selected elementary buildings, its elementary utilization rates would be slightly above optimal utilization rates but level off at or below the 85 percent utilization rate threshold by FY 2011-12.

Financial Implication: If MCSD closes two elementary buildings and the Central Office, the total savings related to this recommendation, including utilities, custodial salaries, and administrative salaries would amount to approximately \$367,000 in FY 2007-08 and \$1,606,000 over the forecast period. MCSD's cost savings could be greater than projected, depending on subsequent staffing decisions. However, the District could incur additional transportation costs related to the implementation of this recommendation that would offset some of the projected savings.

R4.13 MCSD should implement an automated work order system and formalize and communicate to District employees how work orders will be prioritized. All work orders should be assigned a priority based on the approved process and prioritization should take into account the disruptive nature of the planned work (see Appendix 4-A). Finally, the M&O Department should formalize the overtime approval process currently in use. All work order documents and processes should be Board-approved and should be readily available to all M&O staff as well as interested community members. This recommendation was also issued in the 1999 Performance Audit (see Appendix 4-C).

MCSD uses a paper-based work order system for the completion of all District maintenance work and is not set up for an electronic work order system. Maintenance work is done only with an accompanying work order and the M&G Manager indicated that this stipulation has, at times, caused problems with facility users. The process for submitting and completing a work order is as follows:

- A facility user notes a problem, completes a work order form, and submits it to the head custodian;
- The form is sent to the M&O Department for review, approval/denial, prioritization, and assignment by the M&G Manager and the Maintenance Team Leader;
- Copies of the work order are distributed to the M&O Department, the assigned maintenance employee, and the head custodian at the building where the work is to be completed; and
- After completion of the work, the maintenance technician signs off on the work order, adds the time used to complete that particular work order, and resubmits it to the M&G Manager's secretary who files the work order as completed.

MCSD's work orders are informally assigned a priority number by the M&G Manager and the Maintenance Team Leader. However, through a review of open work orders, it was determined that not all work orders include a written and documented priority level. When assigning priority, safety issues are always first, then maintenance of District operations, and finally, potential disruptiveness. As evidenced in **Appendix 4-A**, MCSD's employees disagreed with the statement that work is scheduled so that it is not disruptive. Other operations may be delayed because of internal issues such as funding, time constraints, or District priorities.

The M&G Manager also has a policy of pre-approval for overtime use and at least one memo was sent to staff and building principals as a reminder that all overtime or compensatory time must be pre-approved. While this policy is in place and has been communicated, it has not always been followed. In these cases, building use requiring custodial overtime has not been reported either to the on-duty custodian or the M&G Manager.

According to NCEC, work order systems help school districts register and acknowledge work requests, assign tasks to staff, confirm that work was done, and track the cost of parts and labor. Depending on the size of the district and number of workers, the work order system may range from a manual, paper-based tracking tool, to a more complex computer maintenance management system. Either system must be user friendly so that it can be implemented with minimal training. At a minimum, work order systems should account for:

- The date the request was received;
- The date the request was approved;
- A job tracking number;
- Job status (received, assigned, ongoing, or completed);
- Job priority (emergency, routine, or preventive);

- Job location (where, specifically, is the work to be performed);
- Entry user (the person requesting the work);
- Supervisor and craftsperson assigned to the job;
- Supply and labor costs for the job; and
- Job completion date/time.

In *Ins and Outs of School Facility Management, More than Bricks and Mortar* (Chan and Richardson, 2005) it is stated that when prioritizing maintenance, managers should use the following principles: safety, deadline, length of time, first-come-first-serve, nature of requested work, and geographic location.

MCSD's work order system meets all NCES work order system criteria but one. The work order form and processes used by the M&O Department do not facilitate job status communication. Using an automated system, perhaps through subscription to an online work order system, would allow MCSD to gain access to a readily available system which meets all best practice criteria. In addition, the online service would allow the M&O Department to more effectively communicate progress to interested District employees.

In order to maintain an efficient and effective District-wide maintenance process, the M&G Manager and the Maintenance Team Leader jointly assign a priority to all work orders. However, this process has not been formally documented and is not available for review. Without formally approved guidelines for the prioritization of work orders and overtime use, the M&O Department may not be in a position to maintain an acceptable level of service in the event of staff turnover or extended leaves of absence.

Financial Implication: MCSD could purchase software for an automated work order system or purchase a subscription to an online work order system. Typically the cost of these systems is based on the number of selected features and adjusted for the number of students at the district. In addition, discounts may apply for multi-year service contracts. Based on the above factors the cost for MCSD to subscribe to an automated, online work order system would be approximately \$2,300 in FY 2007-08 and approximately \$12,200 over the forecast period.

R4.14 MCSD should use the building assessment summaries from the OSFC master plan to create its own facilities audit database. The District should complete a basic building assessment for every building. As it has already been provided with the outline for the information needed, this is a matter of updating and reevaluating old information. The building assessments should take into account the information contained in the facilities master plan, namely the planned capital improvements projects (see R4.9). In addition, MCSD should update the summaries to include all facilities equipment information. Re-evaluation of each building assessment should

be completed on an annual basis and updated during the year as projects are completed or as new costs and priorities for scheduled projects are determined. The summaries should be copied and kept on file at a central location and should be used for completion of preventative maintenance routines and for long-term facilities planning.

MCS D does not have a centralized facilities information database. Each school has a preventative maintenance log that lists each piece of equipment along with the recommended preventative maintenance schedule. These individual maintenance logs have not been compiled into a single document and are not centrally available at one location.

The 2001 OSFC master plan includes a comprehensive building assessment summary. Summaries for each building include basic information regarding the location, age, acreage, number of classrooms, and total square footage. In addition, the summaries include a facility assessment for all key elements (heating system, roofing, ventilation/air conditioning, etc.). Each element of the facility assessment contains a priority rating number, denoting which items need to be replaced, as well as a dollar assessment of that replacement. Each building summary also includes a calculation of the cost to replace a building as opposed to the total cost of repair or replacement of individual facility components. The OSFC master plan has not been updated since it was prepared in 2001. During the course of the audit MCS D retained the services of MKC Associates, in part for the purpose of completing an updated master plan.

According to the *Planning Guide for Maintaining School Facilities*, an effective facility data management system should:

- Document the current status of the major systems and components in every school building;
- Document the capital and maintenance needs of every school building; and
- Document the short and long-term needs of the district.

According to the *Planning Guide for Maintaining School Facilities*, a facility audit (or inventory) is a comprehensive review of a facility's assets. Facility audits are a standard method for establishing baseline information about the components, policies, and procedures for a new or existing facility. An audit is a way of determining the "status" of the facility at a given time—that is, it provides a snapshot of how the various systems and components are operating. A primary objective of a facility audit is to measure the value of an aging asset relative to the cost of replacing that asset. Thus, facilities audits are a tool for projecting future maintenance costs. Facilities audits are accomplished by assessing buildings, grounds, and equipment, documenting the findings, and recommending service options to increase efficiency, reduce waste, and save money. A

facilities audit provides the landscape against which all facilities maintenance efforts and planning occur.

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

MCSD has not updated the building assessments from its original OSFC master plan. At this point, the District intends to have a new master plan produced in FY 2006-07. In addition, the District is, through a variety of methods, maintaining its buildings in a seemingly equitable manner. However, this equitable maintenance outcome is not guaranteed given the lack of true facility audits. Without up-to-date, comprehensive building assessments on which to base maintenance needs and replacement schedules, MCSD may be operating inefficient or costly facilities, relative to the full replacement cost of those facilities.

R4.15 MCSD should perform a comprehensive job analysis for all M&O Department positions. Each position should be reviewed based on the day-to-day responsibilities and expectations in order to determine if the job classifications and step schedules appropriately categorize and adequately compensate employees for the work they perform. In addition, MCSD should review and, if appropriate, attempt to negotiate modifications to the step schedules to ensure that they do not exceed those of the surrounding Richland County (the County) districts.

As shown in **Table 4-4**, MCSD's salaries and benefits costs was \$0.65 per square foot or 27 percent higher the AS&U Median for districts with 3,500+ students. These high salary and benefit costs do not appear to be an indicator of significant overstaffing as custodians clean about 28,200 square feet in an 8 hour workday. MCSD's higher salaries and benefits could be attributed to two other cost drivers; salary step schedules and employee tenure. A review of MCSD's step classifications showed that over half of all M&O employees are at step 10 or 11 of 11 possible steps. In addition, approximately half of all employees are receiving longevity pay.

A high level analysis of MCSD's Maintenance Technician salary schedule is shown in **Table 4-10**. The Maintenance Technician salary schedule was analyzed because the majority of maintenance employees are included in this classification.

Table 4-10: MCSD Maintenance Step Schedule Comparison

Years	MCSD ¹	Clear Fork Valley LSD	Lexington LSD ²	Shelby CSD	Avg. Wage	Variance
1	\$15.24	\$11.81	\$14.80	\$14.26	\$13.62	\$1.62
5	\$16.56	\$12.81	\$17.38	\$15.65	\$15.28	\$1.28
10	\$17.14	\$14.06	\$17.92	\$17.04	\$16.34	\$0.80
15	\$17.45	\$15.31	\$18.33	\$17.39	\$17.01	\$0.44
20	\$17.45	\$15.81	\$18.87	\$17.39	\$17.36	\$0.09
25	\$17.60	\$16.56	\$19.28	\$17.39	\$17.74	(\$0.14)
30	\$17.70	\$17.31	\$19.28	\$17.39	\$17.99	(\$0.29)

Source: MCSD, Clear Fork Valley LSD, Lexington LSD, and Shelby CSD support staff agreements from SERB

¹ MCSD’s maintenance step schedule tops out at step 11 and the only increases thereafter are in longevity pay.

² Lexington LSD did not have FY 2005-06 step schedule information available. Therefore, the amounts have been inflated 3.3 percent to reflect the average increase from FY 2002-03 to FY 2004-05.

As shown in **Table 4-10**, MCSD’s Maintenance Technician step schedule is higher than the average of the three selected County districts for step categories 1, 5, 10, 15, and 20. However, step categories 25 and 30 are lower than the average of the three selected County districts.

MCSD’s step schedule may be higher than the average of the three selected County districts because of the nature of the work performed by this classification of employee. The discrepancy may also be caused by the classification having a higher than average step schedule. Without a comprehensive job analysis MCSD will not be able to accurately determine how employees should be classified and compensated.

Financial Implications Summary

The following table represents a summary of estimated annual cost savings and implementation costs. For the purpose of this table, only recommendations with quantifiable impacts are listed.

Summary of Financial Implications for Facilities

Recommendation	Annual Cost Savings¹	Annual Implementation Cost
R4.5 Reduce two custodial FTEs.	\$63,000	
R4.8 Implement an energy conservation education program.	\$193,000	
R4.12 Close two elementary buildings and the Central Office to eliminate excess capacity.	\$367,000	
R4.13 Purchase a subscription to an online work order system.		\$2,300
Total Financial Implication	\$623,000	\$2,300

Source: AOS Recommendations

¹ Savings based on FY 2005-06 financial information.

Appendix 4-A: Facilities Survey

Audit staff administered an employee survey to obtain feedback and perceptions concerning custodial and maintenance services. The survey was administered to approximately 930 individuals and 335 employees completed it for a participation rate of approximately 36 percent. Approximately 89 percent of the respondents (298) completed the facilities section of the survey. Survey responses were based on a scale of 5 to 1: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. **Table 4-A** illustrates the results.

Table 4-A: AOS Facilities Survey Results ¹

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
Work orders are responded to in a timely manner.	6% (17)	21% (64)	22% (66)	38% (113)	5% (15)	8% (23)	3.38
Custodial and maintenance employees deliver quality services.	3% (9)	13% (38)	15% (44)	44% (13)	22% (66)	23% (9)	3.79
Emergency work orders are given top priority.	2% (6)	7% (20)	30% (90)	31% (93)	9% (28)	20% (61)	4.01
Schools are notified in advance of work to be performed.	4% (12)	17% (52)	34% (102)	17% (51)	3% (9)	24% (72)	3.70
Schools are advised of incomplete work orders.	4% (11)	14% (43)	40% (119)	9% (28)	1% (2)	32% (95)	3.85
Work is scheduled so it is not disruptive.	7% (20)	28% (82)	23% (70)	26% (76)	3% (10)	13% (40)	3.32
Workers are careful near children.	1% (3)	3% (10)	16% (47)	52% (154)	17% (50)	11% (34)	4.14
Overall, I am satisfied with the maintenance department.	2% (7)	12% (37)	17% (51)	47% (141)	16% (48)	5% (14)	3.77
The regular cleaning schedule appears to be appropriate.	10% (29)	22% (67)	8% (24)	43% (128)	15% (44)	2% (6)	3.37
Custodial tasks are completed efficiently.	5% (15)	18% (53)	11% (34)	45% (134)	17% (52)	3% (10)	3.62
Facilities are properly cleaned.	7% (20)	22% (65)	11% (34)	40% (120)	17% (52)	2% (7)	3.47
Custodians are polite and have a good work ethic and attitude.	1% (3)	7% (22)	9% (28)	45% (134)	35% (103)	3% (8)	4.13
There appears to be a sufficient number of custodians in my building.	17% (51)	23% (69)	11% (33)	36% (108)	10% (29)	3% (8)	3.06

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
School grounds are properly maintained.	3% (10)	12% (36)	14% (42)	50% (149)	19% (57)	1% (4)	3.73
Custodial staff cooperates with other staff regarding safety of equipment on school grounds.	1% (3)	4% (12)	12% (37)	53% (158)	23% (70)	6% (18)	4.12
Work appears to be scheduled according to priorities.	2% (5)	8% (25)	18% (54)	45% (133)	15% (46)	12% (35)	3.99
Workers show respect for school property.	0% (0)	2% (6)	7% (22)	60% (178)	25% (75)	6% (17)	4.25
Playground equipment is properly maintained.	4% (11)	10% (31)	24% (72)	28% (82)	7% (22)	27% (80)	4.05
Overall, I am satisfied with the custodial staff's work.	2% (5)	12% (35)	11% (32)	46% (138)	26% (77)	4% (11)	3.94
I am aware of the District's security policies and procedures.	9% (27)	20% (60)	19% (57)	40% (118)	11% (32)	1% (4)	3.27
I feel that the District's security policies and procedures are enforced.	9% (27)	19% (57)	28% (84)	30% (90)	7% (20)	7% (20)	3.27
I feel safe in the school building.	5% (16)	12% (37)	20% (59)	46% (136)	15% (46)	1% (4)	3.57
I feel that the District ensures a safe and healthy environment.	6% (19)	17% (50)	23% (69)	42% (126)	10% (31)	1% (3)	3.37
Total Respondents							298

Source: MCSD employee responses as recorded by the AOS survey during the course of the audit

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

Appendix 4-B: Summary of Objectives for Facilities

The following questions were used to evaluate the facilities function within Mansfield CSD:

- Does the facility maintenance operation use appropriate performance, cost-efficiency measures and interpretive benchmarks to evaluate each function and does it use these in management decision making?
- Has the district established procedures and staff performance standards to ensure efficient operations?
- Is the District's custodial and maintenance staffing comparable to best practices?
- Does the district provide a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety?
- Are District energy management practices comparable to best practices?
- Are the district's facility management and planning practices comparable to best practices?
- Does the Maintenance and Operations Department have a system for prioritizing maintenance needs uniformly throughout the district?
- Has the District implemented the recommendations issued in the 1999 Performance Audit?

