



Mary Taylor, CPA
Auditor of State

SPRINGFIELD CITY SCHOOL DISTRICT
PERFORMANCE AUDIT

JUNE 12, 2008



Mary Taylor, CPA

Auditor of State

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

In December 2007, the Springfield City School District (SCSD or the District) contacted the Office of the Auditor of State (AOS) seeking assistance in developing cost savings to help tailor its expenditures to remain within projected revenues. Pursuant to ORC §3316.031 and ORC §3316.042, a performance audit was initiated in January 2008. Based on discussions with District officials, staffing and salaries, student data management, building utilization, energy management, and food service operations were assessed. Improvements in these areas can assist SCSD in eliminating the conditions which brought about the declaration of fiscal emergency.

The performance audit contains recommendations which identify the potential for cost savings and efficiency improvements. 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 options independent of the performance audit.

An executive summary has been prepared which includes the project history; a district overview; the scope, objectives and methodology of the performance audit; key recommendations, and a summary of financial implications. This report has been provided to SCSD, 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 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, CPA
Auditor of State

June 12, 2008

Executive Summary

Project History

Ohio Revised Code (ORC) § 3316.042 permits the Auditor of State 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. On January 20, 2005 the Auditor of State (AOS) placed the Springfield City School District (SCSD or the District) in fiscal watch after certifying a projected deficit of \$7,554,000 for the fiscal year ending June 30, 2005. Fiscal emergency was declared on February 28, 2005 after the Board of Education of the Springfield City School District (“the Board”) passed a resolution stating that it could not develop a recovery plan to remain solvent without relying on the passage of a new levy. In October, 2005, AOS released its second performance audit of SCSD.¹

On July 17, 2007, the SCSD and its Financial Planning and Supervision Commission requested that AOS determine if fiscal emergency conditions still exist. In December 2007, the District also contacted AOS seeking assistance in developing cost savings to meet its forecast commitments. Based on research and discussions with District officials, the following areas were selected for further assessment:

- Staffing and Salaries;
- Student Data Management;
- Building Utilization;
- Energy Management; and
- Food Service Operations

Overview

The boundaries of SCSD encompass 17.6 square miles within the City of Springfield in Clark County. The District’s FY 2007-08 enrollment was 7,854, which represents a 5.5 percent decrease from the prior year. District enrollment has been consistently declining for the past several years (see **Table 3-1 in facilities**). The District operates 10 elementary schools, 4 middle schools, and an alternative school. All of these schools were recently constructed as part of an Ohio School Facilities Commission project that was completed in FY 2005-06. In FY 2007-08, the District operated two high schools, however in FY 2008-09 the two schools will be consolidated and a newly constructed high school will open.

¹ AOS initially completed a performance audit of SCSD in 1998.

Since February 2005, the District has been in a state of fiscal emergency and subject to the oversight a Financial Planning and Supervision Commission. While in fiscal emergency, SCSD has developed and implemented a financial recovery plan resulting in substantial staff reductions and other cost saving initiatives. According to ODE, the District spent \$9,280 per student in FY 2006-07 which was below the State average of \$9,586. Also in FY 2006-07, the District met 3 of 30 State performance indicators and remained in academic watch.

Objectives

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

The overall objective of this performance audit is to assist the SCSD in identifying strategies to eliminate the conditions that brought about the fiscal emergency declaration. Specific objectives are listed in **Appendix 1-A**.

The performance audit was designed to develop recommendations that provide cost savings, revenue enhancements, and/or efficiency improvements. The recommendations comprise options that the District can consider in its continuing efforts to stabilize its financial condition.

Scope and Methodology

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

Audit work was conducted between January and April 2008 and data was drawn from the most recent fiscal year available. To complete this report, the auditors gathered a significant amount of data pertaining to the SCSD, conducted interviews with key administrators then reviewed and assessed the available information.

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 SCSD was solicited and considered when assessing the selected areas and framing recommendations. Finally, the District provided verbal and written comments in response to various recommendations, which were taken into consideration during the reporting process. Where warranted, the audit report was modified based on the District's comments.

Throughout this report, comparisons are made to the ten highest performing districts in the ODE similar district grouping. These school districts were selected because they are similar demographically, have above-average academic achievement; and successfully manage their costs. The data obtained from the comparison school districts was not tested for reliability, although it was reviewed in detail for reasonableness. Furthermore, external organizations and sources were used to provide comparative information and benchmarks, such as the following:

- Ohio Department of Education
- Ohio Revised Code
- Ohio Administrative Code
- American School and University Magazine
- National Center for Education Statistics
- United States Department of Energy
- National Food Service Management Institute
- Government Finance Officers Association

Information used as criteria (benchmarks or leading practices) was also not tested for reliability.

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

Conclusions and Key Recommendations

The performance audit contains several recommendations pertaining to SDSD. The following are the key recommendations from the report:

In the area of staffing, SCSD should:

- Consider making the following staffing reductions:
 - 5 FTE Education Service Personnel (ESP) Teacher positions to bring the District in line with the peer district average.
 - 3 FTE library aides to bring the District in line with the peer district average.
 - 7 FTE Special Education Teacher positions to bring the Districts special education teacher to student ratio in line with the peer district average.

In the area of building utilization, SCSD should:

- Fully implement previous performance audit recommendations and develop a comprehensive facilities master plan. The plan should be approved by the Board and include all the data collected to date, as well as strategies, costs, and timeframes for implementing the HB 264 Program, improving building utilization rates, and strategically divesting SCSD of unused property.
- Close a middle school as soon as possible to accommodate enrollment declines, reduce costs, and increase building utilization rates. In addition, the District should consider moving its administrative offices to an under-utilized building when South High School is closed, to use excess capacity and bring building utilization rates more in line with the industry benchmark of 85 percent.
- Work with the facilities planning committee to close another school in FY 2011-12 if enrollment continues to decline.

In the area of food service operations, SCSD should:

- Develop a strategic plan for its food service operation with specific goals and objectives and performance measures. Goals and objectives should support and be consistent with other District-wide planning efforts. Based on the identified strategic goals and objectives, SCSD should develop a comprehensive budget and five-year forecast for the Food Service Fund.
- Buy out the 2003 lease purchase agreement and sell off its unused cook-chill equipment. This will help eliminate the operating deficit in the Food Service Fund and bring purchased service expenditure ratios more in line with the peer average.
- Consider increasing meal prices to be more in line with peers. Any decision to increase meal prices, however, should include an assessment of the potential impact on participation rates so as not to be counter-productive to the ultimate operational goal of maintaining a positive year-end balance in the Food Service Fund.
- Consider reducing labor hours at the high school to increase meals per labor hour and bring staffing levels more in line with national benchmarks. SCSD should reduce labor hours when it consolidates grades 9-12 into one building.

Issues for Further Study

These issues may not be directly related to the audit objectives or may be issues that the auditors do not have the time or resources to pursue. AOS has identified the following issues:

- **Educational Interpreter Staffing:** The District reports 8.0 FTE Educational Interpreters or about 1.14 FTEs per hearing impaired student. The peer districts report 0.33 Educational Interpreters per hearing impaired student. In order to be in line with the peer districts, SCSD would need to reduce 6.0 FTE Educational Interpreters. SCSD should consider exploring alternatives in providing interpreter services. This might enable the District to bring its Education Interpreter staffing level more in line with the peer districts. Springfield CSD should consider developing a cost-based analysis to determine potential cost saving benefits, if any, of contracting with the Educational Service Center (ESC) for these services.
- **Director of Business Operations:** The District is about 10 FTE Administrators below both the peer districts and the other small urban districts. SCSD reports approximately 39.2 FTE Administrators or 5.1 FTEs per 1,000 students. The peer districts employ 29.5 FTE Administrators or 6.4 per 1,000 students and the other small urban districts report 48.2 FTE Administrators or 6.3 FTEs per 1,000 students. Unlike many of the similar districts, SCSD does not operate with an administrator designated to oversee business operations. Therefore, SCSD should explore the costs and benefits of establishing an administrative position responsible for managing business affairs.

Summary of Financial Implications

The following table summarizes the performance audit recommendations that contain financial implications. These recommendations provide a series of ideas or suggestions that SCSD should consider. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit.

Summary of Financial Implications

Recommendation	Estimated Annual Cost Savings	Estimated Annual Revenue Enhancements	Estimated One-Time Implementation Costs
R2.1 Elimination of 5 FTE ESP Teacher positions	\$312,000		
R2.2 Elimination of 3 FTE Library Aide positions	\$73,000		
R2.3 Elimination of 7 FTE Special Education Teacher positions	\$416,000		
R3.2 Close middle school and move administrative offices	\$429,000		\$267,000
R4.2 Buy out the 2003 lease purchase agreement and sell off unused "cook-chill" equipment	\$181,000		\$650,200
R4.4 Increase lunch prices		\$50,100	
R4.5 Reduce food service labor use by 42.9 daily labor hours	\$142,800		
Total ¹	\$1,553,800	\$50,100	\$917,200

Source: AOS recommendations

¹ Not all cost savings are from the General Fund.

Appendix 1-A: Summary of Audit Objectives

The objectives of this audit were to answer the following questions:

Human Resources

- How do District staffing levels and salary costs compare to the peer district average?
- Does the District have adequate procedures for determining accurate student counts?

Facilities

- How does the District's approach to energy conservation compare with recommended practices?
- Should the District move forward with its plans to obtain a H.B. 264 energy conservation loan?
- What can the District do to better utilize its buildings and potentially reduce costs?

Food Service

- What is the financial status of the District's Food Service Fund?
- What can the District do to improve the financial status of the Food Service Fund?
- What can the District do to maximize program participation?
- Is the program planned and managed in a way that is consistent with District plans and the program budget?
- What can the District do to improve the efficiency of the food service staff?
- Does the District effectively collect and use program data for decision making?

