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STATE OF OHIO

SPRINGFIELD LOCAL SCHOOL DISTRICT PERFORMANCE AUDIT

SEPTEMBER 21, 2000

EXECUTIVE SUMMARY

Project History

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

In accordance with Ohio Revised Code Section 3316.03, the Auditor of State can declare a school district to be in a state of fiscal watch if the district has an operating deficit which exceeds eight percent of the preceding year's general fund revenues, the district's unencumbered cash balance for the preceding fiscal year was less than eight percent of the general fund expenditures and a levy has not been passed which will raise sufficient revenues to eliminate these conditions. ORC section 3316.04 allows the Auditor of State to declare a school district to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent of Instruction within 120 days of being placed in fiscal watch.

In January 2000, the Auditor of State, Local Government Services Division (LGS) declared a projected \$1.8 million deficit for Springfield Local School District (SLSD or the District) for fiscal year ending June 30, 2000, which met the criteria necessary to be placed in fiscal watch. However, because SLSD's Board of Education did not feel that the District would be able to meet its financial obligations for the remainder of FY 1999-00, on January 25, 2000, the Board passed a resolution requesting the Auditor of State to bypass the fiscal watch process and place the District in fiscal emergency. On February 11, 2000, the Auditor of State formally declared SLSD to be in a state of fiscal emergency. School districts placed in fiscal emergency qualify to receive an interest free advance from the Ohio Solvency Assistance Fund administered by the Ohio Department of Education. SLSD received an advance of \$1.8 million from the Ohio Solvency Assistance Fund on May 3, 2000 and is scheduled to repay the full amount over the next two fiscal years.

Pursuant to Ohio Revised Code Section 3316.041, the Auditor of State's Office initiated a performance audit of SLSD. Based upon a review of District information and discussions with the Superintendent and the Ohio Department of Education, the following four functional areas were selected for assessment in the performance audit:

- Financial Systems
- Human Resources
- Facilities
- Transportation

Planning for the performance audit began in February 2000, and the actual performance audit was conducted primarily during the months of February 2000 through May 2000.

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

Financial Planning and Supervision Commission

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

- The Superintendent of Public Instruction or designee
- The Director of Budget and Management or designee
- An appointment of the County Auditor
- An appointment of the Governor
- An appointment of the Superintendent of Public Instruction who shall be a parent of a child attending a school in the district

Ohio Revised Code Section 3316.06 requires the Financial Planning and Supervision Commission to adopt a financial recovery plan within 120 days of its first meeting. The fiscal emergency legislation stipulates that the plan must contain the following provisions:

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

The Commission has the following powers, duties and functions:

- Review or assume responsibility for the development of all tax budgets, tax levy and bond and note resolutions, appropriation measures, and certificates of estimated resources to ensure they are consistent with the financial recovery plan
- Inspect and secure pertinent documents
- Review, revise and approve determinations and certifications affecting SLSD made by the County Budget Commission or the County Auditor
- Bring civil actions to enforce fiscal emergency provisions
- Implement steps necessary to bring accounting records, accounting systems and financial procedures and reports into compliance with the Auditor of State's rules
- Assume responsibility for all debt issues
- Make and enter into all contracts necessary or incidental to the performance of its duties
- Implement cost reductions and revenue increases to achieve balanced budgets and carry out the financial recovery plan

The Financial Planning and Supervision Commission is currently reviewing all monthly financial reports, and is monitoring the processes followed by SLSD for all expenditures. The Commission will continue in existence until the Auditor of State determines that the following conditions have been met:

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

District Overview

The Springfield Local School District (SLSD or the District) is located in Summit County. The District encompasses approximately 19 square miles and serves between approximately 3,200 and 3,300 students on an annual basis. The District's average daily membership (ADM) for FY 1998-99 was 3,308 compared to the previous fiscal year's ADM of 3,313. In FY 1999-00, the ADM continued to decrease as the October ADM headcount was 3,170, a decrease of 4.2 percent from FY 1998-99.

SLSD's student attendance rate was 93.6 percent for FY 1998-99, which was approximately equal to the peer group average of 93.8 percent and greater than the statewide average of 92.6 percent. SLSD's ninth grade proficiency test passage rate was 61 percent for FY 1998-99, which was slightly lower than the peer group average of 64 percent and equal to the state average of 61 percent. SLSD met 7 of the 18 standards on the district report card issued in 1999 for the 1997-98 school year and met 10 of 27 standards on the 2000 report card issued recently for the 1998-99 school year. As a result, this level of attainment currently places the District in the academic watch category.

The District's current financial condition is due, in part, to the high salaries it has historically paid its administrators, teachers, clerical, crafts/trades, custodians and food service employees in comparison to the peers and increasing overall staffing at a faster rate than the past growth in enrollment. An additional factor contributing to the District's past operating deficits are the high supplemental pay schedules when compared to the peers. To fund anticipated deficits, the District issued operating debt. In total, from FY 1996-97 through FY 1998-99, the District issued operating debt five times resulting in total interest charges of approximately \$380,000.

The Auditor of State, Local Government Services (LGS) office has certified a projected deficit of \$1.8 million in FY 1999-00. The District borrowed that amount from the State Solvency Assistance Fund during the current fiscal year and will be required to repay one-half during each of the next two fiscal years, FYs 2000-01 and 2001-02. Assuming no additional sources of revenues and no significant changes in operations, the financial forecast provided in **Table 2-1** of the **Financial Systems** section of this report shows the District encountering a deficit of approximately \$864,000 by FY 2003-04. This forecast assumes two percent wage increases in all years as well as the successful renewal of a 4.5 mill emergency levy which is scheduled to expire during the forecast period. Non-renewal of this levy will significantly worsen SLSD's financial condition.

SLSD received revenues totaling \$6,000 per pupil in FY 1998-99, placing it below the peer district average of \$6,489 and below the state average of \$6,682. Per pupil expenditures in FY 1998-99 totaled \$6,701, which was the highest among the peers and approximately \$700 in excess of the revenues per pupil. In each of the three previous fiscal years, per pupil expenditures exceeded per pupil revenues by approximately \$315 in FY 1995-96, \$1,083 in FY 1996-97 and \$841 in FY 1997-98. In comparison to the peers, SLSD receives a lower amount of total revenues from local sources

than the peer average and the state-wide average for all school districts. In addition, SLSD's effective millage, average property valuation and median incomes for 1998 were the second highest among the peers. However, it is important to note the revenue comparisons presented above do not take into consideration the 4.53 mill emergency levy (\$1.6 million annually) passed in March 2000.

As a labor intensive organization, SLSD expends approximately 88 percent of its operating budget to fund payroll and fringe benefit costs. In FY 1998-99, SLSD's average teacher salary was \$42,513, which is greater than each of the peer districts, a comparable district located in Summit County (Barberton City Schools) and the average for all districts located in Summit County (\$41,838). An analysis of SLSD's average teacher salary for the past ten years indicates the District has historically had the highest average teacher salary among the peer districts. In addition, for FY 1998-99, SLSD had the highest amount paid for supplemental contracts when compared to the peer districts. An analysis of the average salaries for the past ten years for clerical, crafts/trades, custodial and food service employees indicates the District has historically had higher average salaries in all employee classifications when compared to the peers and another comparable school district in Summit County.

As a result, SLSD is encouraged to negotiate reduced cost of living increases for all employees and reassess the supplemental contract schedule to improve the District's financial condition.

When compared to the peer districts, SLSD has the highest average monthly medical premium costs. However, SLSD has the lowest actual insurance cost per employee among the peer districts at \$4,955, which is also lower than the annual cost of health care of \$5,680 per covered employee in 1999 as estimated by the State Employee Relations Board (SERB). By charging the highest monthly medical premiums and having the lowest claims per employee, SLSD has accumulated the highest balance in its self-insurance fund when compared to the peers. This decreases the amount of revenues available in the general fund and indicates that SLSD may be setting their monthly premiums in excess of what is needed. The District is encouraged to reassess the balance being maintained in the self-insurance fund as well as determine if the monthly premiums are established at an appropriate level.

For FY 1999-00, the District has approximately 350 employees consisting of 16 administrators, 225 teachers and 109 classified employees. These staffing levels represent a decrease of approximately 14 FTEs or four percent from the FY 1998-99 levels. During the past five years, the District's staffing levels have ranged from a low of 302 FTEs in FY 1994-95 to a high of 355 FTEs in FY 1997-98. Historically, the District has increased staffing at a rate faster than the past growth in enrollment. For FY 1998-99, the staffing levels in conjunction with enrollment resulted in a 18.6:1 student teacher ratio in elementary schools and a combined 22.6:1 student teacher ratio at the secondary schools. Based on comparisons to peers and ORC standards, the District should consider reducing 2.0 to 4.0 FTE professional education positions, 8.0 FTE food service positions, 2.0 FTE custodial positions and 2.0 to 3.0 FTE office/clerical positions. It should be noted that for FY 2000-01, the Commission has taken action to reduce the overall staffing by approximately nine FTEs consisting of seven certificated positions and two classified positions.

The District consists of 10 sites with a total area of 494,151 square feet. There are six elementary schools, one middle school, one high school, one transportation/maintenance facility and one administrative/other building. The average age of the eight school buildings is approximately 53 years and deferred maintenance has created significant capital needs. In 1990, the Ohio Public Facility Survey estimated it would cost approximately \$21.2 million to repair and upgrade SLSD's facilities to the minimum codes for health and safety. In July 1997, the Ohio Legislative Budget Office updated the figures from the 1990 survey and estimated the current cost to repair the District's facilities to be approximately \$37.6 million.

In FY 1992-93, the District closed one elementary school building which was leased until FY 1998-99. Since FY 1998-99, the building has remained vacant. The District prepares enrollment projections on a yearly basis. The most recent projection shows the student enrollment decreasing from its current level of 3,170 students to 3,155 students by FY 2005-06. Based on a capacity analysis using the enrollment projections prepared by SLSD, it appears that the District has excess building capacity and should consider closing one elementary building as well as selling the vacant elementary buildings.

The average square footage per custodian is 22,862 for FY 1998-99, which is 14 percent greater than the peer average. The maintenance employees are responsible for an average of 123,338 square feet per employee, which is approximately 1.4 percent greater than the peer average and 15.8 percent greater than the AS&U Region 5 average. In comparison to the peers, SLSD's custodial and maintenance employees have the highest average base salary. Furthermore, in fiscal year 1998-99, the custodial and maintenance employees received an average of \$1,717 and \$1,858 respectively in overtime pay. In addition to negotiating low wage increases for all employees as mentioned above, the District should closely monitor and limit overtime for maintenance and grounds keeping employees to emergency work and work which is reimbursed by outside groups.

In FY 1993-94, SLSD contracted with Laidlaw Transit, Inc., formerly known as Settle Service, Inc., to provide student transportation services. Currently, SLSD transports students grades K-12, whose residence is more than one mile from their assigned school. This transportation policy is in excess of the state's minimum standards which requires transportation of students in grades K-8 who live more than two miles from their assigned school. For FY 1998-99, 3,289 students were provided transportation services on 27 contracted buses. Because SLSD is in fiscal emergency, the District needs to reduce its expenditures by thoroughly examining all of its operational costs, including the cost of providing transportation services in excess of state minimum standards. If SLSD's financial difficulties continue, one area the District could consider when attempting to reduce overall expenditures would be to begin transporting students in accordance with state minimum standards. For FY 1998-99, the District transported an average of 122 regular needs students per bus at an average cost of \$296. Although these ratios appear to be reasonable when compared to the peers, they could potentially be improved upon and further efficiencies gained by requiring Laidlaw to utilize the full potential of its routing software. In contrast to the regular needs students transportation

ratios, the District transported 76 special needs students at an average cost of \$3,785, which was the highest among the peers. The District is encouraged to investigate various alternatives in an effort to reduce the cost of providing transportation services to special needs students.

A review of the Laidlaw contract identified several provisions which may be costly to the District including the requirement that buses be replaced at 10 years or 120,000 miles, the requirement for the District to provide fuel and the requirement that the contract cost increase at an annual rate of 4.5 percent. Prior to renewing the contract with Laidlaw, the District is encouraged to solicit more responses to the request for proposal by increasing its advertising efforts, holding pre-bid meetings and conducting follow-up phone calls with prospective bidders.

In order to achieve and maintain financial stability, SLSD faces several difficult challenges including the reduction of staff, curbing payroll and benefit costs and meeting statutory requirements established by House Bill 412, while maintaining high standards for the education of its students. The District is in the process of negotiating new agreements with its certified and classified staff and prudent bargaining with the unions will help to ensure future financial stability. At a minimum, the District must examine its salary and supplemental pay structures and negotiate low cost of living increases for all employee classifications. In addition, staffing levels should be examined and continually modified to reflect changes in enrollment.

By implementing the financial recovery plan outlined in **Table 2-2** of the financial systems report, the District's financial position will improve. However, the District is still facing unmet facility, technology and educational needs. On the 1999-2000 district report card, SLSD met 10 of the 27 standards placing the District in academic watch status. To rectify these conditions, the District will potentially have to reallocate a significant amount of funds towards the facilities as well as towards educational related programs, supplies, materials and equipment. To assist in meeting these important needs, this performance audit identifies a number of recommendations beyond those included in the recovery plan which could be implemented in an effort to reallocate funds towards these areas.

The performance audit provides a series of recommendations, many of which include associated cost reductions, redirected services or efficiency improvements. Management should carefully consider these recommendations when making the important decisions necessary to establish financial stability while continuing to meet the District's facility needs and improving on the educational standards SLSD is providing.

Summary Result

The summary result of the performance audit is contained within pages 1-9 through 1-18. The summary result is followed by overall performance audit information including a definition of performance audits, the objective and methodology of performance audits and peer district comparisons of key information.

The performance audit addresses four major areas of SLSD operations. The financial systems area is further segregated into financial planning as well as revenues and expenditures. A summary of background information, major findings, major commendations, major recommendations and financial implications is provided for each area. However, a thorough analysis of each of the four areas, including detailed findings and recommendations, is contained within the corresponding section of the report. All interested parties are encouraged to read the entire report.

The results of this performance audit should not be construed as criticisms of SLSD management. The performance audit should be used as a management tool by the Commission, SLSD and the community to improve operations within the District, thereby aiding in the preparation of the District's financial recovery plan.

A table representing a summary of the financial implications of the recommendations is presented on pages 1-19 through 1-20. However, the performance audit also contains a number of recommendations which may not generate estimable cost savings but will result in enhanced service delivery within district operations. If implemented, these recommendations would improve the operational efficiency of the SLSD and its effectiveness in achieving its educational mission.

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

Financial Systems

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

Background: After conducting an analysis of the District's financial forecast, the Local Government Services (LGS) Division within the Auditor of State's office declared a \$1.8 million operating deficit for fiscal year ending June 30, 2000, which met the criteria necessary to be placed in fiscal watch. However, because the Board of Education of the Springfield Local School District did not feel that the District could make sufficient reductions to eliminate the deficit, a special meeting was held on January 25, 2000 to request that the Auditor of State bypass the fiscal watch process and place the District in fiscal emergency. The Board approved the resolution and on February 11, 2000, the Auditor of State formally declared SLSD to be in a state of fiscal emergency. While in fiscal emergency, a financial planning and supervision commission has been formed and given broad oversight authority to balance the District's budget.

Forecast: A financial forecast was prepared by the District's treasurer in June 1999 to fulfill the requirements of H.B. 412. The forecast was revised in March 2000. The revised forecast projects the District encountering a positive ending cash balance of \$960,000 in FY 2003-04. However, the forecast lacks detailed assumptions to clearly indicate the manner in which the forecast was developed and it excludes outstanding encumbrances for FY 2000-01 through FY 2003-04.

Table 2-1 presents a forecast for the District assuming no material changes in operating expenditures or revenues. This forecast projects an operating deficit of \$864,000 by FY 2003-04. Differences between **Table 2-1** and SLSD's forecast are the following: the District's forecast includes the proceeds of \$1.5 million from the assumed issuance of five-year tax anticipation notes, **Table 2-1** projects salaries to increase in all years at two percent, and **Table 2-1** includes encumbrances as well as the repayment of the H.B. 264 debt. A second forecast is presented in **Table 2-2** which incorporates the commission reductions and the performance audit recommendations, including savings and implementation costs, that could serve as a framework for the District's Financial Planning and Supervision Commission as it develops the financial recovery plan.

Findings: During the past several years, SLSD entered into a cycle of borrowing through spending reserve loans and tax anticipation notes to cover operating deficits. Continued borrowing on the part of the District has contributed to the financial hardship SLSD is currently experiencing. From FY 1996-97 through FY 1998-99, the District issued operating debt five times resulting in total interest charges of approximately \$380,000. One of the contributing factors to the District's past operating deficits is the high salaries it has historically paid to its administrators, teachers, clerical, crafts/trades,

laborers, custodians and food service employees in comparison to the peers. See the **Human Resources** section of this report for a detailed analysis of SLSD's salary structure. An analysis of SLSD's per pupil expenditures indicates that the District had the highest total expenditures among the peer districts. Furthermore, SLSD's support services expenditures (37.6 percent) were the second highest among the individual peer districts and higher than the peer average of (37.2 percent).

Approximately 48.7 percent of the District's total revenues are derived from local sources. SLSD received a lower percentage of its total revenue from local sources than the peer average and the state-wide average for all school districts. SLSD has the second highest effective millage which is 0.6 mills higher than the peer average and 2.2 mills higher than the state-wide average for all school districts. In addition, an examination of the District's average valuation and median income shows SLSD has the second highest median income and property values when compared to the peer districts in 1998.

The District's food service division has experienced operating deficits in the last two years. The division generated net losses in FY 1997-98 and FY 1998-99, in the amounts of \$51,027 and \$56,355, respectively. SLSD has the second highest overall staffing level compared to the peer districts and the peer average for their food service operations. SLSD has the highest total operation cost and is maintaining the second highest average salary and benefit costs per staff member.

SLSD does not prepare a formal capital or long-range capital spending plan, nor has it created a comprehensive facilities capital plan for use in guiding its long-term spending decisions. The cost of repairing and upgrading the District's current facilities to meet minimum standards for health and safety is estimated at approximately \$37.6 million.

Recommendations: The District should develop detailed five-year forecasts with accompanying assumptions and notes for major operating, capital and debt fund. SLSD should use the format of the financial forecast presented in **Table 2-1** and update the information and projections as financial issues change or materialize. The District should also consider making the forecast document available to the general public, as well as to parents, district employees and board members. By presenting more historical and projected financial information, and including detailed accompanying assumptions, explanatory comments, and the methodology used in deriving the financial estimates, the District will provide management, as well as the general public, a more comprehensive understanding of its anticipated financial condition.

The District's long-term plans must include an effort to withdraw from borrowing to fund operating deficits. The District should begin making effective use of its budgets by managing its expenditures to stay within the total revenues. The budget should be used as the District's spending plan to control expenditures and to help ensure goals and objectives are being met.

Other significant recommendations include the following:

- Examine the spending patterns and consider reallocating monies towards instructional programs which will have the greatest impact on improving the student's education and proficiency test results.
- Consider cost savings options in food service to eliminate the deficit.
- Develop a comprehensive long-range capital plan which addresses the needs for ongoing capital repairs and maintenance.
- Develop and coordinate grant programs to include all teachers and administrators in the grant search and application process.

Financial Implication: It is estimated that implementation of the recommendations in this section of the report would result in approximately \$197,000 in annual savings with one-time implementation costs ranging between approximately \$4,000 and \$6,000.

Human Resources

Background: The human resources section evaluates the number, makeup and compensation of SLSD employees, substitute utilization and costs, benefits administration, contractual issues and other employment and organizational issues. The District does not have a centralized human resources department. The individuals responsible for performing human resources functions include the superintendent, the business manager, the treasurer, a clerk within the treasurer's office and the building principals. The primary duties performed by these individuals include recruiting and selecting employees, complying with state and federal employment laws, negotiating labor contracts, administering salaries and benefits and administering employee performance and discipline policies.

Findings: A review of the Educational Management Information System (EMIS) data for FY 1998-99 shows numerous errors, primarily because SLSD improperly calculated full-time equivalents (FTE) of District personnel. An analysis of corrected EMIS staffing data indicates that the staffing levels have grown at a faster rate than enrollment over the past several years. A comparison of the corrected EMIS staffing data to the peers and ORC standards indicates that the District may be able to reduce certain classified and certificated positions.

A review of the master teaching schedules revealed that 83 percent of high school teachers and 87 percent of middle school teachers are required to educate at least six periods per day. An analysis of the elementary staffing levels indicates that the District is maintaining a student teacher ratio of 18.6:1. Furthermore, an analysis of the combined staffing levels at the secondary schools indicates that the District is maintaining a student/teacher ratio of 22.6:1. The District's student teacher ratios in the area of special education comply with the recommended standards and exceed the peer averages.

When compared to the peers, SLSD has the highest average salaries in the administrative, professional/education, professional/other, office/clerkical, crafts/trades, laborer and custodian classifications. An analysis of average salaries from the past ten years indicates that SLSD has historically paid its teachers, office/clerkical, crafts/trades and custodial employees at a higher rate than the peers and another comparable district from Summit County (Barberton). In addition to the high average salaries, SLSD's average supplemental contract amount (\$3,658) is also high when compared to the peer district average (\$3,054).

SLSD spent \$198,714 on substitute services for FY 1998-99, including \$142,566 in teacher substitute costs. An analysis of substitute teaching days shows that the average SLSD teacher requires a substitute for 10.7 days per school year, which is higher than the peer average and the Bureau of Labor Statistics governmental worker average (4.5 sick days). SLSD's classified employees averaged 9.1 total leave days per year, which is also higher than the peer average and the Bureau of Labor Statistics governmental worker average (4.5 sick days).

When compared to the peer districts, SLSD has the highest average monthly medical premium costs. However, SLSD has the lowest actual insurance cost per employee among the peer districts at \$4,955, which is also lower than the annual cost of health care of \$5,680 per covered employee in 1999 as estimated by the State Employee Relations Board (SERB). By charging the highest monthly medical premiums and having the lowest claims per employee, SLSD has accumulated the highest balances in its self-insurance fund when compared to the peers. This decreases the amount of revenues available in the general fund for educational purposes.

According to the certificated contract, employees are given unlimited personal leave days; however, the superintendent has limited the use of personal leave to three days per employee. In addition, the certificated contract provides for ten days of paid leave for conducting association business, however, the union is not required to reimburse the District the salaries of members using this leave or the associated substitute costs. The District has not established a probationary period for classified employees. All employees are required to be evaluated annually; however, the superintendent indicated that this is not occurring as required by the contract. SLSD provides all 12-month classified employees with 14 paid holidays during the year compared to 11 paid holidays offered to the 12-month employees at Salem City School District and Tallmadge City School District.

Commendations: Because SLSD is using lower salaried monitors, it is able to make the best use of its higher salaried teaching resources. Requiring a high percentage of teachers to educate at least six periods per day minimizes the number of staff needed to teach the required number of minutes per year. In addition, SLSD's use of the Teacher Performance Assistance Procedure (TPAP) program allows for the proper management of teachers and assists them in addressing their deficient areas.

Recommendations: Because SLSD receives funding based upon EMIS information provided by the District and because EMIS information is provided to the public and is used to make assessments about the effectiveness of SLSD as a whole, the District should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted. The performance audit identified areas where staff could possibly be reduced. The following table summarizes areas where staffing levels should be reviewed when evaluating alternatives to deal with the current financial situation. However, it should be noted that the Commission has taken action to reduce overall staffing by approximately nine FTE positions in FY 2000-01 consisting of seven certificated and two classified positions.

Staff Reductions by Position				Estimated Annual Savings
Classification of Position	Basis	Section Number	Number Reduced	
Food Service	Reduce staffing through implementing a central kitchen concept	2	8 FTEs	\$183,200
Professional Education-Other	Establish professional education-other (physical education, art and music teachers) staffing levels comparable to peer districts.	3	2 - 4 FTEs	\$110,500 - \$221,100
Office/Clerical	Establish office/clerical staffing levels comparable to peer districts.	3	2 - 3 FTEs	\$40,000 - \$60,000
Custodial	Reduce staffing by reallocating staff based on square feet being maintained	4	2 FTEs	\$73,400
		Totals	14 - 17 FTEs	\$407,100 - \$537,700

Because of the high average salaries paid by the District and its current financial situation, SLSD and the unions should negotiate reduced cost-of-living increases for all employees until the District recovers from its fiscal emergency status. SLSD should also examine the supplemental contract payment schedule to determine if savings can be generated.

SLSD should revise the graduated benefits schedule so employees are paying monthly premiums in proportion to the hours they work. Also, the balance maintained in the self-insurance fund should be reassessed in an effort to increase the general fund resources available for other expenditures. In addition, SLSD should reassess the monthly premiums and establish them at an amount deemed necessary to cover the estimated expenditures each month and provide a reasonable balance for unanticipated claims.

Other significant recommendations include the following:

- Work with employees to determine if an unlimited personal leave policy can be beneficial
- Require the unions to reimburse the District for salary and substitute costs when on association leave
- Implement a probationary period for new employees

- Conduct employee evaluations at least once a year
- Reduce the number of holidays provided to 12-month classified employees
- Reduce the number of sick leave days taken by certificated and classified employees

Financial Implications: It is estimated that the recommendations in this section of the report would result in approximately \$492,400 - \$839,400 in annual savings, \$1.2 million in cost avoidance and an increase of \$516,000 in available general fund resources.

Facilities

Background: The facilities support staff is responsible for maintaining SLSD's facilities. The District consists of 10 sites with a total area of 494,151 square feet. There are eight schools, one transportation/maintenance facility and one administrative/other building. The average age of the District's school buildings is 53 years. The facilities support staff consists of 26.95 full-time employees and has an annual budget of approximately \$2.1 million. In 1990, the Ohio Public Facility Survey estimated it would cost approximately \$21.2 million to repair and upgrade SLSD's facilities to the minimum codes for health and safety. In July 1997, the Ohio Legislative Budget Office updated the figures from the 1990 survey and estimated the current cost to repair the District's facilities to be approximately \$37.6 million.

Findings: SLSD custodians maintain an average of 22,862 square feet per custodian, which is 14 percent greater than peer average. SLSD's average custodial base salary is the highest of the peer districts. The higher average base salary is due, in part, to a more generous salary schedule relative to the peers and employee longevity. The average SLSD custodian has ten years of service, and five of the 18 full-time custodians are at the top of the salary schedule. In comparison to the peers, SLSD is the second highest in overtime costs per full-time custodian.

Maintenance employees maintain an average of 123,338 square feet per employee, which is approximately 15.8 percent greater than the AS&U Region 5 average. Additionally, the SLSD grounds worker currently maintains 50 percent more area than the AS&U Region 5 average. SLSD's base maintenance salary is the highest of the peers. The maintenance employees and grounds workers accrue approximately \$1,858 in overtime each year. However, the majority of overtime was accrued by the groundskeeper and can be attributed to the maintenance of the athletic fields.

SLSD has been collecting on a 1.8 mill permanent improvement levy since 1981. The levy generates approximately \$300,000 annually for new or replacement of facilities and equipment. The District does not have a comprehensive long-term capital plan identifying how the proceeds of the levy are to be used.

In the last 10 years, SLSD's student population has increased by 226 students to its current level of 3,170 students. According to an enrollment projection prepared by the District, the student population is expected to decrease to 3,155 students in FY 2005-06. The District has not performed an analysis of building capacity and utilization since 1996. Based on the current District capacity and the FY 2005-06 enrollment projection, SLSD will be operating at 79.6 percent of total capacity in FY 2005-06. In FY 1992-93, the District closed one elementary school building which was leased until FY 1998-99. The building has remained vacant since FY 1998-99.