Appendix 4-C: 1999 Performance Audit Recommendations and Implementation Status

Table 4-C summarizes the 1999 Performance Audit recommendations and the implementation status of those recommendations. Each recommendation was categorized as implemented, partially implemented, not implemented, or no longer applicable.

Table 4-C: 1999 Performance Audit Recommendation Status

Recommendation	Implementation Status
R4.1 The district should adopt a standard methodology for projecting enrollment. The district can use enrollment projections to help determine the amount of state funding to be received in the future, to complete financial forecasts, to determine the appropriate number of teachers to hire and to evaluate building usage and capacity.	This recommendation has not been implemented and was issued again (see 2007 R4.12).
R4.2 The district can use enrollment projections to help determine the amount of state funding to be received in the future, to complete financial forecasts, to determine the appropriate number of teachers to hire and to evaluate building usage and capacity. The district should delay consolidating Cline Avenue and Mansfield Senior High and concentrate its efforts on securing funding to construct a new consolidated high school. The construction of a new high school will allow the district to close both Cline Avenue and Mansfield Senior High.	This recommendation was partially implemented and was issued again (see 2007 R4.12).
R4.3 Additional savings could be generated by designing an energy conservation program. When a school reduces its consumption, it should be rewarded by receiving a percentage of the total dollars saved to spend however it chooses. The program would provide school administrators and teachers with an incentive to be more energy conscious.	This recommendation has not been implemented but is now only partially applicable (see 2007 R4.8).
R4.4 Job descriptions for the manager and assistant manager of custodial, maintenance and plant programs should be developed either internally or by a professional management consulting firm.	This recommendation is no longer applicable.
R4.5 During contract negotiations, MCSD should attempt to have the head custodians removed from the same union as the assistant custodians.	This recommendation has not been implemented.
R4.6 When replacing old mowers and tractors, the district should consider replacing the equipment with machines made by John Deere in order to take advantage of the trade-in program for its lawn equipment needs.	This recommendation has been implemented.

Recommendation	Implementation Status
R4.7 All employees should receive a performance evaluation at least annually. Evaluations provide employees with feedback on areas to bring about professional improvement.	This recommendation has been implemented but lapses in review were noted and warranted recommendation (see 2007 R4.3).
R4.8 During contract negotiations, MCSD should try to renegotiate the calamity day contract provision to require all custodial employees to work on calamity days.	This recommendation has been implemented.
R4.9 In an effort to attract more applicants and expand the custodial substitute pool, MCSD should consider increasing the hourly rate paid to custodial substitutes.	This recommendation has been implemented.
R4.10 Efficiency could be gained by purchasing a comprehensive work order system. The current work order process is paper driven, tedious and time consuming. Duplicate work is done by the maintenance team leader and the secretary to get the work orders completed and closed out of the system.	This recommendation has not been implemented but is now only partially applicable (see 2007 R4.13).
R4.11 Someone should be assigned to review the preventive maintenance logs at each building on a periodic basis to ensure the work is being done.	This recommendation has been implemented.
R4.12 MCSD should consider developing an equipment replacement policy as well as a vehicle replacement policy.	This recommendation has not been implemented.
R4.13 The manager and assistant manger of custodial, maintenance, and plant programs should review the recommendations made in this report and prepare a formal plan for improving the operation and efficiency of their department.	This recommendation has been implemented.

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Transportation

Background

This section of the performance audit focuses on Mansfield City School District's (MCSD or the District) transportation operations. A full description of the questions used to evaluate MCSD's transportation operations is included in **Appendix 5-B**. The operations were evaluated against best practices, operational standards, and selected peer school districts.¹ Comparisons were made for the purpose of developing recommendations to improve efficiencies and /or business practices and, where appropriate, reduce expenditures. Throughout this section, best practices and operational standards were drawn from various sources including, but not limited to, the National State Auditors Association (NSAA), the American Association of School Administrators (AASA), the Association of School Business Officials (ASBO), the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), and the National Association of State Directors of Pupil Transportation Services (NASDPTS). Furthermore, AOS administered a survey of MCSD's employees regarding transportation services and the results of the survey were used in this report. Survey questions and results can be found in **Appendix 5-A** at the end of this section.

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

MCSD's Board policy on student transportation was last revised in 1995 and exceeds the minimum standards set forth in ORC § 3327.01. The policy states that the District may furnish school bus transportation to all kindergarten through fifth grade students to and from school who live more than one mile from the school in the attendance area in which they reside. It also states

¹ Peer Districts: Boardman Local School District (Mahoning County), Dover City School District (Tuscarawas County), Elida Local School District (Allen County), Fairland Local School District (Lawrence County), Heath City School District (Licking County), Indian Creek Local School District (Jefferson County), Lowellville Local School District (Mahoning County), McDonald Local School District (Trumbull County), Tiffin City School District (Seneca County), and Wheelersburg Local School District (Scioto County).

the District may furnish such services to all sixth through eighth grade students who live more than two miles from the school in the attendance area in which they reside. Finally, the policy states that high school students will not be transported unless otherwise directed by the Board.

Kindergarten through fifth grade students are transported in accordance with Board policy. However, the District provides transportation to all high school and middle school students who live more than one and a half mile away from their school of attendance. This level of service exceeds the Board's transportation policy (see **R5.1**).

Organizational Structure and Responsibilities

The Transportation Supervisor manages the District's Transportation Department and has supervisory responsibilities for 7 bus attendants, 1 assistant, 2 mechanics, and 30 bus drivers in FY 2005-06.² The Transportation Supervisor reports to the Chief Operating Officer (COO) and is evaluated on a number of criteria and duties which broadly include recruiting drivers, driver training and orientation programs, setting up bus routes, coordinating and scheduling field and athletic trips, preparing the transportation budget, evaluating staff, maintaining records, and performing other duties as assigned by the COO.

Historical Data

Table 5-1 displays MCSD's ridership and total expenditure data from FY 2003-04 to FY 2005-06.

Table 5-1: Yellow Bus Ridership and Expenditure History

	FY 2003-04	FY 2004-05	FY 2005-06	Three-Year Change
Yellow Bus Riders¹	3,116	3,270	3,087	(0.9%)
• Regular Needs	2,769	2,951	2,779	0.4%
• Special Needs	347	319	308	(11.2%)
Annual Yellow Bus Expenditures	\$1,662,659	\$1,710,198	\$1,668,797	0.4%
• Per Rider	\$534	\$523	\$541	1.3%

Source: MCSD transportation data as reported to ODE.

¹ Yellow bus riders equal Type I transportation.

As shown in **Table 5-1**, the total number of riders at MCSD stayed relatively consistent from FY 2003-04 to FY 2005-06. Over the three-year period, yellow bus (Type I) regular needs riders remained virtually the same while special needs riders decreased by 11.2 percent due to mainstreaming efforts by the District that emphasized placing special needs students on regular bus routes. MCSD's per rider cost increased only 1.3 percent over the three year period shown, which was less than typical inflation rates of 3 percent.

² This was reduced to 27 drivers in FY 2006-07.

Table 5-2 displays MCSD's transportation expenditures for FY 2003-04 through FY 2005-06.

Table 5-2: MCSD General Transportation Expenditures¹

	FY 2003-04	FY 2004-05	FY 2005-06	Three-Year Change
Personnel Expenditures²	\$764,458	\$794,170	\$761,958	(0.33%)
Benefits³	\$175,293	\$183,516	\$193,324	10.29%
Employee Insurance	\$423,857	\$400,029	\$371,576	(12.30%)
Miscellaneous⁴	\$16,638	\$14,018	\$12,273	(26.24%)
Total Personnel Expenditures	\$1,380,246	\$1,391,733	\$1,339,131	(3.0%)
Maintenance and Repairs	\$74,216	\$84,493	\$82,865	11.7%
Tires and Tubes	\$25,015	\$13,031	\$11,322	(54.7%)
Fuel	\$111,437	\$146,403	\$163,248	46.5%
Bus Insurance	\$20,663	\$43,941	\$25,598	23.9%
Maintenance Supplies	\$15,602	\$3,315	\$6,408	(58.9%)
Utilities	\$34,842	\$27,213	\$40,225	15.4%
General Operations Expenditures	\$282,413	\$318,465	\$329,666	16.7%
Total	\$1,662,659	\$1,710,198	\$1,668,797	0.37%

Source: MCSD transportation data as reported to ODE.

¹ Includes Board-owned yellow Bus (Type I) expenditures only.

² Includes the following categories from the T-2 report: Supervisor, Supervisor Clerk, Regular Driver Salaries, Substitute Drivers Salaries, Bus Attendant Salaries, Mechanic, and Mechanic Helper.

³ Includes Retirement and Workers' Compensation from the T-2 reports.

⁴ Includes Physical Exams and Drug Tests (Drivers), Certification and Licensing Costs, and Training (All) from the T-2 reports.

As displayed in **Table 5-2**, total transportation personnel expenditures decreased 3 percent from FY 2003-04 to FY 2005-06. The primary factor in the decrease was a 12.3 percent decline in payments for employee insurance. Conversely, salaries paid for bus drivers, bus attendants, and mechanics all increased during the same time period. In addition, retirement and workers' compensation experienced significant increases in the three-year period.

Non-personnel expenditures increased by approximately \$47,000 or 16.7 percent from FY 2003-04 to FY 2005-06. Fuel expenditures, which are the largest single category, increased nearly \$52,000 or 46.5 percent in the same three-year period. Although fuel prices across the nation increased steeply during this time period, the District's fuel procurement method could be improved and changes in this area may partially offset any future fuel price increases (see **R5.9**).

Operational and Cost Comparisons

Table 5-3 compares MCSD expenditure and operational data to the peer district average.

Table 5-3: FY 2005-06 Key Operating Statistics

	MCSD	Peer District Average	Difference vs. Peers
District Square Miles	18.0	38.7	(20.7)
Students Per Square Mile	301	102.5	198.5
Population Density per Square Mile	2,256.0	707.4	1,548.6
Yellow Bus Riders (Type I)			
Public	2,633	1,291	1,342
Non-Public	115	103	12
Community School	31	5	26
Special Needs	308	36	272
Total Yellow Bus Riders	3,087	1,435	1,652
Percent Public Riders	85.3%	91.9%	(6.6%)
Percent Special Need Riders	10.0%	2.8%	7.2%
Percent Non-public & Community School Riders	4.7%	5.3%	(0.6%)
Transportation Expenditures as a Percentage of General Fund	3.3%	4.7%	(1.4%)
Total Buses	39	24	15
Active Buses	29	19	10
Spare Buses	10	5	5
Spare Bus Ratio	25.6%	20.5%	5.1%
Yellow Bus Riders per Active Bus	106.4	79.1	27.3
Annual Routine Miles	341,100	217,026	124,074
Annual Non-routine Miles	42,628	28,221	15,407
Routine Miles per Active Bus	11,762	12,391	(629)
Non-routine to Routine Ratio	12.5%	18.7%	(6.2%)

Source: MCSD and peer districts FY 2005-06 transportation data as reported to ODE. Peer district data has not been tested.

As shown in **Table 5-3**, MCSD is geographically smaller than the average of the peer districts, but has nearly three times the number of students per square mile. MCSD's population density per square mile is also nearly 220 percent greater than the peer districts. MCSD transports over twice as many students but expends a smaller percent (3.3 percent) of its General Fund money on transportation functions compared to the peer district average (4.7 percent). MCSD also provides specialized transportation, which is a more costly form of transportation, to a higher percentage of its riders than the peer districts.

In FY 2005-06, MCSD transported approximately 106 riders per bus using a multi-tiered routing system, compared to the peer district average of about 79 riders per bus and a national average of 100 riders per bus on two-tiered systems. MCSD's yellow bus riders per active bus were 34.6 percent higher than the peer district average, or about 27 more students per bus, which means MCSD's routing system is more efficient when compared to the peer districts. For example, MCSD transports over twice as many students but uses only approximately 50 percent more buses.

Also, MCSD incurred 57.2 percent more annual routine miles and 51.1 percent more non-routine miles than its peers. However, due to the small size of the District, MCSD's routine miles per active bus were 5.1 percent less than the peer districts.

Table 5-4 displays MCSD expenditures on a per rider, per bus and per mile basis in comparison to the peer district average.

Table 5-4: MCSD Expenditure Comparison FY 2005-06

	MCSD	Peer District Average	Percent Above (Below)
Total Yellow Bus Expenditures			
Per Rider	\$541	\$532	1.7%
Per Bus	\$42,790	\$30,503	40.3%
Per Routine Mile	\$4.95	\$3.40	45.3%

Source: School district transportation data as reported to ODE. Peer district data has not been tested.

In FY 2005-06, MCSD's expenditures per rider, per bus, and per routine mile all exceeded the peer average. When comparing expenditures per bus and per mile, MCSD was 40.3 percent and 45.3 percent respectively higher than the peer district ratios. (See **R5.3**, **R5.5**, and **R5.9** for recommendations on ways to reduce expenditures). However, on a per rider basis, MCSD's expenditures of \$541 per rider were only slightly higher than the peer district average of \$532 per rider due to the high number of students transported.

Performance Audit Follow-up

In 1999, AOS completed a performance audit of MCSD as a part of the 21 urban school district initiative. Following the issuance of the performance audit, MCSD was required to develop and approve an Economy and Efficiency Plan detailing how the District intended to address the performance audit recommendations.

As a follow-up to the 1999 Performance Audit assessment of MCSD's transportation operations, this section of the performance audit reviewed the previous recommendations, MCSD's Economy and Efficiency Plan, and current District operations to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 5-C** with references, where pertinent, throughout the section. Of the 15 recommendations contained in the 1999 Performance Audit, MCSD fully implemented 4 recommendations, partially implemented 5 recommendations, and did not implement 3 recommendations.³ Seven recommendations from the 1999 audit were reissued in this performance audit.

³ Three recommendations were deemed no longer applicable to MCSD.

Recommendations

R5.1 MCSD's transportation-related policies in the Board Policy Manual should be reviewed and updated annually. The District should seek input from the Transportation Supervisor, other administrators, and the community during this process. The policies should be reflective of the level of service provided and should take into consideration the geographic layout and demographic makeup of the District. Furthermore, the District should ensure that it has written procedures, guidelines, and appropriate forms for identifying hazardous areas, and granting exceptions to the Board's general transportation policy. This recommendation was also issued in 1999.