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Human Resources

Background

This section of the performance audit focuses on certain human resource functions in the Springfield City School District (SCSD or the District). This assessment of human resource operations includes staffing levels, salary costs, and student and staff data management. Human resource functions were evaluated against the 10 highest performing districts in the ODE 20 similar district grouping¹ (peer districts) and sound reporting practices, with the purpose of developing recommendations to improve efficiencies and/or business practices. Best practices and industry standards were drawn from the Ohio Revised Code (ORC), the Ohio Administrative Code (OAC), and the Ohio Department of Education (ODE).

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). In its administration, SCSD also employs a Director of Human Resources, a Director of Technology, two Directors of Academic Services, a Director of School Services, a Coordinator of Construction and Maintenance Services, and an Assessment Facilitator, all of whom report to the Superintendent.

In addition to the Director of Human Resources (HR Director), the Human Resources Department (HR Department) consists of a Coordinator of Safety and Workers' Compensation, three secretaries, and one receptionist who support the entire Central Office. Although not included in the HR Department, the Education Management Information System (EMIS) Coordinator is responsible for reporting all staffing and salary data (see **R2.4**). The Treasurer's Office oversees the benefits component of human resources, as well as payroll operations.

Staffing

Due to its fiscal emergency status, SCSD made substantial staff reductions in FYs 2004-05 and 2005-06. Because enrollment has continued to decline, the District asked AOS to review its FY 2007-08 staffing levels to ensure staffing is aligned with enrollment and appropriate in relation to similar districts and the prior performance audit recommendations. **Table 2-1** compares the

¹ Peer Districts: Barberton City School District (Summit Co.), Elyria City School District (Lorain Co.), Hamilton City School District (Butler Co.), Maple Heights City School District (Cuyahoga Co.), Massillon City School District (Stark Co.), Mount Healthy City School District (Hamilton Co.), Newark City School District (Licking Co.), Painesville City Local School District (Lake Co.), Whitehall City School District (Franklin Co.), and Zanesville City School District (Muskingum Co.).

number of full-time equivalent (FTE) employees in SCSD for the past three years. To evaluate the most current staffing levels and ensure consistent classification of positions among the peers, adjustments were made to the FY 2007-08 EMIS report based on documentation provided by the District.

Table 2-1: SCSD Historical Staffing Levels (FTEs)

	FY 2005-06	FY 2006-07	FY 2007-08	Difference from FY 2005-06 to FY 2007-08
Students Educated ¹	8,240	8,145	7,687	(553)
Administrators	39.0	33.7	39.2	(0.2)
Finance & Accounting	7.0	7.0	7.0	(0.0)
Office/Clerical	62.0	52.0	54.5	(7.5)
Classroom Teachers	376.6	338.7	336.1	(40.4)
Special Education Teachers	107.1	98.0	99.6	(7.5)
Education Service Personnel	75.8	63.2	64.3	(11.5)
Other Certificated Staff	37.9	39.4	52.7	14.8
Teacher Aides	75.4	66.0	49.0	(26.4)
Other Technical/Professional Staff	15.2	13.0	27.0	11.7
Other Student Services	49.0	58.0	53.0	4.0
Operations	190.0	183.0	187.9	(2.1)
Total Staffing	1,035.1	952.0	970.5	(64.6)

Source: October 2005 Performance Audit staffing data, FY 2006-07 EMIS staffing data as reported to ODE, FY 2007-08 SCSD staffing data as of February 2008, and HR Department retirement and resignation documentation.

Note: Numbers may vary due to rounding.

¹ Students educated equals FTE students receiving educational services from the district and excludes the percent of time students receive educational services outside the district.

As shown in **Table 2-1**, from FY 2005-06 to FY 2006-07 SCSD reduced approximately 83.1 FTE employees. However, in FY 2007-08, the District increased its total staffing by 18.5 FTE employees or 2 percent while the number of students educated declined by nearly 6 percent.

Table 2-2 compares the number of FTE employees per 1,000 students for SCSD from FY 2005-06 to FY 2007-08.

Table 2-2: SCSD Historical Staffing Levels (per 1,000 students)

	FY 2005-06	FY 2006-07	FY 2007-08	Difference from FY 2005-06 to FY 2007-08
Students Educated	8,240	8,145	7,687	(553)
Administrators	4.7	4.1	5.1	(0.4)
Finance & Accounting	0.9	0.9	0.9	0.1
Office/Clerical	7.5	6.4	7.1	(0.4)
Classroom Teachers	45.7	41.6	43.7	(2.0)
Special Education Teachers	13.0	12.0	13.0	(0.0)
Education Service Personnel	9.2	7.8	8.4	(0.8)
Other Certificated Staff	4.6	4.8	6.9	2.3
Teacher Aides	9.2	8.1	6.4	(2.8)
Other Technical/Professional Staff	1.9	1.6	3.5	1.7
Other Student Services	6.0	7.1	6.9	1.0
Operations	23.1	22.5	24.5	1.4
Total Staffing	125.6	116.9	126.3	0.7

Source: October 2005 Performance Audit staffing data, FY 2006-07 EMIS staffing data as reported to ODE, and FY 2007-08 SCSD staffing data as of February 2008.

Note: Numbers may vary due to rounding.

As shown in **Table 2-2**, SCSD had increased its FY 2007-08 total staffing per 1,000 students by 0.7 FTEs compared to FY 2005-06 and by 9.4 FTEs compared to FY 2006-07. The District suggested that the increased staff from FY 2006-07 to FY 2007-08 may consist of personnel who are funded through grant revenue sources and, therefore, do not affect the Districts' general fund. However, this could not be verified due to the Districts inconsistent reporting of staff funding source information (see **R2.4**). Because the number of students educated has continually declined since FY 2005-06, SCSD should be cautious when considering hiring additional staff and plan for future staff reductions in the event enrollment continues to decline.

Table 2-3 illustrates FY 2007-08 staffing levels for SCSD and three different peer groups.

Table 2-3: Staffing Levels (per 1,000 Students)

	SCSD	ODE Peer District Average	Other Small Urban District Average ²	Other County District Average
Students Educated	7,686.8	4,758.7	7,659.4	2,299.6
Administrative Staff	5.1	6.4	6.3	5.8
Finance/Accounting Staff	0.9	1.0	1.0	1.3
Office/Clerical Staff	7.1	8.6	9.9	8.0
Classroom Teachers	43.7	46.1	45.6	45.8
Special Education Teachers	13.0	11.8	14.0	8.7
Education Service Personnel (ESP)	8.4	7.8	8.6	7.7
Other Certificated Staff	6.9	6.8	7.8	1.9
Teacher Aides	6.4	9.8	12.2	2.7
Other Technical/Professional Staff	3.5	1.7	2.3	2.0
Other Student Services	6.9	3.7	4.5	1.7
Operational Staff	24.5	25.0	29.4	22.7
Total Staff	126.3	128.5	141.6	108.5

Source: FY 2007-08 staffing data as of February 2008 and peer district FY 2007-08 EMIS staffing data as reported to ODE.

Note: Numbers may vary due to rounding.

As shown in **Table 2-3**, SCSD employs 126.3 FTEs per 1,000 students which is below the average of the 10 highest performing ODE similar districts and the other small urban districts. However, performance audit recommendations are based on the average of the 10 highest performing of the 20 ODE similar districts (peer district average) because these districts are the most similar demographically to SCSD. The average of the other small urban districts was not used for comparison purposes due to the overall low number of ODE performance indicators met by a majority of these districts. Average staffing level levels of the other Clark County districts are also displayed in **Table 2-3** for illustrative purposes. These districts were not used for comparison purposes due to the significantly lower average enrollment of 2,447 compared to SCSD's enrollment of 8,480 and other demographic differences.

Table 2-3 shows that when compared to the peer district average, the District's staffing levels per 1,000 students are above the peer district average in Special Education Teachers, Education Service Personnel (ESP), Other Certificated Staff, Other Technical/Professional Staff, and Other Student Services categories. Each category in which staffing levels are higher than the peer

² Other Small Urban Districts: Canton City School District (Stark Co.), Cleveland Heights-University Heights City School District (Cuyahoga Co.), Euclid City School District (Cuyahoga Co.), Hamilton City School District (Butler Co.), Lorain City School District (Lorain Co.), Warren City School District (Trumbull Co.), and Youngstown City School District (Mahoning Co.).

district average presents an opportunity for the district to reduce staff and save money while maintaining staffing levels that are comparable to the peer districts (see **R2.1** through **R2.3**).

Salaries

Table 2-4 illustrates the District's FY 2007-08 average salaries and salary cost per student in comparison to the peer district average. SCSD's average salaries, with the exception of finance and accounting, classroom teachers, special education teachers, and teacher aides, were low compared to the peer districts. Years of service, negotiated wage increases, step increases, and in some cases, the educational level attained by the personnel within a category, all directly impact average salaries.

Table 2-4: Average Salaries and Salaries per Student Comparison

Classification	Average Salaries			Salaries per Student		
	SCSD	Peer District Average	Percent Difference	SCSD	Peer District Average	Percent Difference
Administrators	\$75,065	\$77,395	(3.0%)	\$345	\$578	(40.3%)
Finance & Accounting	\$56,407	\$54,667	3.2%	\$51	\$66	(22.7%)
Office/Clerical	\$27,511	\$29,988	(8.3%)	\$195	\$367	(46.9%)
Classroom Teachers	\$54,220	\$52,177	3.9%	\$2,378	\$2,414	(1.5%)
Special Education Teachers	\$51,558	\$50,859	1.4%	\$668	\$609	9.7%
Education Service Personnel	\$53,765	\$54,202	(0.8%)	\$450	\$444	1.4%
Other Certificated	\$41,137	\$44,130	(6.8%)	\$283	\$378	(25.1%)
Teacher Aides	\$18,914	\$18,253	3.6%	\$137	\$206	(33.5%)
Other Technical/Professional	\$24,950	\$27,030	(7.7%)	\$88	\$115	(23.5%)
Other Student Services	\$25,047	\$40,414	(38.0%)	\$208	\$231	(10.0%)
Operational	\$19,312	\$21,916	(11.9%)	\$472	\$748	(36.9%)
All Classifications	\$41,607	\$48,065	(13.4%)	\$5,275	\$6,156	(14.3%)

Source: SCSD and peers FY 2007-08 EMIS reports.