SLSD has taken advantage of House Bill (H.B.) 264 funding to reduce energy costs. The District has entered into two energy savings/improvement projects since FY 1991-92. SLSD participates in the Energy for Education Program, which provides electricity at a discounted rate, and in the self-help gas program through Power Resources Operating Company.

Commendations: SLSD custodial staff are responsible for 2,744 square feet or 14 percent more than the peer district average. The limited use of carpeting in the buildings and the ownership and pride custodians demonstrate toward their work assignments contribute to the high square footage per custodian. The District's maintenance staff is responsible for 1,700 square feet more per maintenance employee when compared to the peer average and 17,000 square feet more per maintenance employee when compared to the AS&U Region 5 average.

The District uses a modified civil service examination and a hands-on-test for screening prospective maintenance employees which provides the District with the opportunity to hire the most qualified candidates. SLSD purchases deregulated gas through Power Resources Operating Company and is also a participant in the Energy for Education Program. These two programs allow the District to realize savings from energy costs and reallocate additional monies to more vital District needs. In addition, taking advantage of H.B. 264 funds allows the District to potentially improve and extend the useful life of existing facilities.

Recommendations: The District should establish and document specific training requirements by position, including new employee training and the frequency and types of ongoing training. Additional training would allow the District to customize the skills of employees and to complete some repairs and permanent improvements at a lower cost when compared to contracted services.

SLSD should consider purchasing a comprehensive automated work order system which would allow the District to track work orders, material use figures, personnel information and productivity statistics with relative ease. For maintenance and grounds keeping employees, overtime should be closely monitored and limited to emergency work and work which is reimbursed by outside groups.

The District should develop a comprehensive long-term facilities improvement plan. The plan should include improvements necessary to maintain the health and safety of students and staff, improvements mandated by governing authority, improvements to preserve the structural integrity of existing

facilities and improvements which will support and enhance instructional programs. The District should also consider closing an elementary school as well as selling its vacant elementary building.

Other significant recommendations include the following:

- See the **Human Resources** section for recommendations concerning the custodial and maintenance salary structures
- Review and reallocate the custodial staffing at the elementary schools
- Eliminate the \$416 annual payment to custodians possessing a low pressure boiler's license
- Develop job descriptions for custodial employees
- Complete employee performance evaluations in a timely and routine manner

Financial Implications: It is estimated that the recommendations in this section of the report would result in approximately \$134,000 to \$185,000 in annual savings, \$250,000 to \$900,000 in one-time revenues and \$56,000 to \$118,000 in implementation costs.

Transportation

Background: In FY 1993-94, SLSD contracted with Laidlaw Transit, Inc., formerly known as Settle Service, Inc., to provide student transportation services. Prior to FY 1999-00, SLSD transported students in all grade levels living more than one mile from their assigned school. Because of its declining financial condition, the District chose to increase the eligibility requirement to the state minimum of two miles at the beginning of the 1999-2000 school year and to eliminate all high school transportation. With the passage of a 4.53 mill emergency operating levy in March 2000, the District returned to its former one-mile transportation policy. Unless otherwise indicated, the transportation statistics and analyses are based on the one-mile policy which was reinstated in March 2000.

In FY 1998-99, during the District's 173 instructional days, the regular student transportation program traveled 263,880 miles while serving an estimated 3,247 public and 42 non-public students daily using 27 contracted buses. In addition, SLSD had 57 non-public students whose parents received payment in lieu of transportation. In total, regular transportation services were provided to approximately 3,346 students at a cost of \$991,400. The special education program provided transportation services for an additional 76 students in FY 1998-99. Laidlaw transported 71 students on special education routes which covered 43,560 miles, three students were transported on contracted other vehicles and two students were transported by parent/guardian contracts for a total cost of \$287,646. Approximately 37 percent, or \$471,060, of the transportation expenditures were funded by the state.

Findings: SLSD transports students in grades K-12 whose residence is more than one mile from their assigned school. This transportation policy is above the state's minimum which requires transportation of students in grades K-8 who live more than two miles from their assigned school.

The District's average cost to transport a regular transportation student including all modes of transportation was \$296, while the cost to transport a special needs student was \$3,785. The District is averaging 122 students per bus for regular transportation. Although this number of students per bus is reasonable, the District's contractor is not utilizing the full potential of its routing software technology to maximize the efficiency of its bus routes.

The District should ensure that all data submitted on Ohio Department of Education (ODE) transportation reporting forms (T-2 and T-11) is accurate and complete. In contracting for transportation services in 1993, a request for proposal was advertised in a local newspaper for only one week. In addition, the District sent out six invitations to bid, to which only one response was received (Laidlaw). A review of the Laidlaw contract indicates that buses are required to be replaced at 10 years or 120,000 miles, the District is required to provide the fuel and the contract contains a provision allowing for automatic annual price increases of 4.5 percent.

Commendations: SLSD is transporting an average of 122 regular students per bus. By having a high average number of students per bus, SLSD is minimizing the number of buses needed to transport District students. Since the District is paying a rate per bus per day, having fewer buses helps to control transportation costs.

Recommendations: Because SLSD is in fiscal emergency, the District needs to reduce its expenditures by thoroughly examining all of its operational costs, including the cost of providing transportation services in excess of state minimum standards. If SLSD's financial difficulties continue, one area the District should consider when attempting to reduce overall expenditures would be to begin transporting students in accordance with state minimum standards. When the District went to state minimum standards in FY 1999-00, SLSD's transportation contractor was able to reduce 10 buses from its fleet. Based on the FY 1999-00 operational and capital costs, and deducting an estimated state transportation reimbursement, the District could save approximately \$283,000 annually by going back to state minimum standards.

The District should consider various methods and/or options in attempting to identify ways to reduce the cost of transporting special needs students. These methods include: requesting Laidlaw to renegotiate the current rates (subject to mutual agreement of both parties prior to the end of the current contract), actively promoting the use of parent/guardian contracts, determining if it is more cost beneficial to provide special needs transportation in-house and subjecting special needs transportation to competitive bidding. If SLSD could decrease its special needs contracted busing costs to a rate similar to the peers of \$2,500 per student, the District could save an estimated \$101,000 per year.

Other significant recommendations include the following:

- The District should solicit more responses for its next student transportation service contract by increasing its advertising efforts, holding pre-bid meetings and initiating follow-up telephone calls to prospective vendors.
- The District should renegotiate the provision requiring buses to be replaced at 10 years or 120,000 miles. If the contract were to have a 12-year bus replacement rate, the District could save an estimated \$32,959 per year.
- The District should renegotiate the provision requiring the District to purchase, store and track fuel usage.
- The District should ensure that it receives annually from the contractor the liability insurance policy naming the Board as additionally insured.
- The District should require Laidlaw to tie increases in contract costs to an independent index, instead of being fixed. This ensures that the rate increase is fair to both parties of the contract.

Financial Implication: It is estimated that the implementation of the recommendations in this section of the report would result in annual cost reductions of \$416,959 with minimal implementation costs. The actual, versus the estimated, annual costs savings could vary greatly depending on the total number of buses reduced due to changes in the transportation policies and efficiencies in routing. In addition, the magnitude of the cost savings associated with some recommendations will be greatly affected by the implementation of other interrelated recommendations.

Summary of Financial Implications

The following table summarizes the performance audit recommendations which contain financial implications. These recommendations provide a series of ideas or suggestions which SLSD and the Financial Planning and Supervision Commission should consider when making the important decisions necessary to establish financial stability while continuing to meet the District's facility needs and improving on the educational standards SLSD is providing. Certain of the recommendations are dependent on labor negotiations or community approval. Detailed information concerning the financial implications, including assumptions, is contained within the individual sections of the performance audit report.

Estimated Revenue Enhancements, Cost Savings and Cost Avoidance				
Ref. No.	Recommendations From All Sections	Increase in Available General Fund Resources	Cost Savings	Cost Avoidance
	<i>Financial Systems</i>			
R2.4	Reduce food service staff by eight FTEs		\$183,200	
R2.9	Prepare GAAP basis financial statements in-house		\$14,000	
	<i>Human Resources</i>			
R3.2	Establish the professional education staffing at a level comparable to the peers ¹		\$110,500 - \$221,100	
R3.3	Establish the clerical/office staffing at a level comparable to the peers		\$40,000 - \$60,000	
R3.5	Negotiate lower cost-of-living increases			FY 2000-01:\$210,200 FY 2001-02:\$322,300 FY 2002-03:\$328,000 FY 2003-04:\$335,000
R3.7	Reduce certificated sick leave usage		\$14,105 - \$42,315	
R3.9	Reduce classified sick leave usage		\$20,134 - \$33,556	
R3.12	Decrease reserve in self-insurance fund	\$216,000 (one-time)		
R3.13	Decrease monthly premiums	FY 2000-01:\$54,000 FY 2001-02:\$57,000 FY 2002-03:\$60,000 FY 2003-04:\$63,000 FY 2004-05:\$66,000		
R3.14	Increase the employee co-pays for insurance		\$86,572 - \$259,738	

Estimated Revenue Enhancements, Cost Savings and Cost Avoidance				
Ref. No.	Recommendations From All Sections	Increase in Available General Fund Resources	Cost Savings	Cost Avoidance
R3.17	Require SLA to reimburse District for association leave		\$650 - \$2,300	
R3.20	Reduce severance payout to ORC minimum		\$209,300	
R3.23	Reduce the number of holidays paid to classified personnel		\$11,098	
	<i>Facilities</i>			
R4.1	Reallocate and reduce elementary school custodial staffing		\$73,400	
R4.3	Eliminate annual pay for boiler operator's license		\$7,600	
R4.5	Monitor maintenance overtime to control costs		\$2,000	
R4.14	Close one elementary school building		\$181,400	
R4.15	Sell closed elementary school building	a minimum of \$250,000 (one-time)		
	<i>Transportation</i>			
R5.1	Reduce transportation to state minimum standards		\$283,000	
R5.4	Reduce the cost to transport special needs students		\$101,000	
R5.5	Amend Laidlaw contract to extend useful life of buses from 10 years to 12 years		\$32,959	
	Total Annual Range	\$520,000 - \$532,000	\$1,370,918 - \$1,717,966	\$210,200 - \$335,000

¹ The Commission has implemented this recommendation for FY 2000-01 by reducing approximately 7.0 FTE certificated positions and 2.0 FTE classified positions

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

Objectives and Scope

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

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

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

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

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

The performance audit topics focus primarily on the system/business side of school district operations. By focusing on systems, the audit provides SLSD with alternative recommendations intended to enable the District to operate more efficiently and economically. Enhancements to these systems will assist in improving the delivery of educational services to students.

The performance audit on SLSD covers the following areas of operation:

- Financial Systems
- Human Resources
- Facilities
- Transportation

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

Methodology

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

Studies, reports and other data sources

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

- Financial forecasts
- SLSD financial and budgetary reports
- Board policy manual and board minutes, including appropriation resolutions and amendments
- Negotiated union contracts
- A facilities feasibility study provided by the District
- Organizational charts and position descriptions
- Various reports from the Education Management Information System (EMIS)
- Cost of Health Insurance in Ohio's Public Sector Report from the State Employee Relations Board (SERB)

- Data from the Bureau of Workers' Compensation
- Various Ohio Department of Education transportation forms
- American School and University's 2000 Annual Maintenance and Operating Cost Study
- Reports regarding the State Emergency Loan Program and State Solvency Assistance Fund
- Ohio Revised Code and Ohio Administrative Code

Interviews, Discussions and Surveys

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

- Administrators, teachers, and support staff
- The Ohio Department of Education
- The Ohio Schools Facilities Commission (OSFC)
- Representatives from the Summit County Auditor's Office

Benchmark Comparisons with Other Districts

Three other school districts, Ravenna City Schools, Salem City Schools and Tallmadge City Schools, were selected to provide benchmark comparisons with SLSD. Additionally, for certain analyses, Barberton City Schools was also used for benchmark comparison purposes. Performance indicators were established for the various performance audit areas to develop a mechanism for determining how effectively and efficiently SLSD is providing necessary functions. The information was gathered primarily through information contained within the Department of Education's Education Management Information System (EMIS) and information provided by the selected peer districts named above.

Comparative Districts

One important component of a performance audit is the selection of peer districts. The peer groups provide an ability to compare information and statistics while providing benchmarking data. The peer group selected for this performance audit includes Ravenna City School District, Salem City School District and Tallmadge City School District. These districts were selected as peer districts because of similar demographic statistics. The peer average includes Springfield Local School District, unless otherwise noted. The statewide average includes all school districts located within the state of Ohio. Certain information contained within this executive summary may differ from the individual areas due to the timing of the data from the Ohio Department of Education.

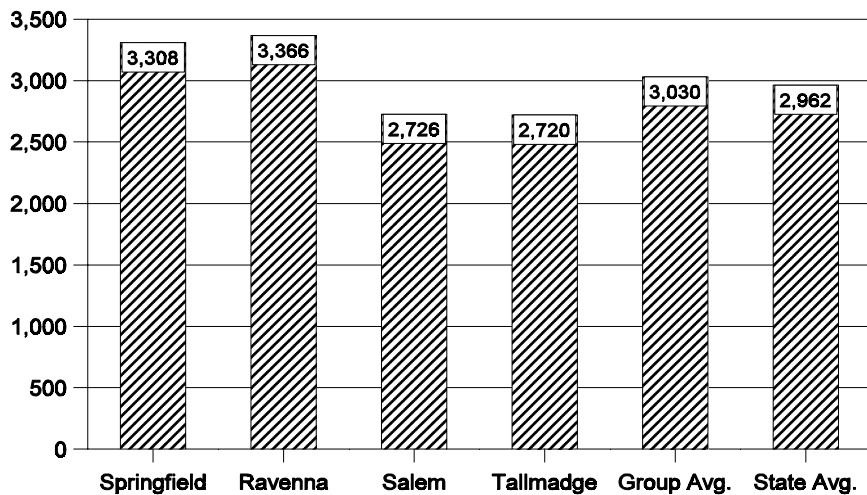
Average daily membership (ADM) differs from standard enrollment in that it makes adjustments for kindergarten, special and vocational education students. From FY 1995-96 through FY 1998-99, Springfield’s ADM increased by 2.41 percent, which was the highest increase over this four-year period among the peer districts. The District’s ADM was 3,308 in FY 1998-99. This was the second highest among the peer districts and approximately nine percent higher than the group average for FY 1998-99. Salem was the only district that experienced a decline in ADM over the four-year trend period.

Average Daily Membership					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	3,230	3,274	3,313	3,308	2.41%
Ravenna CSD	3,337	3,344	3,355	3,366	0.87%
Salem CSD	2,879	2,845	2,748	2,726	(5.31)%
Tallmadge CSD	2,671	2,720	2,662	2,720	1.83%
Group Average	3,029	3,046	3,020	3,030	0.02%
State Average	2,966	2,974	2,953	2,962	(0.13)%

Source: Educational Management Information System (EMIS)

Average Daily Membership

Fiscal Year 1998-1999



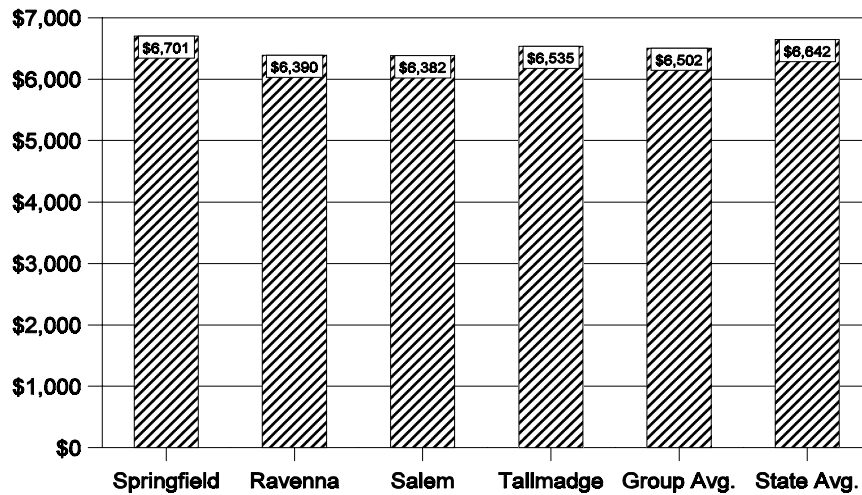
Springfield’s expenditures per pupil were the highest among the peer districts in FY 1998-99 at \$6,701. However, the percentage increase over the four-year trend period was the lowest among the peer districts and lower than the state average. Furthermore, for FY 1998-99, Springfield’s expenditures per pupil were approximately three percent higher than the group average and one percent higher than the state average.

Expenditures Per Pupil					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	\$5,767	\$6,423	\$6,497	\$6,701	16.19%
Ravenna CSD	\$5,144	\$5,654	\$5,650	\$6,390	24.22%
Salem CSD	\$4,989	\$5,622	\$5,996	\$6,382	27.93%
Tallmadge CSD	\$5,190	\$5,518	\$5,907	\$6,535	25.91%
Group Average	\$5,272	\$5,804	\$6,013	\$6,502	23.32%
State Average	\$5,466	\$5,815	\$6,071	\$6,642	21.51%

Source: Educational Management Information System (EMIS)

Expenditures Per Pupil

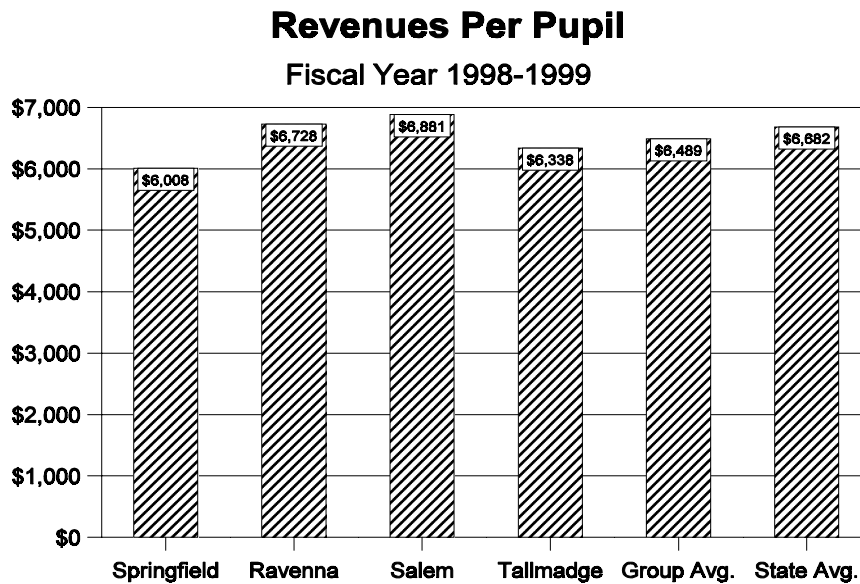
Fiscal Year 1998-1999



Springfield’s revenues per pupil were approximately \$700 less than its expenditures per pupil for FY 1998-99. The District had the lowest revenues per pupil among the peer districts in FY 1998-99 and the second lowest rate of increase over the four-year trend period at 10.19 percent. The 10.19 percent increase was significantly lower than the group and state averages.

Revenues Per Pupil					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	\$5,452	\$5,340	\$5,656	\$6,008	10.19%
Ravenna CSD	\$5,336	\$5,613	\$6,182	\$6,728	26.09%
Salem CSD	\$4,292	\$5,909	\$6,470	\$6,881	60.31%
Tallmadge CSD	\$5,760	\$5,903	\$6,097	\$6,338	10.03%
Group Average	\$5,210	\$5,691	\$6,101	\$6,489	24.54%
State Average	\$5,612	\$5,995	\$6,419	\$6,682	19.07%

Source: Educational Management Information System (EMIS)

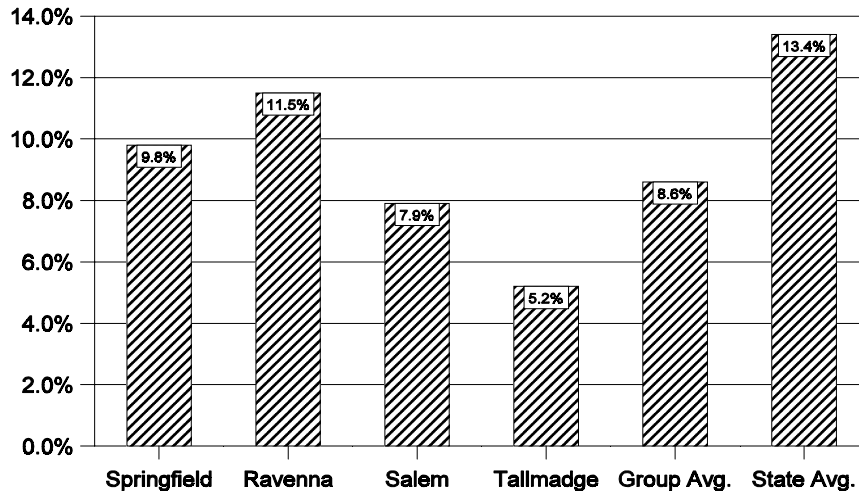


Springfield had the second highest percentage of students receiving Temporary Assistance for Needy Families (TANF) among the peers in FY 1998-99. The District's TANF rate of 9.8 percent of students was approximately 14 percent higher than the group average and approximately 26 percent lower than the state average for FY 1998-99. Over the four-year trend period, Springfield's percentage of students receiving TANF declined at rate slightly higher than the group average and significantly higher than the state average.

Percentage of Students Receiving Temporary Assistance for Needy Families (TANF)						
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	Increase/ Decrease 1996-99	% Change 1996-99
Springfield LSD	14.0%	12.7%	11.7%	9.8%	(4.2)%	(30.00)%
Ravenna CSD	16.6%	16.1%	14.7%	11.5%	(5.1)%	(30.72)%
Salem CSD	11.6%	10.6%	9.5%	7.9%	(3.7)%	(31.90)%
Tallmadge CSD	5.5%	5.6%	5.4%	5.2%	(0.3)%	(5.45)%
Group Average	11.9%	11.3%	10.3%	8.6%	(3.3)%	(27.88)%
State Average	16.6%	15.9%	15.1%	13.4%	(3.2)%	(19.28)%

Source: Educational Management Information System (EMIS)

Percentage of TANF Students
Fiscal Year 1998-1999

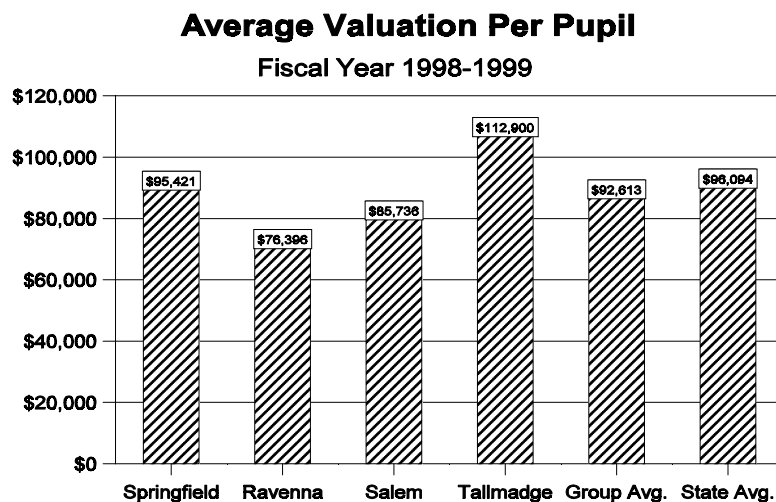


The assessed average property valuation per pupil is an important component in a school district’s funding. Average property valuation is a significant factor in determining the ability of the school district to remain financially viable. The higher the average property valuation, the greater the potential income source to the district due to the fact that school district funding in the state of Ohio is primarily local property tax driven. Therefore, a higher valuation per pupil indicates a potential to generate greater amounts of local property taxes, everything else being equal.

Springfield’s average property valuation per pupil was \$95,421 in FY 1998-99, the second highest among the peer districts. This is somewhat higher than the group average and almost equal to the state average for FY 1998-99. Springfield’s average property valuation increase of 13.2 percent over the four-year trend period was the lowest among the peer districts and was lower than the state average as well.

Average Valuation Per Pupil					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	\$84,286	\$83,759	\$92,633	\$95,421	13.21%
Ravenna CSD	\$66,610	\$67,097	\$68,387	\$76,396	14.69%
Salem CSD	\$68,011	\$78,046	\$82,181	\$85,736	26.06%
Tallmadge CSD	\$93,626	\$95,082	\$112,891	\$112,900	20.59%
Group Average	\$78,133	\$80,996	\$89,023	\$92,613	18.53%
State Average	\$83,413	\$85,628	\$91,750	\$96,094	15.20%

Source: Educational Management Information System (EMIS)

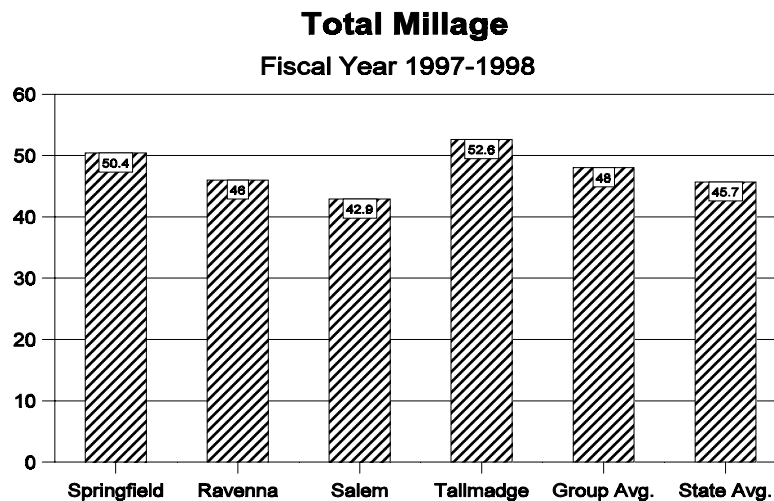


Effective millage and total millage are the measurement units of assessed local property taxes. A mill will raise \$1.00 of tax revenue for every \$1,000 of taxable property value it is levied against. Total millage is the voted rate assessed to the entire local tax base, while effective mills are the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

Springfield had the second highest total millage among the peer districts. The District’s total millage of 50.4 in FY 1997-98 was over ten percent higher than the state average and over five percent higher than the group average for the same year. Springfield’s total millage remained flat over the four-year trend period. The lack of change in Springfield’s total millage was consistent with the trend in the state average over the same time period. However, it should be noted that the District’s total millage figures presented in the table below do not take into consideration the 4.53 mill emergency levy (\$1.6 million annually) passed in March 2000.