MCSD's Board policies were last updated in 1995. Because the Board transportation policies are outdated and there are no written procedures, the actual practices within the District may be inconsistent with the Board's policy and intent. For example, Board policy specifically states which age groups will receive transportation and how far from the school the children must live to be eligible, and excludes high school students from being eligible for transportation. However, MCSD's practice has been to transport all middle and high school students who live more than 1.5 miles from their school of attendance, which is beyond the parameters stated in Board policy.

In addition, the policy does not include a process for defining and identifying hazardous areas in the District. Hazardous areas are those that would inhibit students from walking to school safely (i.e. no sidewalks, major interstates, etc). The Transportation Supervisor is familiar with the hazardous areas in the District and routes the buses so student safety is not compromised. However, without written policies, there is no assurance that identification and granting of exceptions are handled in a consistent manner across the District.

MCSD does not actively encourage walking to school to promote student health, despite the urban setting and areas with adequate sidewalks. MCSD transported 211 students that lived within one mile of their designated school in FY 2005-06 for whom it receives no State reimbursement. If the District did not transport these students, it could potentially reduce up to two additional buses. While many of these students are transported due to hazardous areas, this practice is not supported by written procedures. Therefore, it is difficult to determine the reason these students are transported and whether the District could reduce service and costs.

Finally, MCSD has not effectively communicated updates to its policies. In the past, the transportation policies have been changed by the Superintendent without approval from the Board. Inadequate communication between the Board, the Transportation Department, and District administrators leads to inconsistent practices which may create

confusion for parents and students, and result in increased expenditures. The Board has not historically solicited input from the community, community planners, or the Transportation Supervisor concerning transportation needs.

According to *Key Legal Issues for Schools* (Association of School Business Officials, 2006), the general operating procedures for school boards should include annual reviews of all new and revised policies to determine whether modifications should be made on the basis of implementation and experiences. Furthermore, *Best Practices with their Associated Indicators* (Florida Office of Program Policy Analysis and Government Accountability (OPPAGA), 2002), states that a district's transportation planning staff should consult regularly with a district's strategic planning staff to ensure that transportation needs, concerns, and costs are considered when planning for the future. Also, the transportation planning staff should consult regularly with the community to identify areas in the district where future community growth and development will have an impact on the need for transportation services.

The U.S. Department of Health and Human Services encourages children to walk to and from school in groups accompanied by adults. Walking to school helps children be more physically active, practice safe pedestrian skills, learn about their environment, and increase the likelihood that they will engage in other physical activities.

By operating under outdated and vague policies, MCSD overlooks opportunities to increase walking as a means to enhance student health, or to reduce costs by eliminating transportation of children living close to school who are not transported because of identified hazards. Updated policies and procedures would also help the District better align its transportation policies and plans with District goals.

R5.2 MCSD should make an effort to reduce transportation expenditures by implementing a least one of the following recommendations:

- **MCSD should increase its bus utilization rate by extensively monitoring route and ridership data throughout the year. The District should assess the feasibility of adding additional tiers with the goal of increasing its bus utilization rate to a level comparable to the best practice rate of 150 riders per bus. Although MCSD should strive to achieve this utilization rate, it should do so without materially impacting the quality of its services.**
- **MCSD should consider eliminating high school transportation to reduce its transportation costs. The elimination of high school busing will decrease costs associated with bus driver salaries, bus maintenance and repair, and fuel. However, it could also negatively impact attendance and graduation rates.**

These recommendations were also issued in the 1999 performance audit.

During the course of the audit, MCSD took steps to increase its utilization rate through enhanced ridership monitoring.⁴

MCSD monitors ridership throughout the year to insure that buses are not overloaded with students. However, there is no written policy or procedure denoting the frequency for counting riders, nor are counts performed with the goal of maximizing ridership. Bus drivers are required to conduct a student count every day during the first week of October for the morning and afternoon routes, for the purposes of T-1 report data collection. The only time a route is considered for alteration is when the driver says the bus is too full or when road construction prohibits the bus from traveling its normal route. In FY 2005-06 MCSD transported 3,087 students on 29 active buses and was operating at approximately 106.4 riders per bus, per run. In comparison to national benchmarks, this indicates a high rate of utilization. However, the District's financial condition requires it to achieve maximum efficiency wherever possible.

School districts should provide regular, accurate, and timely counts of the number of students transported. In addition, transportation administrators and supervisors should regularly review the student count information to identify trends and issues that may require managerial or budgetary responses and that may result in cost savings within the present time frame or in the future.

In calculating capacity, MCSD should assume 50 riders per route. Therefore, assuming three routes per am/pm run, a utilization target rate of 150 riders could be achieved. By increasing the utilization to 150 students per bus, MCSD could reduce the total number of buses needed to provide transportation to 21, resulting in a reduction in overall transportation costs.

MCSD could also reduce transportation expenditures by eliminating high school transportation. Pursuant to ORC § 3327.01, Ohio school districts are not required to provide high school transportation. MCSD offers transportation to all high school students that live 1.5 miles or more from their school of attendance, although Board policy does not cover transportation for these students. For FY 2006-07, the District operates 12 morning routes and 13 afternoon routes for the transportation of middle school and high school students. MCSD drivers dedicated a total of approximately 17 hours per day to high school routes. In addition, MCSD buses drove approximately

⁴ MCSD also is considering implementation of a GPS/Radio system which would allow it to more effectively monitor routes and route times. According to the transportation supervisor, the program would enhance accountability. The GPS reporting software would interface with MCSD's routing and preventive maintenance software. Eighty percent of the costs would be paid through E-rate. The transportation supervisor identified this practice through Orange Local School District which reportedly achieved significant savings.

43,000 miles in FY 2005-06 for the transportation of high school students. Should MCSD choose to eliminate transportation for high school students, it could avoid expenditures for driver hours, fuel purchases, and maintenance costs. MCSD would not be able to dispose of any of the buses used for high school transportation because they are also needed to transport elementary school students. Eliminating high school transportation would enable the District to eliminate 17 driver hours per day along with the fuel and maintenance costs associated with the 6 buses used for high school transportation.

Financial Implication: Increasing the utilization rate to 150 students per bus would enable MCSD to eliminate approximately nine buses and would save the District approximately \$267,000 annually based on FY 2005-06 expenditures.

Eliminating the 17 driver hours associated with high school transportation would save the District approximately \$59,000 in FY 2007-08. In addition, the savings for fuel and maintenance costs would be approximately \$34,000. Total savings would be approximately \$93,000 per year.

R5.3 MCSD should publish transportation-related student information on its web site to communicate to students and parents. For example, detailed bus schedules, transportation policies, historical ridership levels, and costs can all be made available on the District's web site. A well devised communication method that also targets employees, parents, and the community should increase understanding of and satisfaction with the Transportation Department.

MCSD does not post individual student bus stop information on its web site. The District mails post cards containing the necessary bus stop information to all students eligible for transportation. Included with this mailing is the District's transportation handbook which contains all the transportation policies pertaining to the students. The lack of student transportation information on the District's web site may create inefficiencies in the dissemination of vital transportation information to MCSD students, resulting in lower transportation service levels and higher expenditures.

Lakota Local School District (Butler County, Ohio) provides a link on its web site to a web page strictly dedicated to its Transportation Department. Individual student information is provided for public and non-public students and is accessed with a student ID number. Also available on the web page are registration forms, appeal forms, parent responsibility information, student safety information, consequences of misbehavior, permission to change bus stops, and contact information.

R5.4 MCSD should develop a policy to seek reimbursement for the cost of non-routine transportation services such as extracurricular and non-educational field trips. Once a policy is established, the District should develop and document a method for

allocating costs between routine and non-routine use of buses that is consistent with its policy. Properly charging school buildings, other departments, outside agencies, and specific programs creates a better understanding of the costs associated with transportation services and improves accountability. A similar recommendation was included in the 1999 performance audit.

During the course of the audit, Mansfield CSD took steps to more actively collect reimbursement for non-routine transportation, particularly for those trips contracted by outside agencies.

MCSGD does not have a written policy or procedures for charging the users of services provided by the Transportation Department. Prior to FY 2006-07, the District gave each elementary school a budget for field trips funded by the General Fund based on ADM. This was discontinued because of MCSGD's financial position and the schools now support field trips through fundraising proceeds. Transportation expenditures from the Athletic Department and band are supported by the General Fund.

According to OAC § 3301-83-16, approved non-routine uses of buses include the following:

- Trips that are extensions of the instructional program as determined by school;
- Trips for the transportation of enrolled pupils directly participating in school-sponsored events;
- Transporting pupils taking part in summer recreation programs when such programs are sponsored by a recreation commission and there is an agreement between the board of education, and the recreation commission;
- Trips for transportation of the aged when contracted with a municipal corporation or a public or nonprofit private agency or organization delivering services to the aged;
- Trips for transportation of pupils and/or adults, as approved by the board of education to and from events within the local community which are school or local community sponsored. Such events shall be open to the public;
- Emergency evacuation and/or emergency evacuation drills when such emergencies are declared by state or local directors of emergency disaster services;
- A civil emergency as declared by the governor;
- Transporting school and/or school bus owner employees engaged in approved employee improvement programs; and
- Transportation coordination, to participate with local human services providers, in transporting welfare reform participants and those participating in temporary assistance programs.

Because MCSGD does not have a process for allocating non-routine costs, the District's General Fund may be unduly bearing the burden of non-routine transportation. These

costs potentially could be billed to other responsible funds or non-District users. The operational costs that can be recovered for the non-routine use of buses can be found in OAC § 3301-83-16.

- R5.5 MCSD should attempt to negotiate revisions to its collective bargaining agreement governing transportation employees. The agreement should stipulate requirements for transportation personnel to perform work during the entire period for which they are paid for routine transportation routes. This will help the District ensure employee productivity. Furthermore, MCSD should attempt to lower the number of hours it guarantees its bus drivers for morning, mid-day, and afternoon runs from two hours per am/pm route to one hour. A recommendation regarding driver hours was also made in the 1999 performance audit.**

The Collective Bargaining Agreement Between the Board of Education of Mansfield City School District and Truck Drivers Union Local # 40 for the School Year 2004-2005 (the agreement) stipulates that bus drivers will be paid a minimum of two hours for each morning, mid-day, and the afternoon run or six hours total for those drivers transporting for all three runs. Several school districts within the State guarantee a lower number of hours per day. For example, the negotiated agreement covering bus drivers at the Defiance City School District states that bus drivers are guaranteed one hour per route. However, the generally accepted level is 4 hours for a three tier routing system.

The agreement has an addendum for field trip routes which requires the drivers to work the entire period for which they are paid. However, there is not a similar provision requiring bus drivers to work the entire period for which they are paid for routine routes. The District should consider negotiating an addendum similar to the one for field trips to increase productivity, lower its costs, and bring the agreement more in line with other labor contracts in the State.

The contract guarantee may cause the District to loose productivity and pay some drivers for non-productive time. According to the Transportation Supervisor, very few drivers work less than four hours, however bus route run times change annually. Implementing this policy may reduce the number of hours spent for non-productive work or increase productivity.

- R5.6 MCSD should develop and implement detective internal controls, which are designed to discourage errors or irregularities of reported operational information for its T-form reporting process. Specifically, T-Forms, which report ridership and expenditure information to ODE, should have well-documented procedures to ensure that reported information is accurate and credible. For example, the Transportation Supervisor and the Treasurer should verify T-2 expenditures, and the Transportation Supervisor and Superintendent should verify T-1 ridership data.**

In addition, the Treasurer's Office should be responsible for reconciling the expenditures reported on the T-2 report to the District's financial records, and reviewing variances from prior year reports before signing off on the document and submitting it to ODE. A similar recommendation was made in the 1999 performance audit.

MCS D does not have internal controls to ensure accurate and timely reporting of transportation data to ODE. During the first full week in October, bus drivers count the students on both morning and afternoon runs. The Transportation Assistant compiles the data and the Transportation Supervisor reviews it before giving to the Superintendent. The Transportation Assistant also gathers all year-end information needed to fill out the T-2 report from the Treasurer's Office. From this information, the regular bus expenses and the special education bus expenses are calculated separately in accordance with ODE's T-2 instructions. The percentage of special education buses is used to prorate the cost for the use of special needs buses. Once the Transportation Assistant has completed the T-2 report, it is sent to the Transportation Supervisor, then to the Treasurer's Office for final approval. However, there are no standard written procedures for bus drivers or administrative staff to follow in completing the counts or forms. There are also no written procedures for reviewing and ensuring accurate reporting of data. Without formal procedures, the District runs the risk of submitting incorrect T-Form information, particularly in times of Departmental turnover.

According to *Internal Controls a Guide for Managers (INFM)*, (Indian University, 2004), internal controls employ methods to help ensure the achievement of an objective. By implementing detective internal controls, management can use these methods to detect incorrect entries of reported information. Carefully designed internal controls can help management efficiently and effectively provide a reasonable level of assurance that proper transactions are occurring.

Implementing internal controls through formal procedures will help increase the validity and reliable of reported information to ODE. Moreover, accurate reporting will avoid delays in receiving reimbursement from ODE and ensure the District receives the proper amount of State funding based on the transportation services it provided.

R5.7 MCS D should establish an inventory program that that tracks equipment, parts and supplies used for maintenance and repairs. The inventory system should identify parts received, to which vehicle it was issued, when it was transferred, by whom, the cost, vendor number, bin location, date and quantity used. The District may wish to consider the feasibility of inventory management software which would allow it to better capture the costs associated with the ownership of its buses and better manage its parts and supply inventories. A similar recommendation was included in the 1999 performance audit.

MCSD has no system to track its parts inventory. In the past, the District has had problems with vandalism and theft. As a result, parts inventory is kept in a room that is locked at all times.

According to OPPAGA, inventories are needed for fleets, tools, portable and stationary equipment, fuels, liquid and parts. Inventories are useful in tracking the size and disbursement of the fleet, the types of parts and amounts on hand, and the rate of their use. A properly developed inventory system that is managed using spreadsheets or inventory management software can be used to reduce equipment downtime as well.

R5.8 MCSD should track the price it pays for gas and diesel fuel to ensure that the price is competitive with that offered through the Ohio Department of Administrative Services (ODAS) or other consortiums. If the District finds that the local supplier's price is consistently above the ODAS bid price, it should consider soliciting competitive bids, issuing a request for proposal (RFPs) for fuel, or using the ODAS contract. The District may also want to research the possibility of purchasing fuel in bulk with the City of Mansfield.

The District should work with its attorney to develop appropriate RFP language and should develop bid practices that mirror the specific best practice elements of the selection process as outlined by The Voinovich Center for Leadership and Public Affairs, *Contract Management Manual* (Ohio University, June 2001.)

MCSD is prohibited from having an above ground fuel tank with a capacity larger than 1,000 gallons due to Mansfield City Ordinance 1505.05. As a result, the District purchases fuel from local gas stations. Because the District does not have a formal Board policy instructing the District to search for the best fuel price, the District does not solicit bids searching for the lowest fuel price. MCSD has historically purchased fuel from a chain of stations that has consistently charged lower prices in the area.