Note: Amounts may vary due to rounding. Not all EMIS personnel categories are shown.

When considering salary costs per student, only special education teachers and education service personnel were higher than the peer district average. Staff reductions in these two areas would lower the District's overall salary cost per student (see **R2.1** and **R2.3**).

Student Data Management

Student data is collected by school districts and aggregated by ODE at the district and building levels. In October and February of each school year, each district is required to conduct a count of all students attending the district during a one week period and report its figures to ODE. State funding is determined based on the number and type of the students reported to ODE. In order to obtain all funding to which it is entitled under State law, it is critical for a district to accurately report student data. Therefore, districts designate an individual or group of staff to oversee the student data reporting process and take responsibility for ensuring the accuracy of information reported to ODE. The processes used for obtaining student data may differ between districts, and some methods yield more accurate data than others. In SCSD, the recent decreases in student enrollment prompted the District's desire to review its processes for compiling and reporting student data (see **R2.5**).

Recommendations

R2.1 SCSD should consider eliminating 5 FTE Education Service Personnel (ESP) teacher positions. A reduction of 5 FTE ESP teacher positions would bring the District's overall level of ESP in line with the peer district average and reduce the District's salary and benefit costs.

Table 2-5 shows a detailed comparison of ESP staffing to the peer district average.

Table 2-5: ESP Staffing Comparison (per 1,000 Students)

Comparison to Peers	SCSD ¹	Peer District Average ²	Over (Under) Peer Districts
Students Educated ³	7,687	4,759	2,928
ESP Teachers (FTE) ⁴	5.3	4.3	0.9
Counselors (FTE)	1.8	2.1	(0.3)
Librarian / Media Specialist (FTE)	0.7	0.6	-
School Nurses (FTE)	0.7	0.6	0.1
Social Workers (FTE)	-	0.2	(0.2)
Visiting Teachers (FTE)	-	-	-
ESP Staff per 1,000 Students	8.4	7.8	0.6
ESP Staff FTEs Above/(Below) Peer District Average ⁵			4.6
Comparison to State Minimum Requirements			FTEs
Total ESP Positions			64.3
State Minimum Required ESP ⁶			31.2
ESP Above/(Below) State Minimum Requirement			33.1

Source: SCSD FY 2007-08 staffing data as of February 2008, HR Department retirement and resignation documentation, and peer district FY 2007-08 EMIS Staffing data as reported to ODE.

Note: Amounts may vary due to rounding.

¹ FY 2007-08 FTE employees were provided by SCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2007-08 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 ESP teachers include K-8 art, music, and physical education teachers.

⁵ Calculated by multiplying the difference per 1,000 students by the students educated, which represent 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.

⁶ Calculated by multiplying 5 full-time ESP equivalents by SCSD regular student population (as calculated in ORC 3315.17(F)) per 1,000, as defined by OAC 3301-35-5 (A)(5).

Table 2-5 illustrates that, on a per 1,000 student basis, SCSD maintains an ESP staffing level which is 0.6 FTE higher than the peer district average. When applied to the number of students educated, this translates to a total of 4.6 total FTE positions above the peer average.

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 that ESP 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 this provision, SCSD is required to maintain a minimum ESP staffing level of 31.2 FTEs. SCSD's current staffing level of 64.3 FTE ESP is 33.1 FTEs higher than the State minimum.

SCSD could eliminate 5 FTE ESP teaching positions and remain 90 percent above the State minimum requirement. Such a reduction would reduce the District's salary and benefit costs and help defer future potential deficits. Furthermore, additional reductions up to 25 FTE ESP could be made if the District encounters future financial difficulties. Although the District would remain 10 percent above the State minimum requirement, a reduction of this magnitude could impact the District's ability to provide certain services and classes to its students.

Financial Implication: By eliminating 5 FTE ESP Teacher positions, SCSD could save approximately \$312,000 in salaries and benefits in FY 2008-09.

R2.2 SCSD should consider eliminating 3 FTE library aide positions. A reduction of 3 FTE positions would bring the District in line with the peer district average and reduce the District's salary and benefit costs. Savings from reduced salary and benefit costs could be used to avoid any potential deficits.

Table 2-6 compares librarians, library aides, technicians, and audio-visual staffing levels to the peer districts.

Table 2-6: Library Staffing Comparison

	SCSD ¹	Peer District Average ²	Difference from Peer Districts
Librarians (FTE)	5.0	2.7	2.3
Library Aides, Technicians, and Audio-visual Staff (FTE)	12.0	6.1	5.9
Total FTE Library Staff	17.0	8.8	8.3
Students Educated ³	7,687	4,759	2,928
Librarians per 1,000 Students	0.7	0.6	0.1
Library Aides, Technicians, and Audio-visual Staff per 1,000 Students	1.6	1.2	0.4
Total FTE Library Staff Above/(Below) Peer Districts			3.0

Source: FY 2007-08 staffing data as of February 2008, HR Department retirement and resignation documentation, and peer district FY 2007-08 EMIS staffing data as reported to ODE.

Note: Numbers may vary due to rounding.

¹ FY 2007-08 FTE employees were provided by SCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2007-08 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 students educated, which represent 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 2-6 shows that SCSD maintains a staffing level of 12 FTE library aides, technicians, and audio-visual staff or 1.6 per 1,000 students. The District's staffing level is approximately 0.4 FTEs per 1,000 students higher than the peer district average. A reduction of 3 FTE positions would bring library staffing in line with the peer districts.

Financial Implication: By eliminating 3 FTE library aide positions, SCSD could save approximately \$73,000 in salaries and benefits in FY 2008-09.

R2.3 SCSD should consider eliminating 7 FTE Special Education Teacher positions. A reduction of 7 FTE positions would bring the District's special education teacher to student ratio in line with the peer district average.

During the course of the audit, the District received Board approval to eliminate 6 FTE Special Education Teacher positions for FY 2008-09. These eliminations were made possible through modifications to students' individualized education programs (IEPs).

Table 2-7 compares Special Education Teacher staffing levels to the peer district averages.

Table 2-7: Special Education Teacher Staffing Comparison (in FTEs)

	SCSD ¹	Peer District Average ²	Difference from Peer Districts
Special Education Teachers	100.0	56.3	43.7
Special Education Students	1,190.0	727.9	462.1
Student to Teacher Ratio	11.9	12.9	(1.0)
Comparison to State Minimum Requirements			
Total Special Education Teacher Positions	100.0	56.3	43.7
State Minimum Required Teacher Positions ³	83.1	52.2	30.9
Special Education Teachers Above/(Below) State Minimum Requirement	16.9	4.1	12.8

Source: FY 2007-08 staffing data as of February 2008, HR Department retirement and resignation documentation, and peer district FY 2007-08 EMIS Staffing data as reported to ODE.

Note: Numbers may vary due to rounding.

¹ FY 2007-08 FTE employees were provided by SCSD and therefore may not match those reported to ODE through EMIS.

² Average of FY 2008-09 staffing levels as reported to ODE through EMIS.

³ Calculated based on the student to teacher ratios as defined by OAC 3301-51-09.

Table 2-7 illustrates that SCSD maintains a special education student to teacher ratio of 11.9 compared to the peer district average ratio of 12.9. A reduction of 7 FTE would bring the District's teacher ratio in line with the peer average. Additionally, OAC § 3301-51-09 provides guidelines for minimum staffing levels for specific special education student populations. Based on the OAC guidelines, the District's staffing level of 100 FTE Special Education teacher positions is approximately 16.9 FTEs higher than the State minimums. Therefore, the District could reduce Special Education teacher staffing by 7.0 FTEs and remain about 10.0 FTEs above the State minimum requirement.

Eliminating 7 FTE Special Education teacher positions would enable the District to realize savings in salary and benefit costs while maintaining a Special Education Teacher staffing level about 12 percent above the State minimum requirement.

Financial Implication: By eliminating 7 FTE Special Education Teacher positions, SCSD could save approximately \$416,000 in salaries and benefits in FY 2008-09.

R2.4 SCSD should consider changing how it uses EMIS position codes to be more consistent with how other districts typically code staff. Furthermore, the Human Resources Director should be more involved with EMIS staff data. Specifically, the Director should make decisions regarding which position code should be used to identify and group staff and should have overall responsibility for verifying the accuracy of the EMIS staffing data. To aid in the coding of District employees, the Human Resources Department should also consider modifying job descriptions to include their corresponding EMIS position code. Using the EMIS position code on

each job description would eliminate the potential for inconsistent coding of District employees by the EMIS coordinator.

Additionally, the Human Resources Department should work with the EMIS Coordinator to ensure staffing information is consistently reported and shared between the Human Resources and Payroll Departments. The Human Resources Department should also strive to maintain accurate and updated staffing information, including funding source codes. Continually updating and revising staffing information would improve the District's ability to report accurate employee information in EMIS. Lastly, the District should formally document and follow its procedures for ensuring accurate staffing information is collected and reported.

The EMIS Coordinator, who is responsible for managing student data, has assumed the responsibility for assigning staff to their appropriate position codes in EMIS based on her understanding of employee job functions. Historically, the HR Department has not actively managed the process of coding District employees or monitored employee account and fund codes reported in EMIS. The limited involvement of the HR Department was primarily a result of a lack of communication and defined responsibilities between the HR Department and the EMIS Coordinator.