Total Millage					
	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	%Change 1995-98
Springfield LSD	50.3	50.3	50.0	50.4	0.20%
Ravenna CSD	53.5	42.5	44.0	46.0	(14.02)%
Salem CSD	45.5	44.4	43.3	42.9	(5.71)%
Tallmadge CSD	53.1	53.0	52.8	52.6	(0.94)%
Group Average	50.6	47.6	47.5	48.0	(5.19)%
State Average	45.9	44.5	45.0	45.7	(0.44)%

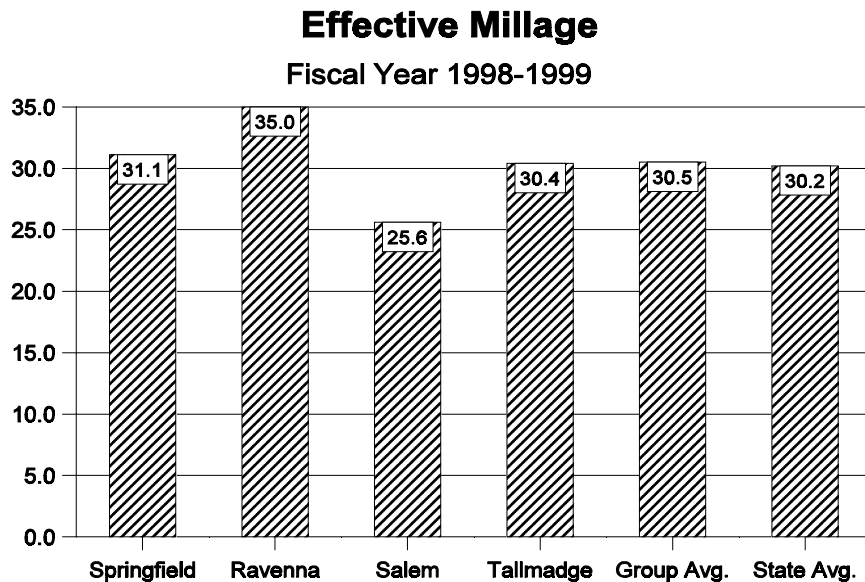
Source: Educational Management and Information System (EMIS)



Because of the impact of H.B. 920, effective millage is a more accurate gauge in assessing the amount of revenues school districts generate from property taxes.

Springfield’s effective millage was 31.1 in FY 1998-99, the second highest of the peer districts. Ravenna was the only school district to experience a positive growth in effective millage over the four-year trend period. For FY 1998-99, the group and state averages were almost identical, with Springfield’s effective millage a bit higher than those two figures. Springfield had the highest percentage decline in effective millage over the four-year trend period at approximately 16 percent. However, it should be noted that the District’s effective millage figures presented in the table below do not take into consideration the 4.53 mill emergency levy (\$1.6 million annually) passed in March 2000.

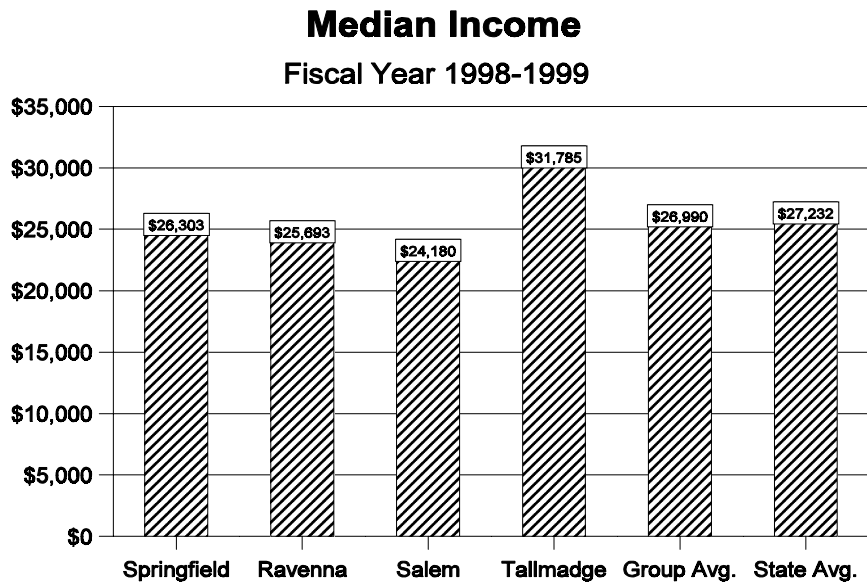
Effective Millage					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	37.0	36.6	32.9	31.1	(15.95)%
Ravenna CSD	33.3	33.2	39.6	35.0	5.11%
Salem CSD	30.1	26.3	25.9	25.6	(14.95)%
Tallmadge CSD	35.4	35.1	30.7	30.4	(14.12)%
Group Average	34.0	32.8	32.3	30.5	(10.09)%
State Average	30.5	30.9	30.7	30.2	(0.98)%



Springfield’s median income of \$26,303 in FY 1998-99 was the second lowest of the peer districts. Over the four-year trend period, Springfield’s median income increased at the highest rate among the peer districts. For FY 1998-99, the District’s median income was similar to the group average and approximately \$1,000 lower than the state average. The increase in Springfield’s median income over the four-year trend period (17.04%) was higher than the state average increase of 15.99 percent.

Median Income					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	\$22,473	\$23,793	\$24,603	\$26,303	17.04%
Ravenna CSD	\$22,397	\$23,094	\$24,180	\$25,693	14.72%
Salem CSD	\$21,020	\$21,874	\$22,571	\$24,180	15.03%
Tallmadge CSD	\$27,497	\$28,652	\$29,958	\$31,785	15.59%
Group Average	\$23,347	\$24,353	\$25,328	\$26,990	15.61%
State Average	\$23,478	\$24,588	\$25,239	\$27,232	15.99%

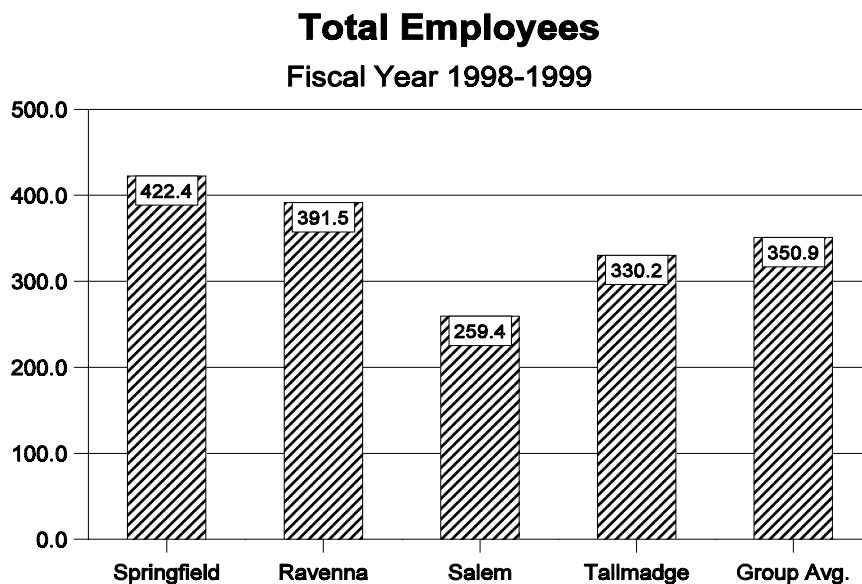
Source: Educational Management and Information System (EMIS)



In FY 1998-99, Springfield had the highest number of total employees among the peer districts. Data is unavailable for the state average in the same year, however, in FY 1997-98, Springfield’s staffing was significantly higher than the state average. The District also had the highest percentage increase of 30.77 percent over the four-year trend period, which was three times as much as the increase in the group average. However, it should be noted that due to the financial difficulties experienced in FY 1999-00, the District reduced overall staffing by approximately 14 FTEs. This represents a four percent reduction from the FY 1998-99 levels.

Total Employees					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	323.0	330.0	374.7	422.4	30.77%
Ravenna CSD	401.0	425.2	406.0	391.5	(2.37)%
Salem CSD	274.1	273.3	274.5	259.4	(5.36)%
Tallmadge CSD	286.0	307.6	319.7	330.2	15.45%
Group Average	321.0	334.0	343.7	350.9	9.30%
State Average	306.6	310.8	319.6	N/A	N/A

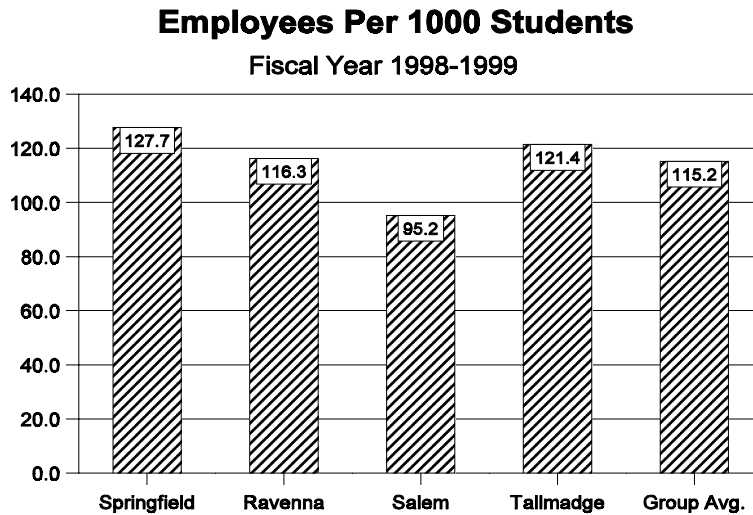
Source: Educational Management Information System (EMIS)



Springfield had 127.7 employees per 1000 students in FY 1998-99. This figure was the highest among the peer districts. Data is unavailable for the state average in the same year, however, in FY 1997-98, Springfield’s staffing was higher than the state average. In comparison to the peers, Springfield had the highest percentage increase over the four-year trend period.

Employees per 1000 Students					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	100.0	100.1	113.1	127.7	27.70%
Ravenna CSD	119.0	127.2	121.0	116.3	(2.27)%
Salem CSD	95.2	96.1	99.9	95.2	0.00%
Tallmadge CSD	107.1	112.9	120.2	121.4	13.35%
Group Average	105.3	109.1	113.6	115.2	9.33%
State Average	103.4	104.5	108.2	N/A	N/A

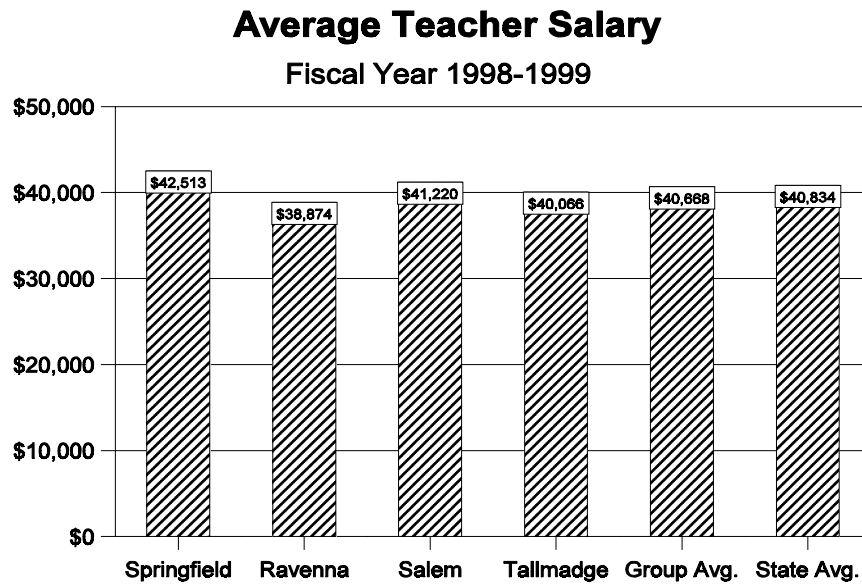
Source: Educational Management Information System (EMIS)



Springfield’s average teacher salary of \$42,513 in FY 1998-99 was the highest among the peer districts. Over the four-year trend period, the increase in Springfield’s average teacher salary was the second highest among the peers and was approximately equal to the group and state averages. A detailed analysis of teacher salaries is provided in the **Human Resources** section.

Average Teacher Salary					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	\$39,400	\$38,538	\$40,113	\$42,513	7.90%
Ravenna CSD	\$36,230	\$37,676	\$38,517	\$38,874	7.30%
Salem CSD	\$37,169	\$38,753	\$39,479	\$41,220	10.90%
Tallmadge CSD	\$38,241	\$38,553	\$39,248	\$40,066	4.77%
Group Average	\$37,760	\$38,380	\$39,339	\$40,668	7.70%
State Average	\$38,064	\$38,913	\$39,836	\$40,834	7.28%

Source: Educational Management Information System (EMIS)



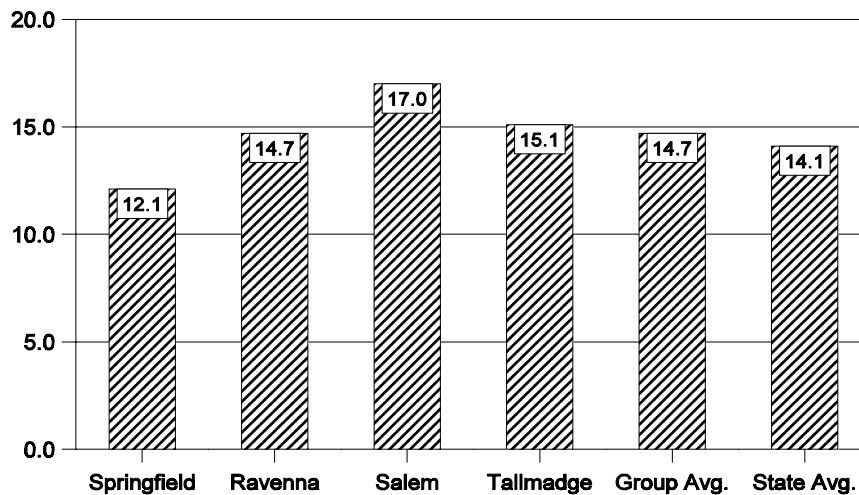
Average teacher experience normally correlates to average teacher salary. In general, the greater the number of years a teacher has taught in the District, the higher a teacher will be on the pay scale. Springfield’s average teacher experience was the lowest among the peer districts at 12.1 years for FY 1998-99. The 12.1 years was also lower than the group and state averages by 17.7 and 14.2 percent, respectively. The District experienced a sharp decline in average teacher experience of two full years following FY 1995-96, which can be attributed to staffing adjustments made as a result of the early retirement incentive offered during this time period. Over the four-year trend period, Springfield also experienced the greatest decline in years of teacher experience. The decrease of 14 percent was significantly higher than group and state average decreases, which were 5.76 percent and 4.73 percent, respectively.

Average Teacher Experience (in years)					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	14.1	12.1	12.4	12.1	(14.18)%
Ravenna CSD	15.6	15.5	15.5	14.7	(5.77)%
Salem CSD	16.2	16.6	15.9	17.0	4.94%
Tallmadge CSD	16.6	16.1	15.4	15.1	(9.04)%
Group Average	15.6	15.1	14.8	14.7	(5.76)%
State Average	14.8	15.0	14.6	14.1	(4.73)%

Source: Educational Management Information System (EMIS)

Average Teacher Experience (in years)

Fiscal Year 1998-1999

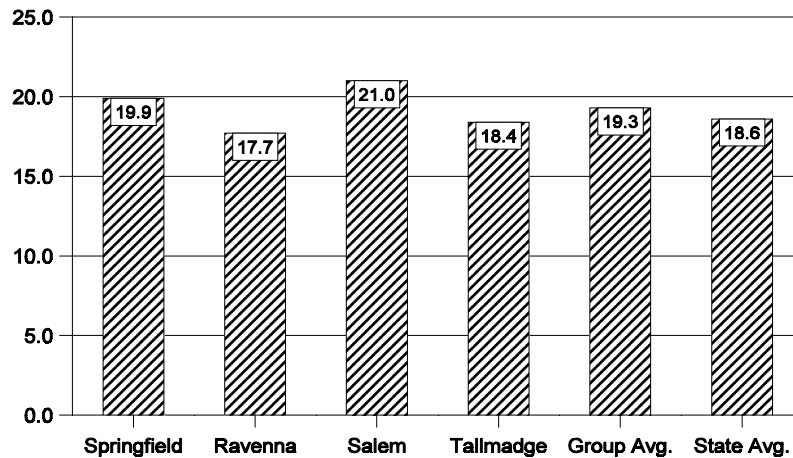


Springfield’s average pupil/teacher ratio (class size) was 19.9 for FY 1998-99, the second highest among the peer districts. The District’s average class size was approximately equal to the group average and about seven percent greater than the state average. Over the four-year trend period, Springfield’s average class size has remained relatively constant while the group average decreased by close to ten percent and the state average declined by approximately 11 percent.

K-12 Pupil/Teacher Ratio					
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	%Change 1996-99
Springfield LSD	20.5	20.3	21.0	19.9	(2.93)%
Ravenna CSD	20.5	19.4	18.3	17.7	(13.66)%
Salem CSD	23.1	21.7	21.4	21.0	(9.09)%
Tallmadge CSD	21.3	20.5	20.1	18.4	(13.62)%
Group Average	21.4	20.5	20.2	19.3	(9.84)%
State Average	20.8	20.7	20.4	18.6	(10.58)%

Source: Educational Management Information System (EMIS)

K to 12 Pupil to Teacher Ratio
Fiscal Year 1998-1999



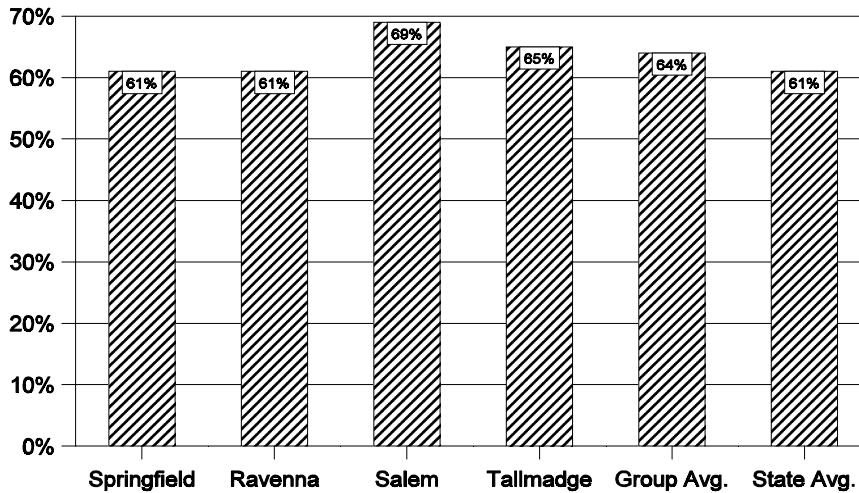
For FY 1998-99, Springfield’s ninth grade proficiency passage rate was the lowest among the peer districts. The passage rate of 61 percent was equal to the state average and approximately five percent lower than the group average. Over the four-year trend period, Springfield’s passage rate remained flat as did Salem’s, while Ravenna’s passage rate increased 17 percent and Tallmadge’s rate decreased over eight percent.

Ninth Grade Proficiency Test Passage Rate (All Subjects)						
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	Increase/ Decrease 1996-99	%Change 1996-99
Springfield LSD	61%	55%	54%	61%	0.0%	0.00%
Ravenna CSD	52%	60%	54%	61%	9.0%	17.31%
Salem CSD	69%	68%	65%	69%	0.0%	0.00%
Tallmadge CSD	71%	69%	61%	65%	(6.0)%	(8.45)%
Group Average	63.3%	63.0%	58.5%	64.0%	(0.7)%	1.19%
State Average	54.0%	56.0%	56.0%	61.0%	7.0%	12.96%

Source: Educational Management Information System (EMIS)

Ninth Grade Proficiency Test Pass Rate

Fiscal Year 1998-1999



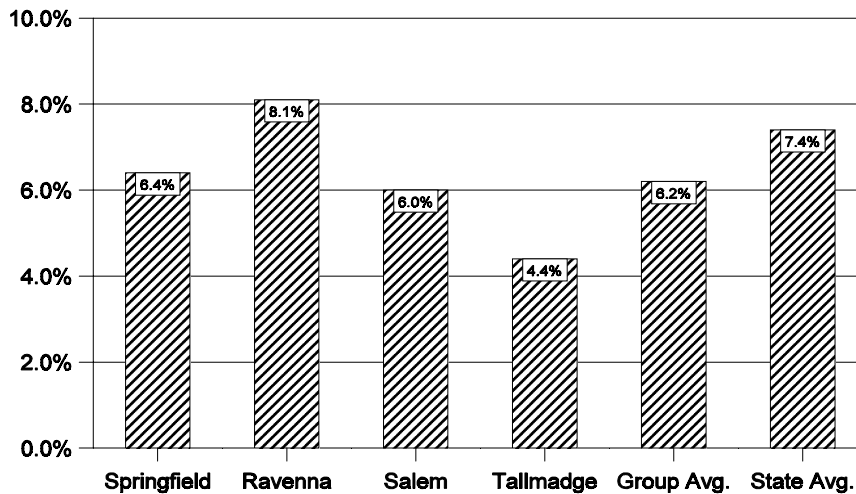
For FY 1998-99, Springfield’s student absentee rate was 6.4 percent, the second highest of the peer districts. The District’s student absentee rate was almost identical to the group average and one percent lower than the state average for the same year. However, over the four-year trend period, Springfield was the only district that did not display an increase in student absentee rate. The District’s absentee rate fell over seven percent during the four-year trend period in contrast to the increase of 11.66 percent in the group average for the same time frame.

Student Absentee Rate						
	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	Increase/Decrease 1996-99	%Change 1996-99
Springfield LSD	6.9%	6.8%	6.9%	6.4%	(0.5)%	(7.25)%
Ravenna CSD	7.4%	7.4%	6.8%	8.1%	0.7%	9.46%
Salem CSD	4.5%	5.4%	6.0%	6.0%	1.5%	33.33%
Tallmadge CSD	3.5%	4.2%	4.7%	4.4%	0.9%	25.71%
Group Average	5.6%	6.0%	6.1%	6.2%	0.6%	11.66%
State Average	6.9%	6.6%	6.4%	7.4%	0.5%	7.25%

Source: Educational Management Information System (EMIS)

Student Absentee Rate

Fiscal Year 1998-1999



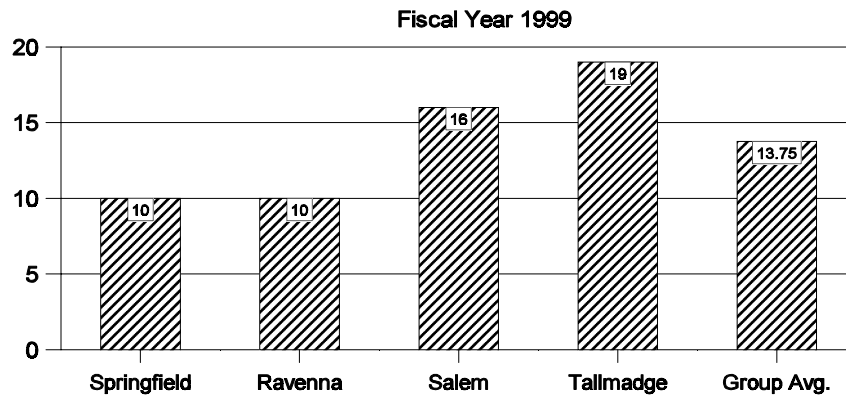
The Ohio Department of Education annually issues school district report cards which measure attainment of statewide performance standards. These report cards reflect data for the school year prior to the one in which the report card is issued (for example, the 2000 report cards reflect data for the 1998-99 school year). It is important to note that the number of standards increased from 18 in 1999 to 27 in 2000.

For all years presented, Springfield’s report card scores have been lower than the group averages. The most recent data places the District in the academic watch category.

Report Card Standards Met			
District	1997-1998	1998-1999	1999-2000
Springfield LSD	9	7	10
Ravenna CSD	8	8	10
Salem CSD	11	13	16
Tallmadge CSD	12	11	19
Group Avg.	10	9.75	13.75
Total Standards Possible	18	18	27

Source: Educational Management Information Systems (EMIS), Ohio Department of Education.

Report Card Standards Met



Of the four peer districts, Springfield had the second lowest percentage of revenues from local sources and the second highest percentage of revenues from state and federal sources for FY 1998-99 (Springfield and Salem had the same percent from federal sources at 4.7 percent). Springfield's percentage of revenue from local sources is lower than the state and group averages while its percentage of revenue from the state is higher than the group and state averages. The District's percentage of revenue from federal sources is slightly higher than the group average but lower than the state average.

It is important to note that over the four-year trend period, Springfield's percentage of revenue from local sources decreased over nine percent while the percentage of revenue from state and federal resources increased, 10.7 and 12 percent respectively. The decline in revenue from local sources during the four-year trend period can be attributed to a 16 percent decrease in effective millage and the valuation per pupil increasing at a lower rate than all of the peers. Effective millage and property values play a crucial role in determining the abundance of local resources available to a school district.

Percent of Revenue - Local					
	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Percent Change 1996- 1999
Springfield LSD	53.7	45.6	46.6	48.7	(9.3)%
Ravenna CSD	42.5	44.0	46.0	45.8	7.8%
Salem CSD	38.5	51.9	55.1	55.7	44.7%
Tallmadge CSD	64.0	63.9	63.1	61.4	(4.1)%
Group Avg.	49.7	51.4	52.7	52.9	6.5%
State Avg.	50.2	51.2	51.4	51.0	1.6%

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

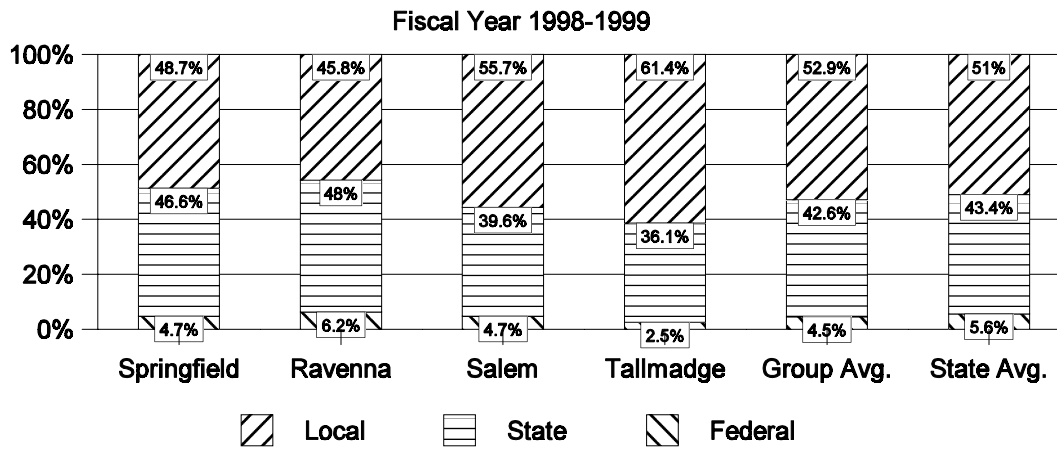
Percent of Revenue - State					
	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Percent Change 1996- 1999
Springfield LSD	42.1	48.6	48.3	46.6	10.7%
Ravenna CSD	49.5	48.7	47.4	48.0	(3.0)%
Salem CSD	54.9	41.9	39.6	39.6	(27.9)%
Tallmadge CSD	33.9	33.3	34.3	36.1	6.5%
Group Avg.	45.1	43.1	42.4	42.6	(5.6)%
State Avg.	43.3	42.3	42.9	43.4	0.2%

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

Percent of Revenue - Federal					
	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Percent Change 1996-1999
Springfield LSD	4.2	5.8	5.1	4.7	11.9%
Ravenna CSD	8.0	7.3	6.6	6.2	(22.5)%
Salem CSD	6.6	6.2	5.3	4.7	(28.8)%
Tallmadge CSD	2.1	2.8	2.6	2.5	19.0%
Group Avg.	5.2	5.5	4.9	4.5	(13.4)%
State Avg.	6.1	6.0	5.7	5.6	(8.2)%

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

Percentage of Revenue by Source



Note: The top section represents local revenue, the middle section represents state revenue and the bottom section represents federal revenue. For example, Springfield has 48.7 percent from local sources, 46.6 percent from state sources and 4.7 percent from federal sources.