The lack of a formal bid process may result in the District paying more for fuel than necessary. MCSD may be buying fuel from a vendor that is charging higher prices than other vendors that could be identified through a bidding process. Ohio University's Voinovich Center for Leadership has identified several selection criteria which may be encompassed within bids and RFPs:

- Establish qualifications as the basis for selection (e.g. number of years experience, license and certified);
- Specify criteria for judgment of qualification (e.g. references that resulted in positive feedback, licensed, bonded and insured);
- Provide for the publication of available work;
- Develop procedures for screening proposals;

- Require that a comprehensive agreed-upon scope of services be the basis for vendor compensation and the contract;
- Identify departmental responsibility for administering the process;
- Specify who makes recommendations and who makes final decisions; and
- Assign responsibility for contract negotiations and present to the Board for final decision.

By establishing and documenting specific methods for vendor selection, the District will provide a clearer understanding of the level of responsibility in determining the best purchased service, ensure proper accountability and internal controls, and will reduce the appearance of any improprieties.

Table 5-5 shows the fuel expenditures for FY 2005-06 compared to the peer district average.

Table 5-5: FY 2005-06 Fuel Expenditures: MCSD vs. Peer Districts

	MCSD	Peer District Average	Percent Above (Below)
Total Fuel Expenditures	\$163,248	\$89,214	83.0%
• Cost Per Rider	\$53	\$64	(17.3%)
• Cost Per Bus	\$3,982	\$3,768	5.7%
• Cost Per Routine Mile	\$0.48	\$0.42	16.2%

Source: School district transportation data as reported to ODE. Peer district data has not been tested.

As shown in the **Table 5-5**, MCSD's fuel cost per routine mile was 16.2 percent above peer districts. This may be a direct result of the District's failure to search for a less expensive way to purchase fuel.

ODAS publishes weekly baseline prices for fuel based on the Oil Price Information Service data. ODAS supplies fuel at the current baseline plus delivery charges and highway use charge. A public school district can become a consortium member for \$110 per year. ODAS publishes a new quote every week showing the price at which the consortium will deliver the fuel that week.

Financial Implication: Assuming fuel costs were reduced to the level of the peer districts, a reduction of \$.06 per routine mile, savings would be approximately \$20,000 per year. Cost savings derived from more competitive fuel purchasing could be applied to reducing the District's deficit.

R5.9 MCSD should develop a preventive maintenance (PM) plan that encompasses factory maintenance recommendations for the District's fleet. The PM plan should include the District's maintenance schedule and procedures for accurately tracking data like bus mileage per week, bus maintenance, and maintenance costs per bus.

The District should also incorporate procedures for accurately tracking inventory (see R5.7) in order to efficiently maintain buses and ensure that they pass the State Highway Patrol inspection with no violations.

MCSD does not have a written PM plan. However, the buses are rotated in to the maintenance bay every two or three months to have preventive maintenance performed. MCSD administrators noted that the buses do not travel enough miles to maintain them on a mileage basis. According to information provided on the Districts T-1 form the buses travel an average of only 8,700 miles per year.

The District mechanics' priorities are to meet the repair requests of the bus drivers and to ensure the buses are in safe operating condition. Once the repairs are completed, a work order is completed and given to the Transportation Assistant to enter in a spreadsheet used to track bus maintenance and repair costs.

According to the *Public Works Management Practices Manual*, (Forth Edition, 2001 American Public Works Association), effective equipment management requires that repairs be made before equipment fails. This involves a preventive maintenance approach to provide for systematic, periodic servicing of equipment to facilitate operations with a minimum of downtime. Well-planned PM programs, which follow manufacturer's recommendations and schedules, will result in a dependable fleet and extended equipment life with lower operation and maintenance and repair costs. Planning and scheduling preventive maintenance activities requires providing the right maintenance at the right time at the overall lowest cost.

Table 5-6 compares MCSD's maintenance and repair costs per rider, per bus, and per routine mile to the peer district average.

Table 5-6: FY 2005-06 Maintenance and Repairs Expenditure Comparison

	MCSD	Peer District Average	Percent Above (Below)
Total Maintenance & Repairs	\$100,595	\$42,024	N/A
• Per Rider	\$33	\$38	(13.5%)
• Per Bus	\$2,579	\$2,102	22.7%
• Per Routine Mile	\$0.30	\$0.26	14.7%

Source: School district transportation data as reported to ODE. Peer district data has not been tested.

The absence of a PM plan, combined with a fleet that has an average model year of 1996 (see **R5.10**), results in maintenance not being performed in accordance with the manufacturer's recommendations which could be causing the repair costs to be higher than the District's peers. As noted in **Table 5-7** MCSD's maintenance and repair costs were \$.30 per mile and \$2,579 per bus, which was 14.7 percent and 22.7 percent higher than the peer district average, respectively.

R5.10 MCSD should establish a formal bus replacement plan within a multi-year capital improvement plan to ensure that it is properly planning and budgeting to purchase new buses. Bus replacement should be managed by the Transportation Supervisor and the Treasurer's Office. MCSD's bus replacement plan should be based primarily on maintenance costs per bus. MCSD should be cognizant of the fact that the effectiveness of this plan will hinge on the District's ability to accurately track maintenance costs on a per bus basis (see R5.9) By formalizing a replacement plan, the District will be better able to plan for future expenditures while maintaining an adequate bus fleet.

MCSD does not have a written bus replacement plan. However, the District has an informal goal of replacing three buses per year, starting with the buses that have 8.2 liter diesel engines. Due to the age of these buses and the difficulty finding replacement parts for their engines, the District plans to replace these buses first. In recent years, MCSD has not been able to follow this informal plan due to its financial condition.

There are no State guidelines for bus replacement beyond the requirement that the bus must be able to pass the annual Highway Patrol inspection. As long as the bus can pass the inspection, a district may continue to use the bus for transportation, regardless of age or mileage. The National Association of State Directors of Pupil Transportation Services (NASDPTS) independent studies of annual school bus operating costs conducted in Washington and California indicate that after 12 years of use, the annual operating costs of school buses begin to increase significantly and continue to increase each year thereafter. NASDPTS suggests that conducting a cost benefit analysis might offer insight concerning the best time to replace buses. The NASDPTS also cites a recent South Carolina study which recommends replacing diesel buses after 15 years or 250,000 miles, providing another benchmark to consider when developing a replacement plan. In conclusion, the NASDPTS suggests that maintaining accurate and thorough records of maintenance and operating costs on a bus-by-bus basis will enable districts to make informed management decisions regarding bus replacement. Furthermore, the timely replacement of school buses must be a planned process, and funding availability is likely to be the single most important consideration in determining the replacement schedule.

The Government Finance Officers Association (GFOA) recommends that state and local governments prepare and adopt comprehensive multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan identifies and prioritizes expected needs based on an organization's strategic plan, established project scope and cost, detailed estimated amounts of funding from various sources, and future operating and maintenance costs. A capital plan should cover a period of at least three years and include bus purchases. Without a sufficiently funded bus replacement plan, MCSD may not have sufficient funds to replace its aging buses when the need arises.

While MCSD has 20 buses that are 12 years old or older, half of these buses have an odometer reading of less than 160,000 miles. Many of these older buses were used buses when purchased. Because MCSD is a geographically small urban district, its buses get old before accumulating a significant number of miles. MCSD should plan to replace the six buses that have the costly 8.2 liter engines and six other buses that currently have over 190,000 miles.

Financial Implication: At today's value, the cost to replace twelve buses would approach \$800,000. By replacing three buses per year, all twelve ageing buses would be replaced by FY 2010-11. Assuming a cost of about \$65,000 per bus, MCSD would incur an annual cost of \$195,000 to replace three buses a year.⁵ For future years, the District should continue to plan and fund bus replacements and a regular basis according to a formal capital improvement plan.

R5.11 MCSD should include the Transportation Supervisor or designee in its individual education plan (IEP) development process to ensure that all available options for transporting special needs students are discussed. The Transportation Department representative should ensure that any required specialized transportation service is feasible and can be provided effectively by the Districts' transportation system. If it is decided that transportation is not feasible or would be very costly, the Transportation Department should consider parent/guardian contracts, contracts with other school districts, and/or private contracts.

MCSD transported 308 special needs riders on District buses. Special needs riders are typically more costly to transport than regular needs students because of additional routes, driver time, and/or personnel. The District provides special needs transportation to meet the requirements set forth in the IEP guidelines. However, MCSD has not entered into any contracts for the transportation of special needs students. By not considering alternative modes of transportation, the District may be bypassing potential savings.

MCSD also does not include any Transportation Department personnel in special needs IEP development. By not included any Transportation Department personnel in IEP development, the District runs the risk of agreeing to provide transportation services which are extremely costly, not feasible, or which cannot be provided effectively by MCSD. The District could develop a policy that requires the Transportation Supervisor either to be involved with the IEP meetings pertaining to transportation or to have periodic meetings with the IEP coordinator to review the cost and feasibility of various transportation methods.

⁵ In 2007, ODE notified school transportation supervisors that bus costs may rise to \$95,000 in 2010 with the introduction of the new emission standards.

Ohio Administrative Code (OAC) §3301-51-10 (C) (2) requires transportation personnel to be consulted in the preparation of the IEP when the IEP requires transportation. Further, according to Ohio Legal Rights Service, separate special needs transportation may be required by law depending on each child's IEP. Because the type of special needs transportation service is identified in the IEP and may vary depending on the needs of the child, the Transportation Supervisor should have input regarding the feasibility of the proposed transportation type.

Financial Implications Summary

The following table summarizes the estimated annual cost savings and implementation costs identified in recommendations presented in this section of the report. The following recommendations are subject to negotiation.

Summary of the Financial Implications for Transportation

Recommendation	Annual Cost Savings	Annual Implementation Cost
R5.2 Eliminate high school transportation	\$94,000	
R5.8 Reduce fuel costs through competitive bidding	\$20,000	
R5.10 Replace three buses each year		\$195,000
Total	\$114,000	\$195,000

Source: AOS recommendations

Appendix 5-A: Transportation Survey

AOS administered an employee survey of MCSD employees to obtain their feedback and perceptions concerning transportation services. Three hundred thirty-five employees completed the survey, 291 of whom completed the transportation section of the survey. Survey responses were made on a scale of 5 to 1: 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. **Table 5-A** illustrates the results.

Table 5-A: AOS Transportation Survey Results ¹

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
Effective communication of transportation policies and routes exist.	7% (21)	19% (56)	27% (79)	21% (61)	3% (8)	23% (66)	3.61
Effective coordination of routes and special trips exist between departments.	6% (17)	15% (45)	28% (82)	21% (60)	2% (6)	28% (81)	3.81
The transportation department provides timely transportation of students to and from school.	8% (24)	14% (40)	19% (54)	41% (120)	4% (12)	14% (41)	3.62
The transportation department provides timely transportation to and from special events.	2% (6)	9% (25)	25% (73)	40% (117)	3% (10)	21% (60)	3.96
The transportation department is effective in addressing complaints.	4% (13)	14% (41)	33% (95)	18% (53)	3% (9)	27% (80)	3.84
Transportation routes are completed with regard to the safety of the children.	1% (3)	7% (19)	28% (81)	33% (96)	4% (13)	27% (79)	4.15
Children arrive at school in a mindset conducive to learning.	6% (17)	28% (81)	35% (101)	15% (45)	2% (6)	14% (41)	3.22
The attitude, courtesy, and work ethic of the transportation department is positive.	3% (8)	14% (41)	32% (92)	27% (79)	4% (13)	20% (58)	3.76

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
Overall, the quality of all transportation services provided is good.	3% (10)	10% (30)	27% (78)	40% (115)	3% (9)	17% (49)	3.79
I am satisfied with the District's current transportation policies and procedures.	3% (10)	11% (33)	30% (87)	32% (92)	2% (7)	21% (62)	3.82
Safety rules and regulations are adequate and enforced.	4% (11)	9% (25)	29% (85)	33% (97)	2% (7)	23% (66)	3.90
Transportation vehicles are clean and well kept in appearance.	1% (3)	1% (3)	27% (79)	42% (121)	4% (13)	25% (72)	4.22
Safeguards governing the access and use of parts and inventory are adequate and regularly enforced.	0% (1)	1% (2)	35% (103)	17% (50)	2% (7)	44% (128)	4.53
Total Respondents							291

Source: MCSD employee responses as recorded by the AOS survey during the course of the audit.

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

Appendix 5-B: Summary of Objectives for Transportation

The following is a list of the questions used to evaluate the MCSD transportation function:

- Does the District’s transportation policy and procedures lead to the effective and efficient provision of services that meet the needs of the community?
- How does the District’s “yellow bus” service compare with peer districts and industry benchmarks?
- How do the District’s expenditures and cost ratios compare with peer districts?
- Does the district have an adequate control over reporting transportation data, securing physical assets and procuring transportation-related items?
- Is the district effectively and efficiently maintaining and managing its fleet?
- Is the District providing special needs transportation in an effective and efficient manner?

Appendix 5-C: 1999 Performance Audit Recommendations and Implementation Status

Table 5-C summarizes the 1999 Performance Audit recommendations and the implementation status of each. Each recommendation was categorized as implemented, partially implemented, not implemented, or no longer applicable.

Table 5-C: 1999 Performance Audit Recommendation Status

Recommendation	Implementation Status
R5.1 Current transportation practices should match the board policies. The district should do a cost analysis of those students transported above state minimums.	This recommendation has not been implemented and a similar recommendation was issued again (see 2007 R5.1).
R5.2 Use routing software to examine the possibilities, including the adjustment of bell schedules, for developing a higher percentage of regular routes consisting of three runs or more, specifically on afternoon runs.	This recommendation was partially implemented because the district now uses routing software. However, a similar recommendation was issued again (see 2007 R5.2).
R5.3 Develop procedures to ensure that accurate reports are prepared. The district should contact ODE to receive training to complete the T-reports accurately.	This recommendation was partially implemented by sending the appropriate staff to ODE training. However, a similar recommendation was issued again (see 2007 R5.6).
R5.4 Test multiple route and school bell scenarios that will allow the District to develop a route system with three or more routes per bus.	This recommendation was partially implemented. However, a similar recommendation was issued again (see 2007 R5.2). The District needs to coordinate its school start times to develop a three tier routing system.
R5.5 Update job descriptions for bus drivers and bus aides in ten years.	This recommendation was implemented.
R5.6 Amend current bid policy where after one bid, the vacancy would be filled with a new hire or by appointment from the transportation supervisor.	This recommendation was implemented.
R5.7 Should not guarantee shuttle drivers 8 hours, but should pay the drivers based on the number of hours worked. These drivers are guaranteed 8 hours for work that only takes 5.3 hours.	This recommendation is no longer applicable because the District no longer employs shuttle drivers. However, a similar recommendation was made related to bus driver hours (see 2007 R5.5).
R5.8 Should not guarantee bus aides 4 hours, but should pay the bus aides based on the number of hours worked. These bus aides are guaranteed 4 hours for work; 0.5 of which are not worked.	This recommendation was partially implemented. The current contract now guarantees its aides 2 hours. A similar recommendation was issued again (see 2007 R5.5).
R5.9 Keep a log recording each driver's late arrivals and other complaints. This document could be used for employee evaluations and to improve the overall bus service.	This recommendation was implemented.