To ensure the proper coding of all District staff, the Human Resources Department should work closely with the EMIS Coordinator to ensure that staff are assigned to their appropriate position codes. Shifting this responsibility from the EMIS Coordinator would enable the HR Director to use each employee's job description and credentials to determine the appropriate position code. Once the HR Director has determined the appropriate position code, the Human Resources Department should include the code on the corresponding job description(s). Including the position code on all employee job descriptions would provide the EMIS Coordinator with the information necessary to accurately report District staffing levels.

Likewise, the EMIS Coordinator does not routinely review the employee account and funding codes for consistency with the Payroll Department. As a result, the District is unable to ensure the accurate reporting of employee fund sources in EMIS. Several instances were identified where employee account and fund codes were outdated. Outdated funding information may be the result of the HR Department updating employee information with the Payroll Department and not conveying the change to the EMIS Coordinator. Therefore, the Human Resources Department should coordinate with the Payroll Department to reconcile employee information and inform the EMIS Coordinator of any changes to reduce the potential of reporting outdated information in EMIS. Identifying the functions and responsibilities of the HR Department, Payroll

Department, and EMIS Coordinator in maintaining staff data would enable the District to more accurately report employee position codes and funding sources.

R2.5 SCSD should formally document its procedures for collecting, verifying, and maintaining student data. Although the EMIS Coordinator and individual building secretaries responsible for maintaining student data have procedures for operating the student data software, no formal standard operating procedures exist for compiling and maintaining student data at the building level.

SCSD should also develop a plan that includes procedures for ensuring accurate student data in the event of turnover or long-term absences in key positions. The District's Information Technology Center (ITC) and Director of Information Systems, as well as affected staff should be involved in the development of the plan to make certain vital operations are fulfilled when there are absences.

Furthermore, the District should consider cross-training the EMIS Coordinator with some of the building secretaries. Educating additional staff members on the procedures and responsibilities of the EMIS Coordinator could ensure that student data is processed and accurately maintained should there be long-term absences or turnover in the EMIS Coordinator or building secretary positions.

The District has not formalized its procedures for obtaining, verifying, reconciling, and submitting EMIS student data to ODE. Rather, an informal process exists, whereby the EMIS Coordinator trains District employees, such as building secretaries and other administrators and support staff, on the use of the student data software. This informal process relies heavily on the availability and experience of the EMIS Coordinator and building secretaries who are responsible for managing the information. There is no formal cross-training. For example, during the audit review of the District's FY 2007-08 Community School Average Daily Membership (CSADM) report which shows students attending community schools, the EMIS Coordinator could not verify the accuracy of the data because the individual responsible for managing this information was on short-term leave and no one was cross-trained to perform these duties.

The EMIS Coordinator is responsible for training all personnel that maintain student data. The maintenance of student data consists of completing student demographics, entry/withdrawal documentation, attendance and contact information, and student record verification. Once building secretaries have been trained by the EMIS Coordinator, they are responsible for collecting and maintaining all student information pertaining to that building. If an issue or question arises relating to the student data software, the secretaries are directed to review the software manual. However, if a problem persists or is not related to the student data software, the EMIS Coordinator is available for additional guidance. Examples of such problems include processing uncommon reports, unique

student demographics, inquiring about the status of submitted paperwork, and other issues resulting from processing information that would not be considered normal or routine.

An effective internal control structure requires implementation of policies and procedures which provide management with assurance that data are processed accurately, completely, and are indicative of actual activity. It is imperative that control procedures be adequately documented to evidence they are performed timely and consistently as intended, and by an appropriate level of management, which enables management to place reliance on them. According to *Documentation of Accounting Policies and Procedures* (GFOA, 2002), government agencies should document critical activities through formal policies and procedures. Such documentation should be readily available to all employees who need it and should delineate the authority and responsibility of employees involved in the process. A well-designed and maintained system of documentation (e.g., standard operating procedures for maintaining student data at the building level) enhances both accountability and consistency and can also serve as a useful training tool for staff.

Without formal procedures, the District cannot effectively control its process for obtaining, verifying, reconciling, and submitting student data to internal and external stakeholders or use the information to cross-train staff. Consequently, as demonstrated with the Community School Average Daily Membership data, the District cannot ensure the accuracy of information in the absence of employees with knowledge of EMIS and student data software.

Financial Implications Summary

The following table summarizes estimated annual cost savings associated with the implementation of recommendations in this section of the performance audit.

Summary of Financial Implications for Human Resources

Recommendation	Estimated Annual Cost Savings
R2.1 Elimination of 5 FTE ESP Teacher positions	\$312,000
R2.2 Elimination of 3 FTE Library Aide positions	\$73,000
R2.3 Elimination of 7 FTE Special Education Teacher positions	\$416,000
Total Financial Implication	\$801,000

Source: AOS recommendations

Facilities

Background

This section focuses on building capacity and utilization, as well as energy conservation and management practices in the Springfield City School District (SCSD or the District). The District's operations were evaluated against best practices and operational standards including the American School and University Magazine (AS&U), the National Center for Education Statistics (NCES), DeJong and Associates, Inc., the Texas School Performance Review (TSPR), and the United States Department of Energy.¹

Enrollment Projections

In 2007, SCSD hired a consultant to develop enrollment projections. The consultant used historical enrollment, population estimates, home building and live birth data, and grade level survival statistics, as well as open enrollment and school voucher data. **Table 3-1** shows the historical and projected enrollment for grades K through 12.

Table 3-1: SCSD Historical and Projected Enrollment

Grade	Actual						Projected			
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
K	721	743	757	721	691	649	688	643	661	628
1	724	730	712	741	725	660	620	663	620	640
2	691	700	675	649	687	668	607	571	612	572
3	720	654	659	640	608	644	625	570	530	574
4	777	721	638	616	631	562	595	582	529	502
5	801	745	680	594	604	597	531	568	551	507
6	766	737	686	618	573	539	530	481	516	509
7	722	761	704	672	604	543	511	511	460	492
8	758	700	759	686	642	572	514	491	491	439
9	930	925	957	984	982	953	849	765	720	712
10	726	635	664	670	631	575	565	501	472	446
11	598	646	539	513	529	486	443	462	394	361
12	515	483	533	437	404	406	381	351	368	321
Total	9,449	9,180	8,963	8,541	8,311	7,854	7,459	7,159	6,924	6,703

Source: SCSD enrollment projection prepared by Planning Advocates, Inc. (October 2007)

¹ See **Appendix 1-A** in the **executive summary** for a summary of the facilities audit objectives.

The projections show that SCSD enrollment will continue to decline for the foreseeable future. AOS confirmed the reasonableness of these projections and used data from the consultant's enrollment report in this performance audit. In its 1998 Performance Audit of SCSD, the Auditor of State (AOS) recommended that the District develop a comprehensive facilities plan to address low building utilization rates. In its 2005 Performance Audit of SCSD, AOS found that the District only partially implemented this recommendation through its construction project with the Ohio School Facilities Commission (OSFC). The 2005 performance audit noted that continual declines in enrollment would result in the under-utilization of buildings and recommended that the District develop a long-term forecast methodology for realistically projecting student enrollment.

Construction Project

As of FY 2005-06, SCSD completed construction of 10 new elementary schools, 4 new middle schools, and 1 new alternative school (Keifer Alternative). The District is also consolidating grades 9 through 12 in a new high school building in FY 2008-09, making it necessary to eventually relocate its administrative offices (see **R3.2**)². However, SCSD enrollment is projected to decline by nearly 15 percent (almost 1,200 students) by FY 2011-12, significantly reducing building utilization rates in all buildings and highlighting the need for a comprehensive facilities master plan (see **R3.1**).

House Bill 264

The Ohio School Facilities Commission's (OSFC) Energy Conservation Program allows school districts to make energy efficiency improvements to their buildings and use the cost savings to pay for those improvements. Frequently called the House Bill 264 (HB 264) Program – after a 1985 law that created this financing mechanism – the Energy Conservation Program gives districts the ability to issue promissory notes to raise funds specifically for energy conservation measures without having to pass a ballot issue.

The HB 264 Program requires that the Board of Education (the Board) contract with a licensed architect or engineer with proven, relevant experience in the design and installation of energy conservation measures to develop a report containing analyses and recommendations for proposed energy conservation measures. These measures must significantly reduce energy consumption and operating costs, and the report must include estimates of all costs for such measures and estimates of the amounts by which energy consumption and operating costs will be reduced. The report must also include an analysis of existing energy usage patterns for the most recent one-year period (minimum of twelve months) to be used as a baseline for determining

²The 2005 performance audit recommended that SCSD relocate its administrative offices to the South High School to reduce operating costs and more fully utilize the building.

program savings. Energy conservation measures must reduce energy, operational, and maintenance costs over 15 years by an amount equal to or exceeding the cost of implementation.

In FY 2007-08, SCSD contracted with a third party to assess the benefits of implementing HB 264 and upgrading buildings with the following energy conservation measures: lighting and temperature management controls, mechanical equipment and controls, demand limiting, meter retrofitting and utility auditing, and preventive maintenance on boilers, chillers, and air handling units. The District also plans to implement an “Energy Hog” program to educate teachers about energy management practices, as well as conduct an energy audit. Although the Board has not updated its energy conservation policy since 1998 (see **R3.4**), SCSD effectively tracks and monitors utility costs per building and projects that HB 264 Program implementation will save approximately \$2.4 million over 15 years (about \$160,000 annually). Projected savings are based on the assumption that SCSD will not upgrade two middle schools (see **R3.2** and **R3.3**) due to declining enrollment.

Recommendations

Facilities Planning

R3.1 Using its enrollment, design capacity, and utilities-related data as a starting point, SCSD should fully implement previous performance audit recommendations and develop a comprehensive facilities master plan. The plan should be approved by the Board and include strategies, costs, and timeframes for implementing the HB 264 Program, improving building utilization rates, and strategically divesting SCSD of unused property (see R3.2 and R3.3). This plan should reflect current and projected building configurations and serve as a road map for addressing future facility and educational needs. The District should also revise its methodology for calculating building utilization to include functional capacity.