Financial Systems

Introduction

This section focuses on the financial systems within Springfield Local School District (SLSD or the District). The objective is to analyze the current financial condition of the District, including an evaluation of the internal controls, and develop recommendations for improvements and efficiencies. Findings and recommendations have been segregated into two subsections: (A) Financial Planning, which includes the assessment of the District’s financial condition and the potential impact on future revenues and expenditures resulting from the recommendations contained throughout this report; and (B) Revenues and expenditures, which includes assessments of various factors affecting District finances. Cost saving and revenue enhancement recommendations presented here are intended to aide the Financial Planning and Supervision Commission (the commission) in fulfilling its duty to produce a financial recovery plan for the District.

This section focuses primarily on the general fund, which accounts for approximately 79 percent of the revenue collected in all funds. The general fund supports general district operations and is used to account for all financial resources except those required by law or contract to be accounted for in a separate fund. The general fund is available for any purpose, provided the expenditure or transfer is made according to the laws of Ohio.

A. Financial Planning

Background

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

- The district has an operating deficit which exceeds eight percent of the preceding year’s general fund revenues.
- The district’s unencumbered cash balance in the preceding year was less than eight percent of the general fund expenditures.
- A levy has not been passed which will raise sufficient revenues to eliminate these conditions.

ORC § 3316.04 requires the Auditor of State to declare a school district to be in a state of fiscal emergency if the district's board of education fails to submit an acceptable financial recovery plan to the State Superintendent of Public Instruction within 120 days of being placed in fiscal watch. Furthermore, the failure to submit an acceptable update of that financial recovery plan to the State Superintendent of Public Instruction on an annual basis will also result in a declaration of fiscal emergency.

After conducting an analysis of the District's financial forecast, the Local Government Services (LGS) Division within the Auditor of State's office declared a \$1.8 million operating deficit for fiscal year ending June 30, 2000, which met the criteria necessary to be placed in fiscal watch. However, because the Board of Education of the Springfield Local School District did not feel that the District could make sufficient reductions to eliminate the deficit, a special meeting was held on January 25, 2000 to request that the Auditor of State bypass the fiscal watch process and place the District in fiscal emergency. The Board approved the resolution and on February 11, 2000, the Auditor of State formally declared SLSD to be in a state of fiscal emergency. The primary reason the District requested immediate placement into fiscal emergency was to secure an interest free advance of approximately \$1.8 million from the Ohio Solvency Assistance Fund. This advance was received on May 3, 2000.

While in fiscal emergency, a commission has been formed and given broad oversight authority to balance the district's budget and eliminate the conditions that caused the declaration of fiscal emergency. To accomplish this, the commission will develop and adopt a formal fiscal recovery plan which details the expenditure reductions and operation changes necessary to eliminate the deficit. The commission consists of a designee of the director of the state office of budget and management, a designee of the state superintendent of public instruction, a district parent appointed by the state superintendent, a district resident appointed by the county auditor and a district resident appointed by the governor. The commission will continue in existence until the Auditor of State determines the following:

- An effective financial accounting and reporting system are in place
- All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred
- The objectives of the fiscal recovery plan are being met and
- The SLSD Board of Education has prepared a financial forecast for a five-year period and such forecast is, in the Auditor of State's opinion, "non-adverse."

Financial Forecast

The financial forecast presented in **Table 2-1** represents the Auditor of State’s projection of SLSD’s present and future financial condition in the absence of significant increases in revenues or reductions in expenditures. The projections, which incorporate the combined general and DPIA funds and that portion of the debt service fund relating to general fund obligations, are accompanied by four years of comparative historical results, general assumptions and explanatory comments.

Table 2-1: Five-Year Forecast with Three Years' Historical Data (Amounts in 000's)

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1999-00	Forecast 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04
Real Estate Property Tax	\$6,900	\$7,124	\$7,053	\$7,364	\$7,676	\$7,972	\$8,082	\$8,531
Tangible Personal Property Tax	2,979	3,048	3,199	3,084	3,072	2,832	2,808	2,785
Emergency Levy (March 2000)	0	0	0	0	800	1,600	1,600	1,600
State Foundation	6,520	7,659	8,311	7,473	7,612	7,758	8,032	8,258
Property Tax Allocation	910	937	915	972	1,000	1,005	1,013	1,052
Other Revenues	739	728	789	593	601	608	616	625
Total Operating Revenues	18,048	19,496	20,267	19,486	20,761	21,775	22,151	22,851
Salaries & Wages	10,601	11,373	12,018	11,470	11,939	12,305	12,869	13,441
Fringe Benefits	3,487	3,880	4,402	4,660	4,532	4,827	4,382	4,802
Purchased Services	2,721	2,830	2,655	2,436	2,817	2,927	3,038	3,156
Supplies, Materials & Textbooks	598	618	498	504	666	688	708	728
Capital Outlay	56	123	39	979	33	33	35	36
Other Expenditures	290	287	391	469	474	484	489	504
Interest on Loans	175	131	74	106	89	61	52	50
Total Operating Expenditures	17,928	19,242	20,077	20,624	20,550	21,325	21,573	22,717
Ohio Solvency Assistance Loan	0	0	0	1,800	0	0	0	0
Proceeds From H.B. 264 Notes	0	0	0	956	0	0	0	0
Proceeds From Spending Reserve Loans	1,413	1,378	1,205	0	0	0	0	0
Proceeds From Tax Anticipation Notes	2,271	1,465	0	0	0	0	0	0
Solvency Loan Repayment	0	0	0	0	(900)	(900)	0	0
H.B. 264 Payment	(116)	(116)	(116)	(116)	(140)	(161)	(163)	(166)
Spending Reserve Payments	(1,307)	(1,413)	(1,378)	(1,205)	0	0	0	0
Tax Anticipation Note Payments	(2,271)	(1,465)	0	0	0	0	0	0
Net Transfers/ Advances - In/Out (Out)	22	(25)	(96)	(77)	(25)	(25)	(25)	(25)
Net Financing	12	(176)	(385)	1,358	(1,065)	(1,086)	(188)	(191)
Results of Operations (Net)	132	78	(195)	220	(854)	(636)	390	(57)
Beginning Cash Balance	689	821	899	704	924	70	(566)	(176)
Ending Cash Balance	821	899	704	924	70	(566)	(176)	(233)
Outstanding Encumbrances	452	82	165	289	234	234	234	234
DPIA	0	46	1	0	0	0	0	0
"412" Instructional / Capital Reserve	0	45	3	0	142	142	142	142
"412" Budget Reserve	0	108	255	255	255	255	255	255
Ending Fund Balance	\$369	\$618	\$280	\$380	(\$561)	(\$1,197)	(\$807)	(\$864)

Source: District records; performance audit projections and estimates; district estimates

Note: Amounts do not reflect recent expenditure reductions made by the District.

Notes to Financial Forecast

I. Nature and Purpose of Presentation

This financial projection presents the expected revenues, expenditures and fund balance of the general fund of Springfield Local School District for each of the fiscal years including June 30, 2001 through June 30, 2004, with historical (unaudited) information presented for the fiscal years ending June 30, 1997, 1998, 1999 and 2000. The general fund financial data also includes amounts recorded in the DPIA fund and those portions of the debt service fund which are considered to be general fund obligations.

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

These projections include the effects of legislation concerning school funding as outlined in H.B. 650, H.B. 412 and H.B. 282, as well as S.B.55, which requires certain educational enhancements. The requirements under H.B. 412 for textbooks and instructional materials are incorporated into this forecast through the supplies, materials and textbooks line item, while the requirements under H.B. 412 for capital improvements and maintenance are satisfied through the maintenance expenditure accounts within the purchased services line item, the maintenance and material accounts included in the material, supplies and textbooks line item, salaries and wages line item, fringe benefits line item, and capital outlay line item.

II. Description of the School District

Under normal circumstances, the District operates under the governance of a locally elected five-member board, with each member serving a four-year term. The District provides educational services as authorized by state statute and/or federal guidelines.

Annually, the District serves approximately 3,200 students who are enrolled in six elementary schools, one junior high school and one high school. The District also operates a bus garage and an administration building. Currently, the district employs 336 full-time equivalent (FTE) staff members.

A. Financial Planning and Supervision Commission

On February 11, 2000, the Auditor of State declared the District to be in a state of fiscal emergency as defined by ORC § 3316.03 (B), and accordingly, the District became subject to the oversight of the Financial Planning and Supervision Commission (the commission).

In accordance with the legislation, the Commission must adopt a Financial Recovery Plan within 120 days of being placed in fiscal emergency. Such a plan, which is continuously amendable based on changes in facts and circumstances, requires a five-year financial projection delineating the District’s return to financial stability.

B. Basis of Accounting

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

C. Fund Accounting

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

The accompanying projections represent only the District’s general and DPIA funds and the portion of the debt service fund relating to general fund obligations. The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is disbursed or transferred in accordance with Ohio law. The DPIA fund is used to account for monies received for disadvantaged pupil impact aid. The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and principal. Amounts shown in **Table 2-1** relating to debt service are paid from the debt service fund through allocations and/or transfers of general fund revenues.

III. General Assumptions

Summarized in the following pages are the significant general assumptions underlying the financial forecast shown in **Table 2-1**. Parts IV through VII provide further detail on more specific assumptions.

A. Average Daily Membership (ADM):

Table 2-1A summarizes the District's actual funding ADM for FY 1996-97 through FY 1999-00 as well as the detailed projections from FY 2000-01 through FY 2003-04.

TABLE 2-1A: Total Funding ADM

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
ADM	3,084	3,117	3,149	3,071	3,071	3,071	3,071	3,071

Source: EMIS SF-12 reports FY 1996-97 and FY 1997-98; SF-3 reports FY 1998-99 and FY 1999-00

Under the current state foundation funding formula, a kindergarten student is only counted at 50 percent of a full time equivalent (FTE) in determining average daily membership (ADM). The Ohio Department of Education (ODE) has prepared enrollment projections which forecasted 3,441 students in FY 1999-00 and a steady growth for the next ten years. However, as presented in **Table 2-1A**, actual ADM for funding purposes decreased significantly to 3,071 students in FY 1999-00. Therefore, for the purpose of the forecasts shown in **Tables 2-1** and **2-2**, funding ADM is held constant at 3,071 students to mitigate the differences between actual funding ADM in FY 1999-00 and the number projected by ODE (3,441).

H. Staffing

Table 2-1B summarizes the District's historical full-time equivalent staffing for FY 1998-99 and cumulative proposed staffing changes and adjusted staffing levels for FY 1999-00 through FY 2003-04. In FY 1999-00, the district attempted to eliminate the projected operating deficit by reducing staff by approximately one administrator, 6.0 FTE certificated staff members and 7.0 FTE classified staff members. With the exception of those staffing reductions identified in this performance audit, this forecast assumes that the District will continue to maintain staffing throughout the projection period at FY 1999-00 levels.

Table 2-1B: FTE Staffing

Category	Actual Staffing for FY 1999	Actual Staffing Changes for FY 2000	Adjusted Staffing for FY 2000	Proposed Staffing Changes for FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2002	Adjusted Staffing for FY 2002	Proposed Staffing Changes for FY 2003	Adjusted Staffing for FY 2003	Proposed Staffing Changes for FY 2004	Adjusted Staffing for FY 2004
Administration	16.5	(1.0)	15.5	(0.0)	15.5	(0.0)	15.5	(0.0)	15.5	(0.0)	15.5
Certificated Staff	225.2	(6.0)	219.2	(0.0)	219.2	(0.0)	219.2	(0.0)	219.2	(0.0)	219.2
Classified Staff	108.6	(6.9)	101.7	(0.0)	101.7	(0.0)	101.7	(0.0)	101.7	(0.0)	101.7
Total Staff	350.3	(13.9)	336.4	(0.0)	336.4	(0.0)	336.4	(0.0)	336.4	(0.0)	336.4

Source: EMIS Staff Profiles and Superintendent's Office

C. Inflation

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

IV. Revenues - Local, State and Federal

The District's primary sources of revenue is from the State of Ohio, through the State Foundation Program, and from the levying of property taxes on real, public utility and tangible personal property located within the District's boundaries.

A. Local Sources

(1) Real Estate Taxes and Tangible Personal Property Taxes: Property taxes are levied and assessed on a calendar year basis against real, public utility and tangible personal (used in business) property located in the District. Assessed values for real property taxes are established by state law at 35 percent of the appraised market value. All real property is required to be revalued every six years and updated mid-way through the six-year period.

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

- FY 2000-01 real estate taxes (residential, agricultural and public utility tangible) and tangible personal property taxes are based on property valuations and effective millage amounts certified by the county auditor.
- The 4.53 mill emergency levy passed in March of 2000 is shown separately, and indicates the combined real estate and personal property tax revenues

expected to be raised. Because property taxes are levied on a calendar year basis (January - December) and the District operates on a fiscal year (July - June), only half of the \$1.6 million from the March 2000 emergency levy will be collected in FY 2000-01. The reimbursement for the Homestead and Rollback reduction related to the levy is included in the property tax allocation line item.

- An annual growth in assessed valuation of approximately 1.8 percent in residential/agricultural, 1.7 percent in commercial/industrial and 2.8 percent in public utility is projected for FY 2001-02 and FY 2002-03 based on historical trends.
- Based on an analysis of tangible personal property assessments, this source of revenue has experienced significant fluctuations in the past ten years. Therefore, a 1.0 percent decrease in assessed tangible personal property is projected for FY's 2001-02, 2002-03 and 2003-04, which is the ten-year average.
- Based on historical trends, an increase of approximately 16.0 percent in real property values is projected in FY 2003-04 due to the scheduled reappraisal.
- Property tax allocations (Homestead/Rollback) include a ten percent property tax rollback for all real property tax owners. In 1979, an additional 2.5 percent rollback was enacted for owner occupied homes. These tax credits are reimbursed to the District through the state and are calculated by applying the appropriate percentages to the residential and commercial properties. Also, included in this category is an exemption for businesses for the first \$10,000 in personal property tax valuation. This exemption is reimbursed by the state and is estimated based on historical trends.

The detailed valuation, millage and revenue projections are summarized in **Table 2-1C**:

Table 2-1C: Property Valuation and Millage

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Residential/Agricultural - Assessed Valuation	173,024,070	204,047,870	207,720,732	211,459,705	245,293,258
Commercial/Industrial - Assessed Valuation	67,069,010	73,912,890	75,169,409	76,447,289	82,563,072
Public Utility - Assessed Valuation	12,895,800	12,929,910	13,291,947	13,664,122	14,046,717
Personal Tangible - Assessed Valuation	68,946,269	67,525,869	66,850,610	66,182,104	65,520,283
Authorized Mills ¹					
Permanent Operating	24.00	24.00	24.00	24.00	24.00
Operating	7.00	7.00	7.00	7.00	7.00
Inside ²	5.50	5.50	5.50	5.50	5.50
Emergency Operating ³	11.73	11.73	11.73	11.73	11.73
Total Authorized Mills	48.23	48.23	48.23	48.23	48.23
Effective Mills to be Levied ⁴					
Permanent Operating ⁵	10.50	10.08	10.02	9.96	9.56
Operating ⁵	4.87	4.42	4.39	4.36	3.96
Inside ²	5.50	5.50	5.50	5.50	5.50
Emergency Operating ⁶	11.73	11.73	11.73	11.73	11.73
Total Effective Mills to be Levied	32.60	31.73	31.64	31.55	30.72
Total Projected Real Property Taxes ⁷	\$7.3 Million	\$7.68 Million	\$7.97 Million	\$8.08 Million	\$8.53 Million
Total Projected Personal/Tangible ⁷	\$3.1 Million	\$3.07 Million	\$2.83 Million	\$2.81 Million	\$2.78 Million

Source: Summit County Auditor's

¹ Authorized mills include all inside and voted mills approved

² Inside mills are levied without a vote of the people

³ Emergency operating levies are assumed to renew throughout the forecasted periods

⁴ Effective mills to be levied take inflation into account and prevent an increase in the tax bill when a reassessment or update in the value of real property has increased due to inflation; a tax credit factor is then applied to the voted mills.

⁵ Permanent operating and operating levies effective millage are estimated for FY 2001-02 through FY 2003-04

⁶ Emergency levies are passed to yield a specific dollar amount and the millage amounts are not adjusted for inflation.

⁷ Presented net of Homestead and Rollback

B. State Sources

- (1) Foundation Program:** Under the ORC, state foundation payments are calculated by the ODE on the basis of pupil enrollment, classroom teacher ratios, plus other factors for transportation, special education units, extended service and other items of categorical funding. On March 24, 1997, the Ohio Supreme Court (the Supreme Court) rendered a decision declaring certain portions of the Ohio school funding plan, including the foundation program, unconstitutional. The Supreme Court stayed the effect of its ruling for one year to allow the state legislature to design a plan to remedy the perceived defects in the system.

Since the ruling, numerous pieces of legislation have been passed by the state legislature in an attempt to address the issues identified by the court. The Court of Common Pleas in Perry County (the Court of Common Pleas) has reviewed the new legislation and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The state appealed the decision made by the Court of Common Pleas to the Supreme Court and in a decision rendered on May 11, 2000, the Supreme Court again declared Ohio’s method of funding public schools as unconstitutional. The Supreme Court stayed the effect of its ruling for one year (until June 1, 2001) to allow the state legislature to design a plan to remedy the perceived defects in the system and, as such, in FY 2000-01, school districts will operate under the laws that the Supreme Court declared unconstitutional. Because of the uncertainty as to how the state legislators will remedy the funding formula, this forecast projects state foundation revenue under the current laws and regulations in place.

The main components of Foundation Program revenues and the projections by component are presented in **Table 2-1D**.

TABLE 2-1D: State Foundation Revenues

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
State Foundation	4,056,000	4,533,000	6,271,000	5,733,000	6,039,000	6,185,000	6,459,000	6,685,000
Special Education	752,000	1,057,000	379,000	295,000	329,000	329,000	329,000	329,000
Voc. Ed.	227,000	239,000	70,000	26,000	32,000	32,000	32,000	32,000
Open Enrollment	641,000	563,000	639,000	509,000	510,000	510,000	510,000	510,000
DPIA	188,000	150,000	134,000	165,000	150,000	150,000	150,000	150,000
Textbook Subsidy	0	45,000	46,000	0	0	0	0	0
Other	656,000	1,072,000	772,000	745,000	552,000	552,000	552,000	552,000
Total State Foundation Revenues	\$6,520,000	\$7,659,000	\$8,311,000	\$7,473,000	\$7,612,000	\$7,758,000	\$8,032,000	\$8,258,000

Source: EMIS SF-12 reports for FY 1996-97 and FY 1997-98; SF-3 reports for FY 1998-99 and FY 1999-00

State Foundation - State foundation aid projections for FY 2000-01 are based on ODE state foundation funding simulations. Projections for FY 2001-02 and beyond are based on formula amounts outlined in H.B. 282 and the assumption that funding ADM will be held constant at 3,071.

The per pupil amount established by H.B. 282 for FY 2000-01 is \$4,294. For periods after FY 2000-01, the per pupil funding amounts are tentatively scheduled to be \$4,414 in FY 2001-02, \$4,538 in FY 2002-03 and \$4,665 in FY 2003-04.

Special & Vocational Education - The current state funding formula provides additional funding to districts to be used in educating students classified as special education or vocational education. The additional funding amounts districts receive are determined based on formulas which incorporate weighted average indexes applied to the number of students qualifying under each classification. The amounts projected for special and vocational education funding for FY 2000-01 are based on the ODE state foundation funding simulations. Because of the significant fluctuations in special and vocational education revenues that occurred between FY 1996-97 through FY 1999-00, in future years it is assumed that this revenue item will remain constant at the amounts projected by ODE for FY 2000-01.

Open Enrollment - Open enrollment reflects an adjustment equal to the State Foundation allotment for each child who attends another district under Ohio's Open enrollment law. SLSD pays the per pupil amount for each student that leaves the

District and receives the same amount for each pupil entering the District. Therefore, this line item represents the net effect of these payments. According to the treasurer, because of the financial difficulties the District is experiencing, SLSD has begun to lose students through open enrollment. Projections for FY 2000-01 through FY 2003-04 assume that increases in the per pupil funding amounts will offset decreases in open enrollment students and therefore, revenues from this line-item will remain constant at \$510,000.

DPIA - Disadvantaged Pupil Impact Aid (DPIA) provides additional financial support to school districts whose school-age population has a high incidence of children from families covered under the Temporary Assistance for Needy Families (TANF) program, formerly known as Aid to Dependent Children. The funds provide support for additional costs associated with educating children in poverty. Projections for FY 2000-01 are based on the ODE state foundation funding simulation. Because of the significant fluctuations in DPIA revenues that occurred between FY 1996-97 through FY 1999-00, it is assumed that this revenue item will remain constant at \$150,000, which is what ODE projected for FY 2000-01.

Other - Other revenues represent items funded outside of the state foundation formula such as preschool unit funds, bus purchase subsidy and other adjustments for special education students attending SLSD from other school districts. Because of the fluctuations in the historical data for other revenues, it is assumed that this revenue item will remain constant at \$552,000, which is what ODE projected for FY 2000-01.

- (2) **Property Tax Allocations (Rollback and Homestead Exemptions):** State law grants tax relief in the form of a 10 percent reduction in real property tax bills. In addition, a basic 2.5 percent rollback is granted on residential property taxes, and additional relief is granted to qualified elderly and disabled homeowners based on income. However, the state reimburses the school district for the revenue lost due to these property tax exemptions. Rollback and homestead exemption revenues are included within the assumptions of the Real Estate Taxes and Tangible Personal Property Taxes.

C. Other Revenue Sources

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

Table 2-1E: Other Revenues

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Tuition and fees	47,000	35,000	32,000	70,000	70,000	70,000	70,000	70,000
Earnings on Investments	277,000	247,000	227,000	251,000	259,000	266,000	274,000	283,000
Federal Reimbursements	0	76,000	89,000	81,000	81,000	81,000	81,000	81,000
Miscellaneous	415,000	370,000	441,000	191,000	191,000	191,000	191,000	191,000
Total Other Revenues	\$739,000	\$728,000	\$789,000	\$593,000	\$601,000	\$608,000	\$616,000	\$625,000

Source: LGS forecast; District receipts and ledgers.

Tuition and Fees: Tuition is collected for all students who attend summer school and fees are charged to students for all activities. Because of the financial difficulties experienced recently, the District is anticipated to continue charging tuition and fees to students for summer school and for all activities. The tuition and fees for FY 1999-00 are based on actual results and because of past fluctuations in this revenue item, the amounts projected for the remaining years are assumed to remain flat at 1999-00 levels.

Earnings on Investments: Investment earnings are generated from a fluctuating balance of temporarily available cash. The cash is primarily held in an interest-bearing checking account or invested in a STAR Ohio account. A bank sweep account is also used to invest cash overnight. Interest rates are assumed to remain fairly stable over the period covered by the projection. In projecting investment earnings from FY 2000-01 through FY 2003-04, it is assumed that because of the new levy, more cash will be available to invest and therefore, a three percent increase is projected for each year.

Federal Reimbursements: Federal reimbursements are derived from medical expenditures that are reimbursed by the government for medicaid students. Because of past fluctuations in this revenue item, the amounts projected for the remaining years are assumed to remain flat at 1999-00 levels.

Miscellaneous: Miscellaneous revenue consists primarily of rentals, contributions and donations. Miscellaneous revenue has decreased dramatically from the previous years

due to the District receiving several one-time revenues in FY 1996-97 through FY 1998-99 which the treasurer does not believe will occur again. Miscellaneous revenues for FY 1999-00 are based on actual results and because of historical inconsistencies in this revenue item, future years are projected to remain flat at FY 1999-00 levels.

V. **Expenditures**

A. **Operating Expenditures**

- (1) **Salaries and Wages:** Currently, the District and the certificated staff are operating under a negotiated agreement that expired in FY 1998-99. The District indicated that the terms and conditions of the prior contract are still in effect with the exception of wage increases and various other items. Because of the District's current financial difficulties, the certificated staff did not receive a wage increase in FY 1999-00. Additionally, the District does not currently have a negotiated agreement for its classified staff. Rather, an employee handbook outlining various ORC statutes and provisions is being utilized as a substitute for a formal contract. Since FY 1996-97, the classified staff have not received wage increases.

For purposes of developing a realistic forecast, it is assumed that a two percent wage increase will be granted to all employees from FY 2000-01 through FY 2003-04. However, it should be noted that an assessment within the **Human Resources** section of this report indicates that the District's administrators, teachers, clerical, crafts/trades, laborers, custodians and food service employees have average salaries in excess of the peer averages. Furthermore, the deficits in the forecast indicate that without significant reductions, the District is not in a position to support a two percent wage increase and management will have difficulty issuing a valid 412 certificate stating that the District has resources in excess of the appropriations.

To project increases in salaries and wages from step increases and longevity payments, a spreadsheet was created modeling the amounts each employee is scheduled to receive during the projection period. On average, each step increase was determined to be worth approximately \$1,600 and each longevity payment was determined to be worth approximately \$600.

The wage and salary projections are presented in **Table 2-1F**. With the exception of the proposed staffing reductions identified in this performance audit (**Table 2-2B**), staffing levels are assumed constant for FY 2000-01 and beyond.

TABLE 2-1F: Salaries and Wages

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Regular Salaries & Wages	\$10,039,000	\$10,659,000	\$11,379,000	\$10,587,000	\$11,003,000	\$11,502,000	\$12,006,000	\$12,512,000
Overtime & Substitutes	275,000	393,000	439,000	464,000	506,000	551,000	601,000	655,000
Supplemental Contracts	156,000	184,000	191,000	221,000	231,000	242,000	252,000	263,000
Severance	131,000	137,000	9,000	198,000	199,000	10,000	10,000	11,000
Total Salaries & Wages	\$10,601,000	\$11,373,000	\$12,018,000	\$11,470,000	\$11,939,000	\$12,305,000	\$12,869,000	\$13,441,000

Source: Treasurer's Office

Overtime, Substitutes & Supplementals: Overtime and substitute costs were projected to increase nine percent throughout the forecast period based on the average increases in FY's 1998-99 and 1999-00. Supplemental pay was projected at 2.1 percent of regular salaries and wages which is consistent with FY 1999-00.

Severance: To explain the significant costs reported for severance in the historical figures, the District offered a four-year early retirement incentive (ERI) plan for certificated and administrative employees meeting various eligibility requirements prior to December 31, 1996. In total, 24 teachers and administrators utilized the ERI option. The related severance payments of \$241,000 for this ERI were paid in two equal installments beginning in FY 1996-97.

In projecting severance costs for the forecasted period, the District has approved a three-year ERI plan for certificated and administrative employees meeting various eligibility requirements prior to December 31, 1999. In total, 34 teachers and administrators utilized the ERI option. The related severance payments of \$388,000 for this ERI will be paid in two equal installments over a two-year period beginning in FY 1999-00. Additional severance costs for certified and classified staff retiring from FY 2001-02 through FY 2003-04 are estimated at \$10,000 based on past history.

- (2) **Fringe Benefits:** The main components of fringe benefits and a detailed projection by component are presented in **Table 2-1G**.