Recommendation	Implementation Status
R5.10 Update the job descriptions for district mechanics to include a requirement that the mechanics obtain ASE certification for school bus technicians.	This recommendation is no longer applicable.
R5.11 Develop an informal, verbal price quote process for all services not currently formally bid. The development of specifications and the selection of vendors via contracts or competitive bidding would help ensure that the district is receiving the best possible rates for all services and help identify available vendors.	This recommendation was not implemented.
R5.12 Use the Chilton's Truck Repair Manual to establish benchmarks for the amount of time maintenance repairs should take. The District should compare the actual practice to these benchmarks. The District should also purchase vehicle diagnostic software. Send oil samples from buses to an oil chemical analysis program that would identify problem indicators and specific engine failures. This practice should take place at the 12,000 mile oil change. Have a policy for monitoring and documenting parts and equipment failures that have a high incidence of repair, replacement or failure. This documentation should be sent in the form of a written complaint, with pictures, to the National Highway Transportation Safety Administration and to the manufacturers, industry and education organizations.	This recommendation is no longer applicable.
R5.13 Implement inventory control procedures using the capabilities of the TLC software to allow the district to improve its ability to monitor and justify inventory levels.	This recommendation was not implemented and a similar recommendation was issued again (see 2007 R5.7).
R5.14 When buses are used for non-routine use, the District should charge all operational expenditures (fuel and maintenance) to the appropriate department.	This recommendation was partially implemented. However, a similar recommendation was issued again (see 2007 R5.4).
R5.15 Investigate the possibility of purchasing updated routing software that can collaborate with the District mainframe.	This recommendation was implemented.

Technology

Background

This section of the performance audit focuses on technology functions within the Mansfield City School District (MCSD or the District). The objective of this section is to assess the efficiency and effectiveness of the Technology Department. A complete list of objectives is included in **Appendix 6-B**. Technology utilization practices and best practice information from relevant sources are used for comparisons throughout this section of the report. These sources include Ohio's 2006-07 Biennial Educational Technology Assessment (BETA) survey, the Consortium for School Networking (CoSN), Florida's Office of Program Policy Analysis and Government Accountability (OPPAGA), and the Texas School Performance Review. Furthermore, the Auditor of State (AOS) administered a survey of MCSD's employees regarding technology services and the results of the survey were included in this report (see **Appendix 6-A**).

Organization and Staffing

Technology implementation and support are managed by the District's technology staff. The District's technology staff consists of nine employees including the Technology Coordinator, the Technology Help Desk Specialist, the EMIS Coordinator, one secretary, and one part-time and four full-time technicians.

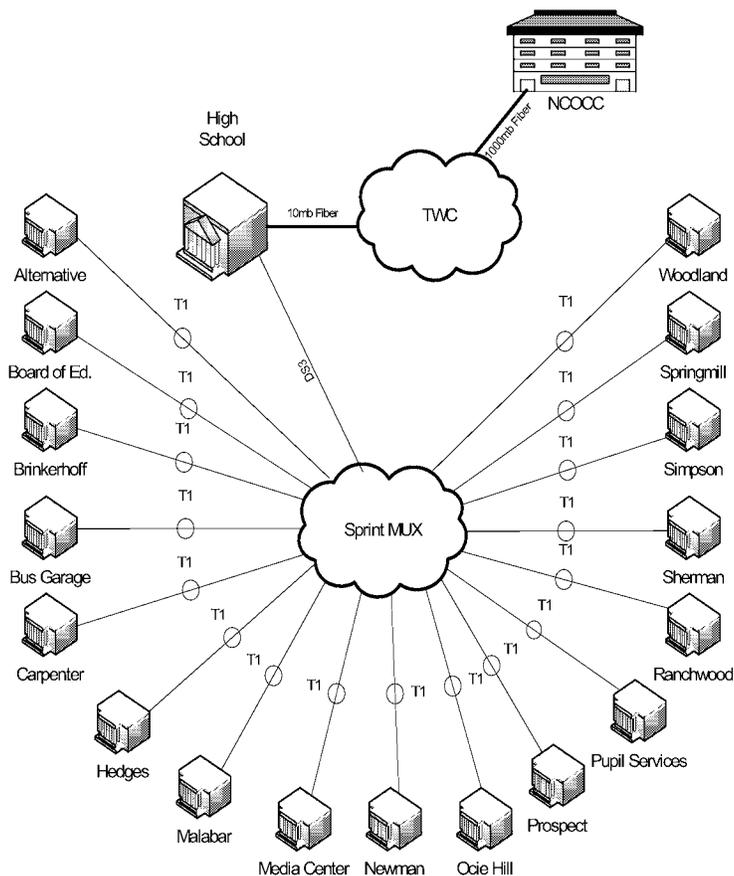
According to the Technology Coordinator, the District has a position for a Network Manager which became vacant in FY 2004-05. At this time, the responsibilities of the position are assigned to the technicians and the Technology Coordinator. The position remains vacant due to the District's budget constraints.

Organizational Function

MCSD technology staff supports the District's instructional and administrative technology needs. The Technology Coordinator provides leadership and support for the technology needs of the District. The technicians support and maintain the District's network, all hardware and software, and provide assistance to address the technology needs of all users. The secretary coordinates the operation of the Computer Services Center. The EMIS Coordinator trains the staff on inputting EMIS data, and reviews data on the CSADM web site monthly. The Help Desk specialist prioritizes and sorts the support tickets as they arrive, helps users over the phone, and sets the Novell and Information Technology Center (ITC) use of end users. Finally, the Network Administrator facilitates the implementation and operation of the District's Wide Area Network (WAN) and Local Area Network (LAN).

MCSD's WAN during FY 2005-06 is depicted in **Diagram 6-1**.

Diagram 6-1: MCSD Wide Area Network



Source: MCSD

As shown in **Diagram 6-1**, NCOCC is MCSD's Information Technology Center (ITC) which houses all of the District's State software and supplies the high school with the lines capable to access the internet. The main fiber line runs from NCOCC to the high school; the high school then runs a DS3 (digital signal 3) line to the Sprint Multiplexer which distributes T-1 lines to each school, allowing them internet access.

According to MCSD's BETA survey, the District has 2,488 computers maintained by its 5 technicians. However, the inventory sheet provided by the District showed 3,537 computers. Due to the inaccurate data provided by the District, an evaluation of the computer inventory and allocation could not be completed (see **R6.1**).

Financial Data

Table 6-1 displays MCSD's technology expenditures for FY 2004-05 and FY 2005-06 as well as FY 2006-07 budgeted amounts.

Table 6-1: MCSD Technology Expenditures FY 2004-05 through FY 2006-07

	FY 2004-05	FY 2005-06	% Change	FY 2006-07	% Change
Salaries	\$334,072	\$335,941	0.6%	\$391,304	16.5%
Benefits	\$125,042	\$124,613	(0.4%)	\$160,408	28.8%
Purchased Services	\$192,600	\$210,749	9.5%	\$193,800	(8.1%)
Supplies and Materials	\$305,609	\$222,633	(27.2%)	\$210,500	(5.5%)
Capital Outlay	\$3,400	\$434,581	12,681.8%	\$203,000	(53.3%)
Debt Service	\$3,400	\$0	(100.0%)	\$0	N/A
Total	\$964,123	\$1,328,517	37.8%	\$1,159,012	(12.8%)

Source: MCSD 4502 Statement P

As shown in **Table 6-1**, significant increases occurred in FY 2005-06 in the purchased services and capital outlay expenditure categories. In FY 2005-06, MCSD's purchased services increased 9.4 percent due to data processing expenditures of approximately \$27,000. Also in FY 2005-06, the District changed the process by which it receives E-rate reimbursements. Starting in FY 2005-06, the District paid all expenditures for E-rate eligible purchases upfront and requested reimbursement. This differed from the previous process whereby the District paid only its portion of eligible purchases and required the vendor to seek the reimbursable amount. As a result of the policy change, recorded capital outlay expenditures increased markedly in FY 2005-06.

For FY 2006-07, salary expenditures are budgeted to increase 16.5 percent due to the addition of 1 FTE computer network technician. In addition, benefits are budgeted to increase 28.7 percent due to the addition of the 1 FTE and an overall increase in benefit costs. For FY 2006-07, all other expenditure categories are budgeted to decrease.

Performance Audit Follow-up

In 1999, AOS completed a performance audit of MCSD as a part of the 21 urban school district initiative. Following the issuance of the performance audit, MCSD was required to develop and approve an Economy and Efficiency Plan detailing how the District intended to address the performance audit recommendations.

As a follow-up to the 1999 Performance Audit assessment of MCSD's technology operations, this section of the performance audit reviewed the previous recommendations, MCSD's Economy and Efficiency Plan, and current District operations to determine the implementation status of all previous recommendations. The results of this analysis can be found in **Appendix 4-C** with references, where pertinent, throughout the section. Of the 24 recommendations contained in the 1999 Performance Audit, MCSD fully implemented 11, partially implemented 4, and did not implement 7.¹ Four recommendations from the 1999 audit were reissued in this performance audit.

¹ Two recommendations were deemed no longer applicable to MCSD.

Recommendations

Inventory Tracking

R6.1 MCSD should maintain all technology-based inventory in a database that all technicians can access and update. The inventory should be tracked by building, and should note which computers are assigned to students, administrative staff and teachers. Once the District knows the number of student computers, it should strive to meet a 5:1 ratio of students to computers. This ratio may alleviate many of the technical problems associated with the District's current technician-to-computer ratio. (See R6.6)

MCSD should also maintain a central database for all software on its network. This database should note all warranty and licensing information. This will help ensure the District does not update data that is no longer used or purchase software already in its possession.

Recommendations on hardware and software inventory practices were also made in the 1999 Performance Audit.

MCSD contracted for an inventory of all District fixed assets in June 2005. This inventory was found to be inaccurate during the performance audit process. For example, the data inaccurately showed 383 overhead projectors in the administrative building on Fourth Street, compared to the estimated 10 that are housed in the building. Despite the inaccuracies noted, the Technology Department transferred this information to an Excel spreadsheet, hoping to improve its accuracy by adding all computers received and deleting all retired computers. However, the resulting inventory data is still inaccurate. The District does not know how many computers are in each building or the number dedicated to teachers and administrative staff. The Technology Coordinator mentioned that there are four or five computers per class room and that he planned on doing an inventory of all technology equipment in the summer of 2007. According to The Ohio Schools Technology Implementation Task Force, Districts should have one computer for every five students. Antiquated and inoperable computers in excess of this ratio should be considered for disposal.

Complaints were made on the AOS survey that many of the District's working computers were in classrooms that are no longer used, and many inoperable computers were in the classrooms that are used. This is a direct result of the District's inaccurate computer inventory.

MCSD has not created a central database for the software it currently owns. Because the District does not have a central database for software, it has renewed licenses for software that was purchased but never installed. The implementation of an accurate central database would help to ensure it only renews and updates software that is in use and in need of an update.

According to *How to Manage Your Technology Assets Effectively*, (eSchool News Online, 2001), the inventory tracking system must be easily updated by many people so that data entry does not become an information bottleneck. Staff members need to reconcile information in the system with a physical inventory on a regular basis. This will help remind all employees that they need to keep information up to date, and will uncover problems while there is still time to solve them.

Thirteen Tech Support Strategies (Henderson, 2005) notes that a district should develop a database that stores information about every computer, software title, printer, digital camera/camcorder, scanner, PDA, TV, VCR, DVD player, network drop, and static IP address on campus. Keeping track of hardware and software is important for copyright enforcement, report generation, and most importantly, decision making (regarding purchasing).

An accurate inventory would enable the District pinpoint the working computers and replace the non-working computers. It would also ensure the District's computer replacement plan is executed properly. Furthermore, an accurate database with the proper information will enable the District to avoid costly fines resulting from expired software licensing agreements, and permit better planning for the allocation of staff and support. This recommendation could be implemented in-house at no additional cost to the District.

Planning and Budgeting

R6.2 MCSD should improve technology planning and budgeting by better linking the District's technology plan to its strategic plan (see R2.3) and annual budget. A Technology Committee should be formed and involved in developing the technology plan. The committee should also perform annual assessments to formally update the plan to reflect any unexpected funding and expenditure changes. The technology plan should be supported by the District, ensuring committed short and long-term funding.

MCSD should ensure that its technology plan:

- **Is assessed and updated annually;**
- **Includes a provision that requires equitable distribution of technology resource allocation and anticipates growth and advances in technology;**

- **Identifies the technology needs for all District schools;**
- **Identifies specific funding sources;**
- **Includes procedures for cost effective technology acquisition;**
- **Notes areas where the District has taken advantage of opportunities to improve technology operations, increase efficiency and effectiveness, and reduce costs;**
- **Identifies the individual(s) responsible for implementing and updating the technology plan;**
- **Includes procedures for the investigation of grant opportunities for technology funding and stays current with State and federal funding initiatives; and**
- **Contains a formal replacement plan outlining at what age District computers should be replaced.**

MCSD should ensure that all changes made to its technology plan are based on collaboration among the Board, technical, and management personnel. When the technology plan is finalized, it should be submitted to the Board for approval.

A recommendation to improve planning for technology was also included in the 1999 Performance Audit.

According to *Technology Planning: A Recipe for Success* (National Center for Technology Planning (NCTP), March 1994), a technology plan has the potential to provide directions for success. NCTP also states that the plan is merely the physical manifestation of a major planning effort that is focused on improving all segments of instruction, using technology in a natural infusion process.

A sound technology plan helps an organization effectively use current technology and be in position to accurately budget for, and purchase technology in the future.

MCSD has a technology plan, approved in FY 2003-04 and effective through FY 2005-06, that includes several best practices. **Table 6-2** compares MCSD's technology plan to the best practices catalogued by OPPAGA.

Table 6-2: MCSD Technology Plan vs. Best Practices

Mansfield CSD Technology Plan	Best Practice
Yes	1. The district has a board-approved technology plan that addresses both administrative and instructional technology. (Basic Indicator)
No	2. The district annually conducts an assessment to identify district and school-level technology needs.
1.1	3. The district has solicited and used broad stakeholder input in developing the technology plan.
No	4. At a minimum, the district technology plan addresses the subjects below: Equitable resource allocation, anticipating growth and technology advances Individual school technology needs Funding for technology Cost-effective acquisition Professional development for technology users Technical support needs of users Infrastructure and network communication, including community access issues Information management and delivery
No	
No	
No	
2.5	
3.3, 4.1	
4.1, 4.2	
4.3, 4.4	
Ohio SchoolNet Certified	5. The technology plan is compatible with state reporting requirements and aligned with federal initiatives.
Phase 1 thru 5	6. The objectives in the technology plan are measurable and reflect the desired outcomes for educational and operational programs.
5.0	7. The district's annual budget provides funds for major technology initiatives as reflected in the plan.
No	8. The district has taken advantage of opportunities to improve technology operations, increase efficiency and effectiveness, and reduce costs.
No	9. The district has identified an individual(s) responsible for implementing and updating the technology plan.
No	10. The district investigates grant opportunities for technology funding and stays current with state and federal funding initiatives.