Similar to recommendations in the 1998 and 2005 performance audits, the Board should also appoint a facilities planning committee whose membership includes a cross-section of school personnel and community members (e.g., parents and students) to solicit relevant feedback for use in decision-making. The facilities planning committee should periodically review actual and projected student enrollment and building capacities to ensure the facilities master plan is up-to-date.

During the course of this audit, the Board approved the creation of two committees to work with the community and other key stakeholders on developing a facilities master plan and implementing the HB 264 Program, respectively.

Although SCSD has engaged in significant building construction and renovation-related projects, it has not yet developed a comprehensive facilities master plan that includes community feedback and addresses declining enrollment and under-utilized buildings. In addition, SCSD will need to relocate its administrative offices after the new high school opens in FY 2008-09. The District also expressed the need for permanent office space for its Transportation Department and to address congested roadways around the schools located on East Home Rd. All these issues should be formally addressed, prioritized, and communicated within a comprehensive facilities master plan.

According to *Creating a Successful Facilities Master Plan* (DeJong, 2001), school districts should develop long-term facilities master plans. Each plan should contain information on capital improvement and financing, preventive maintenance and work order processes, 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 and on facility conditions and demographics. The desired educational

program should be the driving force. As a road map for addressing the District's facility needs, the master plan should specify the projects that have been identified, the timing and the sequence of the projects, and their estimated costs. A facilities master plan is typically a 10-year plan, but should be updated periodically to incorporate improvements that have been made, changes in demographics, or changes in educational programs.

Furthermore, to determine utilization rates, SCSD relies on design, rather than functional capacity, which does not consider how space is actually used. To illustrate, SCSD's design capacity for each middle school is 524 students, whereas the functional capacities for the middle schools range from 514 to 561. In contrast to the design methodology, the functional methodology includes gym classes, art and music classrooms, and computer labs and excludes special education resource rooms, small group tutoring rooms, and office space. This methodology is consistent with *School Capacity Update: An Essential but Often Forgotten Planning Process* (Chan, 1998), which describes functional capacity as "the program sensitive approach which involves the analysis of program characteristics, average class sizes, and scheduling efficiency."

Without a comprehensive facilities master plan that solicits input from the community and incorporates functional capacity, SCSD cannot effectively evaluate the impact of enrollment on building utilization and communicate decisions regarding the administrative, operational, and programmatic re-configurations necessary to accommodate its short and long-term needs.

Building Utilization

R3.2 SCSD should close a middle school as soon as possible to accommodate enrollment declines, reduce operating costs, and increase building utilization rates. In addition, the District should move its administrative offices to an under-utilized building, such as the Keifer Alternative School to further utilize excess capacity and bring the building's utilization rate more in line with the industry benchmark of 85 percent. SCSD should hold public meetings to explain the rationale for building closures to employees, parents, and students; and should transition students with minimal disruptions to educational programming (re-routing buses, for example). The District should also work with its facilities planning committee to evaluate and determine cost effective strategies for closing, mothballing, and leasing or selling unused property. This process and all resulting decisions should be documented within the recommended facilities master plan (see R3.1).

Table 3-2 demonstrates how utilization rates will change in FY 2008-09 if a middle school is closed and administrative offices are moved to the Keifer Alternative School.

Table 3-2: Projected Capacity and Building Utilization Rates by Grade Level

Grade Level	FY 2007-08 Capacity	FY 2007-08 Utilization	FY 2008-09 Projected Capacity	FY 2008-09 Projected Utilization	FY 2011-12 Projected Utilization
Elementary	4,315	87%	4,315	85%	79%
Middle	2,180	75%	1,666 ²	92%	85% ²
Keifer Alternative	241	70%	200 ³	85%	85% ³
High (new)	2,400	94% ¹	2,400	86%	70%
Total	9,136	86%	8,581	86%	78% ¹

Source: SCSD enrollment projections and AOS developed functional capacities.

Note: Utilization rates do not include special needs students enrolled in SCSD but receiving services outside of the District.

¹ Based on capacity of new high school even though not open until FY 2008-09.

² Functional capacity was revised based on closing one middle school.

³ Estimated capacity based on meeting the industry benchmark of 85% utilization, but is subject to change depending on how SCSD configures space for administrative personnel. AOS walked through the building and determined that there is enough excess capacity to house students and administrative offices without negatively impacting educational programming.

It is estimated that closing a middle school in FY 2008-09 would increase middle school utilization rates from 75 to 92 percent. However, the Keifer Alternative School would still be utilized at about 75 percent unless something is done to better utilize the building. Keifer Alternative houses emotionally disabled students in grades K through 12 and students who do not function well in a typical high school environment. The Keifer Alternative also houses Keifer-Mercy Health Center which provides medical services to students and families of the alternative school and performs athletic physicals for all SCSD students. The building also contains office space which is used by speech therapists, physical and occupational therapists, and mental health therapists.

Because the District's administrative offices will be the only tenant in the South High School after the new high school opens in FY 2008-09, it would be advantageous to consolidate space by moving its administrative offices to one of its occupied school buildings. The Keifer Alternative School includes ample space in which to house the District's administrative offices. This would increase the utilization rate to at least the 85 percent threshold used by the industry for determining effective use of school buildings. The District estimates that it will cost approximately \$267,000 to move administrative offices to Keifer Alternative, including improvements to security and infrastructure.

According to *Closing Schools: A Community Engagement Process* (Education Facility Planner, 2007), the decision-making process to close schools must account not only for quantitative aspects of the facility, but also the qualitative aspects that address the hopes, aspirations, and concerns of the community. The *Guide for the Adaptive Use of Surplus Schools* (Giljahn and Matheny, 1981) suggests that keeping a school building an active, vital part of the community in the face of declining enrollment can be accomplished by:

- Renting the building to public or private non-profit organizations looking for economical space;
- Leasing or selling the building to the private sector; or
- Mothballing or demolishing the building.

The *Guide* further suggests that mothballing a building may result in physical decay and increased vandalism, and the economical advantages to selling and leasing should be explored first. If the District is successful in selling or leasing unused facilities, it could generate additional revenue which could be used to maintain or improve its occupied facilities.

Financial Implication: By closing a middle school in FY 2008-09, the District can save approximately \$429,000 per year in administrative and custodial salaries and fringe benefits, as well as utilities. However, these savings will likely be partially offset in the first year if the District also moves administrative offices. Including the estimated one-time cost of approximately \$267,000 to move offices and improve security at the Keifer Alternative School, SCSD will save about \$162,000 the first year.

R3.3 Assuming enrollment declines continue, the District should work with its facilities planning committee to close another school building by FY 2011-12. If an additional middle school is closed, it may be necessary to reconfigure elementary buildings to house sixth graders and move Head Start, pre-school, and special education programs to other buildings where space is available. Therefore, the decision to close a second school should be based on up-to-date enrollment information and revised functional building capacities resulting from the development a comprehensive facilities master plan (see R3.1).

Table 3-2 shows that despite increased building utilization resulting from the closing of a middle school, utilization rates will decrease as enrollment declines continue through FY 2011-12. SCSD's District-wide utilization rate is expected to fall to 78 percent in FY 2011-12, due to the projected loss of more than 750 students (see **Table 3-1**). This projection suggests that the District should plan to close another building. Since SCSD will be consolidating grades 9 through 12 into one high school by FY 2008-09, the focus of utilization improvement initiatives should be at the elementary and middle schools. One way to close an additional middle school would be for the District to move sixth graders to the elementary schools. However, moving sixth graders may necessitate reconfiguring how special education resource and group tutoring rooms are used at the elementary buildings. For example, large classrooms could be divided into two smaller rooms or programs could be moved to other buildings with more space, such as the Kiefer Alternative School.

According to *Should Sixth Grade be in Elementary or Middle School? An Analysis of Grade Configuration and Student Behavior* (Duke University, 2007), the decision of whether to locate sixth grade in middle school or elementary school should take account of the behavioral and academic consequences for the sixth graders themselves, as well as for the younger grades in elementary school and the older grades in middle school. Perhaps the most important difference is that a sixth grader in elementary school is among the oldest students, while a sixth grader in middle school is among the youngest. This report suggests that sixth graders attending middle schools are much more likely to be cited for discipline problems, while sixth graders attending elementary schools are likely to score higher on end-of-grade tests.

When deciding to close another building, SCSD should also consider the following factors outlined in *Grade Configuration in K-12 Schools* (McEntire, 2005):

- Cost and length of student travel, especially in large square mileage districts;
- Parental involvement;
- Number of students at each grade level;
- Number of building transitions that a student must make;
- Building design;
- Opportunities for interaction between age groups; and
- Influence of older students on younger students.

SCSD would also need a plan to accommodate pre-school, Head Start, and special education students. Given projected excess capacity at the elementary level, it may be possible to consolidate all pre-school students within a single elementary building, while moving special education classes to the Keifer Alternative School. Based on the average cost to operate the four existing middle schools and assuming 3 percent growth for inflation, an additional \$470,000 could potentially be saved each year if another middle school was closed in FY 2011-12.

Energy Management

R3.4 SCSD should update its policies and procedures to include comprehensive energy management and conservation practices that will establish and reinforce energy efficient behavior for both staff and students. In conjunction with HB 264 Program building upgrades, SCSD should develop an energy conservation education program with measurable goals and objectives for minimizing utility use and costs. SCSD should base this program on an up-to-date energy policy and communicate the rationale behind energy conservation techniques to staff and students. Finally, this program should be modeled on NCES best practices, as well as practices

identified by the Texas School Performance Review (TSPR) and in other Ohio districts. The implementation of such policies and procedures will help reduce energy costs through improved conservation practices and monitoring.