TABLE 2-1G: Fringe Benefits

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Medical Insurance	\$1,119,000	\$1,561,000	\$1,399,000	\$1,631,000	\$1,859,000	\$2,119,000	\$2,416,000	\$2,754,000
Retirement Contributions	1,609,000	1,671,000	2,282,000	1,579,000	1,760,000	1,840,000	1,921,000	2,002,000
Worker's Compensation	141,000	38,000	90,000	34,000	35,000	36,000	37,000	38,000
Unemployment Insurance	2,000	14,000	4,000	11,000	8,000	8,000	8,000	8,000
Early Retirement Payments to STRS	614,000	596,000	627,000	1,405,000	870,000	824,000	0	0
Total Fringe Benefits	\$3,485,000	\$3,880,000	\$4,402,000	\$4,660,000	\$4,532,000	\$4,827,000	\$4,382,000	\$4,802,000

Source: Treasurer's Office; District 4502 reports, Statement P

Medical Insurance: The decrease occurring in the trend data for FY 1998-99 is due to the District switching to a less expensive medical plan. The medical insurance for the remaining years is projected to increase fourteen percent based on the average change from FY 1996-97 through FY 1999-00.

Retirement Contributions: Because retirement contributions are calculated as a percentage of salary costs, the significant decrease in retirement costs that occurs in FY 1999-00 can be attributed to the lower salaries and wages resulting from staffing reductions and wage freezes. In projecting expenditures for retirement contributions for the remaining years, it is assumed that the cost will equal approximately 15 percent of the total salaries based on a historical trend analysis from FY 1996-97 through FY 1998-99.

Workers Compensation: In general, claims filed with the Bureau of Workers' Compensation are classified as lost time or medical only. Lost-time claims are defined as the number of workers' compensation claims exceeding eight days. These types of claims are the most taxing on the system and have a greater effect on the premium costs. Consequently, the fluctuations in the historical figures for workers' compensation occurred because in FY 1996-97, the District processed 12 medical claims and one lost time claim; in FY 1997-98, the District processed eight medical claims and two lost time claims; and in FY 1998-99, the District processed eight medical claims and four lost time claims. See the **Human Resources** section of this report for an additional discussion on workers' compensation costs.

In forecasting future expenditures for workers' compensation, the number of medical and lost time claims filed to date have decreased from FY 1998-99 and therefore, amounts projected for the remaining years are calculated to increase four percent, which was the average rate of change from FY 1996-97 through FY 1999-00.

Unemployment: An analysis for the past five years indicates that unemployment expenditures have fluctuated widely ranging from \$2,400 to \$14,000. As a result, projected costs for subsequent years are assumed to remain flat at \$8,000, which is the five-year historical average.

Early Retirement Payments to STRS: The District has approved two early retirement incentive (ERI) plans for teachers and administrators eligible to retire in the past four years. The first ERI was offered to teachers and administrators eligible to retire between January 1, 1996 and December 31, 1996 at a cost of approximately \$3.9 million plus interest. The related payments for the first ERI plan were paid over a four-year period beginning in FY 1996-97.

The second ERI was offered to teachers and administrators eligible to retire between January 1, 1999 and December 31, 1999 at a cost of approximately \$2.3 million plus interest. The related payments for the second ERI plan will be paid over a three-year period beginning in FY 1999-00. The projected cost for FY 1999-00 through FY 2001-02 are based on an analysis developed by the District's treasurer in consultation with representatives from STRS. The total cost to the District for the two ERI plans offered to eligible teachers and administrators during the past four years is approximately \$6.8 million, which includes ERI payments and severance costs.

- (3) **Purchased Services:** The main component of Purchased Services and a detailed projection by component are presented in **Table 2-1H**.

Table 2-1H: Purchased Services

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Professional/ Technical Services	\$448,000	\$230,000	\$294,000	\$338,000	\$348,000	\$359,000	\$369,000	\$380,000
Property Services	199,000	139,000	140,000	126,000	130,000	134,000	138,000	142,000
Travel/Meeting	26,000	23,000	13,000	13,000	13,000	14,000	14,000	15,000
Communication	65,000	70,000	60,000	55,000	57,000	58,000	60,000	62,000
Utilities	541,000	577,000	503,000	461,000	475,000	489,000	504,000	519,000
Contracted Craft/ Trade Services	23,000	20,000	17,000	16,000	16,000	17,000	17,000	18,000
Tuition	167,000	124,000	92,000	113,000	116,000	120,000	123,000	127,000
Pupil Transportation	127,000	67,000	13,000	10,000	10,000	11,000	11,000	11,000
Laidlaw Transportation	1,105,000	1,390,000	1,473,000	1,262,000	1,609,000	1,681,000	1,757,000	1,836,000
Other	20,000	190,000	50,000	42,000	43,000	44,000	45,000	46,000
Total	\$2,721,000	\$2,830,000	\$2,655,000	\$2,436,000	\$2,817,000	\$2,927,000	\$3,038,000	\$3,156,000

Source: Treasurer's Office; District 4502 reports, Statement P

With the exception of the Laidlaw transportation expense, all line-items within the purchased services account are assumed to increase three percent per year based on inflationary increases.

Laidlaw Transportation: In FY 1999-00, Laidlaw transportation expenditures decreased due to the District limiting bus transportation to only those students living two or more miles from their respective school. The projections for FY 2000-01 through FY 2003-04 incorporates the Commission's decision to reinstate busing to prior levels (all students living one or more miles from their respective school.) In addition, an increase of four and half percent per year is projected based on the annual cost increase negotiated by district management with Laidlaw Transportation, Inc. See the **Transportation** section of this report for a discussion on the District's busing policies.

- (4) **Materials, Supplies and Textbooks:** Qualifying expenditures under H.B. 412 in meeting the textbook and instructional supplies set-aside are expected to be made from the supplies and materials line-item within the general fund. This account typically includes supply and material items used for both instructional purposes and support activities, such as maintenance, transportation, central office and administration.

The forecast assumes that only instructional-related expenditures qualify to meet set-aside requirements. Future expenditures for instructional materials and supplies are forecasted in amounts sufficient to meet the spending requirements. Expenditures for non-instructional supplies and materials are assumed to increase annually by an inflationary factor of three percent. It is assumed that each year the set-aside requirement will be expended, and no unused balance will be carried forward to the succeeding year. The projected expenditures for supplies, materials and textbooks are presented in **Table 2-11**.

TABLE 2-1I: Supplies, Materials and Textbooks

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
General Supplies	\$180,000	\$224,000	\$194,000	\$231,000	\$252,000	\$260,000	\$268,000	\$275,000
Textbooks	114,000	108,000	126,000	82,000	216,000	223,000	229,000	235,000
Library Books	21,000	15,000	12,000	20,000	21,000	21,000	22,000	23,000
Periodical, Newspapers, Film & Filmstrips	14,000	17,000	12,000	10,000	12,000	13,000	13,000	14,000
Supplies and Material for Operations, Maintenance and Repair	169,000	178,000	103,000	110,000	113,000	117,000	120,000	124,000
Supplies and Materials for Operations	53,000	48,000	34,000	40,000	41,000	42,000	44,000	45,000
Other Supplies and Materials	47,000	28,000	17,000	11,000	11,000	12,000	12,000	12,000
Total Supplies, Materials & Textbooks	\$598,000	\$618,000	\$498,000	\$504,000	\$666,000	\$688,000	\$708,000	\$728,000

Source: Treasurer's Office; District 4502 reports, Statement P

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

Table 2-1J: Capital Outlay

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Equipment	\$48,000	\$111,000	\$13,000	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000
Equipment -Replacements	8,000	12,000	17,000	17,000	18,000	18,000	19,000	20,000
Vehicles	0	0	9,000	0	9,000	9,000	9,000	9,000
H.B. 264 Expenditures	0	0	0	956,000	0	0	0	0
Totals	\$56,000	\$123,000	\$39,000	\$979,000	\$33,000	\$33,000	\$35,000	\$36,000

Source: Treasurer's Office; District 4502 reports, Statement P

The treasurer indicated that in the future, the District will utilize the permanent improvement levy for the majority of its capital improvement needs. The permanent improvement levy generates approximately \$362,000 annually. The figures for equipment are projected to increase three percent to account for inflation using FY 1999-00 as a base. The figures for equipment replacement and vehicles for FY 2000-01 are based on a four-year average for those expenditures. In FY 2001-02 through FY 2003-04, equipment replacement is assumed to increase three percent to account for inflationary constraints. The expenditures for vehicles are held constant based on historical trends.

The H.B. 264 energy expenditures for FY 1999-00 are the result of the District borrowing approximately \$956,000 to make capital improvements which result in energy efficiencies. The program is based on the current state guidelines that provide a fifteen-year financial repayment term for the projects to coincide with immediate cost reductions from current operating expenses with the savings amortized over the program term. The District is scheduled to begin repaying this amount in August of FY 2000-01. For a H.B. 264 debt repayment schedule, see the assumptions for **Debt Service**.

In complying with the H.B. 412 capital improvements spending requirements, the forecasted expenditures from the permanent improvement fund, the property services account within the purchased services line item, the building repair and material account within the materials, supplies and textbooks line items and the capital outlay line-items exceed the required amounts.

- (6) **Other Expenditures:** The main components of the District's other expenditures and a detailed projection by component are presented in **Table 2-1K**.

Table 2-1K: Other Expenditures

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Membership Dues	\$4,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000	\$2,000	\$2,000
Audit Costs	28,000	29,000	28,000	22,000	27,000	28,000	29,000	30,000
County ESC Deductions	69,000	65,000	141,000	200,000	206,000	212,000	219,000	225,000
Auditors/Treasurer Fees	170,000	177,000	200,000	200,000	210,000	213,000	219,000	226,000
Election Expense	8,000	0	0	9,000	9,000	9,000	0	0
Bank Charges	6,000	8,000	8,000	2,000	6,000	6,000	6,000	7,000
Student Fees/Dues	0	1,000	0	0	0	0	0	0
Other	5,000	5,000	12,000	35,000	14,000	14,000	14,000	14,000
Totals	\$290,000	\$287,000	\$391,000	\$469,000	\$474,000	\$484,000	\$489,000	\$504,000

Source: Treasurer's Office; District 4502 reports, Statement P

With the exception of the auditor and treasurer's fees and the election expenses, all expenditures are projected for FY 2000-01 through FY 2003-04 based on historical trends.

Auditor/Treasurer Fees: Auditor and Treasurer Fees are assumed to increase \$10,000 in FY 2000-01 due to anticipated higher tax revenues resulting from the new emergency levy passed in March 2000. The auditor and treasurer's fees for FY 2001-02 through FY 2003-04 are projected to increase at three percent annually based on historical trends.

Election Expense: The District has three levies which are up for renewal during the next two fiscal years. Election expenses represent the cost to the District of placing these levies on the ballot. This forecast assumes that the cost of placing these levies on the ballot will be \$9,000, which is consistent with FY 1999-00.

VI. Debt Service

Outstanding debt balances as of February 29, 2000 are presented in **Table 2-1L**. The table shows the annual debt service requirement in each issue for the forecasted period. The forecast assumes the District will pay debt obligations as they come due.

Table 2-1L: Debt Service

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Spending Reserve	\$1,206,000	\$0	\$0	\$0	\$0
H.B. 264 (May 1992)	116,000	116,000	116,000	116,000	116,000
H.B. 264 (August 1999)	0	24,000	45,000	47,000	50,000
Ohio Solvency Assistance Loan ¹	0	900,000	900,000	0	0
Total Principal	\$1,322,000	\$1,040,000	\$1,061,000	\$163,000	\$166,000
Spending Reserve	87,000	0	0	0	0
H.B. 264 (May 1992)	19,100	13,000	6,000	0	0
H.B. 264 (August 1999)	0	76,000	55,000	52,000	50,000
Ohio Solvency Assistance Loan ¹	0	0	0	0	0
Total Interest	\$106,100	\$89,000	\$61,000	\$52,000	\$50,000
Total Debt Service	\$1,428,100	\$1,129,000	\$1,122,000	\$215,000	\$216,000

Source: Statement L from 4502 reports; District debt schedules.

¹ School District's borrowing through the Ohio Solvency Assistance program receive the monies interest free.

Under the Spending Reserve borrowing, the District is permitted to borrow one-half of the October personal property tax settlement over the fiscal year-end. The Ohio Supreme Court decision in the *DeRolph vs. State of Ohio* case struck down this type of borrowing. It will be phased out over a five-year period beginning July 1, 1998. SLSD last used this form of borrowing in FY 1998-99.

H.B. 412 eliminates the state emergency loan fund and replaces it with the solvency assistance fund. After March 24, 1998, school districts are no longer being approved for borrowing under the state emergency loan fund and must borrow from the state solvency assistance fund. Under the new program, the District borrowed approximately \$1.8 million and is scheduled to repay the amount over a two-year period beginning in FY 1999-00.

The H.B. 264 energy conservation notes are authorized by legislation to be issued for the sole purpose of making capital improvements which result in energy efficiencies. Under this program, the District borrowed approximately \$1.2 million in FY 1991-92 and \$956,000 in FY 1999-00. The current outstanding balance on the amount borrowed in FY 1991-92 is \$231,200.

VII. Other Sources and Uses of Funds

A. Transfers and Advances In/Out

The forecast assumes the District will have to make yearly advances of \$25,000, which is based on a four-year historical average, to cover deficit balances in the food service enterprise fund (F2.4).

B. Reserves

H.B. 412 requires school districts to maintain a budget reserve when certain conditions are met. Whenever revenue received for current expenses for the preceding fiscal year is at least three percent greater than the revenue received for current expenses for the second preceding fiscal year, the district is required to set-aside as a budget reserve not less than one percent of the revenue received for current expenses for the preceding fiscal year. The minimum one percent set-aside continues each year until the accumulated budget reserve equals five percent of the revenue received for current expenses for the preceding fiscal year.

H.B. 770 also requires districts receiving a rebate from the Ohio Bureau of Workers Compensation (BWC) to apply the amount of the rebate toward the budget reserve requirement in the year the rebate is received. For rebates occurring in FY 1997-98 or FY 1998-99, the amount received was to be added to the budget reserve in addition to any applicable one percent set aside. In future years, any rebates received would be used to offset any required contributions in that particular year.

School districts are not required to increase their budget reserve while they are in fiscal watch or fiscal emergency. However, amounts previously placed in the reserve may not be used to fund current operations without authorization from the State Superintendent of Public Instruction. This forecast assumes the District will maintain its current budget reserve balance of \$255,000 throughout the forecasted period.

Furthermore, H.B. 412 requires school districts to spend three percent of certain revenues on expenditures that qualify as textbooks and instructional supplies as well as another three percent on expenditures that qualify as capital improvements. Based on the actual figures from FY 1999-00, it does not appear that the District incurred a sufficient amount of qualifying expenditures to meet the textbook and instructional materials spending requirement. Therefore, a reserve account should be established. Because the figures for FY 1999-00 have been finalized, this reserve account was established for FY 2000-01 and is maintained throughout the forecast period.

- C. Encumbrances and Other Reserves:** In accordance with ORC, the District is required to consistently use the encumbrance method of accounting for budget management and control. Under this method, purchase orders, contracts, resolutions and other commitments for expenditures of funds are recorded to reserve a portion of the applicable appropriation for future payments.

Encumbrances outstanding at year-end represent planned expenditures which were budgeted in the fiscal year but which were not paid for as of year-end. The projection assumes the outstanding encumbrances for each year during the projection period will be \$234,000, which is the four-year historical average.

Summary of Performance Audit Recommendations

Table 2-2 is being presented as a potential financial forecast for District management and the Commission. It is a management tool to be utilized to assess the impact that implementation of the various performance audit recommendations will have on the District's financial condition. The forecast presented contains the same financial projections as presented in **Table 2-1** with additional lines to include the financial implications associated with the performance audit recommendations, implementation costs for performance audit recommendations and any action taken to date by the Commission. Accompanying tables (**Table 2-2A** through **Table 2-2C**) summarize the financial implications associated with the recommendations contained within this report. Some recommendations could be implemented immediately, while others will require further management action to realize the proposed savings. In addition, implementation costs and cost avoidances associated with the various recommendations are also summarized.

The performance audit recommendations presented in **Table 2-2A** which affect the District's general fund are broken down into two categories; those recommendations subject to negotiation and those recommendations not subject to negotiation.

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

Table 2-2: Proposed Financial Recovery Plan (Amounts in 000's)

	Actual 1996-97	Actual 1997-98	Actual 1998-99	Actual 1999-00	Forecast 2000-01	Forecast 2001-02	Forecast 2002-03	Forecast 2003-04
Real Estate Property Tax	\$6,900	\$7,124	\$7,053	\$7,364	\$7,676	\$7,972	\$8,082	\$8,531
Tangible Personal Property Tax	2,979	3,048	3,199	3,084	3,072	2,832	2,808	2,785
Emergency Levy (March 2000)	0	0	0	0	800	1,600	1,600	1,600
State Foundation	6,520	7,659	8,311	7,473	7,612	7,758	8,032	8,258
Property Tax Allocation	910	937	915	972	1,000	1,005	1,013	1,052
Other Revenues	739	728	789	593	601	608	616	625
Total Operating Revenues	18,048	19,496	20,267	19,486	20,761	21,775	22,151	22,851
Salaries & Wages	10,601	11,373	12,018	11,470	11,939	12,305	12,869	13,441
Fringe Benefits	3,487	3,880	4,402	4,660	4,532	4,827	4,382	4,802
Purchased Services	2,721	2,830	2,655	2,436	2,817	2,927	3,038	3,156
Supplies, Materials & Textbooks	598	618	498	504	666	688	708	728
Capital Outlay	56	123	39	979	33	33	35	36
Other Expenditures	290	287	391	469	474	484	489	504
Interest on Loans	175	131	74	106	89	61	52	50
Performance Audit Rec (Table 2-2A)	0	0	0	0	(778)	(674)	(680)	(687)
Commission Reductions (Table 2-2B)	0	0	0	0	(141)	(141)	(141)	(141)
Implementation Cost (Table 2-2C)	0	0	0	0	15	5	5	5
Total Operating Expenditures	17,928	19,242	20,077	20,624	19,646	20,515	20,757	21,894
Ohio Solvency Assistance Loan	0	0	0	1,800	0	0	0	0
Proceeds From H.B. 264 Notes	0	0	0	956	0	0	0	0
Proceeds From Spending Reserve Loans	1,413	1,378	1,205	0	0	0	0	0
Proceeds From Tax Anticipation Notes	2,271	1,465	0	0	0	0	0	0
Solvency Assistance Loan Repayment	0	0	0	0	(900)	(900)	0	0
H.B. 264 Payment	(116)	(116)	(116)	(116)	(140)	(161)	(163)	(166)
Spending Reserve Payments	(1,307)	(1,413)	(1,378)	(1,205)	0	0	0	0
Tax Anticipation Notes Payments	(2,271)	(1,465)	0	0	0	0	0	0
Net Transfers/ Advances - In/Out (Out)	22	(25)	(96)	(77)	(25)	(25)	(25)	(25)
Net Financing	12	(176)	(385)	1,358	(1,065)	(1,086)	(188)	(191)
Results of Operations (Net)	132	78	(195)	220	50	174	1,206	766
Beginning Cash Balance	689	821	899	704	924	974	1,148	2,354
Ending Cash Balance	821	899	704	924	974	1,148	2,354	3,120
Outstanding Encumbrances	452	82	165	289	234	234	234	234
DPIA	0	46	1	0	0	0	0	0
"412" Instructional / Capital Reserve	0	45	3	0	142	142	142	142
"412" Budget Reserve	0	108	255	255	255	255	255	255
Ending Fund Balance	\$369	\$618	\$280	\$380	\$343	\$517	\$1,723	\$2,489

Table 2-2A details those recommendations reflected in the forecast in **Table 2-2** and are further divided into categories requiring negotiation and those not requiring negotiation.

Table 2-2A: Summary of Performance Audit Recommendations

Recommendations	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
RECOMMENDATIONS INCLUDED IN FORECAST (Table 2-2):				
Recommendations Subject to Negotiation:				
R3.5 Reduce cost-of-living wage increases	\$210,200	\$322,300	\$328,300	\$334,800
R4.3 Eliminate annual pay for boiler operator's license	\$7,600	\$7,600	\$7,600	\$7,600
Total Recommendations Subject to Negotiation:	\$217,800	\$329,900	\$335,900	\$342,400
Recommendations Not Subject to Negotiation:				
R3.2 Reduce professional education staffing levels ¹	\$221,000	\$221,000	\$221,000	\$221,000
R3.3 Reduce clerical/office staff	\$50,000	\$50,000	\$50,000	\$50,000
R3.12 Reduce self-insurance fund balance	\$216,000	\$0	\$0	\$0
R4.1 Reduce elementary custodial staffing ¹	\$73,400	\$73,400	\$73,400	\$73,400
Total Recommendations Not Subject to Negotiation	\$560,400	\$344,400	\$344,400	\$344,400
Total Recommendations Included in Forecast	\$778,200	\$674,300	\$680,300	\$686,800
RECOMMENDATIONS NOT INCLUDED IN FORECAST:				
Recommendations Subject to Negotiation:				
R3.14 Increase employee insurance Co-pay	\$173,155	\$173,155	\$173,155	\$173,155
R3.16 Repayment from SLA for use of associated leave	\$1,475	\$1,475	\$1,475	\$1,475
R3.20 Reduce severance pay calculation to ORC minimum	\$209,300	\$209,300	\$209,300	\$209,300
R3.23 Reduce additional paid holidays	\$11,098	\$11,098	\$11,098	\$11,098
R5.5 Amend Laidlaw contract to extend useful life of buses	\$32,959	\$32,959	\$32,959	\$32,959
Total Recommendations Subject to Negotiation	\$427,987	\$427,987	\$427,987	\$427,987
Recommendations Not Subject to Negotiation:				
R2.4 Reduce food service staff by eight FTE's	\$183,200	\$183,200	\$183,200	\$183,200
R2.9 Prepare GAAP basis financial statements in-house	\$14,000	\$14,000	\$14,000	\$14,000
R3.7 Reduce certificated sick leave usage	\$28,210	\$28,210	\$28,210	\$28,210
R3.9 Reduce classified sick leave usage	\$26,845	\$26,845	\$26,845	\$26,845
R3.13 Decrease monthly insurance payments	\$54,000	\$57,000	\$60,000	\$63,000
R4.5 Reduce maintenance overtime to control costs	\$2,000	\$2,000	\$2,000	\$2,000
R4.14 Close one elementary school	\$0	\$181,500	\$181,500	\$181,500

Recommendations	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
R4.15 Sell vacant elementary school building	\$575,000	\$0	\$0	\$0
R5.1 Reduce transportation to State minimum standards	\$283,000	\$283,000	\$283,000	\$283,000
R5.4 Implement changes to special needs student transportation	\$101,000	\$101,000	\$101,000	\$101,000
Total Recommendations Not Subject to Negotiation	\$1,267,255	\$876,755	\$879,755	\$882,755
Total Recommendations Not Included In Forecast:	\$1,695,242	\$1,304,742	\$1,307,742	\$1,310,742

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

¹ The Commission has implemented this recommendation for FY 2000-01 by reducing approximately 7.0 FTE certificated positions and 2.0 FTE classified positions

Table 2-2B summarizes the reductions adopted by the commission which are in excess of those identified in this performance audit and are included in the financial forecast. In total, the commission reduced approximately nine FTEs which is estimated to yield an annual savings of approximately \$435,000. **Table 2-2B** includes approximately \$141,000 of commission reductions with the remaining \$294,000 being accounted for in the performance audit recommendations shown in **Table 2-2A**.

Table 2-2B: Commission Reductions

Action	Total Savings Projected FY 2000-01	Total Savings Projected FY 2001-02	Total Savings Projected FY 2002-03	Total Savings Projected FY 2003-04
Reduction of three regular education positions beyond those identified in this performance audit	\$29,000	\$29,000	\$29,000	\$29,000
Reduction of an assistant high school principal position	\$80,000	\$80,000	\$80,000	\$80,000
Reduction in positions supplanted with general fund money	\$25,000	\$25,000	\$25,000	\$25,000
Other reductions beyond those identified in this performance audit	\$6,600	\$6,600	\$6,600	\$6,600
Total Projected Savings Included in Forecast	\$140,600	\$140,600	\$140,600	\$140,600

Table 2-2C summarizes the proposed staffing changes and adjusted staffing levels for FY 2000-01 through FY 2003-04 assuming the commission and performance audit recommendations are implemented.

Table 2-2C: Revised Five-Year FTE Staffing

Category	Adjusted Staffing for FY 2000	Proposed Staffing Changes for FY 2001	Adjusted Staffing for FY 2001	Proposed Staffing Changes for FY 2002	Adjusted Staffing for FY 2002	Proposed Staffing Changes for FY 2003	Adjusted Staffing for FY 2003	Proposed Staffing Changes for FY 2004	Adjusted Staffing for FY 2004
Administration	15.5	(0.0)	15.5	(0.0)	15.5	(0.0)	15.5	(0.0)	15.5
Certificated Staff	219.2	(7.0)	212.2	(0.0)	212.2	(0.0)	212.2	(0.0)	212.2
Classified Staff	101.7	(4.0)	97.7	(0.0)	97.7	(0.0)	97.7	(0.0)	97.7
Total Staff	336.4	(11.0)	325.4	(0.0)	325.4	(0.0)	325.4	(0.0)	325.4

Source: EMIS Staff Profiles, Superintendent's office and Performance Audit estimates

Table 2-2D summarizes the implementation costs associated with various recommendations contained within this performance audit. Each cost is dependent on the District's decision to implement the associated recommendation and the timing of that implementation.

Table 2-2D: Implementation Costs

Recommendation Implementation Costs	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
R4.1 Implement a training program	\$4,950	\$4,950	\$4,950	\$4,950
R4.4 Purchase automated work order system	\$10,000	\$0	\$0	\$0
Total Recommendation Implementation Costs	\$14,950	\$4,950	\$4,950	\$4,950

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

VIII. Commission Considerations

- A.** Under the State Foundation Program, the current per pupil funding level has been established at \$4,294 for FY 2000-01. Future per pupil funding amounts are planned at \$4,414 for FY 2001-02 and \$4,538 for FY 2002-03. Only 2000-01 is guaranteed by current legislation. Additionally, according to the Supreme Court ruling rendered on May 11, 2000, the state legislators have until June 1, 2001 to remedy the perceived deficiencies in the current state funding formula. If the changes adopted by the state legislators affect the per pupil funding amounts or result in a modification from the current state funding formula, the state foundation funding projections contained in this forecast are likely to differ from what actually occurs.
- B.** State Foundation payments under Ohio Revised Code are calculated by the Ohio Department of Education (ODE) on the basis of pupil enrollment and classroom teacher ratios, plus other factors for transportation, special education units, extended services and other items of categorical funding. ODE's projected ADM enrollment of 3,441 students for FY 1999-00 is inconsistent with the actual ADM enrollment of 3,071 students reported on the March 2000 SF-3 report. In addition, ODE projections indicate a continuing upward enrollment trend for

the next ten years, however, the District has experienced a decline in enrollment for the past two years. Therefore, for the purpose of the forecast, student enrollment is projected to hold steady at FY 1999-00 levels through FY 2003-04. Enrollment trends may differ from those utilized in the forecast, which will have a corresponding effect on the District's State Foundation revenues.