Source: MCSD Educational Technology Plan for MCSD and OPPAGA Best Practice Indicators

eTech Ohio serves as the State's certifying entity for Ohio public school district technology plans. All Ohio public school district technology plans must be submitted for review and approval through the eTech web site. Although MCSD's technology plan meets the requirements set forth by eTech for approval of its plan, it does not meet many best practices as displayed in **Table 6-2**. It should be noted that on May 1, 2006, eTech Ohio began to require all districts use its online Planning Technology Tool (TPT) Version 3 (v3). This version differed from Version 2.5 (the prior TPT) in that districts are no longer required to submit a plan which includes the identifying, monitoring, evaluation and revision processes phase (Phase 6). As a result, MCSD's Technology Plan for FY 2006-07 through FY 2008-09 does not include evaluation and assessment provisions that were included in the previous plan. The omission of best practices in the areas highlighted in **Table 6-2** could have the following impact:

- If the plan is not assessed and updated on an annual basis, MCSD will not be able to identify any areas that may be exceeding goals or are ahead of planned implementation dates. In addition, the District may not be able to identify those areas that are severely behind plan and may benefit from additional focus or resources.
- If the equitable distribution of technology resources is not required, some District buildings may have far greater technology resources than others. Although truly equitable distribution is not reasonable due to program requirements and building make-up, stipulations should be noted detailing why increased technology was provided to certain buildings within the District.
- In the absence of specific funding sources, MCSD's stakeholders and technology decision makers do not have access to formal information with which to assess fluctuations in technology funding sources.
- If procedures are not included for cost effective technology acquisition, MCSD runs the risk of incurring excess technology expenditures that could have been avoided by following purchasing guidelines.
- If areas are not included in which the District has improved operations, increased efficiency and effectiveness, and reduced costs, MCSD may not be in optimal position to identify these areas in the future, especially in instances of managerial turnover.
- If individual(s) responsible for updating and implementing the technology plan are not identified, MCSD may use an inefficient process and issues concerning the technology plan may not be effectively communicated to the proper individual(s) or department.
- If procedures for the investigation of technology grant opportunities are not included, MCSD may bypass significant resources available to expand or improve technology and achieve goals presented in the technology plan.

Finally, MCSD's technology plan does not include a formal computer replacement plan. The absence of a replacement plan may reduce the District's ability to identify computers that need to be replaced and prevent it from allocating sufficient funds to replace those computers that have reached the designated threshold. As a result, the District may be left with older, obsolete equipment. Developing a computer replacement plan would result in a financial impact to the District. However, because MCSD can not accurately identify its computer inventory, a financial implication could not be calculated.

R6.3 MCSD should actively budget for its technology needs. In an effort to accomplish this goal, the District should ensure the accuracy of the plan sent to eTech Ohio. The expenditures on the budget plan should reflect what the District is reasonably expecting to spend. Increasing the level of accuracy in the budgeting process will help the administrative staff in the District make more informed decisions when purchasing technology-related items.

MCSD does not link the annual budget to its comprehensive technology plan. This is evident when comparing the Educational Software Budget and the Technology Staffing/Support Budget from the technology plan with the actual expenditures from FY 2005-06. According to the Texas School Performance Review (Texas Comptroller of Public Accounts, 2003), direct funding should be committed to each goal in the plan.

Table 6-3 shows the District's FY 2005-06 technology expenditures and the projected expenditures for FY 2006-07, FY 2007-08, and FY 2008-09.

Table 6-3: MCSD's Current Technology Budget and Plan

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	Total
Network/Telecommunications ¹	\$290,000	\$393,000	\$400,000	\$350,000	\$1,143,000
Access to Technology ²	\$490,000	\$221,900	\$200,000	\$150,000	\$571,900
Shareholder Access to Educational Information Applications	\$85,000	\$100,000	\$110,000	\$122,000	\$332,000
Educational Software	\$383,000	\$300,000	\$250,000	\$200,000	\$750,000
Security ³	\$20,000	\$75,000	\$100,000	\$115,000	\$290,000
Technology Staffing/Support	\$339,000	\$391,000	\$403,000	\$415,000	\$1,209,000
Professional Development	\$20,000	\$30,000	\$35,000	\$40,000	\$105,000
Consumables	\$85,000	\$110,000	\$120,000	\$100,000	\$330,000
Additional	\$30,000	\$30,000	\$35,000	\$40,000	\$105,000
Total	\$1,742,000	\$1,650,900	\$1,653,000	\$1,532,000	\$4,835,900

Source: MCSD's Technology Plan

¹Infrastructure necessary to support computing technology.

²To address student and teacher access to computing technologies.

³Security of information systems

As noted in **Table 6-3**, the in current Technology Budget and Plan, Educational Software and Technology Staffing are \$383,000 and \$339,000, respectively. These categories do not match the actual expenditures noted on the Technology Budget accounts.

Failure to link the District's annual budget to its comprehensive technology plan has led to excessive spending on low priority items. Planning with budgetary constraints in mind is of utmost importance due the financial condition of the District. Linking the budget to the technology plan will provide a tool that will enable the Board and administrative staff to make more informed decisions regarding to the Technology Department.

Grant Seeking

R6.4 MCSD should implement a grant seeking policy to encourage application for additional State and federal technology grants. The District should also ensure sufficient staff resources are in place to monitor the receipt and expenditure of these grants. The Board should formally designate an employee of the District to devote a portion of their time to grant-seeking and grant-writing responsibilities, using publications and web sites such as techlearning.com, eschoolnews.com, and ed.gov.

The Technology Coordinator, the secretary, and the Chief Operating Officer (COO) are all responsible for seeking and writing technology grants. Because these individuals have other responsibilities, little of their time is spent seeking technology grants and some of the grant seeking process may be duplicated. According to the Technology Coordinator, the amount of grant funding the District receives has declined dramatically over the past several years because the District does not have a position dedicated to seeking grants. The implementation of a grant seeking policy will enable the District to better monitor grant opportunities and, potentially, obtain additional revenues for technology implementation.

According to eSchool News Online (2001), it is essential for Districts to coordinate grant seeking efforts so duplication is avoided. By not designating an employee to search for grants, the District may be foregoing new technology, or it may be paying for new technology that could be covered by grants.

Staffing Allocations

R6.5 MCSD should include technical support ratio goals in its strategic plan. In addition, the District should add measurable response time indicators with the goal of improving those times. Accurate inventory listings (see R6.1) and response time tracking (see R6.6) are paramount to the equitable allocation and efficiency of resources. Staffing allocations for technical support must be tied to the District's overall goals and objectives. Resource allocations should fluctuate with changes in user populations.

The 2006 BETA teacher survey data, as seen in **Table 6-4**, illustrates that teachers are primarily relying on the District support staff to resolve technological issues.

Table 6-4: Technical Support Providers

Technical Support Providers	MCS D	Peer District Average	Statewide Average
Technology coordinator or technician	93%	90%	91%
Student	25%	21%	19%
Another teacher	59%	53%	52%
Myself	47%	43%	43%
Other, or does not apply to me	5%	5%	5%

Source: 2006 BETA Teacher Surveys

Much like the peer districts, MCS D teachers rely more on support from the technology staff and other teachers when compared to similar districts and the statewide average. At the time of the survey, the District was not using official student assistance to supplement technology support but, teachers were still reporting that student assistance was a method for addressing technology problems.

According to the Texas School Performance Review (Texas Comptroller of Public Accounts, 2003), it is important that districts set standards for information technology staffing. For example, a district must determine how many Windows-based PCs and Macintosh computers one technician can support, how many trainers are needed per employee, and so forth. Resource allocation – especially of personnel – should fluctuate with changes in the student population, the number of administrative users and the amount of equipment in use. To make this allocation process fair and equitable, it is important that schools monitor various ratios that measure the efficiency of staff.

The benefits of setting these standards include equitable distribution of resources, fewer special requests, better budgeting capabilities, and fairer productivity standards that can be easily monitored. However, as previously mentioned, the District does not have an accurate inventory database. (See **R6.1**) In the absence of an accurate inventory tracking process, the District will not be able to effectively implement its strategic plan.

Technical Support

R6.6 MCS D should seek ways to increase the efficiency of technical support to meet users' needs in a more timely manner (see R6.1). To accomplish this goal, the District should consider rebalancing its computer and technician ratio through a targeted disposal of outdated and inoperable computers.

MCS D should also consider a more efficient work order process by requiring that trouble tickets be issued for help requests and immediately delegated to the appropriate resources. In order to strengthen its data tracking for feedback and

evaluation purposes, MCSD should send individual email surveys to be completed by the end user after the closeout of each trouble ticket. The District should then regularly evaluate this information to identify problem areas and measure performance. This recommendation was also made in the 1999 Performance Audit.

During the course of the audit, MCSD implemented an electronic work order system that allows users to send trouble tickets to their building computer technician. These tickets are tracked and worked on in the order in which they are received.

The District has historically experienced slow response times for technical problems due to a high computer to technician ratio, and a lack of training among the teachers and administrators. MCSD's inventory showed that the District's student-to-computer ratio was approximately 1.5:1. Although the MCSD inventory report was found to be inaccurate, the District's student-to-computer ratio was found to be excessive when using data contained in the BETA survey as well. Using the BETA survey data, MCSD's student-to-computer ratio was approximately 2.2:1. According to the Ohio Schools Technology Implementation Task Force, districts should have a student-to-computer ratio of approximately 5:1 (see **R6.1**). Because the District has a high student-to-computer ratio, it may be unduly burdening the Technology Department.

Table 6-5 displays MCSD's response time for technical support requests in comparison to the peer district and State averages as reported in the 2006 BETA survey.

Table 6-5: Technical Support Response Time

	MCSD	Peer District Average	Statewide Totals	Statewide Percentages
Same day	11%	28%	25,291	26%
Next day	17%	25%	22,373	23%
2-3 Working days	24%	24%	24,108	25%
4-5 Working days	18%	9%	8,247	9%
More that 5 working days	28%	12%	12,844	13%
Does not apply to me	2%	3%	2,615	3%

Source: 2006 BETA Survey

As shown in **Table 6-5**, response times at MCSD were significantly greater than the peer district and State averages. For the 2006 BETA survey, 72 percent of MCSD employees responded that wait times averaged at least two working days compared to 48 percent at the peer district and 49 percent Statewide. Written responses in the AOS Survey supported the results of this table showing that the response times are slow; however, they seem to be improving.

In *A School Administrator's Guide to Planning for the Total Cost of New Technology* (CoSN, 2001), a savvy district will provide a computer support staff member for every 500 computers in a closely managed network environment. Also, according to the Texas School Performance Review, it is important that districts set standards for information technology staffing. For example, a district must determine how many Windows-based PCs and Macintosh computers one technician can support and how many trainers are needed per employee. Resource allocation, especially of personnel, should fluctuate with changes in the student population, the number of administrative users and the amount of equipment in use. To make the allocation process fair and equitable, it is important that schools monitor various ratios that measure the efficiency of staff. The benefits of setting these standards include the equitable distribution of resources, fewer special requests, better budgeting capabilities, and fairer productivity standards that can be easily monitored.

Since the District is not able to fund additional technicians, it should consider selectively reducing the number of computers through disposal of outdated and inoperable machines. This could be accomplished over several years until the District reaches a target ratio closer to that recommended by Ohio School's Technology Implementation Task Force. By decreasing the number of District computers, starting with the problem computers, the technician's time will be more focused on the computers that are truly needed and worth repairing. Ridding the District of its excess, antiquated computers, will decrease the number of trouble tickets within the District and allow users to have greater levels of satisfaction with the Technology Department and the support provided.

Professional Development

R6.7 MCSD should create and fund a comprehensive staff development program for all staff members. Under optimal conditions, funding for training should be between 15 and 30 percent of the technology budget. Additional training will equip all users to better use the technology available to them, thereby giving the technology staff, District personnel and educators the ability to work more efficiently.

This recommendation was also made in the 1999 Performance Audit.

MCSD offers a variety of online training tutorials for all users. MCSD implemented professional development tutorials on its web site for teachers and other users to access at any time. These tutorials assist the user with the common problems they may have with applications such as ClassWorks, Excel, Final Site, GroupWise, Living with Science, Mavis Beacon, Plato, PowerPoint, Progress Book, Read180, and WebQuests.

MCSD also offers training alliances for users to develop and implement their knowledge of the District's technology. The Fundamentals Alliance is offered for teachers to acquire

a greater understanding of technology uses in the classroom. The New Teachers Alliance helps newly hired teachers become familiar with the technology resources available to them. The Administrators Alliance is geared towards developing administrative staff members' technology skills needed for professional growth. The Innovations Alliance builds on the Fundamentals Alliance, giving teachers advanced knowledge to implement technology in the classroom. The Summer Alliance assists teachers in sharpening their technology skills. The Online Alliance is for those staff members that want to sharpen skills on their own.

MCSD offers a New Hire Training Alliance for all newly hired administrative or certificated staff. The desired outcome of this training is to give all involved an overview of all technology available to them and gives the users the ability to overcome common technical problems that may arise. MCSD's technical staff is expected to train for 40 hours a year; however, the 40 hour training requirement is not mandated by the District.

As shown in **Appendix 6-A: Employee Survey Responses**, responses indicate an overwhelming need for more Professional Development among District staff. These results may be directly tied to the Districts Professional Development budget. **Table 6-6** shows MCSD's professional development expenditures compared to total expenditures.

Table 6-6: MCSD Professional Development Expenditures as % of Total

	FY 2005-06	% of Total	FY 2006-07	% of Total	FY 2007-08	% of Total	FY 2008-09	% of Total
Professional Development	\$20,000	1.2%	\$30,000	1.9%	\$35,000	2.2%	\$40,000	2.7%
Total Technology Department	\$1,742,000		\$1,650,900		\$1,653,000		\$1,532,000	

Source: MCSD technology plan

As shown in **Table 6-6**, MCSD does not plan to allocate more than 2.7 percent of its technology budget towards professional development programs in the four-year period displayed. *Taking TCO to the Classroom* (CoSN, 2001) recommends that a district devote between 15 and 30 percent of its technology budget to the professional development of all staff. MCSD does not plan to meet the CoSN recommended 15 to 30 percent budget allocation. CoSN states that the professional development allocation is arguably the most critical for a district to achieve its technology goals. Of equal importance to the allocation of the budget towards professional development is the quality of the professional development program that is provided. International Society for Technology in Education (ISTE) provides different classifications for professional development programs ranging from low to high efficiency. If teachers and other staff members understand new technologies and how to incorporate them into the classroom, a district's technological investment is more likely to meet its desired results.