During the course of the audit, the District pursued and is in the process of implementing a HB 264 Program, which includes an “Energy Hog” program to educate teachers and students about energy conservation. Savings from the program are included in the HB 264 project savings. However, the District should still develop and implement formal energy management policies and an education program separate from the HB 264 Program.

The Board has not updated its energy conservation policy since 1998. Moreover, this policy is overly broad and does not include a provision for developing an energy conservation education program for students and staff with measurable goals and objectives. Specifically, the policy does not prohibit the use of personal heaters and refrigerators, nor does it address when to open and close windows, the use of thermostats, heating, air conditioning, or when to turn off electrical equipment (computers, printers, etc.) and lights. The District’s FY 2006-07 utility cost per square foot was approximately \$1.81, exceeding the national average of \$1.71 identified in *36th Annual Maintenance & Operations Cost Study* (AS&U, 2007).

Nonetheless, the District has taken positive steps toward implementing components of an energy management program. For example, the Board recently conducted a preliminary energy audit and approved the implementation of a HB 264 Program, which is expected to generate approximately \$2.4 million in savings over 15 years. Although SCSD buildings are new, technology continues to improve the manner in which facilities are operated. This technology requires upgrades to current systems to better implement advanced control strategies. Many of the energy conservation controls currently in place were not mandated by OSFC when the buildings were originally designed and engineered. Furthermore, SCSD’s Coordinator of Construction Services formally tracks and monitors utility costs per building on a spreadsheet. As part of the HB 264 Program, the District will submit monthly and quarterly reports on utility usage to allow for continued tracking of energy use and savings by its contractor.

According to the *Planning Guide for Maintaining School Facilities* (NCES, 2003), 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 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.

In addition, *School Operations and Maintenance: Best Practices for Controlling Energy Costs* (DOE, 2004) suggests that there are several areas in which districts can reduce excess energy consumption. These areas include:

- Lighting strategies;
- Computers and office equipment;
- The building envelope;
- Heating, ventilation, and air conditioning (HVAC);
- Water heating;
- Kitchen equipment; and
- Vending machines.

Moreover, *Energy-Efficient Education* (TSPR, 2001), indicates that 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.

In Ohio, Mansfield City Schools (Richland County) distributes energy conservation reminders to principals and administrative staff. One such memo states that due to increases in fuel costs, Mansfield City Schools was facing a budget shortfall. This shortfall was the impetus for the promotion of the following energy conservation practices:

- Remove all books and materials from the top of classroom air vents;
- Close windows during heating season and when air conditioning 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;
- 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.

Another Ohio example of an energy conservation education program is an information and reminder program in place at Lakota Local School District's (Butler County) 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 with producing savings for Union Elementary of approximately 21 percent relative to Lakota LSD's average elementary building.

In Texas, over 2,000 schools participate in the State Energy Conservation Office's Watt Watchers and WATTEAM Programs (TSPR, 2001). 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 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.

Regardless of HB 264 Program building upgrades, SCSD cannot effectively communicate the programs and goals for minimizing utility use and costs without an up-to-date energy conservation policy and corresponding education program for students and staff.

Financial Implications Summary

The following table presents a summary of the estimated annual cost savings and one time-implementation costs identified in recommendations presented in this section of the report. Only recommendations with quantifiable implications are listed.

Summary of Financial Implications for Facilities

Recommendation	Estimated Annual Cost Savings	Estimated One-Time Implementation Costs
R3.2 Close a middle school and move administrative offices	\$429,000	\$267,000
Total	\$429,000	\$267,000

Source: AOS recommendations

Food Service

Background

This section focuses on the operational efficiency of the Springfield City School District's (SCSD or the District) food service operations. The financial condition and procedures of the District's food service program were analyzed for the purpose of developing recommendations for improvements in processes and identifying opportunities to increase efficiency.¹ The District's operations were evaluated against best practices and operational standards, including the National Food Service Management Institute (NFSMI), the United States Department of Agriculture (USDA), and the Government Finance Officers Association (GFOA), as well as other Clark County and small urban school districts.

Organizational Structure and Function

The Food and Nutrition Services Department at SCSD consists of 72 employees, including the Supervisor of Food and Nutrition (the Supervisor), Administrative Assistant, Food Service Secretary, 68 food service employees (e.g., cooks), and one part-time driver. The Supervisor is responsible for managing daily operations; planning, tracking, and monitoring the financial condition of the Food Service Fund; designing menus; and implementing revenue enhancing and cost minimizing strategies. The Food and Nutrition Services Department also pays for 10 cafeteria security aides at the elementary schools to monitor students while at lunch. These employees report to the building principles but are paid from the Food Service Fund.

The District operates a point-of-sale system which automates cash handling and tracks student accounts, including eligibility for free and reduced priced meals. SCSD also uses the point-of-sale system to prepare daily participation reports and submit data to the Ohio Department of Education (ODE).

Food and Nutrition Services Department staff prepare breakfasts and lunches at the buildings in which they are served. Menus are standardized to simplify the ordering process. The Supervisor has developed a procedures manual that includes a cashier handbook with cash control procedures and production record keeping; an order guide for purchasing and receiving food and supplies; and a Hazard Analysis Critical Control Point (HACCP) food safety plan to prevent food borne illnesses. These manuals serve as references for employees and are designed to supplement their annual training.

¹ See **Appendix 1-A** in the **executive summary** for a summary of the food service audit objectives.

In FY 2006-07, the District achieved a participation rate of approximately 80 percent, attributable, in part, to a relatively high percentage (over 70 percent) of students who receive free and reduced meals. The District uses direct certification to improve program access for these students, which helps increase participation. In addition, SCSD uses customer satisfaction surveys designed to identify the strengths and weaknesses of the Food and Nutrition Services Department and to confirm participation information gathered from the point-of-sale system.

Financial Condition

The Food Service Fund is an enterprise fund, which means it is intended to be self-supporting by relying on charges and reimbursements to cover the costs of operations.² **Table 4-1** illustrates SCSD's Food Service Fund revenues, expenditures, and other financing activities for FY 2004-05 through FY 2006-07.

² ORC § 3313.81 stipulates that food service operations may not be used to make a profit.

Table 4-1: SCSD Food Service Fund, Three-Year History

	FY 2004-05	FY 2005-06	% Change	FY 2006-07	% Change	Change vs. FY 2004-05
Revenue						
Student Charges	\$1,182,227	\$988,513	(16.4%)	\$931,701 ²	(5.7%)	(21.2%)
Earnings on Investments	\$24,876	\$41,295	66.0%	\$58,323	41.2%	134.5%
State Grant-In-Aid	\$118,490	\$119,551	0.9%	\$117,599	(1.6%)	(0.8%)
Federal Grant-In-Aid ¹	\$2,144,739	\$2,342,459	9.2%	\$2,480,954	5.9%	15.7%
Miscellaneous	\$2,875	\$0	(100.0%)	\$0	0.0%	(100.0%)
Sale and Loss of Assets	\$7,725	\$0	(100.0%)	\$0	0.0%	(100.0%)
Refund of Prior Years Expenditures	\$228	\$21,283	9,245.5%	\$0	(100.0%)	(100.0%)
Total Revenue	\$3,481,159	\$3,513,102	0.9%	\$3,588,577	2.1%	3.1%
Expenditures						
Personal Services - Salaries	\$1,441,987	\$1,357,620	(5.9%)	\$1,204,385	(11.3%)	(16.5%)
Employees Retirement and Insurance	\$487,711	\$527,089	8.1%	\$498,645	(5.4%)	2.2%
Purchased Services	\$365,136	\$393,547	7.8%	\$371,538 ³	(5.6%)	1.8%
Supplies and Materials	\$1,435,503	\$1,345,833	(6.2%)	\$1,514,149	12.5%	5.5%
Capital Outlay	\$112,920	\$60,282	(46.6%)	\$7,321	(87.9%)	(93.5%)
Other Objects	\$6,533	\$3,865	(40.8%)	\$2,906	(24.8%)	(55.5%)
Total Expenditures	\$3,849,790	\$3,688,237	(4.2%)	\$3,598,944	(2.4%)	(6.5%)
Spending Surplus (Deficit)	(\$368,631)	(\$175,135)	(52.5%)	(\$10,367)	(94.1%)	(97.2%)
Beginning Fund Balance	\$1,585,926	\$1,217,294	(23.2%)	\$1,042,159	(14.4%)	(34.3%)
Ending Fund Balance	\$1,217,294	\$1,042,159	(14.4%)	\$1,031,793	(1.0%)	(15.2%)

Source: SCSD FY 2004-05 through FY 2006-07 year-end financial and federal claim reimbursement reports.

¹ The Federal Grants-In-Aid line item was adjusted to reflect the amount SCSD claimed, rather than the amount received each fiscal year, because of regular delays in receiving federal reimbursements.

² The FY 2006-07 Student Charges line item was adjusted to include revenue realized in FY 2006-07 but not received until FY 2007-08.

³ The FY 2006-07 Purchased Services line item was reduced by \$23,410.81 because of a one time overcharge of utilities.

As shown in **Table 4-1**, the Food Service Fund ended FY 2006-07 with a positive fund balance of over \$1,000,000. However, this balance has declined in recent years, attributable in part to declining enrollment, which has reduced revenues from student charges. However, **Table 4-1** also shows that the District has been able to nearly eliminate its operating deficit in the Food Service Fund over the past three years. In addition, FY 2006-07 expenditures included a buyout payment to an employee of nearly \$30,000 and salary continuation payments to another employee. Without these charges, the fund would have shown a surplus in FY 2006-07.