- C. Although **Table 2-2** shows recovery for SLSD, this forecast assumes the successful renewal of a 4.5 mill emergency levy. The District's financial position could be adversely affected if this levy is not renewed. In the event that this levy fails, the District will need to assess the other recommendations in this performance audit to offset any potential deficits.
- D. Although the District has developed a history of borrowing to cover operating debt, the forecast does not include borrowing beyond a single State Solvency Assistance Fund loan in FY 1999-00 for \$1.8 million. Based on the negative ending balances shown in the current forecast, SLSD may need to accrue additional debt. If SLSD is required to borrow additional funds to meet current operating expenditures, repayment costs may delay the District's return to financial health.
- E. Educational enhancements, included under Am. Sub. S.B. 55, requires school districts to make programmatic changes, many of which have financial implications, such as the creation of a three year continuous improvement plan, expansion of the summer school program and the increase in the number of units offered to high school students. The superintendent is currently studying the effects of S.B.55 to plan for the District's future. He has indicated that additional cost will be incurred by SLSD because of the educational requirements under Am. Sub. S.B. 55 but has not determined the estimated amount of such costs. The District may have difficulty implementing portions of S.B. 55 requirements because of its current financial condition. The District was unable to quantify probable expenditures associated with the S.B. 55, therefore, additional costs associated with the legislation are not shown in the forecast.
- F. By implementing the financial recovery plan outlined in **Table 2-2** of the financial systems report, the District's financial position will improve. However, the District is still facing unmet facility, technology and educational needs. On the 1999-00 district report card, SLSD met 10 of the 27 standards placing the District in academic watch status. To rectify these conditions, the District will potentially have to reallocate a significant amount of funds towards the facilities as well as towards educational related programs, supplies, materials and equipment. To assist in meeting these important needs, this performance audit identifies a number of recommendations beyond those included in the recovery plan which could be implemented in an effort to reallocate funds towards these areas.

B. Revenues and Expenditures

Background

SLSD's primary funding sources are local property taxes and state foundation support. A district can increase its local contribution through a property tax, a school district income tax or a joint city/school district income tax. Each of these tax options requires voter approval. Property taxes are levied on a calendar year basis against the assessed values of real estate, public utility property and tangible (business) personal property located within the District. In FY 1999-00, the total assessed value of real estate, public utility and tangible property was approximately \$322 million.

The Ohio General Assembly determines the level of State support for schools and distributes that support through the State Foundation Program. Allocations are based on a formula that guarantees each district will receive a specified amount per student which is deemed sufficient to support an adequate educational program at the state minimum level. The distribution formula, which incorporates Average Daily Membership (ADM) and millage minimums applied to the district's total assessed property valuation, has undergone significant change through new legislation which became effective in FY 1998-99.

Federal monies are awarded primarily through grant programs directed at helping economically disadvantaged students or those with special educational needs. Federal budget balancing is expected to negatively impact grant awards. See **Table 2-7** for percentage breakdowns of District funding by source, compared to the peer districts and State averages.

The Board is required, under the ORC, to adopt an annual budget. Each year, two budgets are prepared by the District: a tax budget and an operating budget. The budgeting process identifies the adequacy of financial resources for the educational programs and provides a basis for accountability in fiscal management. The tax budget also serves as the legal basis for the establishment of tax rates.

There is no separate department responsible for budgeting within SLSD. Under board policy, this function is centralized in the offices of the superintendent and the treasurer. The superintendent and the board establish the overall fiscal objectives for the district while the actual budget preparation, presentation and subsequent management reporting falls under the authority of the treasurer.

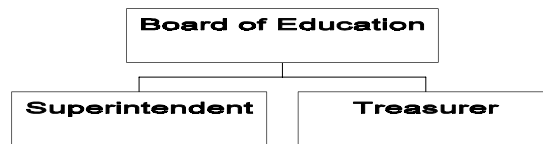
The treasurer prepares the tax budget and the annual appropriation resolution; files required forms and reports with the county budget commission and the ODE; monitors compliance with appropriation spending levels; initiates, reviews and processes budget adjustments and modifications; and prepares monthly budgetary internal control reports. She is responsible for establishing and overseeing a system of internal controls within the District to ensure the accuracy of financial information and to protect the District's assets.

Organization Function

Under the current organizational structure, the Board’s role is to oversee the superintendent and the treasurer in the managing the daily operations of the district and carrying out the fiscal recovery plan adopted by the commission. Decisions which have financial implications or that affect the District’s finances are required to be made by the Commission.

The District’s superintendent and the treasurer report independently to both the elected Board and the appointed Commission. Within this organizational structure, all departments except the treasurer’s department report to the superintendent. The organizational chart below shows the reporting relationships of the superintendent and treasurer’s department.

Chart 2-1: Financial Organizational Chart



Summary of Operations

The treasurer has been preparing financial forecasts for the past four years. The most recent forecast was prepared in March 2000. The financial forecast includes projections of estimated revenues and expenditures for the general, DPIA and debt service funds, as well as the assumptions used to develop the projections. All other projections for this period were based on future needs, prior period performance, and historical trends.

The budgetary process begins with the preparation and adoption of the tax budget which shows estimated receipts and expenditures, and is submitted to the Budget Commission before January 20th in accordance with ORC and Board policy. In June, the District adopts a temporary appropriation measure to be used during the three month period from July through September, during which time the permanent appropriation measure is prepared. According to the treasurer, because of the financial difficulties the District is experiencing, the individual schools in SLSD have little input in the District's budget.

The treasurer's office is responsible for the preparation and issuance of various financial reports in accordance with State and Federal guidelines. These include an annual spending plan and quarterly updates submitted to the ODE. The spending plan allows the State Superintendent of Public Instruction to determine if the District has expenditures that may impair its ability to operate within its revenue sources. The cash-basis plan includes revenue projections by source, the nature and amount of expenditures to be incurred by the District, outstanding and unpaid expenses and the months in which the expenses are to be paid. Additionally, the treasurer's office prepares a comprehensive annual financial report (CAFR) on an annual basis.

Performance Measures

- Assessment of financial planning processes
- Assessment of federal, state and local funding levels
- Assessment of District expenditures
- Review of allocation of resources for instruction, support and administrative costs
- Evaluation of relevance and timeliness of financial and management reports

Findings / Commendations / Recommendations

Financial Planning

F2.1 The forecast prepared by the District in March 2000 projects a surplus balance in all years with an ending unencumbered balance of approximately \$960,000 in FY 2003-04. However, the forecast document appears to have several deficiencies including the following:

- Although the treasurer has developed detailed analyses and gathered documentation to support some of the assumptions, the notes which accompanied the financial forecast did not represent the level of detail used to prepare the forecast.
- The forecast excludes outstanding encumbrances for FY 2000-01 through FY 2003-04 when past history would suggest otherwise.
- The forecast does not include the repayment of the new H.B. 264 debt the District entered into in June 1999 or the annual interest payments associated with the debt for FY 2000-01 through FY 2003-04. The treasurer indicated that she chose not to include the H.B. 264 debt repayment because the savings from the program are expected to offset the debt repayment.
- The March 2000 forecast is able to project surplus balances in all years forecasted because one of the assumptions was that the District will issue tax anticipation notes for approximately \$1.5 million to cover an operating deficit in FY 2000-01.

R2.1 The financial forecast prepared by the District does not appear to present an accurate picture of the financial condition the District is likely to encounter. Additionally, the forecast lacks detailed assumptions to clearly indicate the manner in which the forecast was developed. Given the significant financial issues facing SLSD, detailed financial forecasts are essential in the District's attempt to regain financial solvency. To this extent, SLSD should use the format of the financial forecast presented in **Table 2-1** and update the information and projections as financial issues change or materialize. Such a forecast ensures that members of the District and the Commission are provided with sound and detailed information on which to base their decisions.

The District should also consider making the forecast document available to the general public, as well as to parents, district employees and board members. By presenting more historical and projected financial information, and include detailed accompanying assumptions, explanatory comments, and the methodology used in deriving the financial estimates, the District will provide management, as well as the general public, a more comprehensive understanding of its anticipated financial condition.

- F2.2 Ohio Rev. Code § 3316.06 states that “(w)ithin 120 days after the first meeting of a school district’s financial planning and supervision commission, the commission shall adopt a financial recovery plan regarding the school district for which the commission was created. During the formulation of the plan, the commission shall seek appropriate input from the school district and from the community.”

The Auditor of State declared SLSD in a state of fiscal emergency on February 11, 2000. As a result, a Financial Planning and Supervision Commission was established and given the authority to assume control of the District. The Commission had its first meeting on March 27, 2000, and has 120 days from its first meeting to adopt a financial recovery plan for the District. An initial financial plan has not yet been adopted by the Commission.

- R2.2** **Table 2-2** is presented to provide the Commission with a proposed financial recovery plan to assist in its effort to adopt a plan which will allow the District to regain financial stability. The Commission should use the financial recovery plan to evaluate the recommendations presented within this performance audit and to determine the impact of the related cost savings on the District’s financial condition. The recommendations are broken down into those which can be enacted immediately by SLSD and those that will require further management actions, such as renegotiating certain items within the current union agreements.

- F2.3 SLSD does not prepare a formal capital or long-range capital spending plan, nor has it created a comprehensive facilities capital plan for use in guiding its long-term decisions. An ODE survey published in 1990 and updated in 1997 places the cost of repairing and upgrading the District’s current facilities to meet minimum standards for health and safety at approximately \$37.6 million. The **Facilities** section of this report presents a detailed discussion of the District’s capital needs and funding sources.

- R2.3** SLSD should create a comprehensive long-range capital plan which addresses the need for ongoing capital repairs and maintenance. The plan should incorporate the conditions of all facilities, the impact of building style and configuration on curriculum and educational programs, and the means of maximizing the utilization of classroom space and technological resources. The plan should be formally adopted by the Board when first created, and annual segments should again be approved individually as they become current, allowing for modifications and adjustments to the original components as circumstances dictate. All elements of this comprehensive plan should be linked to the District’s five-year financial forecasts and annual budgets. Such a plan would more accurately demonstrate to the public the District’s total capital requirements and priorities, and help build support for future permanent improvement issues and levy campaigns.

SLSD should also consider establishing a Permanent Improvement Panel (PIP) to preside over all permanent improvement projects. The PIP should be comprised of a cross-section of district staff, community and parent representatives, and provide an ongoing review of the identified capital needs of the district.

Food Services

The primary purpose of the food service division is to coordinate, implement and monitor the food services provided to the District's students through the National School Breakfast and Lunch programs. The division is also responsible for compliance with all federal, state and board policies and regulations.

The food service division of SLSD is an enterprise fund that accounts for its operations in a manner similar to a private business enterprise, where the intent of the division is that the costs (expenses, including depreciation) of providing the service to the students are financed primarily through user charges. The operation is accounted separately from other fund activities and the desired outcome is a net income.

F2.4 **Table 2-3** summarizes the District's food service revenues and expenditures on a cash basis (Non-GAAP Budgetary Basis) for FY 1997-98 and FY 1998-99. SLSD maintains its food service fund accounts on the cash basis during the year, which means they record revenues only when received in cash and they recognize expenditures and liabilities only when cash is paid. Thus, accruals and deferrals may be required to convert the cash basis data to the GAAP basis at year-end.

Additionally, **Table 2-3** indicates the food service division has experienced a deficit in the last two years on a cash basis. The division generated net losses in FY 1997-98 and FY 1998-99, in the amounts of \$16,434 and \$48,922, respectively.

Table 2-3: Financial Summary (Cash Basis)

	FY 1997-98	FY 1998-99
Revenues		
Sales	\$391,942	\$408,726
Operating Grants and Other Revenues	376,001	291,877
Total Revenues	767,943	700,603
Expenses		
Salaries	346,688	337,546
Fringe Benefits	155,200	146,159
Purchased Services	22,821	10,223
Supplies and Materials	245,248	248,693
Capital Outlay - Replacement	14,420	6,904
Total Expenses	784,377	749,525
Operating Income (Loss)	(\$16,434)	(\$48,922)

Source: District's Comprehensive Annual Financial Report FY 1997-98 and FY 1998-99

- F2.5 **Table 2-4** presents the District's actual revenues and expenditures on a GAAP basis for FY 1997-98 and FY 1998-99 for comparison purposes. The difference between the cash basis and the GAAP basis for accounting purposes is that the GAAP basis requires the recognition or accrual of revenues when they are measurable and available to finance current obligations. For GAAP purposes, revenues are recorded when they are considered collectable during the current period and available to pay current year-end liabilities. Additionally, GAAP records the expenses on an accrual basis because they are measurable when the liabilities are incurred.

The business manager has indicated that the food service fund has operated at a net profit for the last five years and has attributed the deficits shown in **Table 2-3** and **Table 2-4** to fiscal year-end timing differences. These timing differences are associated with federal and state reimbursements being received after the close of the school year. However, according to proper GAAP procedures, these revenues should have been included as a receivable in the GAAP basis financial statements shown in **Table 2-4**.

Table 2-4: Financial Summary (GAAP Basis)

	FY 1997-98	FY 1998-99
Revenues		
Sales	\$395,396	\$408,726
Operating Grants and Other Revenues	327,191	291,877
Total Revenues	722,587	700,603
Expenses		
Salaries	342,150	342,518
Fringe Benefits	153,048	147,828
Purchased Service	22,344	10,223
Materials and Supplies	230,793	244,883
Depreciation	10,859	11,506
Capital Outlay - Replacement	14,420	0
Total Expenses	773,614	756,958
Operating Income (Loss)	(\$51,027)	(\$56,355)

Source: District's Comprehensive Annual Financial Report FY 1997-98 and FY 1998-99

F2.6 **Table 2-5** summarizes key information for the food service division for SLSD, its peer districts and the peer average. Overall staffing is analyzed in full-time equivalents (FTEs).

Table 2-5: Comparison of Food Services General Information and Operational Ratios

	Springfield	Ravenna	Salem	Tallmadge	Peer Average ¹
General Information					
Average Daily Membership (ADM)	3,308	3,366	2,726	2,720	2,937
Overall Staffing (FTE)	21.1	25	9.9	19	17.97
Total Salaries	\$337,546	\$297,450	\$167,202	\$166,113	\$210,255
Total Benefits	\$146,158	\$103,794	\$125,921	\$31,781	\$87,165
Total Cost of Operation	\$818,296	\$738,063	\$494,816	\$387,354	\$540,078
Operational Ratios					
# of Students per Staff Member	157	135	275	143	163
Avg. Salary per Staff Member	\$15,997	\$11,898	\$16,889	\$8,743	\$11,703
Avg. Benefits per Staff Member	\$6,927	\$4,152	\$12,719	\$1,673	\$4,852
Avg. Cost to serve a Student	\$247	\$219	\$182	\$142	\$184

Source: Districts 4502 reports FY 1998-99, Statement E; EMIS Vital Statistic reports FY 1999

¹ Peer average does not include Springfield.

An analysis of **Table 2-5** indicates that SLSD has the second highest overall staffing level compared to the peer districts and the peer average for their food service operations. Additionally, in comparison to the peers, SLSD has the highest total operation cost and is maintaining the second highest average salary and benefit costs per staff member. Furthermore, SLSD's average cost to serve a student is approximately \$63 or 34 percent higher than the peer average.

F2.7 **Table 2-5** also indicates that the Salem City Schools are able to operate its food services program with approximately 10 FTE's, which equates to 275 students per staff member. To achieve the high level of staffing efficiency, Salem City Schools utilizes a "central kitchen" concept in which all food is prepared at a central site and then transported to the satellite cafeterias for distribution.

In serving breakfast, Salem City Schools make use of a "grab and go" quick service menu concept, in which the reimbursable breakfast menu is prepackaged and transported the day before. For lunch, the central kitchen prepares the meals in the morning and transports the bulk hot food in insulated food containers to each site for distribution. According to the food service supervisor, Salem City Schools has been utilizing a central kitchen concept for the past 20 years.

R2.4 SLSD should implement procedures to make the food service enterprise fund self-supporting. The following options should be considered by the District to balance the food service enterprise fund.

- Option A. The District should evaluate its food service expenditures to determine where cost savings could be implemented without significantly sacrificing the quality of food. In addition, SLSD should establish a planning committee to help the District control the high food costs. The planning committee should include community professionals knowledgeable about business operations along with the District's treasurer, business manager and superintendent. The planning committee should meet monthly to monitor food costs and evaluate the effectiveness of any change made to the food service operations.
- Option B. Another option the District could consider would be to increase the price per meal. According to the District business manager, meal prices were last increased in FY 1993-94. At that time, the price of a student meal was increased by \$.05 for both breakfast and lunch. However, if this option is considered, it should be noted that there is a potential that any increase in price per meal could be offset by a decrease in demand.
- Option C. Another option the District could consider is to implement a central kitchen concept similar to the program utilized by the Salem City Schools. A central kitchen concept would allow SLSD to reduce the number of preparation sites from eight to one, which could result in some staffing reductions. An analysis of FTEs per 1,000 students indicates that if SLSD implemented a centralized kitchen for its food services division, similar to the system in place at Salem City Schools, the District could potentially reduce eight FTE positions.
- Option D. Another alternative the District could consider is to contract with an outside company for their food services. Food service management companies have broad-based marketing experience and knowledge which could help the District supplement its existing marketing strategies. Information obtained from interviews with the District's business manager revealed that SLSD had contracted out this service until FY 1993-94. While it was not profitable for the District at that time, SLSD should consider studying the possibilities of what a food service management company can offer.

Financial Implications: If the District implemented Option C, SLSD could reduce staffing by approximately eight FTEs. Assuming the average salary and benefits per food service staff member are approximately \$22,900, the District could recognize a savings of approximately \$183,200 annually. The associated costs to implement the central kitchen concept would entail the purchasing of insulated food containers to transport the bulk food to the school

sites. The cost of an insulated food container is approximately \$200-300 per unit and it is assumed that each school site would need three containers for transportation purposes. Therefore, the total implementation cost of the insulated food containers is estimated at \$4,200-\$6,300.

- F2.8 **Table 2-6** takes the GAAP basis financial statements presented in **Table 2-4** and models the effects on the District's food service operations for FY 1998-99, assuming the District implemented the central kitchen concept. **Table 2-6** indicates that by implementing a central kitchen concept, the District's food service fund could potentially realize a profit.

Table 2-6: Revised Financial Summary

	FY 1998-99
Revenues	
Sales	\$408,726
Operating Grants	291,877
Total Revenues	700,603
Expenses	
Salaries	342,518
Fringe Benefits	147,828
Purchased Services	10,223
Supplies and Materials	244,883
Depreciation	11,506
Staffing Reductions	(183,200)
Additional Supply Costs	4,200
Total Expenses	577,958
Operating Income (Loss)	\$122,645

Source: Performance Audit estimates

- F2.9 SLSD belongs to the Hospital Purchasing Services Co-Operative (HPS), a national consortium composed of hospitals, school districts and other agencies. The District typically uses the consortium to purchase food and cleaning supplies for cafeteria operations. Commodities available through this consortium include food products, medical supplies, cleaning supplies, various equipment and other items. The District's business manager estimates that they purchased 46 percent of the necessary food and cleaning products through

the consortium. In FY 1998-99, the District purchased approximately \$113,880 in food service related items through HPS.

C2.1 The District is commended for participating in the HPS consortium because it allows the District to receive competitively priced items without going through the bidding process.

R2.5 The food service division should increase the amount of items purchased through the HPS consortium. Currently, the District purchases approximately 46 percent of the necessary food and cleaning products through HPS. According to the business manager, the District could recognize a savings of one percent on all additional items purchased through HPS. The total amount of materials and supplies purchased for the food service operations in FY 1998-99 was approximately \$248,693 of which the District purchased only \$113,880 through HPS leaving a difference of \$134,813. Additional savings could be recognized if the District increased the percentage of food service materials and supplies purchased through HPS.

F2.10 In May 1999, the Ohio Department of Education, Division of Child Nutrition Services (DCNS) completed an evaluation of the SLSD school food authority's compliance with federal and state regulations, which focused on the child nutrition programs. DCNS identified regulatory errors and various corrective actions needed for the District to be in compliance with federal and state regulations. The District corrected each error prior to the exit conference with DCNS, therefore, no further corrections are needed for compliance with federal and state regulations. In addition, DCNS noted the following observations regarding SLSD's program operations.

- All records were easily retrievable for review and organization was outstanding
- Foods were continuously batch cooked to maintain high quality and freshness
- Storage areas were neat and well organized
- High school staff did an excellent job in handling tickets to assure an accurate count of meals
- The elementary staff does a great job in encouraging children to select a variety of foods
- Menus are planned to assure a broad selection of foods that are popular with customers
- Choices were nicely merchandised for eye appeal

C2.2 The District is commended for complying with the DCNS regulations. By complying with these various regulations, it appears that SLSD is providing nutritious meals for its students.

Revenue Assessment

F2.11 **Table 2-7** shows the distribution of revenue by funding source for all funds over the past three fiscal years, on a cash basis, for SLSD, its peer districts, the peer average and the State average.

TABLE 2-7: Percent of Revenue by Funding Source

	Springfield	Ravenna	Salem	Tallmadge	Peer Average	State Average
FY 1996-97:						
Local	45.6%	44.0%	51.9%	63.8%	51.3%	51.2%
State	48.6%	48.7%	41.9%	33.4%	43.2%	42.3%
Federal	5.8%	7.3%	6.2%	2.8%	5.5%	6.0%
FY 1997-98:						
Local	46.7%	46.0%	55.1%	63.1%	52.7%	51.3%
State	48.3%	47.4%	39.6%	34.3%	42.4%	42.9%
Federal	5.0%	6.6%	5.3%	2.6%	4.9%	5.8%
FY 1998-99:						
Local	48.7%	45.8%	55.7%	61.4%	52.9%	51.6%
State	46.6%	48.0%	39.6%	36.1%	42.6%	42.7%
Federal	4.7%	6.2%	4.7%	2.5%	4.5%	5.7%

Source: EMIS District Financial Profiles.

F2.12 **Table 2-7** indicates that in FY 1998-99, SLSD received a lower percentage of its total revenue from local sources than two of the peer districts, the peer average and the state-wide average for all school districts. A school district's local revenue sources are primarily limited to property taxes and income taxes, if applicable. All school districts receive real and personal property tax revenues. Only some districts collect income taxes, either through a school district or a joint city/school district income tax approved by the voters. Based on State Department of Taxation estimates for 1999, a one-half percent school district income tax would raise approximately \$1.2 million in additional revenue for SLSD. SLSD is not eligible to collect revenue through a joint city/school district income tax levy.

Under Ohio law, property values are adjusted every six years. According to information provided by the Summit County Auditor's Office, the 1999 assessment of property values within the district totaled approximately \$322 million, which was reflected in taxes collected beginning in the 2000 calendar year. The next complete reappraisal will be conducted in

calendar year 2003 and will affect tax collections beginning in calendar year 2004. Based on 1999 assessed valuation, one mill of property tax would generate approximately \$322,000 of additional revenue for SLSD.

F2.13 **Table 2-8** presents statistics which impact a district's ability to raise local revenue. SLSD is compared with its peer districts and state averages.

TABLE 2-8: Local Statistics - Last Three Years

	Springfield	Ravenna	Salem	Tallmadge	Peer Average	State Average
FY 1995-96						
Effective Millage	37.0	33.3	30.1	35.4	34.0	30.5
Average Valuation ¹	\$ 99,617	\$ 78,416	\$ 74,891	\$ 105,721	\$ 89,661	\$ 83,414
Area Median Income	\$ 22,473	\$ 22,397	\$ 21,020	\$ 27,497	\$ 23,347	\$ 23,478
FY 1996-97:						
Effective Millage	36.6	33.2	26.3	35.1	32.8	30.9
Average Valuation ¹	\$ 99,945	\$ 82,165	\$ 86,518	\$ 107,554	\$ 94,046	\$ 85,628
Area Median Income	\$ 23,793	\$ 23,094	\$ 21,874	\$ 28,652	\$ 24,353	\$ 24,588
FY 1997-98:						
Effective Millage	32.9	39.6	25.9	30.7	32.3	30.7
Average Valuation ¹	\$ 102,357	\$ 82,598	\$ 87,552	\$ 115,466	\$ 96,993	\$ 91,750
Area Median Income	\$ 24,603	\$ 24,180	\$ 22,571	\$ 29,958	\$ 25,328	\$ 25,239

Source: EMIS District Profiles.

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

Table 2-8 indicates that SLSD's effective millage percentage has declined over the three-year period. Effective millage is the rate at which property is taxed in the district. Property values also affect how much revenue a district receives. Real property is reappraised for tax purposes every six years and updated every three years. Additionally, tax reform legislation was passed in 1976 (H.B. 920), which effectively eliminated inflationary effects upon property taxes. Therefore, school districts need to pass operating levies about once every three years to keep up with inflation.

An examination of the District's average valuation and median income shows SLSD has the second highest median income and property values when compared to the peer districts in 1998. In addition, SLSD has the second highest effective millage which is 0.6 mills higher than the peer average and 2.2 mills higher than the state-wide average for all school districts.

F2.14 **Table 2-9** presents SLSD's long term indebtedness as of February 29, 2000. The District's \$1.8 million loan from the State Solvency Assistance Fund is not included in the table.

TABLE 2-9: Long Term Indebtedness as of February 29, 2000

Description	Fund	Interest Rate	Issue Date	Maturity Date	Amount Borrowed	Amount Outstanding
H.B. 264 Energy Conservation Note	General Fund	5.50%	5/29/92	4/15/02	\$1,156,000	\$346,800
Spending Reserve Borrowing	General Fund	3.91%	2/16/99	12/31/99	\$1,205,645	\$0
H.B. 264 Energy Conservation Note	General Fund	5.91%	8/5/99	12/31/14	\$955,578	\$955,578
Total Debt					\$3,317,223	\$1,302,378

Source: District records and 4502 reports, Statement L.

During the past several years, SLSD entered into a cycle of borrowing through Spending Reserve loans and Tax Anticipation Notes to cover operating deficits. Continued borrowing on the part of the District has contributed to the financial hardship the District is currently experiencing. Because of anticipated deficits, SLSD used Spending Reserve loans and Tax Anticipation Notes in FY 1996-97 through FY 1998-99. As of February 29, 2000, the District had \$1.3 million in interest bearing debt still outstanding, which amounts to seven percent of the FY 1999-00 revenues.

R2.6 Continued borrowing on the part of the District to cover operating debt indicates poor financial planning and management. Long-term District plans must include an effort to withdraw the District from borrowing to fund operating deficits. The District should begin making effective use of its budgets by managing its expenditures to stay within the total revenues. The budget should be used as the District's spending plan to control expenditures and help ensure goals and objectives are being met.

F2.15 **Table 2-10** details the election results for the past ten years for various levies the district placed on the ballot.

TABLE 2-10: Ten Year Levy History

Year	Type of Levy	Voted Millage	New/Renewal	Duration	Results
November 1990	Emergency Operating	6.39 mills	Renewal	5 years	Passed
November 1990	Permanent Improvement	1.8 mills	Replacement	5 years	Failed
May 1991	Operating	3.2 mills	New	4 years	Failed
May 1991	Permanent Improvement	1.8 mills	Renewal	5 years	Passed
November 1991	Operating	5.0 mills	New	2 years	Failed
February 1992	Operating	7.0 mills	New	4 years	Passed
November 1994	Emergency Operating	3.64 mills	Renewal	5 years	Failed
May 1995	Emergency Operating	2.7 mills	Renewal	5 years	Passed
November 1995	Emergency Operating	4.5 mills	Renewal	5 years	Passed
November 1995	Operating	7.0 mills	Renewal	4 years	Passed
March 1996	Permanent Improvement	1.8 mills	Replacement	5 years	Failed
November 1996	Permanent Improvement	1.8 mills	Replacement	5 years	Passed
November 1997	Bond Issue	5.29 mills	New	30 years	Failed
May 1999	Combined Bond Issue and Operating	\$13.1 million 6.4 mills	New	30 years/ 5 years	Failed
August 1999	Bond Issue	2.67	New	30 years	Failed
August 1999	Emergency Operating	3.73 mills	New	5 years	Failed
November 1999	Emergency Operating	3.73 mills	New	5 years	Failed
March 2000	Emergency Operating	4.53 mills	New	5 years	Passed

Source: District records

Table 2-10 indicates that in general, the District has not been successful in gaining voter approval for operating or emergency operating levies placed on the ballot during the past ten years. The District's voters passed only eight of the eighteen levy requests in the past ten years. In addition, the levy history indicates that the attempts by the District to replace the effective millage of its permanent improvement levy at the original voted amounts have been unsuccessful.