The failure to allocate the recommended level of funding to professional development may result in a declining level of expertise among the technical support staff. Having a well-trained staff will reduce the number of technical help calls to the technicians and thereby decrease the demand for technicians' time.

Student Support

R6.8 MCSD should create a student technology support program. In doing so, the District should consider consulting with Ohio SchoolNet to gain information on districts that have created student support programs under the Ohio Educational Technology Support and Management Grant (OETSMG) and use these successful districts as model programs. MCSD should seek to staff a student program on a volunteer basis and should assign students to provide support in troubleshooting, equipment set-up and wiring, technical maintenance, and teacher assistance.

MCSD does not have a student support program. The Technology Coordinator stated that the District had a negative experience in the past and does not have the staff to supervise student workers. The absence of a student support program, however, may deter MCSD and its students from accessing valuable work training benefits. First, MCSD students are prevented from gaining experience in the technology field. Second, MCSD is not taking advantage of low cost technology support that is readily available from interested and capable students which may increase technology support costs and reduce support levels.

In 2001, Ohio SchoolNet identified school districts that were realizing several positive benefits by involving students in school technology support activities. The purpose was to learn from their experiences and share those processes, results, policies and other information across the State. Subsequently, in 2003, Ohio SchoolNet implemented the OETSMG program which identified districts that had strong technology support and management tools and processes in place, some of which involved the use of students as technology supporters.

A Guide to Student Technology Intern Programs in K-12 Schools, (Ohio SchoolNet, 2004), outlines several student intern programs. The two most viable options for MCSD are volunteer student technology workers and paid student technology workers. A volunteer student technology worker program would allow the District to identify a cadre of talented and reliable young people and then form a team of assistants who can grow into increasingly responsible support staff. Work sessions can be scheduled for these volunteers during a study hall period, some other open portion of their school day, or after regular school hours.

A student technology program would provide student participants with either course credit or monetary compensation. Not only would these students receive course credit or

monetary compensation for their time, but they would also develop life skills and invaluable experience that they could use in almost any career they choose. Generally the students chosen are more experienced, productive students in their junior or senior years of high school. Such student workers require formal supervision and generally report directly to the coordinator of technology for their school or district. Because they are compensated, these students are given increased levels of responsibility, performance standards, and training. Implementation costs would vary depending on the type and scope of program implemented. However, if MCSD provided class credit to student technicians and sought grant funding for the program, it could potentially implement the program without additional cost to the General Fund.

Computer Replacement

R6.9 MCSD should employ web-based tools to capture the Total Cost of Ownership (TCO) related to its technology expenditures and develop consistent policies and procedures to replace computers regularly. The District should take into consideration that the initial purchase price of hardware and software is only a minor portion of the expenditures MCSD should expect to incur in subsequent years. As a result, the technology plan should include the estimated costs of professional development, maintenance, operations and administration, upgrades, and retrofitting for the computer being purchased. By incorporating these TCO estimates, administration and community stakeholders could all understand the financial implications associated with failure to replace equipment.

MCSD does not assess the long-term costs of purchasing particular hardware and software. The Technology Coordinator stated that the District depreciates computers over a five year period. If a computer in the third or fourth year of ownership is in need of major repairs valued at more than 20-30 percent of the cost of a new computer, the District will dispose of and replace the computer.

The purpose of TCO budgeting is to capture the potentially high but sometimes hidden costs associated with supporting aging and often diverse machinery across multiple operating systems. TCO not only takes into account the apparent costs for hardware, software, replacements, upgrades and retrofitting, but also takes into account the costs such as professional development, maintenance, operations and administration that may not be as apparent to district administrators, board members, and the community.

According to the Consortium for School Networking (CoSN), in factoring the TCO, one should consider that only 30 percent of the total cost of owning a computer system is the initial purchase of hardware, software and peripherals. Seventy percent of the ownership cost goes to technical support, training and upgrades.

By failing to consider the TCO of each computer, the District may be overlooking a majority of the computer's costs when purchasing a new machine. MCSD should use a tool such as the CoSN-Gartner TCO tool to learn how much it will actually need to budget for equipment beyond the initial purchase price. This tool can be accessed at www.cosn.org.

Job Descriptions

R6.10 MCSD should have updated job descriptions for all Technology Department employees. All staff should have clear guidelines for their job responsibilities. Job descriptions should be updated to reflect changes in duties, relevant knowledge, skills, and abilities required to perform the job functions. Accurate and current job descriptions should then serve as criteria for evaluating employee performance.

Although MCSD has job descriptions for each position in the Technology Department, they are not up to date and they do not state specific tasks each position should accomplish. According to *How to Write Job Descriptions the Easy Way*, (Business and Legal Reports, Inc., 1993), organizations should have a formal schedule for reviewing all job descriptions, preferably at least once a year. Maintaining up-to-date job descriptions is important because they facilitate effective human resource management in the following ways:

- Clarify duties and define relationships between individuals and departments;
- Help the jobholder understand the relative importance of tasks and level of accountability;
- Provide information about the knowledge, training, education, and skills needed for a job;
- Help minimize conflicts and improve communications by telling employees what they need to know about the job;
- Help management analyze and improve the organizational structure and resource allocation; and
- Provide all this information in a completely objective and impersonal way.

Accurate job descriptions also provide a basis for performance evaluation, wage and salary surveys, and an equitable wage and salary structure. The content of the written job descriptions should include the following:

- List of tasks;
- List of decisions made;
- Amount of supervision received;
- Supervision exercised;

- Interactions with other staff;
- Physical conditions;
- Physical requirements; and
- Software or other equipment used.

MCS D should use the criteria listed above to revise and update job descriptions for technology personnel. The job descriptions should be reviewed annually and new job descriptions should be maintained in an electronic format so that they can be updated easily. In light of the District's current financial condition, this recommendation should be implemented at no additional cost to the District by using human resources management tools available online or by seeking assistance from any internal employee.

Bandwidth

R6.11 MCS D should seek ways to increase its bandwidth to meet current and future needs. Given the need to increase network capacity and bandwidth, the District should consider significantly altering the makeup of its network. (See also R6.1 and R6.6)

This recommendation was also made in the 1999 Performance Audit.

MCS D uses the North Central Ohio Computer Cooperative (NCOCC) as its Information Technology Center (ITC). The NCOCC houses MCS D's ITC software and supplies the high school with the data lines needed to access the Internet. The main fiber line runs from NCOCC to the high school; the high school then runs a digital signal 3 (DS3) line to a Sprint Multiplexer which distributes T-1 lines to each school, providing internet access.

Table 6-7 shows the results of the 2006 Biennial Education Technology Assessment (BETA) Building Survey concerning the types of network technology used in District buildings.

Table 6-7: District Buildings Network Technology

	MCS D		10 District Average	State of Ohio Totals	State of Ohio Response Distribution
10 MB Ethernet - Switched/shared					
Switched	0	0%	40%	1,437	39%
Shared	0	0%	0%	745	20%
None	13	100%	60%	1,838	50%
100 MB Ethernet – Switched/shared					
Switched	13	100%	100%	3,263	89%
Shared	0	0%	0%	528	14%
None	0	0%	0%	285	8%
1000 MB Ethernet - Switched/shared					
Switched	2	15%	40%	1,560	43%
Shared	0	0%	15%	99	3%
None	11	85%	49%	2,050	56%

Source: 2006 BETA Building Surveys Q1

Note: Totals may not equal due to rounding.

As noted in **Table 6-7**, MCS D provides each of its buildings with 100mb switched Ethernet lines. It also has two buildings wired with 1000mb switched Ethernet lines. The District has fewer buildings that provide its users with 1000mb Ethernet lines than the peer average and the State response distribution. The T-1 lines are of insufficient bandwidth for the number of computers served. However, MCS D uses the maximum available bandwidth in many of its buildings. According to *Taking TCO to the Classroom* (CoSN, 2001), a TCO-savvy district plans its network to provide connections that provide enough bandwidth to manage current and future needs, especially multimedia applications.

To alleviate bandwidth problems, the Technology Coordinator plans to use optical rings that allow the District to use its available bandwidth more efficiently. This will provide a temporary, cost-effective fix to the problem. However, over the long term, the District will need to examine the number and range of computers it connects through its intranet. A slow network could inhibit the learning environment should it be used for instructional purposes.

Thin Client Implementation

R6.12 MCS D should consider implementing the network technologies it is researching, such as thin client PCs and remote management software, to reduce the need to load and manage software on individual computers. This benefits both administrators and technicians because it allows the automatic configuring, updating, and workstation and server troubleshooting from a remote location, without having to

visit each device. The use of thin client technology would also reduce downtime and minimize the amount of data lost should a disaster occur. However, the implementation of this technology would also require the District to have larger bandwidth capabilities.

During the course of the audit, MCSD implemented a remote management tool that allows the technicians to help users from a remote location.

MCSD does not use remote maintenance or thin-client technology. The use of remote maintenance allows the technicians to repair computers or laptops without being at the computer. Thin-client technology uses servers to take the place of a computer's hard drive, which would enable the District to maintain many computers while updating a server. The District is researching the future implementation of both forms of technology. When year-end computer maintenance is required, teachers drop off their laptops at the Technology Department, which may leave the technicians overwhelmed with laptops to re-image and update. The process of maintaining the District desktops is similarly overwhelming for the District technicians. The implementation of thin-client (for desktop computers) and remote maintenance technology could eliminate this tedious year-end process, save the District technicians' time and allow them to work more efficiently. This implementation should also increase the Technology Department's satisfaction rating.

According to the *Technology Support Index* (ISTE, 2005), a district is exemplary if remote management is available for all computers and is used as a primary support strategy. PC Magazine (2002) further supports this claim, stating that using thin-client technology lowers hardware costs, promotes easier client management, and improves disaster recovery by minimizing employee downtime when workstations become unavailable. Any PC can be a client since the thin-client environment requires very little processing and memory from desktop terminals. Applications and settings are on the server, enabling easier and more centralized backups. Because MCSD does not use thin-client technology or remote software maintenance, it does not benefit from the increased productivity and increased efficiency these tools can provide. Furthermore, the District's technology plan does not include the use of thin client technology in future years.

The cost to implement this recommendation could be as much as \$2 million over the forecast. However, MCSD would need to identify computers for replacement based on an accurate inventory (see **R6.1**) before estimating replacement costs.

Communication

R6.13 MCSD should use the technology available to District employees, parents and students to increase the speed and efficiency of communication. Using technology to improve communication capabilities may allow the District to reduce the number of

costly face-to-face meetings among District employees. District employees should be encouraged to check their email daily so this form of communication can be properly implemented.

The District should also put all revised, up-to-date board policies on the internet where they can easily be accessed by employees and the general public. Placing pertinent documents on the Internet not only enables employees and the general public to stay more informed, but also drastically reduces the cost of communication (see financial systems section R2.19).

MCSD uses web technologies such as the Internet, intranet, and system e-mail to enhance communication. However, the District has not adopted some of the more innovative uses of technology, such as allowing parents to enroll their children online. According to the 2006 BETA survey, 62 percent of MCSD teachers either do not have access to the Internet in their classroom or they do not post class related information on web-pages. Also, MCSD responses indicate that 63 percent of teachers in the District do not use email to communicate to parents. In each category of daily, weekly, or monthly use, only 26 percent of MCSD teachers responded that they use this medium when communicating with parents. The Technology Director noted that teachers and staff are asking for technology support regarding problems that had already been answered in previous emails. Because the District does not have a policy mandating the teachers and administrative staff check their email daily, the Technology Director concluded that the teachers and administrative staff are either disregarding their email or just not checking it, thereby overloading the technicians with unnecessary questions.

According to *Best Practices for School District Technology* (OPPAGA, 2002) a school district is using a best practice if it:

- Uses web technologies, such as the Internet and intranet sites, and email to improve and enhance communication between groups such as schools, districts, the state, parents, and the community;
- Uses e-mail to supplement communications of policies and information to schools.
- Uses email to circumvent costly meetings whenever feasible and to increase the frequency and speed of communications to parents and teachers.

According to the Texas Performance Review (TPR), the importance of communication cannot be overestimated. Communication within the District between the central office administrators and teachers is a key to good management. Communication outside the District with parents, business leaders and community organizations is vital to community support. The TPR also states that placing important documents on the

Internet will not only save the district the time and expense of publishing these documents, but will also make the documents more accessible the public.

MCS D should seek to upgrade its web site, similar to the Lakota Local School District (LLSD). LLSD uses its District web site to offer parents access to forms and detailed instructions on enrollment. Forms available on the site include registration forms for each grade level, photo permission slips, attendance policies, free and reduced price lunch forms, immunization requirements, transportation forms, and student health forms. In addition, the site lists the identification and documents needed for enrollment processing, instructions for address changes, and steps for assisting children in making the transition to the school.

MCS D could improve the use of its web site at no additional cost. Through its website, MCS D could harness a powerful communication tool which could be used to better inform parents and constituents about District activities and financial conditions. MCS D may also want to research the feasibility of implementing grade books and assignments online as many other districts have done.

Policies and Procedures

R6.14 MCS D should develop formal, uniform equipment standards, providing strict requirements on what software and hardware can be purchased. Implementing and adhering to uniform equipment standards would reduce maintenance costs and increase organizational efficiency by streamlining software purchases, increasing bulk purchase discounts, and reducing training requirements.

This recommendation was also made in the 1999 Performance Audit.

The District has no uniform equipment policies, without which, the District runs the risk of increasing expenditures for technology support and training due to varying system components and software.

In *Seven Cost Saving Strategies for the IT Funding Crunch* (eSchool News Online, 2005), it is stated that schools with standardized computer systems can save money and resources by cutting down on IT support and computer training costs. When all individuals within a district are 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. A district might also see some additional benefits related to manufacturer support.

In creating uniform equipment standards, a District should consider best practices established in the *Technology Support Index* (ISTE, 2005). **Table 6-8** summarizes these best practice criteria.

Table 6-8: ISTE Uniform Equipment Standards

Brand Selection	A district brand has been specified, and all purchases are made within that brand over an extended period of time.
Model Selection	Model selection is limited to one or two, with few variations.
Platform	One platform only is selected for district computers regardless of application. Instructional applications may be compromised.
Standard Operating System (OS)	One OS version is used district-wide, with all computers migrated to that OS.
Application Software Standard	Software standards are established and only those applications on the list are permitted on computers.

Source: ISTE

Because the District lacks policies governing the types of software and hardware, it may not be receiving optimal benefit from its technology system as productivity and efficiency may be reduced. This results from differing software and computers which cannot be efficiently supported by technical staff. Developing uniform equipment standards could result in cost savings to MCSD and help the Technology Department improve user support by limiting the types of computers supported. This practice could be implemented at no additional cost the District.