An analysis of SCSD's claims submissions confirmed that the District submits its claims for federal reimbursements through the National School Lunch Program and the School Breakfast Program within the required 60 day timeframe, using the online Claims Reimbursement and

Reporting System. Beginning in FY 2007-08, ODE no longer requires districts to submit cost information with claim submissions. However, for districts that wish to make use of them, the financial management tools in the Claims Reimbursement and Reporting System will remain available and can be used to analyze operational and cost efficiencies (see **R4.1**).

Table 4-2 shows adjusted financial data for FY 2006-07 and compares SCSD's Food Service Fund revenues and expenditures to the peer average on a per meal equivalent basis.³

Table 4-2: Food Service Operating Statistics Comparison, FY 2006-07

	SCSD	Small Urban Peer Average ¹	Difference vs. Peer Average
Total Meal Equivalents Served	1,395,993	1,222,240	14.2%
Revenues per Meal Equivalent			
Total Operating Revenue	\$0.67	\$0.54	24.1%
Total Non-Operating Revenue	\$1.90	\$2.00	(5.0%)
Total Revenue	\$2.57	\$2.54	1.2%
Expenditures per Meal Equivalent			
Salaries	\$0.86	\$0.90	(4.4%)
Fringe Benefits	\$0.36	\$0.43	(16.3%)
Purchased Services	\$0.27	\$0.08	237.5%
Supplies and Materials	\$1.09	\$1.06	2.8%
Capital Outlay	\$0.01	\$0.04	(75.0%)
Other	\$0.00	\$0.01	(100.0%)
Total Expenditure	\$2.58	\$2.53	2.0%
Spending Surplus (Deficit)	(\$0.01)	\$0.01	(200.0%)

Source: SCSD and other small urban districts' year-end financial and management reports.

Note: Amounts may vary due to rounding.

¹ Other Small Urban Districts include Hamilton City School District (Butler Co.), Canton City School District (Stark Co.), Warren City School District (Trumbull Co.), Euclid City School District (Cuyahoga Co.), Youngstown City School District (Mahoning Co.), and Cleveland Heights – University Heights City School District (Cuyahoga Co.). The Lorain City School District was excluded because it outsources the food service function, which significantly skews purchased services-related cost data

As shown in **Table 4-2**, SCSD derives a higher percentage of revenue from operating sources, compared to the peer average. Operating revenues include student charges for paid and reduced priced meals, a la carte sales, and revenues generated from meals prepared for Head Start and Even Start programs. Non-operating revenues include federal reimbursements and State grants-in-aid. **Table 4-2** shows that the District's non-operating revenue is below the peer average, on a

³ Per meal equivalents were based on definitions from National Food Service Management Institute. The conversion of meal equivalents used is as follows:

- 1 lunch = 1 meal equivalent;
- 3 breakfasts = 2 meal equivalents; and
- A la carte meal equivalents = a la carte sales divided by free lunch reimbursements plus commodity value per meal.

per meal basis, which supports the fact that on average other small urban districts have a higher percentage of students receiving free or reduced lunches.

The District has reduced overall food service expenditures 6.5 percent since FY 2004-05, through cost-saving measures such as consortium purchasing and the use of government commodities. In addition, SCSD employees who work 32 hours contribute up to 15 percent of the cost of medical insurance premiums. These measures help to keep supplies and materials and fringe benefit expenditures per meal equivalent commensurate with the peer average. Purchased service expenditures are high primarily due to a 2003 lease-purchase agreement for new kitchen equipment which costs approximately \$181,100 per year (see **R4.2**). The District also charges the Food Service Fund for all trash removal costs without allocating non-food service-related costs to the General Fund (see **R4.3**).

The District can improve its monitoring of the Food Service Fund by developing a formal strategic plan that is linked to a five-year food service forecast and includes specific goals, objectives, and performance measures (see **R4.1**). SCSD can also increase revenue and bring expenditures per meal equivalent more in line with the peer average by increasing meal prices (see **R4.4**), and increasing meals served per labor hour (see **R4.5**).

Recommendations

R4.1 SCSD should develop a strategic plan for its food service operation with specific goals, objectives, and performance measures (e.g., increase the ending balance in the Food Service Fund by 5 percent). Goals and objectives should support and be consistent with other District-wide planning efforts (see facilities). Based on the identified strategic goals and objectives, SCSD should develop a comprehensive budget and five-year forecast for the Food Service Fund. Readily available budget and performance information will assist management in proactively addressing or minimizing operating deficits and ensuring progress toward operational goals and objectives.

During the course of the audit, the Supervisor completed an initial five-year forecast to accompany his business plan.

SCSD does not have a formal food service strategic plan to guide the operation in setting and achieving operational goals and measuring progress toward those goals. The Supervisor is in the process of developing a business plan that includes a history of the Food and Nutrition Services Department, its mission, business structure, products and services, market research, a business strategy, areas for potential revenue enhancement, staffing, and capital issues. The Supervisor also informs the Board about issues impacting food service operations and his strategies for addressing them. In addition, the Supervisor uses the point-of-sale system to measure meals per labor hour (MPLH) and revenues/costs per meal, and conducts surveys to identify unpopular items to help increase sales. These are positive approaches that have helped the District maintain a relatively high participation rate and positive ending fund balance (see **Table 4-1**). The business plan, however, does not include measurable goals and objectives that are linked directly to an operating budget and five-year forecast of the Food Service Fund.

As written in the Department's business plan, "Forecasting is performed annually and considers meal costs, expected MPLH, supply costs, transportation costs, total labor dollars, and associated benefit costs. Adjustments are made in the controllable costs after the revenues are projected. The revenues comprise Federal reimbursement rates, State matching rates, purchase rebates, summer program income, contracted meals, interest, cash sales and miscellaneous income." While this stated methodology is appropriate for developing an annual budget, the Supervisor does not have a central budget document that incorporates all of the elements of the business plan. Rather, this information is contained within several separate documents, such as year-over-year meal projections, meal price analyses, Treasurer's Office budget worksheets, participation rate cycle reports, and a schedule for lease agreement payments.

Without a comprehensive budget document, it is difficult to develop an effective long-term forecast that evaluates the impact of today's decisions on the Food Service Fund. For example, the Supervisor's plan does not assess the costs and benefits of buying out the 2003 lease-purchase agreement and selling off unused equipment (see **R4.2**).

According to *Best Practices in Public Budgeting* (GFOA, 2000), a government should prepare policies and plans to guide the design of programs and services. These policies and plans may address items such as: groups or populations to be served, service delivery issues, examples of possible programs, standards of performance, expected costs, time frames for achievement of goals, issues pertaining to organizational structure, and priorities for service provision. While these broad long-range plans guide operations, they must be supplemented and integrated with short-term operations planning to achieve these broader purposes.

Two important components of a strategic plan for the food service operation are a current-year budget and a long-range forecast. According to *School Foodservice Management for the 21st Century* (NFSMI, 1999), a budget, when used as a plan for financial management, can help managers forecast revenue and expenses based on prior years' data, estimates, and planned changes; identify potential problems by contrasting actual financial activity and providing a basis for comparison; set performance standards; control erratic expenditures; and assess the affordability of planned purchases. NFSMI also recommends forecasting revenue and expenditures over a five-year period for long-range planning. Forecasting can provide sufficient notice of emerging issues so that action can be taken to address them.

Finally, performance measures can be used to document progress toward the achievement of operational goals. GFOA recommends that performance measures be based on program goals and objectives that are linked to a statement of program mission or purpose, and they should measure the efficiency and effectiveness of program results or accomplishments over time. When linked to the budget and strategic planning process, performance measures can be used to assess accomplishments on an organization-wide basis.

In the absence of a central document that formalizes the food service budget and long-term strategies, SCSD cannot easily monitor the implementation and effectiveness of operational decisions. This could result in continued deficit spending in the Food Service Fund which may require the General Fund to subsidize operations in the future.

R4.2 SCSD should pay off the lease-purchase agreement used to equip its new kitchen and sell off the “cook-chill” equipment that is no longer used. This will help eliminate the operating deficit in the Food Service Fund and bring purchased service expenditure ratios more in line with the peer average.

In 2003, SCSD entered into a \$1.6 million lease-purchase agreement to equip a new central kitchen. In addition to standard kitchen equipment, the lease-purchase agreement includes cook-chill equipment, which rapidly chills meals after they are produced. The kitchen also includes a dishwashing room to centrally wash plastic trays. The kitchen was designed to serve all school buildings with the capability of expanding services to surrounding districts. The District incurs approximately \$181,100 in annual costs associated with this lease-purchase agreement, which contributes to the annual operating deficit in the Food Service Fund, as well as high purchased service expenditures per meal equivalent when compared to the peer district average (see **Table 4-2**).

SCSD initially paid \$397,600 for the specific cook-chill equipment components of its new kitchen. However, due to the unpopularity of the menu items that could be adequately prepared with the cook-chill system, the District ceased preparing meals with it at the end of FY 2005-06. The cook-chill equipment is currently unused and the District has been made an offer to purchase the equipment for approximately \$89,600. In order to complete the sale of the cook chill equipment and avoid nearly \$75,000 in interest payments for the balance of the lease-purchase agreement, SCSD would have to buy out the remaining principal balance of the agreement at a cost of about \$739,800.

Financial Implication: By paying off the 2003 lease-purchase agreement early, the District would eliminate \$181,000 annually in interest and principal payments. If SCSD then sells off the cook-chill equipment at the estimated price of \$89,600, the net one-time cost to the District would be approximately \$650,200.

R4.3 SCSD should consider revising the methodology for allocating utility costs to include cafeteria square footage. SCSD should also establish a policy and procedures to ensure only food service-related expenses for trash removal are charged to the Food Service Fund, per Ohio Revised Code (ORC) § 3313.81. By capturing and recording indirect food service-related expenses, SCSD will have a more accurate picture of the true cost to operate its food service program.