F2.16 School districts typically obtain funding for the on-going systematic upgrading or replacement of basic capital items such as roofs, windows, boiler, electrical components, playgrounds and equipment, as well as complying with ever increasing environmental and social mandates, through voter-approved capital or permanent improvement levies. The monies raised through such levies and the associated expenditures are segregated in a separate capital or permanent improvement fund established for that purpose within the accounting system.

SLSD currently collects on a 1.8 mill permanent improvement levy which was renewed in November 1997 and raises approximately \$362,000 annually. Some additional funding is also provided through state and federal sources, such as the SchoolNet grant. However, the capital needs identified in the ODE study associated with attaining minimum health and safety standards are expected to remain unmet until such time as additional sources of revenue, such as a levy or bond issue, are passed or until sufficient state or other third party assistance can be obtained. The **Facilities** section of this report presents a detailed discussion on the District's capital needs and funding sources.

F2.17 **Table 2-11** provides the authorized millage amounts as well as the effective mills for levies the district received during FY 1998-99. Authorized millage includes the inside mills which are levied without the vote of the people and the outside mills are levies which are voted on by the people. **Table 2-11** indicates that the District has a total authorized millage of 48.23 mills. However, as a result of H.B.920, when a reassessment or update of property values takes place and the value of real property increases due to inflation, a tax credit factor is applied to the voted mills. This prevents an increase in the tax bill of the property owner because inflation has increased the value of their property. Therefore, the effective millage is only 32.6 mills (the amount currently being assessed for SLSD). Additionally, the law protects school districts with low millage, prohibiting tax reduction below 20 effective mills as a result of reappraisals and readjustments from triennial updates.

TABLE 2-11: Tax Millage Currently Being Assessed for General Fund

Year	Type of Levy	Duration	Authorized Millage	Effective Millage
Prior to 1976 ¹	Operating	Continuing	24.00 mills	10.50 mills
November 1995	Operating	4 years	7.00 mills	4.87 mills
May 1995	Emergency Levy ²	5 years	2.70 mills	2.70 mills
November 1995	Emergency Levy ²	5 years	4.50 mills	4.50 mills
March 2000	Emergency Levy ²	5 years	4.53 mills	4.53 mills
Inside Millage			5.50 mills	5.50 mills
Totals			48.23 mills	32.60 mills

Source: Schedule B provided by Summit County Auditor

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

²Emergency levies are passed to yield a specific dollar amount and the millage amounts are not adjusted for inflation.

F2.18 SLSD can help maintain and improve student levels of learning and nutrition through applying for various State and Federal grants through programs such as Title I, Title VI-B and National School Lunch. The District pursues common Federal grants, such as Title I and Title VI-B, but does not have a coordinated program to seek smaller, specialized State and

Federal grants. SLSD does not employ a grant coordinator, requiring the superintendent, principals and individual teachers to research and apply for grants. Federal and State grant applications are reviewed by the superintendent before submission, and program expenditures are tracked by the treasurer to comply with reporting requirements once the grant has been awarded. The Board approves participation in the various grant programs.

R2.7 The District should develop a coordinated grant program to include all teachers and administrators in the grant search and application process. All educators in the District should be provided with grant search materials and be trained in grant application methodologies. Increased grant revenues through a more concentrated grant search could provide the District with additional revenues.

District Expenditure Analysis

F2.19 **Table 2-12** depicts General Fund FY 1998-99 revenues by source and expenditures by object as a percent of total General Fund revenue and expenditures for SLSD and its peer districts.

TABLE 2-12: Revenues by Source and Expenditures by Object

	Springfield	Ravenna	Salem	Tallmadge	Peer Avg. ¹
Property and Income Taxes	43.6%	43.7%	53.1%	59.6%	52.1%
Intergovernmental Revenues	44.6%	47.8%	44.2%	36.3%	42.8%
Other Revenues	11.8%	8.5%	2.7%	4.1%	5.1%
TOTAL REVENUES	\$ 19,930,177	\$ 21,498,012	\$ 15,277,043	\$ 16,236,316	\$ 17,670,457
Wages	59.2%	61.3%	59.1%	65.6%	62.0%
Fringe Benefits	21.9%	16.9%	23.2%	18.4%	19.5%
Purchased Services	13.3%	8.6%	10.7%	7.3%	8.9%
Supplies & Textbooks	2.0%	2.6%	2.9%	4.1%	3.2%
Capital Outlays	0.2%	3.5%	0.3%	2.9%	2.2%
Miscellaneous	2.0%	2.1%	1.8%	1.3%	1.7%
Other Financing Uses	1.4%	5.0%	2.0%	0.4%	2.5%
TOTAL EXPENDITURES	\$ 20,038,298	\$ 18,854,944	\$ 15,274,432	\$ 16,184,519	\$ 16,771,298

Source: FY 1998-99 4502 report, Exhibit 2 and Statement P.

¹ Peer average does not include Springfield.

A factor limiting administrators and staff in effectively controlling District allocations is the high percentage of expenditures that are obligated by employment contracts and debt service payments. As shown in **Table 2-12**, wages and employee benefits account for approximately 81 percent of the total budgeted expenditures for the general fund, which is consistent with the peer average of approximately 82 percent. However, at SLSD, the transportation services are contracted out to Laidlaw Transit Incorporated (Laidlaw). Therefore, the 81 percent figure above does not include the salaries and fringes of approximately 22 FTEs providing transportation services to the District. When an adjustment is made for the Laidlaw contract, salaries, wages and the Laidlaw contract accounted for approximately 88 percent of the total budgeted general fund expenditures, which is the highest among the peers. The rate of compensation for most SLSD employees is set by union contracts. Benefit payments such

as retirement contributions, medicare, workers’ compensation and unemployment are determined by State and Federal regulations. See the **Human Resources** section of this report for an analysis of the District’s salaries and benefits. See the **Transportation** section of this report for an analysis of the Laidlaw contract.

F2.20 **Tables 2-13 and 2-14** show the amount of expenditures posted to the various USAS function codes for SLSD and the peer districts. Function codes are designed to report expenditures by their nature or purpose. **Table 2-13** shows the operational expenditures per pupil and percentage of operational expenditures by functions for all funds which are classified as governmental fund types. Governmental funds are used to account for a District’s governmental-type activities.

TABLE 2-13: Governmental Funds Operational Expenditures by Function

USAS Function Classification	Springfield		Ravenna		Salem		Tallmadge		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Instruction Expenditures	\$4,011	59.9%	\$3,493	57.3%	\$3,748	61.3%	\$3,771	61.3%	\$3,756	59.8%
Regular Instruction	\$3,042	45.4%	2,468	40.5%	\$2,746	44.9%	\$3,059	49.7%	\$2,829	45.0%
Special Instruction	\$751	11.2%	\$765	12.6%	\$759	12.4%	\$524	8.5%	\$700	11.2%
Vocational Instruction	\$92	1.4%	\$164	2.7%	\$174	2.9%	\$178	2.9%	\$152	2.4%
Adult/Continuing Inst.	\$1	<0.0%	\$5	<0.1%	\$5	<0.1%	\$10	0.2%	\$5	<0.1%
Other Instruction	\$126	1.9%	\$91	1.5%	\$64	1.0%	\$0	0.0%	\$70	1.1%
Support Services Exp.	\$2,518	37.6%	\$2,414	39.7%	\$2,165	35.4%	\$2,179	35.4%	\$2,319	37.2%
Pupil Support	\$398	5.9%	\$299	4.9%	\$310	5.1%	\$310	5.0%	\$329	5.3%
Instructional Support	\$160	2.4%	\$175	2.9%	\$269	4.4%	\$213	3.5%	\$204	3.2%
Board of Education	\$87	1.3%	\$12	0.2%	\$15	0.2%	\$10	0.2%	\$31	0.5%
Administration	\$571	8.5%	\$517	8.5%	\$496	8.1%	\$535	8.7%	\$530	8.5%
Fiscal Services	\$158	2.4%	\$135	2.2%	\$165	2.7%	\$150	2.4%	\$152	2.4%
Business Services	\$26	0.4%	\$42	0.7%	\$23	0.4%	\$46	0.7%	\$34	0.5%
Plant Operation/Maint.	\$667	10.0%	\$801	13.2%	\$717	11.7%	\$530	8.6%	\$679	10.9%
Pupil Transportation	\$443	6.6%	\$197	3.2%	\$146	2.4%	\$366	6.0%	\$288	4.6%
Central Support Services	\$8	0.1%	\$236	3.9%	\$24	0.4%	\$19	0.3%	\$72	1.2%
Non-Instructional Services Expenditures	0	0.0%	\$41	0.7%	\$21	0.4%	\$10	0.2%	\$18	0.3%
Extracurricular Activities Expenditures	\$172	2.5%	\$143	2.3%	\$181	3.0%	\$192	3.1%	\$172	2.7%
Total Governmental Fund Operational Expenditures	\$6,701	100%	\$6,091	100%	\$6,115	100%	\$6,152	100%	\$6,265	100%

Source: FY 1998-99 4502 reports, Exhibit 2

F2.21 The allocation of resources between the various functions of a district is one of the most important aspects of the budgeting process. Given the limited resources available, functions must be evaluated and prioritized. Analyzing the spending pattern between the various functions should indicate where the priorities of the board and management are placed. **Table 2-13** details the District’s governmental funds’ operational expenditures for FY 1998-99 by function, as captured and reported by the accounting system. SLSD’s per pupil expenditures

were the highest among the peer districts. The District’s percentage of governmental fund operational expenditures spent on instruction (59.9 percent) was the second lowest among the peer districts. In contrast, SLSD’s support services expenditures (37.6 percent) was the second highest among the individual peer districts and higher than the peer average of (37.2 percent).

F.2.22 **Table 2-14** shows the total expenditures of the governmental funds, including facilities acquisition and construction, and debt service.

TABLE 2-14: Total Governmental Fund Expenditures by Function

USAS Function Classification	Springfield		Ravenna		Salem		Tallmadge		Peer Average	
	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp	\$ Per Pupil	% of Exp
Total Governmental Funds Operational Expenditures	\$6,701	91.9%	\$6,091	98.5%	\$6,115	85.2%	\$6,152	97.0%	\$6,265	93.1
Facilities Acquisition & Construction Expenditures	\$93	1.3%	\$47	0.7%	\$174	2.4%	\$121	1.9%	\$109	1.5%
Debt Service Expenditures	\$498	6.8%	\$47	0.8%	\$889	12.4%	\$67	1.1%	\$375	5.4%
Total Governmental Funds Operational Expenditures	\$7,292	100%	\$6,185	100%	\$7,178	100%	\$6,340	100%	\$6,749	100%

Source: FY 1998-99 4502 reports, Exhibit 2

Table 2-14 shows the per pupil operational expenditures, facilities acquisition and construction, and debt service for all governmental funds, as well as the percentage of these categories to total governmental fund expenditures. SLSD’s operational expenditure percentage of 91.9 percent is the second highest among the peer districts. Additionally, the District’s dollar per pupil for operational expenditures was the highest among the individual peer districts. The debt service expenditures represent 6.8 percent of the District’s outlays, which is the second highest among the peer districts and above the peer average of 5.4 percent. The majority of the District’s debt was issued to pay current obligations from future revenues, which limits management’s ability to effectively operate the District.

R2.8 SLSD should closely examine the spending patterns indicated in **Table 2-13** and **Table 2-14**, and consider reallocating the monies it is currently receiving towards those programs and priorities which will have the greatest impact on improving the student’s education and proficiency test results. On the State of Ohio 2000 school district report card, the District met 10 of the 27 standards placing SLSD in academic watch. Therefore, the District should utilize the recommendations contained in this performance audit to assist in identifying revenues currently being spent on support services which could potentially be shifted to further support instructional activities.

F2.23 **Table 2-15** shows selected discretionary expenditures by account from SLSD's FY 1998-99 general fund. The expenditures are then calculated as a percentage of total General Fund expenditures, and compared with similar spending by the peer districts.

Table 2-15: Discretionary Expenditures

	Springfield	Springfield	Ravenna	Salem	Tallmadge	Peer Avg.
Prof. and Technical Services	\$ 294,369	1.5%	3.1%	1.5%	1.6%	1.9%
Property Services	\$ 140,316	0.7%	0.8%	1.6%	1.5%	1.2%
Mileage/Meeting Expense	\$ 12,653	<0.1%	<0.1%	0.1%	0.4%	0.2%
Communications	\$ 59,813	0.3%	0.5%	0.5%	0.4%	0.4%
Contract. Craft or Trade Service	\$ 17,189	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Pupil Transportation Services	\$ 13,456	<0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Other Purchased Services	\$ 1,523,242	7.6%	0.3%	0.0%	0.0%	2.0%
General Supplies	\$ 192,508	1.0%	1.3%	0.7%	1.7%	1.2%
Textbooks/Reference Materials	\$ 62,321	0.3%	0.7%	1.2%	1.2%	0.9%
Plant Maintenance and Repair	\$ 102,529	0.5%	0.4%	0.7%	0.5%	0.5%
Fleet Maintenance and Repair	\$ 34,427	0.2%	0.3%	0.2%	0.7%	0.4%
Land, Buildings & Improvements	\$ 0	0.0%	1.2%	0.0%	0.0%	0.3%
Equipment	\$ 29,925	0.2%	2.0%	0.3%	2.9%	1.4%
Buses/Vehicles	\$ 9,000	<0.1	0.4%	0.0%	0.0%	0.1%
Other Capital Outlay	\$ 0	0.0%	0.0%	0.0%	0.0%	0.0%
Dues and Fees	\$ 378,742	1.9%	2.0%	1.8%	1.2%	1.7%
Insurance	\$ 10,995	0.1%	<0.1%	<0.1%	<0.1%	<0.1%
Awards and Prizes	\$ 0	0.0%	<0.1%	0.0%	0.0%	0.0%
Miscellaneous	\$ 17,043	<0.1%	<0.1	0.0%	0.1%	0.1%
TOTALS OF THIS TABLE	\$ 2,898,528	14.8%	13.6%	8.9%	12.5%	12.6%

Source: FY 1998-99 4502 reports, Statement P.

Table 2-15 shows SLSD's percentage of discretionary spending exceeded its peers in only one of nineteen expenditure categories - other purchased services. Other purchased services includes the contract with Laidlaw to provide transportation services for the District. See the **Transportation** section of this report for an analysis of the Laidlaw contract.

F2.24 **Table 2-16** shows FY 1998-99 purchases, excluding utilities and insurance, by category within the General Fund and the Textbook Subsidy Fund as compared with FY 1997-98.

Table 2-16: District Purchases

	FY 1997-98	FY 1998-99	Increase (Decrease)
PURCHASED SERVICES:			
Professional and Technical Services	\$ 229,975	\$ 294,369	28.0%
Property Services	138,155	140,316	1.6%
Mileage/Meeting Expense	23,499	12,653	(46.2)%
Communications	69,619	59,813	(14.1)%
Contract Craft or Trade Services	19,974	17,189	(13.9)%
Tuition	124,005	91,700	(26.1)%
Pupil Transportation Services	67,430	13,456	(80.0)%
Other Purchased Services	1,579,981	1,523,242	(3.6)%
Total Purchased Services	\$ 2,252,638	\$ 2,152,738	(4.4)%
MATERIALS AND SUPPLIES:			
General Supplies	\$ 223,759	\$ 192,508	(14.0)%
Textbooks	108,173	39,262	(63.7)%
Library Books	14,652	11,545	(21.2)%
Periodicals and Films	17,113	11,514	(32.7)%
Maintenance and Repairs to Plant	177,948	102,529	(42.4)%
Maintenance and Repair to Fleet	47,951	34,427	(28.2)%
Other Supplies and Materials	27,904	17,043	(38.9)%
Total Materials and Supplies	\$ 617,500	\$ 408,828	(33.8)%

Source: FY 1997-98 and FY 1998-99 4502 reports, Statement P.

The following is a highlight of the significant changes in expenditures for **Table 2-16**:

- Professional and technical services increased approximately 28 percent. According to the District's treasurer, the increase can be attributed to legal costs associated with the District entering into negotiations for a new contract with the certified staff members.
- Mileage and meeting expenses decreased significantly in FY 1998-99. The treasurer attributed these decreases to SLSD securing additional grant monies.
- Tuition expense and pupil transportation services decreased approximately 26 percent and 80 percent, respectively. The treasurer attributed these decreases to SLSD educating more students within the District school system.

C2.3 In an effort to alleviate the financial difficulties, the District was able to reduce its expenditures for purchased services and materials and supplies by approximately \$309,000 from FY 1997-98 to FY 1998-99.

F2.25 SLSD is required by ORC § 117-2-01 to issue financial statements prepared in accordance with generally accepted accounting principles (GAAP). The current accounting system captures and processes information on a cash basis, which requires the District to perform a year-end conversion of the cash accounting records to the accrual method required by GAAP. The District engages an independent public accounting firm, at a cost of approximately \$14,000, to perform that function.

The Comprehensive Annual Financial Report (CAFR) is submitted to the Auditor of State to fulfill filing requirements, to the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO) for consideration for awards, and to financial rating services, banks, the Chamber of Commerce and the public library to provide general information about the District's financial condition. The District has been preparing CAFR's for the past ten years.

C2.4 The preparation of a CAFR is beyond what is required from a school district and provides users and readers of the financial report additional information on which to make informed decisions.

R2.9 An analysis within the **Human Resources** section of this report indicates that the District may have excess staffing in the treasurer's office when compared to the peers. If SLSD chooses not to reduce the staffing in the treasurer's office, the District should consider preparing the GAAP basis financial statements in-house. This would allow the District to make full use of its existing staffing resources as well as save the District the cost charged by the CPA firm.

Financial Implication: By preparing the GAAP basis financial statements in-house, the District could save approximately \$14,000 annually.

Financial Implications Summary

The following table represents a summary of the annual cost savings and implementation costs for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications

Recommendation	Annual Cost Savings	One-Time Implementation Costs
R2.4 Reduce food service staff by eight FTE's	\$183,200	\$4,200-\$6,300
R2.9 Prepare GAAP basis financial statements in-house	\$14,000	
Total	\$197,200	\$4,200-\$6,300

Conclusion Statement

In general, SLSD's current financial difficulties appear to be linked to a historical pattern of operating expenditures exceeding operating revenues which has led to the District incurring significant operating deficits. During the past several years, SLSD entered into a cycle of borrowing through Spending Reserve loans and Tax Anticipation Notes to cover operating deficits. Once a district enters this cycle, it becomes difficult to achieve financial solvency without the infusion of additional revenue or drastic reductions in operating costs. While the District has implemented some cost reductions, the Auditor of State's financial projection indicates that these reductions, by themselves, will not be sufficient to allow for a balanced budget. Therefore, in order for SLSD to regain financial solvency, additional reductions need to take place and changes must be made in the way the District's financial affairs are managed.

In its attempt to regain financial stability, SLSD must improve the financial planning and budgeting processes. The present level of financial planning has not allowed the Board or management to adequately assess the current financial condition of the District. Planned staffing additions or other increases in expenditures need to be evaluated in the context of the District's financial condition. Further, a viable capital budget or spending plan has not been created by the District.

The current budgeting process does not ensure that the District's goals and objectives are met while maintaining an appropriate level of financial responsibility and accountability. The District must develop budgets within its available resources in the future. The budget should then be used as the District's spending plan to control expenditures and help ensure goals and objectives are met. No deviations from the adopted budget should occur without prior consent of the Board and Commission.

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

Human Resources

Background

Organizational Function

The Springfield Local School District (SLSD or the District) does not have a separate department dedicated to performing human resources functions. The individuals performing human resources functions are responsible for coordinating the activities and programs for the recruitment and selection of employees, monitoring compliance with employment standards (criminal record background check and teacher certification), facilitating employee performance evaluations, administering and monitoring grievance policies and procedures, negotiating and administering union contracts, conducting disciplinary hearings, placing selected substitutes and participating in new employee orientation.

Summary of Operations

All SLSD employees are categorized as either certificated or classified staff. Certificated staff includes the principals, teachers, counselors, therapists, nurses, librarians, coaches, social workers, psychologists, and certain supervisors and directors. Classified staff includes instructional assistants, maintenance workers, custodians, maintenance personnel, food service workers, secretaries, account clerks, certain supervisors and classified administrators.

In general, the primary human resources functions for certificated personnel are carried out by the superintendent, curriculum director, special education director, eleven principals and two secretaries who report to the superintendent. The principals, curriculum director and special education director are responsible for reviewing, interviewing, and recommending potential candidates to the superintendent for certificated positions. Upon reviewing (through another interview with the recommended individual) and approving the recommendations, the superintendent is responsible for recommending the most qualified candidates to the board of education (Board) for final approval. In addition, the superintendent is also responsible for the interviewing and hiring of administrative assistants. Two secretaries within the superintendent's office are responsible for fostering District-wide communications, conducting background checks, developing phone directories, monitoring open enrollment and maintaining staff files. Two additional secretaries are responsible for locating substitutes for certified employees in addition to their other duties.

For classified staff, the primary human resources functions are carried out by the business manager, the maintenance supervisor and the secretary to the business manager. The secretary to the business manager also functions as the food services coordinator. The maintenance supervisor, secretary to

the business manager and principals are responsible for recruiting, interviewing and recommending potential candidates for classified positions to the business manager. The business manager is responsible for recommending the most qualified candidates to the superintendent who will review the selections and submit them to the Board for final approval. The business manager is also responsible for locating substitutes for classified employees.

Currently, benefits administration for all employees (administrators, certificated and classified) is handled by the treasurer and a clerk within the treasurer's office. In addition, this clerk is responsible for administering the workers' compensation program as well as various other benefits administration duties.

Performance Measures:

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

- Clearly defined roles, responsibilities, accountability and authorities of key participants in the affairs of personnel administration
- Appropriate allocation of resources in relation to workloads
- Assessment of staffing classifications and respective ratios to total full-time equivalents
- Assessment of the allocation of the ratio of direct instructional personnel to district educational support personnel
- Appropriateness of staff levels and mix
- Analysis of teachers' workdays as defined by the union contract versus actual workdays worked
- Assessment of number of instructional minutes taught per teacher, class sizes and staffing ratios
- Assessment of total FTE employees in comparison with the ratio of total salaries per classification to total district salaries
- Assessment of utilization and compensation for supplemental pay and stipends
- Assessment of salary schedule and maximum step structure
- Assessment of W-2 wages in correlation to salary schedules
- Assessment of staffing dedicated to the special education program
- Appropriate use of substitute personnel
- Utilization of paid leaves
- Assessment of employee benefit costs and administration including workers' compensation
- Assessment of contract administration (collective bargaining) and contractual issues.

Findings/Commendations/Recommendations

Staffing/Compensation Analysis:

F3.1 **Table 3-1a** presents the staffing levels of full-time equivalents (FTEs) per 1,000 students enrolled as reported in the Educational Management Information System (EMIS) in FY 1998-99 for SLSD and the peer districts.

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

Category	Springfield	Ravenna	Salem	Tallmadge	Peer District Average ¹
ADM	3,308	3,366	2,726	2,720	2,937
Administrators: Sub-total	5.0	5.8	5.1	6.4	5.7
Central	0.6	0.9	0.7	0.7	0.8
Site Based	3.2	4.0	2.6	2.5	3.0
Supervisor/Manager/Director	0.6	0.9	0.0	0.4	0.4 ²
Other	0.6	0.0	1.8	2.8	1.5 ²
Professional Education: Sub-total	66.6	68.6	60.8	66.8	65.3
Counselors	2.1	1.8	1.8	2.2	1.9
Librarian - Media	0.6	0.6	0.7	0.7	0.7
Remedial Specialists	0.0	3.0	3.3	0.7	2.3
Teachers - Elementary and Secondary	58.9	61.8	53.9	59.3	58.3
Others	5.0	1.4	1.1	3.9	2.1
Professional - Other	1.5	2.4	1.8	1.5	1.9
Technical: Sub-total	0.6	0.0	0.0	0.4	0.4²
Computer Operator	0.0	0.0	0.0	0.0	0.0
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0
Others	0.6	0.0	0.0	0.4	0.4 ²
Office/Clerical: Sub-total	15.1	15.0	10.8	18.6	14.8
Clerical	5.5	5.6	5.0	6.2	5.6
Teaching Aides	5.4	6.4	4.3	11.5	7.4
Library/Media Aides	2.4	2.4	0.4	0.9	1.2
Others	1.8	0.6	1.1	0.0	0.6 ²
Crafts/Trades	1.8	0.3	1.8	0.7	0.9
Transportation	0.0 ³	5.9	3.1	12.5	7.2
Laborer - Groundskeeping	0.3	0.0	0.0	0.0	0.0
Custodial	6.3	8.3	7.3	6.6	7.4
Food Service	10.8	7.4	3.6	7.0	6.0
Service Work - Other	13.0	2.7	0.7	0.7	1.4
Total	121.0	116.4	95.0	121.2	111.0

Source: FY 1998-99 EMIS profile

¹ The peer average does not include Springfield Local School District.

² The peer average only includes the districts which had a number greater than 0.0.

³ SLSD does provide transportation to students within the District. However, they contract with Laidlaw and the individuals are employees of Laidlaw, not SLSD.

During the calculation of staffing levels to be reported in EMIS for FY 1998-99, SLSD counted the actual number of employees in the following classification areas rather than the actual FTEs: teaching aides, library/media aides, food service and service work other. This resulted in incorrect information being reported to EMIS which caused the staffing levels to be improperly recorded. **Table 3-1b** presents the revised staffing levels of FTEs per 1,000 students enrolled in FY 1998-99 for SLSD and the peer districts after the errors were corrected in the previously noted classification areas.

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

Category	Springfield	Ravenna	Salem	Tallmadge	Peer District Average ¹
ADM	3,308	3,366	2,726	2,720	2,937
Administrators: Sub-total	5.0	5.8	5.1	6.4	5.7
Central	0.6	0.9	0.7	0.7	0.8
Site Based	3.2	4.0	2.6	2.5	3.0
Supervisor/Manager/Director	0.6	0.9	0.0	0.4	0.4 ²
Other	0.6	0.0	1.8	2.8	1.5 ²
Professional Education: Sub-total	66.6	68.6	60.8	66.8	65.3
Counselors	2.1	1.8	1.8	2.2	1.9
Librarian - Media	0.6	0.6	0.7	0.7	0.7
Remedial Specialists	0.0	3.0	3.3	0.7	2.3
Teachers - Elementary and Secondary	58.9	61.8	53.9	59.3	58.3
Others	5.0	1.4	1.1	3.9	2.1
Professional - Other	1.5	2.4	1.8	1.5	1.9
Technical: Sub-total	0.6	0.0	0.0	0.4	0.4²
Computer Operator	0.0	0.0	0.0	0.0	0.0
Computer Programmer/Analyst	0.0	0.0	0.0	0.0	0.0
Others	0.6	0.0	0.0	0.4	0.4 ²
Office/Clerical: Sub-total	13.1	15.0	10.8	18.6	14.8
Clerical	5.5	5.6	5.0	6.2	5.6
Teaching Aides	4.3	6.4	4.3	11.5	7.4
Library/Media Aides	1.5	2.4	0.4	0.9	1.2
Others	1.8	0.6	1.1	0.0	0.6 ²
Crafts/Trades	1.8	0.3	1.8	0.7	0.9
Transportation	0.0 ³	5.9	3.1	12.5	7.2
Laborer - Groundskeeping	0.3	0.0	0.0	0.0	0.0
Custodial	6.3	8.3	7.3	6.6	7.4
Food Service	6.1	7.4	3.6	7.0	6.0
Service Work - Other	4.7	2.7	0.7	0.7	1.4
Total	106.0	116.4	95.0	121.2	111.0

Source: FY 1998-99 EMIS profile

¹ The peer average does not include Springfield Local School District.