R6.15 MCSD should develop and implement policies and procedures for the procurement of instructional and administrative software. The policy should include a list of appropriate software as well as centralization of purchasing functions, enabling the District to manage its technical resources and assets in a more efficient manner. All purchase orders for computer software should be reviewed and approved by the Technology Coordinator's office. This policy would lower the costs associated with training technicians on software support, and should ultimately lower their workload as well. MCSD should also delete all unused and outdated software from the network, which will enable the network to operate at full capacity.

MCSD has software and hardware purchasing guidelines on its web site. The Curriculum Department also has policies and procedures for selecting and ordering new curriculum materials. These guidelines, however, are not always used when purchasing software. The CAO (Chief Academic Officer) noted that efforts are being made to establish policies and procedures where none currently exist.

As stated in *Computers and Peripherals* (eSchool News, 1999), computers reach their full potential only when they support those applications that are critical to a particular district or school. Schools should be wary of software bundles that offer applications that are extraneous to their needs. Not only do they not boost the cost of the system; they can actually drive the cost of ownership up by requiring greater support to resolve any conflicts that may occur with the more critical applications on which a school depends. The lure of application suites can also cause schools to buy equipment that is more advanced than they actually need. According to the Consortium for School Networking, limiting the diversity of software titles that a district uses is a way to help control other parts of the TCO equation by limiting the number of staff that will be needed to support the application and the amount of training staff members will need.

Several MCSD staff members noted that there is a lot of unused or outdated software on the system. Allowing this software to remain on the system fills needed space that would allow the system to operate at a more acceptable speed. If the District eliminated all unused software from the network, it would also decrease the risk that unneeded software would be reordered or updated. The excess, unused software on the network not only reduces system operating speeds, but also increases the workload of the District's technicians, thereby lowering their productivity levels.

R6.16 MCSD should develop and implement a policy governing the donation of hardware and software to the District. The policy should map out goals, criteria and technology specifications, as well as, processes for handling donations. The policy should be linked to the District's uniform equipment policy to ensure any donations are compatible with MCSD's existing hardware and network and whether any donated computers will run MCSD's core instructional programs.

The District has no policy on equipment donation. The Technology Coordinator stated that the District has accepted donations in the past but it created more problems than benefits because of the work involved with preparing the computers for District use.

According to *Seven Cost-Saving Strategies for the IT Funding Crunch* (eSchool News Online), issues to consider when implementing a donation program include compatibility with an organization's existing hardware and network, and whether the computer will run an organization's core instructional programs or access the Internet at an acceptable speed.

Best practices for creating a donation policy are provided by eSchool News Online. These state that schools need a policy that maps out goals, criteria and technology specifications. Processes for handling donations, from identifying a single point person or department to take phone calls and requests, to picking up, cleaning up, and delivering the computers to schools should be spelled out. Key issues to consider when

implementing a donation program include compatibility with existing hardware and network, and whether the computer will run a district's core instructional programs or access the Internet at an acceptable speed.

MCSD may not be accessing good, free technical equipment because of its reticence to accept donated equipment. Lack of a formal policy or practice of accepting donations may result in the District bypassing potential free or low cost equipment or software.

R6.17 MCSD should develop a formal policy for the proper disposal of computer equipment. The policy should ensure that the District does not violate the Resource Conservation and Recovery Act (RCRA) or other State environmental requirements related to the disposal of computers. The policy should also outline inventory timelines and disposal options. MCSD should identify a specific employee responsible for the tracking and disposal of equipment. When creating the policy, MCSD should be particularly cognizant of sensitive information contained on computer hard drives and should outline strict guidelines to govern the erasure of this information.

MCSD has no formal policy governing the disposal of technology-related equipment. During the course of the audit, the Technology Coordinator stated that he had developed a disposal policy that was in draft form and in use, but had yet to be approved by the Board. Although MCSD reportedly can dispose of its equipment in an environmentally safe and cost effective manner through a local or State program, details of the practice were not available. In FY 2006-07, MCSD donated almost 200 old computers and over 300 monitors to a local non-profit program.

After upgrading computer systems, most organizations store their old computers, which serve as backup equipment in case newer computers break down. These old computers often sit in storage well beyond their potential useful life. At some point, a decision must be made about disposal of this equipment. Continuing to store it is often not a viable option, because it eventually takes up a considerable amount of space. The least desirable option is to discard old computers in the garbage which leaves the District vulnerable to potential liabilities and disposal costs imposed by State and federal environmental agencies, and the possibility of someone removing hard drives and recovering sensitive data. The three better options are to reuse, recycle, or trade-in.

- **Reuse** - The term "reuse" refers to giving (or selling) computers to someone or some other organization. Computers are often sold on a secondary market, given (or sold) to employees, or donated to charitable organizations and schools.

- **Recycle-** Depending on the state, recycling computers can be simple or difficult. In states that have bans on landfills (California, Massachusetts, and Minnesota), recycling programs are well organized. Ohio has a recycling program in place.
- **Trade-in-** Most major computer manufacturers have trade-in programs. Recent proposed state legislation has forced manufacturers to implement trade-in programs. For example, California has proposed legislation that would require manufacturers that sell any computer within California to develop, finance, and implement an “e-waste recovery system” for the collection, handling, transportation, processing, recovery, reuse, and recycling of the devices sold by that producer.

As MCSD does not currently have a Board-approved disposal policy, it is more vulnerable to the theft of confidential data, such as social security numbers, birth dates and addresses. MCSD may also be incurring unnecessary disposal costs because it has not taken advantage of recycling programs. The District’s inability to dispose of outdated equipment in an efficient manner may also be related to the high number of older computers reportedly in the District’s inventory.

Appendix 6-A: Technology Survey

An employee survey was completed by 335 MCSD employees during the course of this audit. The purpose of the survey was to obtain employee feedback and perceptions of customer service and other technology-related issues. The survey solicited responses to statements concerning technical support. Survey responses were made on a scale of 5 to 1: where 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. **Table 6-A** illustrates the results.

Table 6-A: AOS Technology Survey Results ¹

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
Users know all major software functions used in their department.	9% (23)	29% (77)	15% (40)	23% (61)	2% (6)	23% (63)	2.88
Software meets the needs of the users.	8% (21)	22% (60)	18% (49)	29% (80)	1% (4)	21% (58)	2.98
Software is used effectively and efficiently.	10% (26)	23% (62)	21% (58)	23% (61)	1% (3)	23% (61)	2.88
Users can get help when needed.	7% (18)	15% (40)	17% (47)	31% (84)	8% (21)	23% (61)	3.30
Users know all major software functions used in their department.	9% (25)	34% (94)	18% (48)	21% (58)	3% (7)	15% (42)	2.81
Software meets the needs of the users.	9% (26)	24% (67)	21% (57)	28% (76)	3% (9)	15% (39)	2.98
Software is used effectively and efficiently.	10% (28)	25% (68)	22% (61)	25% (68)	3% (7)	15% (41)	2.94
Users can get help when needed.	9% (24)	19% (52)	19% (52)	30% (83)	10% (27)	13% (36)	3.23
Administrative/office software training meets user needs.	5% (15)	16% (46)	28% (80)	22% (62)	5% (13)	23% (66)	3.31
Instructional / Classroom software training meets user needs.	7% (20)	24% (67)	21% (59)	31% (88)	6% (17)	11% (31)	3.15
Training facilities meet user needs.	5% (13)	17% (48)	24% (68)	38% (106)	7% (20)	10% (27)	3.38
Training programs are useful.	4% (11)	13% (36)	18% (51)	45% (126)	13% (37)	8% (21)	3.63
Users feel more training is needed.	1% (2)	5% (15)	14% (40)	41% (116)	29% (81)	10% (28)	4.14

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	No Opinion	Response Average
Computer systems are reliable.	20% (55)	36% (102)	13% (38)	27% (77)	2% (6)	1% (4)	2.61
Speed of data processing is satisfactory.	13% (38)	25% (70)	20% (55)	37% (105)	2% (5)	3% (9)	2.99
Access to a printer is adequate.	6% (16)	16% (46)	9% (26)	56% (158)	11% (31)	2% (5)	3.56
Systems contain accurate and complete data.	7% (21)	24% (67)	24% (69)	34% (96)	3% (9)	7% (20)	3.23
Data from computer systems is useful for decision making or monitoring.	8% (23)	18% (51)	23% (66)	36% (101)	5% (15)	9% (26)	3.40
Technical assistance department is easily accessible.	6% (17)	23% (64)	15% (42)	48% (135)	7% (20)	1% (4)	3.32
Requests for assistance are answered in a timely manner.	6% (17)	24% (67)	20% (57)	42% (118)	7% (20)	1% (3)	3.23
Computer repair services are easily accessible.	7% (21)	27% (77)	19% (54)	37% (104)	6% (16)	4% (10)	3.17
Computer repair requests are answered in a timely manner.	8% (22)	30% (84)	17% (49)	36% (101)	5% (15)	4% (11)	3.13
Technology staff is able to solve hardware problems.	3% (9)	9% (25)	18% (52)	54% (153)	11% (31)	4% (12)	3.74
Number of technology personnel is adequate to provide support.	23% (64)	40% (113)	13% (36)	19% (53)	1% (4)	4% (12)	2.49
I am satisfied with the technical assistance provided by the District.	10% (27)	28% (79)	23% (66)	31% (88)	4% (12)	4% (10)	3.03
Electronic mail is widely used.	3% (9)	11% (31)	10% (27)	56% (157)	18% (52)	2% (6)	3.82
The internet is used to access information.	2% (7)	11% (30)	13% (36)	51% (145)	18% (51)	5% (13)	3.86
I use the District's intranet to access information or stay informed.	2% (5)	8% (22)	7% (21)	57% (160)	24% (69)	2% (5)	4.00
District building administration supports the integration of technology into the curriculum.	2% (5)	10% (27)	15% (43)	49% (138)	21% (59)	4% (10)	3.88

Source: MCSD employee responses as recorded by the AOS survey during the course of the audit

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

Appendix 6-B: Summary of Objectives for Technology

The objectives used to evaluate the technology function are as follows:

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

Appendix 6-C: 1999 Performance Audit Recommendations and Implementation Status

Table 6-C summarizes the 1999 Performance Audit recommendations and their implementation status. Each recommendation was categorized as implemented, partially implemented, not implemented, or no longer applicable.

Table 6-C: 1999 Performance Audit Recommendation Status

Recommendation	Implementation Status
R6.1 The District should establish a full-time chief information officer position that reports directly to the superintendent.	This recommendation was not implemented.
R6.2 Creation of an organizational structure that will allow melding of business and instructional goals into one focused effort for technology to be managed efficiently and effectively.	The district restructured the organizational structure of technology department.
R6.3 The District should consider hiring 2 technicians to lower its computer to technician ratio to 300 to 1.	This recommendation was implemented.
R6.4 The District should consider discontinuing the supplemental contracts for sysops.	This recommendation was implemented.
R6.5 The District should continue the process of training on individual to serve as the EMIS coordinator.	This recommendation was implemented.
R6.6 The District should create a full-time network administrator position.	This recommendation was implemented however this position is not filled at this time.
R6.7 The District should develop a comprehensive long-term strategic technology plan that incorporates business operations, student information and instructional systems.	This recommendation was partially implemented. (see 2007 R6.2)
R6.8 The District should consider expanding the functions of the technology steering committee.	This recommendation was not implemented
R6.9 The District should Develop and enforce written standards for hardware, network operating systems and software such as office automation packages and electronic mail.	This recommendation was not implemented. (see 2007 R6.14)
R6.10 The district should develop a comprehensive computer use policy adopted by the school board that addresses the use of district equipment by staff and students.	The District implemented this recommendation.
R6.11 The District should develop a central database and develop a comprehensive list of software licenses.	This recommendation was not implemented. (see 2007 R6.1)
R6.12 The District should consider designing a database template to be used by the CSC to maintain a technology equipment inventory list.	This recommendation was not implemented. (see 2007 R6.1)

Recommendation	Implementation Status
R6.13 The District should track warranty information for computer hardware in a centralized automated system.	The district currently tracks warranty information on an excel spreadsheet.
R6.14 The District should review all outstanding work order forms for technology equipment and authorize them for repair. A prioritized list should be developed to ensure that the most critical equipment is repaired first.	The district implemented this recommendation. (see 2007 R6.6)
R6.15 The District should consider centralizing their help desk services.	This recommendation was implemented.
R6.16 The District should perform an analysis of its network structure to determine how the network will support existing and future applications like email and internet access.	This recommendation is no longer applicable.
R6.17 The District should establish procedures to monitor the WAN and local area networks on a daily basis as soon as network upgrades are complete.	This recommendation was implemented.
R6.18 The District should increase its use of technology by completing connectivity to building food service areas and acquiring and implementing other food service software that can help in daily management of their food service operations.	This recommendation may not be applicable for the technology section.
R6.19 The District should consider establishing a web site to improve the quality and quantity of information provided to external individuals interested in the District such as the community members and the parents.	This recommendation was implemented.
R6.20 The District should increase Internet access for teachers and students throughout the district.	This recommendation was implemented. (see 2007 R6.11)
R6.21 The District should consider developing a district wide intranet.	This recommendation was implemented.
R6.22 The District should continue to develop a central staff development program for technology.	This recommendation was partially implemented. (see 2007 R6.7.)
R6.23 The District should develop a technical training and career development program.	This recommendation was made. (see 2007 R6.7)
R6.24 The District needs to immediately make assessments to insure they are prepared for the Year 2000.	This recommendation is no longer applicable.

District Response

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

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Lloyd D. Martin, Ph.D., Superintendent
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May 30, 2007

Auditor of State
Mary Taylor, CPA
88 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor Taylor:

Thank you for providing copies of the discussion draft of the Performance Audit to the Mansfield City Schools Board of Education and Leadership Team. Having this review of our efficiency at no cost to the district was welcomed.

The Mansfield Board of Education has taken many of the recommendation made during the audit process and implemented them due to our serious financial condition. Many certified, classified, and administrative staffing cuts have been implemented based on the data proved during the audit. In addition the Board has acted to close three current school buildings and one administrative building. Some additional cuts may be necessary as we continue to project shortfalls in our financial forecast.

Mansfield City Schools appreciates the work done by the auditors as evidenced in the report. The Performance Audit recognizes some of the best practices the district operates, which emphasizes our drive to operate effectively and efficiently. At the same time, the district recognized that additional improvements must be implemented. Mansfield City Schools will thoroughly review each recommendation and implement those items that provide a realistic cost savings or efficiency improvement.

Sincerely,

A handwritten signature in black ink, appearing to read "Lloyd D. Martin".

Lloyd D. Martin, Ph.D.
Superintendent

MISSION - Every child who enters our schools will meet or exceed local and state standards. Every child will receive the appropriate support required to grow and succeed academically, socially, and emotionally.

WE ARE AN AFFIRMATIVE ACTION AND EQUAL OPPORTUNITY EMPLOYER