A review of the District’s Food Service Fund shows that while it has not required General Fund advances or transfers in recent years, the fund has posted operating deficits for the past three years. SCSD charges a portion of utility costs to the Food Service Fund, but this methodology only includes kitchen square footage and excludes cafeterias. In addition, SCSD charges the Food Service Fund for the entire cost of the District’s trash removal (\$80,000). SCSD is working to gather data to determine how these trash removal

costs should be allocated among funds. The District estimates that, at most, the Food Service Fund should pay 50 percent of trash removal costs.

According to *Measuring the Cost of Government Services* (GFOA, 2002), governments should measure the full costs of their services. For the food service operation, ORC § 3313.81 emphasizes the need for this practice by stating:

All receipts and disbursements in connection with the operation of food service for school food service purposes and the maintenance, improvement, and purchase of equipment for school food service purposes shall be paid directly into and disbursed from the food service fund which shall be kept in a legally designated depository of the board. Revenues for the operation, maintenance, improvement, and purchase of equipment shall be provided by the food service fund, appropriations transferred from the general fund, federal funds, and from other proper sources.

One methodology for calculating utility expenses is to determine the total space occupied by the food service operation (including kitchen, office, storage, and cafeteria space) and calculating the percentage this space represents of the total square footage of the school building. In many cases, schools have multi-purpose spaces that are used as auditoriums or gymnasiums in addition to cafeterias. For these areas, the District should calculate square footages based on the percent of time the space is used by the food service operation. Expenses for gas, electric, water/sewer, and trash removal would then be allocated to the food service operation based on the percentage of space used.

When charging the full cost of trash removal to the Food Service Fund, the operating costs for trash removal are overstated. However, by not including all building space used by the food service operation in the allocation of utility costs, the District understates the operation's utility costs. SCSD should review and document its methodologies for charging indirect costs to the Food Service Fund to increase the accuracy of cost data used for decision making, as well as the District's five-year forecast.

R4.4 SCSD should consider increasing meal prices to more fully recoup its meal preparation and service costs. Any decision to increase meal prices, however, should include an assessment of the potential impact on participation rates to avoid discouraging participation because of higher prices. By raising meal prices, SCSD can better ensure that the Food Service Fund remains self-supporting in the long term, particularly if it chooses to pay off the 2003 lease-purchase agreement because doing so will leave the fund with a much smaller carryover balance (see R4.2).

In April 2008, the Board took action to increase meal prices by \$0.25 at all school building for FY 2008-09.

The District does not charge students for breakfast and has not raised lunch prices since FY 2005-06. This can be attributed, in part, to SCSD's strategy of keeping "meal prices the lowest in the county" and maintaining high participation rates. SCSD plans to increase lunch prices between \$0.10 and \$0.25 in FY 2008-09, which the Supervisor estimates could generate up to \$49,300 in additional operating revenue.

Table 4-3 compares SCSD breakfast and lunch prices by grade level to other Clark County and small urban districts.

Table 4-3: SCSD Meal Price Comparison

	SCSD	Clark County Average	Small Urban District Average	Peer Average Midpoint	Difference from Midpoint
Elementary School Breakfast	\$0.00	\$1.25	\$0.32	\$0.79	(100.0%)
Middle School Breakfast	\$0.00	\$1.25	\$0.43	\$0.84	(100.0%)
High School Breakfast	\$0.00	\$1.25	\$0.57	\$0.91	(100.0%)
Average Breakfast Price	\$0.00	\$1.25	\$0.44	\$0.85	(100.0%)
Elementary School Lunch	\$1.50	\$2.07	\$1.14	\$1.61	(6.5%)
Middle School Lunch	\$1.75	\$2.15	\$1.84	\$2.00	(12.3%)
High School Lunch	\$1.75	\$2.31	\$1.91	\$2.11	(17.1%)
Average Lunch Price	\$1.67	\$2.18	\$1.63	\$1.91	(12.3%)

Source: SCSD, Southwest Educational Purchasing Council, and peer site applications obtained through ODE

Table 4-3 shows that SCSD does not charge students for breakfast and lunch prices fall below the peer average midpoint at all grade levels. This is an indication that the District can go beyond a \$0.10 per meal increase and still be in line with the peers. Increasing average lunch prices to \$1.91 will bring SCSD more in line with peers and still reflect the Department's strategy of maintaining the lowest meal prices in Clark County.

The Supervisor indicated that lower meal prices help keep participation rates high. Without a meal price increase, however, SCSD may not be able to maintain a positive balance in the Food Service Fund, especially if food and commodities prices continue to rise and enrollment continues to decline (see **facilities**). Therefore, any decision to increase lunch prices and potentially charge for breakfast should be carefully considered and linked to the Department's five-year forecast (see **R4.1**) to assess direct and indirect economic impacts.

Financial Implication: Assuming FY 2006-07 participation rates and number of meal equivalents served remains constant, SCSD can generate approximately \$50,100 in new operating revenue per year by increasing its average lunch price to \$1.91.

R4.5 SCSD should consider reducing up to 42.9 labor hours per day at the high schools. This would increase the number of meals per labor hour (MPLH) and bring staffing levels more in line with national benchmarks. SCSD should look to reduce labor hours when it consolidates grades 9-12 into one building (see facilities). By increasing MPLH, SCSD can further ensure it maintains a positive year-end balance in the Food Service Fund and improve operational efficiency.

MPLH⁴ measures a food service operation's productivity and efficiency. The more meal equivalents served per day, the greater the efficiency. **Table 4-4** compares SCSD actual food service labor hours to the NFSMI-recommended benchmark for efficient operations.

Table 4-4: SCSD Food Service Labor Hours

Building	SCSD Daily Meal Equivalents	SCSD Daily Labor Hours	Daily Labor Hour Benchmark	Over (Under) Benchmark
Clark Middle	383	21.5	21.3	0.2
Fulton Elementary	472	15.0	24.8	(9.8)
Hayward Middle	497	24.5	26.1	(1.6)
Keifer Community High	106	6.0	8.2	(2.2)
Kenton Elementary	492	15.0	25.9	(10.9)
Kenwood Elementary	448	15.0	23.6	(8.6)
Lagonda Elementary	490	15.0	25.8	(10.8)
Lincoln Elementary	471	15.0	24.8	(9.8)
Mann Elementary	450	15.0	23.7	(8.7)
North High	1,075	67.2	46.7	20.5
Perrin Woods Elementary	448	15.0	23.6	(8.6)
Roosevelt Middle	543	24.5	28.6	(4.1)
Schaefer Middle	514	24.5	27.0	(2.5)
Snowhill Elementary	388	12.5	21.5	(9.0)
Snyder Park Elementary	425	15.0	22.4	(7.4)
South High	496	48.5	26.1	22.4
Warder Park-Wayne Elementary	392	12.5	21.8	(9.3)
Total	8,090	361.7	424.1	(60.2)

Source: SCSD, MR reports obtained through ODE, and *School Foodservice Management for the 21st Century*

¹ The national standard is based on a convenience system, high productivity level.

Table 4-4 indicates that District-wide, SCSD uses 60.2 fewer daily labor hours to meet the NFSMI benchmark for MPLH, but the high schools use more labor hours than necessary to meet this benchmark. The Supervisor attributes this contrast primarily to the fact that high school students have more meal choices available to them which helps maintain high participation rates.

⁴ The measurement is calculated by dividing the total labor hours worked by the total meal equivalents (breakfast, lunch, a la carte) served per day at each building.

Financial Implication: SCSD data reported in EMIS shows that food service employees earn an average of \$12.56 per hour and work 188 days per year. In addition, **Table 4-1** shows that fringe benefits amount to 41.4 percent of total salaries. A reduction of 42.9 daily labor hours at the high school will save the Food Service Fund approximately \$142,800 per year in salaries and benefits.

Financial Implications Summary

The following table presents a summary of the estimated annual cost savings, annual revenue enhancements, and one-time implementation costs identified in recommendations presented in this section of the report. Only recommendations with quantifiable implications are listed.

Summary of Financial Implications for Food Service

Recommendation	Estimated Annual Cost Savings	Estimated Annual Revenue Enhancements	Estimated One-Time Implementation Costs
R4.2 Buy out the 2003 lease purchase agreement and sell off unused "cook-chill" equipment	\$181,000		\$650,200
R4.4 Raise meal prices		\$50,100	
R4.5 Reduce food service labor use by 42.9 daily labor hours	\$142,800		
Total	\$323,800	\$50,100	\$650,200

Source: AOS recommendations

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District Response

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



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May 30, 2008

Mary Taylor, Auditor of State
88 East Broad Street
Columbus, OH 43216

Dear Ms. Taylor:

We sincerely thank the Performance Audit Team for their thorough and thoughtful analysis of Human Resources, Facilities and Food Service Operations in the Springfield City Schools. The menu of options generated by the Team is very much appreciated.

As with the previous 2005 Performance Audit, the district administration and board will carefully weigh the feasibility of each recommendation suggested by the audit team. The most feasible recommendations will be selected for implementation and a timeline for completion will be established. The district has already implemented several recommendations made in the 2007 audit to include:

- Reduced Special Education Teacher positions to bring the district's special education teacher-student ration in line with the peer districts' average.
- Developed a Board-appointed committee comprised of board members, staff and community members to develop a Facilities Master Plan, including the relocation of Central Office.
- Planned to buy-out the 2003 lease purchase agreement and sell the unused cook-chill equipment to bring the purchased service expenditure ratios more in line with the peer average.
- Increased school meal prices to be more in line with peer districts.

Implementation of many of the Performance Audit recommendations from 2005 and 2007 will enable us to balance our budget and serve as a tool for long term financial solvency. Again, I sincerely thank you for working so closely with the Springfield City Schools.

Sincerely,

E. Jean Harper, Ph.D.
Superintendent of Schools

Superintendent
E. Jean Harper, Ph.D.
(937) 505-2806

Treasurer
Penelope Rucker
(937) 505-2811

Board Members
Jamic Callan
Stephen Feagins, M.D.
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