² The peer average only includes the Districts which had a number greater than 0.0.

³ SLSD does provide transportation to students within the District. However, they contract with Laidlaw and the individuals are employees of Laidlaw, not SLSD. The transportation employees for Laidlaw equate to 22.1 FTEs or 6.7 FTEs per 1,000. If these were included in the above calculation, total FTEs per 1,000 students enrolled would be 112.6.

After making the necessary corrections, staffing within the food services classification is equal to the peer district average. Since food service is an enterprise fund and is designed to be self-supporting, it will not be assessed in this section of the report. For a detailed assessment of the District's food services operations, see the **Financial Services** section of this report.

- R3.1** The District should develop policies and procedures to ensure that accurate reports are prepared and reconciled before being submitted to the Ohio Department of Education (ODE) and EMIS. In addition, there should be a review process by a person that is independent of the data gathering process to ensure the policies and procedures are followed and accurate numbers are reported to ODE and EMIS. If necessary, SLSD should seek the necessary training and assistance to meet these objectives.
- F3.2 The District has approximately 4.7 FTEs per 1,000 students enrolled (15.4 total FTEs) in the service work other classification which are attributable to the use of 41 monitors during FY 1998-99. In comparison, Ravenna City School District (RCSD) utilizes 18 monitors, Salem City School District (SCSD) utilizes 28 monitors and Tallmadge City School District (TCSD) utilizes 41 monitors. Because the District has a higher number of monitors, teachers spend more time in the classroom educating students. Approximately 83 percent of high school teachers and 87 percent of the middle school teachers at SLSD teach six periods or more each day (**F3.10** and **Table 3-7**).
- C3.1** By using lower salaried monitors, the District is able to make the best use of its higher salaried teaching resources.
- F3.3 SLSD has approximately 5.0 FTEs per 1,000 students enrolled in the other professional education classification ranking SLSD highest when compared to the peer districts. The staff EMIS coordinator indicated that those included in this classification are physical education teachers, music teachers and art teachers at the middle school or elementary level. The high percentage of employees in the teachers classification illustrated in **Table 3-4** further supports a reduction in other professional education employees. During FY 1998-99, Salem City School District had 1.1 FTEs per 1,000 students enrolled in the other professional education classification. An explanation could not be derived from Salem City School District as a new superintendent was recently hired as of May 2000.
- R3.2** Because of the current financial situation, the District should analyze all operations for potential cost savings. One area where savings may be able to be achieved is the staffing level in the other professional education classification. During FY 1999-00, SLSD reduced certificated staff by six employees (**F3.6**). Assuming these reductions were in this classification, SLSD should be able to reduce its other professional education classification by two to four FTEs. A reduction of two to four FTEs would reduce the other professional education classification to a level comparable to the peer district average. Furthermore it will

allow the District to maintain the minimum requirement of 5.0 FTE per 1,000 students enrolled for education service personnel as required by Ohio Administrative Code (OAC) 3301-35-03.

Financial Implication: Assuming an average teacher's salary of \$42,513 (**Table 3-14**) and benefits equivalent to 30 percent of salaries, reducing two to four FTEs in the other professional education classification would create an annual savings of approximately \$110,500 to \$221,100.

F3.4 SLSD has approximately 1.8 FTEs per 1,000 students enrolled in the other office/clerical classification ranking SLSD highest when compared to the peer districts. The staff EMIS coordinator indicated that those included in this classification are the treasurer's office and the phone operators. Salem City School District has an automated phone system which eliminates the need for phone operators. In FY 1999-00, SLSD reduced clerical staff by two employees, but these were in positions not included in the other office/clerical classification.

R3.3 Between the treasurer's office and the phone operators, SLSD should reduce its other office/clerical classification by two to three positions. A reduction of two to three positions would lower the FTEs per 1,000 students in this classification to a level comparable with the peer district average.

Financial Implication: Assuming an average office/clerical salary of \$15,341 (**Table 3-17a**) and benefits equal to 30 percent of salaries, reducing two to three positions in the other office/clerical classification would create annual savings of approximately \$40,000 to \$60,000.

F3.5 SLSD has approximately 1.8 FTEs per 1,000 students enrolled in the crafts/trades classifications ranking SLSD highest when compared to the peer districts. However, as noted in **Table 4-10** of the **Facilities** section of this report, maintenance employees are required to maintain approximately 123,538 square feet. In comparison, the peer average of the amount of square footage maintained by a maintenance employee is 121,845 and the AS&U Region 5 average is 106,691 square feet per maintenance employee. Since SLSD maintenance employees are required to maintain a higher number of square feet when compared to the peer average and the AS&U Region 5 average, no additional staff reductions are recommended.

F3.6 **Table 3-2** presents a five-year summary of enrollment and staffing levels for SLSD based upon **Table 3-1b**.

Table 3-2: FTE Staffing Summary - Last Five Years

	Fall Enrollment	Percentage Change in Enrollment	Administration Staff	Certificated Staff	Classified Staff	Total Staff	Percentage Change in Staffing
FY 1994-95	3,369	N/A	16.0	193.9	92.3	302.2	N/A
FY 1995-96	3,375	0.2%	16.0	204.7	102.2	322.9	6.8%
FY 1996-97	3,415	1.2%	17.5	212.4	100.2	330.1	2.2%
FY 1997-98	3,457	1.2%	17.5	223.6	114.3	355.4	7.7%
FY 1998-99	3,393	(1.9)%	16.5	225.2	108.6	350.3	(1.4)%
FY 1999-00 ¹	3,170	(6.6)%	15.5	219.2	101.7	336.4	(4.0)%

Source: EMIS Staff Profiles for FY 1994-95 thru FY 1998-99, EMIS five-year vital statistics summary and **F3.1** revisions

¹ FY 1999-00 FTE staffing numbers are based upon estimations for the indicated reductions in **F3.6**.

Although SLSD has made changes in the staffing levels for FY 1998-99 to reflect the changes in enrollment during the same fiscal year, the District has had a historical problem of increasing staff at a faster rate than the growth in enrollment. When enrollment decreases in a district, the amount of state funding received also decreases. Consequently, if staffing levels remain the same or increase when enrollment declines, the district is forced to fund the salaries of the employees in other ways (such as borrowing).

The District indicated that in FY 1999-00, SLSD reduced the number of employees per job classification as follows: one administrative employee, six certificated employees, two clerical employees, four food services employees and 14 educational/teaching assistants.

R3.4 SLSD should continually monitor enrollment, and staffing levels should be adjusted accordingly. The significant increases in staffing levels from FY 1995-96 to FY 1997-98 and the high average salaries (**F3.15** and **Table 3-12**) appear to be a contributing factor to the financial problems the District is currently encountering.

F3.7 The District's total FTEs were divided into six classifications of personnel as defined in **Table 3-3**. These classifications are used for further assessments in **F3.8** and **F3.16**.

Table 3-3: Personnel Classifications and Position Descriptions

Classification	Position Descriptions
Administrative Employees	Superintendent, Assistant Superintendent, Administrative Assistant, Principal, Assistant Principal, Supervisor/Manager/Director, Treasurer, Coordinators, Curriculum Specialists
Teachers	Regular Teachers, Special Education Teachers, Vocational Teachers, Educational Service Personnel (ESP) Teachers, Remedial Specialists
Pupil Services Employees	Counselors, Librarian/Media, Psychologists, Speech and Language Therapists, Physical Therapists, Occupational Therapists, Registered Nurses
Support Services	Operative, Custodians, Food Services, General Maintenance, Transportation, Mechanics
Other Classified Employees	Monitors, Clerical, Educational Aides, Library/Media Aides, Bookkeepers
Technical	Computer Operator, Computer Programmer

F3.8 **Table 3-4** provides the total number of FTEs and the percentage of total employees in each classification for SLSD and each of the peer districts.

Table 3-4: Breakdown of Total FTE Employees and Percentage of Total Employees Classification

Classification	Springfield		Ravenna		Salem		Tallmadge		Peer Average
	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	% of Total Employees
Administrative	16.5	4.4%	19.5	5.0%	14.0	5.4%	17.5	5.3%	5.0%
Teachers	211.2	56.7%	222.5	56.8%	158.8	61.2%	174.0	52.7%	56.9%
Pupil Services	14.0	3.8%	16.0	4.1%	12.0	4.6%	12.0	3.6%	4.0%
Support Services ¹	70.1	18.8%	83.0	21.2%	45.2	17.5%	75.0	22.7%	20.0%
Other Classified	58.6	15.8%	50.5	12.9%	29.4	11.3%	50.7	15.4%	13.9%
Technical	2.0	0.5%	0.0	0.0%	0.0	0.0%	1.0	0.3%	0.2%
Total	372.4	100.0%	391.5	100.0%	259.4	100.0%	330.2	100.0%	100.0%

Source: FY 1998-99 Staff Profile from EMIS

¹ Springfield contracts with Laidlaw for transportation services. However, the FTE for transportation employees are included in this table in order to compare to the peer districts.

In comparison to the peer districts, SLSD has the lowest percentage of FTEs categorized as administrative. In contrast, SLSD has a higher percentage of FTEs categorized as support services, other classified and technical when compared to the peer averages. The high percentage of other classified can, in part, be attributed to the 15.4 FTE monitors SLSD utilizes to maximize the number of periods its teachers are educating students (**F3.2**).

F3.9 **Table 3-5** presents employees categorized as either instructional personnel or educational support personnel. Included in the instructional personnel classification are teachers and pupil services employees. Educational support personnel consist of administrative, support services and other classified positions.

Table 3-5: Ratio of Direct Instructional Personnel to District Educational Support Personnel

Classification	Springfield		Ravenna		Salem		Tallmadge		Peer Average
	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	# of Emp.	% of Total Employees	% of Total Employees
Direct Instructional Personnel	225.2	60.5%	238.5	60.9%	170.8	65.8%	186.0	56.3%	60.9%
District Educational Support Personnel ¹	147.2	39.5%	153.0	39.1%	88.6	34.2%	144.2	43.7%	39.1%
Total	372.4	100.0%	391.5	100.0%	259.4	100.0%	330.2	100.0%	100.0%

¹ Transportation employees are included in Springfield and peer districts.

As shown in **Table 3-5**, 225.2 FTEs or 60.5 percent of SLSD's total FTEs make up the direct instructional personnel. When compared to the peer districts, SLSD has the second lowest percentage of direct instructional personnel. Additionally, **Table 3-5** illustrates that 39.5 percent of the District's total employees are categorized as educational support personnel, which is the second lowest among the peer districts.

F3.10 **Table 3-6** illustrates a traditional teacher's actual work day as defined by the average minutes being taught and other variables.

Table 3-6: Analysis of Teachers' Work Day FY 1998-99

Description of Activity	Average Middle School	Average High School
Length of Teachers' Day From Contract Defined Reporting and Ending Times	450 minutes or 7 hours/30 minutes	450 minutes or 7 hours/30 minutes
Number of Full Periods in Day	8 periods; Average of 45 minutes	8 periods; Average of 45 minutes
Breakdown by Minutes:		
Time prior to start of classes	15 minutes	10 minutes
Home room	15 minutes	5 minutes
Planning/preparation/duty-free lunch	75 minutes or 1 period	75 minutes or 1 period
Instructional Minutes	270 minutes or 6 periods	270 minutes or 6 periods
Activity period (choir, study hall, student council, academic assistance, etc.)	45 minutes 1 period	45 minutes or 1 period
Time after school	10 minutes	10 minutes
Hall passing	20 minutes	35 minutes
Total Actual Average Minutes	450 minutes	450 minutes
Balance of minutes or Periods not Accounted for	0 minutes	0 minutes
Average Length of Student Day	360 minutes or 6 hours/00 minutes	360 minutes or 6 hours/00 minutes

Source: SLA contract, bell schedules and interviews with building principals

Table 3-6 indicates that both middle school and high school teachers are fulfilling their contractual obligations in terms of the teacher workday. **Table 3-7** below shows the number of minutes that middle school and high school teachers educate each day.

Table 3-7: Teachers per Instructional Minutes - FY 1998-99

Middle School Teachers ¹				High School Teachers ¹			
Teaching Minutes Per Day	Number of Periods per Day	Number of Teachers	Total Minutes Taught	Teaching Minutes Per Day	Number of Periods per Day	Number of Teachers	Total Minutes Taught
45	1	0	0	45	1	1	45
90	2	0	0	90	2	3	270
135	3	0	0	135	3	2	270
180	4	3	540	180	4	2	360
225	5	0	0	225	5	0	0
270	6	20	5,400	270	6	35	9,450
315	7	0	0	315	7	3	945
360	8	0	0	360	8	0	0
Totals	N/A	23	5,940	Totals	N/A	46	11,340

Source: Master teaching schedules

¹ This is an analysis of only those classes taught at the middle school and high school. Some full-time teachers do not teach a full-day at one building but rather travel to all buildings within the District.

C3.2 SLSD requires approximately 83 percent of its high school teaching staff to educate students at least six periods per day. In addition, SLSD requires approximately 87 percent of its middle school teaching staff to educate at least six periods per day. This effectively minimizes the number of staff needed to teach the required number of minutes per year.

F3.11 **Table 3-8** presents a review of the FY 1998-99 middle school master teaching schedule which revealed 31 traditional periods of a total 133 traditional periods (23.4 percent) with 14 or fewer pupils. Examples of classes with less than 15 pupils include seventh grade language arts, seventh grade composition, seventh grade technology education, eighth grade U.S. studies and seventh grade world studies. Maintaining classes with 14 or fewer students requires the use of additional teachers.

Table 3-8: Middle School Teaching Periods with 15 or less Pupils

Number of Students	5 or less	6	7	8	9	10	11	12	13	14	15 or more
Number of Periods	2	0	2	1	3	7	3	4	5	4	102
Percentages	1.5%	0.0%	1.5%	0.8%	2.3%	5.3%	2.3%	3.0%	3.7%	3.0%	76.6%

Source: Master teaching schedules

Table 3-9 presents a review of the FY 1998-99 high school master teaching schedule, excluding special education and vocational education classes, which revealed 50 periods of a total 251 periods (19.9 percent) with 14 or fewer pupils. Examples of classes with fewer than 14 pupils include French 4, Pottery 4, World Studies 2, Advanced Placement (AP) History, AP Government, Pre-Calculus and AP Calculus.

Table 3-9: High School Teaching Periods with 15 or less Pupils

Number of Students	5 or less	6	7	8	9	10	11	12	13	14	15 or more
Number of Periods	4	1	0	5	7	3	9	6	8	7	201
Percentages	1.5%	0.4%	0.0%	2.0%	2.8%	1.2%	3.6%	2.4%	3.2%	2.8%	80.1%

Source: Master teaching schedules

F3.12 Minimum standards for elementary and secondary education provide for a ratio of teachers to pupils on a district-wide basis of at least one full-time equivalent classroom teacher per 25 pupils in average daily membership. A building ratio less than 25 to 1 potentially increases the number of teaching positions. **Table 3-10** shows the student-to-teacher ratio at the elementary level. Only regular education students and regular education teachers were used in this ratio analysis.

Table 3-10: Elementary Staffing Levels

Building	Average Daily Membership (ADM)	Non-Special Education Students	Non-Special Education Teachers	Student/Teacher Ratio
Elementary Totals	1,645	1,453	78	18.6 to 1

Source: Treasurer's Office and EMIS Reports

As **Table 3-10** illustrates, the student/teacher ratio of traditional students to traditional teachers in the elementary schools is currently 18.6 to 1. Am. Sub. H.B. 650, which went into effect during FY 1998-99, requires each district with a Disadvantaged Pupil Impact Aid (DPIA) index of greater than 1.00 to use a portion of its DPIA money to implement all-day kindergarten. A portion of the remaining DPIA money must be used to implement the "third grade guarantee." The third grade guarantee consists of increasing the instructional attention given to each pupil in kindergarten through third grade by reducing the ratio of students to

instructional personnel, extending the length of the school day, or extending the length of the school year. H.B. 650 also specifies that districts must first ensure a ratio of instructional personnel to students of no more than 15 to one (in kindergarten and first grade) in all buildings. In FY 1998-99, the District had a DPIA index of 0.82.

- F3.13 Am. Sub. S.B. 55 revises the minimum course requirements necessary for students graduating after September 15, 2001. The total number of units that must be taken in grades nine through 12 increases from 18 to 21 and the number of elective units that count toward the graduation is reduced. Furthermore, S.B. 55 increases the required units of English language arts, mathematics, science and social studies. During FY 1998-99 and FY 1999-00, SLSD is using a 19-unit education requirement. However, the District's timetable is to implement the 21-unit requirement in FY 2001-02 which is in line with the S.B 55 requirements. The District could not provide an estimate of costs associated with implementing S.B. 55.
- F3.14 **Table 3-11** illustrates the staffing levels at the middle and high school buildings for FY 1998-99. The student/teacher ratios represent the number of traditional students excluding special education, talented, gifted and vocational education students compared to the number of traditional teachers, excluding special education, vocational education and traveling/itinerant teachers.

Table 3-11: Middle School and High School Staffing Levels

Building	Average Daily Membership (ADM)	Non-Special Education Students	Regular Teachers	Student/Teacher Ratios
Middle Schools	521	444	20	22.2 to 1
High School	1,009	865	38	22.8 to 1
Total Secondary	1,530	1,309	58	22.6 to 1

Source: Treasurer's Office and EMIS Reports

Traditional student to traditional teacher class size ratios in the middle and high schools average 22.2 to one and 22.8 to one respectively. Maintaining average class sizes less than minimum standards require more teaching positions for the same number of students. In general, **Table 3-11** indicates that the District's combined secondary student teacher ratios appear to be fairly close to the state minimum standards (25 to one ratio).

- F3.15 **Table 3-12** compares the average salary of each employee classification to the peer districts for FY 1998-99. SLSD has the highest average salaries in four of the 11 classifications as indicated by the bolded numbers. When compared to the peer district average salaries, SLSD is higher in seven of the 11 classifications as indicated by the underlined numbers.

Table 3-12: Average Salary by Classification

	Springfield		Ravenna		Salem		Tallmadge		Peer District Average	
	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary	# FTEs	Avg Salary
Official/Admin.	16.5	<u>\$64,977</u>	19.5	\$57,214	14.0	\$57,949	17.5	\$56,180	16.9	\$56,180
Prof/Education	220.2	<u>\$41,285</u>	230.5	\$38,893	165.8	\$41,393	182.0	\$39,399	199.6	\$40,243
Prof/Other	5.0	<u>\$42,663</u>	8.0	\$37,242	5.0	\$39,791	4.0	\$46,492	5.5	\$41,547
Technical	2.0	\$13,429	0.0	\$0	0.0	\$0	1.0	\$25,088	1.5	\$19,259
Office/Clerical	43.2	<u>\$15,341</u>	50.5	\$14,093	29.4	\$16,954	50.7	\$14,127	43.5	\$15,129
Crafts/Trades	4.0	<u>\$32,122</u>	1.0	\$28,376	5.0	\$31,102	2.0	\$30,846	3.0	\$30,612
Transportation	N/A ¹	N/A ¹	20.0	\$10,928	7.6	\$15,657	34.0	\$12,817	20.5	\$13,134
Laborer	1.0	<u>\$34,066</u>	0.0	\$0	0.0	\$0	0.0	\$0	1.0	\$34,066
Custodians	20.9	<u>\$28,510</u>	28.0	\$24,185	20.0	\$22,738	18.0	\$25,367	21.7	\$25,200
Food Service	20.1	\$7,947	25.0	\$7,733	9.9	\$11,790	19.0	\$7,147	18.7	\$8,654
Other Service	15.4	\$4,099	9.0	\$10,023	1.9	\$18,646	2.0	\$10,112	7.1	\$10,720

Source: FY 1998-99 EMIS Staff Profile

¹ All transportation services are contracted out; therefore, there are no FTEs and no average salaries.

F3.16 **Table 3-13** illustrates the percentage of employee salaries in proportion to total District salaries and compares the respective employee classifications to the peer districts. The employee groups consist of the six classifications defined in **Table 3-3**.

Table 3-13: Percentage of Total Employees and EMIS Salaries by Classification

Classification	Springfield		Ravenna		Salem		Tallmadge		Peer Average ¹	
	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary	% of Total Emp.	% of Total Salary
Administrative	4.7%	8.7%	5.0%	9.1%	5.4%	8.8%	5.3%	9.6%	5.2%	9.2%
Teachers	60.3%	69.7%	56.8%	69.7%	61.2%	70.3%	52.7%	66.6%	56.9%	68.8%
Pupil Services	4.0%	5.4%	4.1%	5.6%	4.6%	5.9%	3.6%	5.6%	4.1%	5.7%
Support Services	13.7%	8.4%	21.2%	9.8%	17.5%	9.6%	22.7%	10.9%	20.5%	10.1%
Other Classified	16.7%	7.6%	12.9%	5.8%	11.3%	5.4%	15.4%	7.0%	13.2%	6.1%
Technical	0.6%	0.2%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: FY 1998-99 EMIS Staff Profile

¹ Peer average does not include Springfield Local School District.

In comparison to the peer averages, SLSD has the highest percentage of other classified and technical employees and the lowest percentage of administrative and support services which supports the analysis shown in **Table 3-4** and **Table 3-5**. In addition, SLSD has expended the same percentage of salaries as the peer district averages for administrative and pupil services employees even though they have a lower percentage of employees in these two classifications compared to the peer district averages.

F3.17 **Table 3-14** indicates that SLSD's average teachers' salary of \$42,513 is the highest among the peer districts. Average teachers' salary will be affected by cost of living adjustments (COLA) as well as experience and educational attainment. **Table 3-14** adjusts the teachers' salary for a cost-of-doing-business factor and provides information concerning educational attainment and total years of experience. The average teacher salaries for Barberton City School District is also illustrated in the table because it is located in Summit County, along with Springfield Local School District and Tallmadge City School District.

Table 3-14: Average Teachers' Salary

	Springfield	Ravenna	Salem	Tallmadge	Barberton
Average Teaching Salary	\$42,513	\$38,874	\$41,220	\$40,066	\$41,553
Adjusted Salary ¹	\$38,435	\$35,391	\$39,149	\$36,223	\$37,567
Average years of experience	12.1	14.7	17.0	15.1	15.2
% Non-degree	0.0%	0.0%	0.6%	0.0%	0.2% ²
% Bachelors Degree	13.4%	23.1%	10.9%	18.2%	19.8% ²
% Bachelors Degree +150 hours	57.4%	22.4%	34.6%	49.8%	31.6% ²
% Masters and above	29.2%	54.5%	53.9%	32.0%	15.3% ²

Source: FY 1998-99 EMIS Vital Statistics

¹ Salary adjusted by the Ohio Department of Education's cost-of-doing business.

² Does not equal 100% because not all employees were reported by Barberton City School District.

Using the unadjusted salaries, the table above indicates that SLSD's teachers are the highest paid among the peers and are the highest of those districts listed which are located in Summit County (Springfield, Tallmadge and Barberton). In addition, SLSD has the lowest average years of experience and the lowest percentage of teachers who have at least a masters degree. However, the low average years of experience and the low number of employees who possess a masters degree could be impacted by the early retirement incentive.

After the salaries were adjusted for the cost-of-doing-business factors for the corresponding counties, SLSD had the second highest teacher salaries. When compared to Tallmadge City School District which is also located in Summit County, SLSD's average adjusted salaries are approximately \$2,200 higher.

F3.18 **Table 3-15** compares SLSD's teacher salary schedule to the peer districts and indicates that the District's salary schedule is the highest when compared to the peer district average for all of the levels shown.

Table 3-15: Teachers Salary Schedule

	Springfield	Ravenna	Salem	Tallmadge	Peer Average ¹
Bachelors Beginning Salary	\$26,125	\$24,000	\$23,582	\$25,245	\$24,276
Bachelors Maximum Prior to Longevity Payments	\$48,559	\$42,408	\$44,570	\$46,501	\$44,493
Masters Beginning Salary	\$29,331	\$25,498	\$27,827	\$27,517	\$26,947
Masters Maximum Prior to Longevity Payments	\$53,336	\$49,690	\$48,814	\$49,102	\$49,202
Doctorate Beginning Salary	\$34,138	N/A	\$31,600	N/A	\$31,600
Doctorate Maximum Salary Prior to Longevity Payments	\$54,967	N/A	\$52,352	N/A	\$52,352
# of Steps in Salary Schedule Prior to Longevity Payments	14	15	26	14	N/A
# of Step/Longevity Payments	2	1	0	4	N/A
Average Increase of Step/Longevity Payments	\$1,600	\$688	N/A	\$1,452	\$1,070
Maximum Bachelors After Step/Longevity Payments	\$51,761	\$43,096	\$44,570	\$50,793	\$46,153
Maximum Masters After Step/Longevity Payments	\$56,568	\$50,368	\$48,814	\$55,665	\$51,616
Maximum Doctorate After Step/Longevity Payments	\$58,173	N/A	\$52,352	N/A	\$52,352

Source: FY 1999-00 salary schedules

¹ Peer average does not include Springfield Local School District.

F3.19 The contract that the District was operating under during FY 1998-99 expired in August 1999. However, because of financial problems within the District, the teachers union and the Board agreed to extend the agreement through FY 1999-00. The only change made in the one year extension was that a zero cost-of-living increase was negotiated for during FY 1999-00.

Table 3-16 compares the average teacher salary for the past 10 years for SLSD to the peer districts and Barberton City School District (BCSD) which is also located in Summit County. The table indicates that for five of the ten years, SLSD had the highest average teacher's salary when compared to the peer districts (as indicated by those which are bolded) and eight of the ten years when compared to the peer average (as indicated by those which are underlined). In addition, SLSD also had the highest 10-year average salary when compared to the peer districts and the peer average.

Table 3-16: Ten-Year History of Average Teaching Salaries

	Springfield	Ravenna	Salem	Tallmadge	Barberton	Peer Average ¹
FY 1989-90	<u>\$33,156</u>	\$30,035	\$30,030	\$30,417	\$31,542	\$30,506
FY 1990-91	<u>\$35,108</u>	\$32,157	\$31,727	\$32,355	\$33,087	\$32,332
FY 1991-92	<u>\$37,611</u>	\$33,466	\$32,675	\$33,565	\$33,496	\$33,301
FY 1992-93	<u>\$36,626</u>	\$34,488	\$34,336	\$34,755	\$36,758	\$35,084
FY 1993-94	<u>\$36,716</u>	\$33,883	\$35,135	\$36,926	\$38,062	\$36,002
FY 1994-95	\$35,971	\$34,436	\$35,061	\$37,322	\$38,125	\$36,236
FY 1995-96	<u>\$39,400</u>	\$36,230	\$37,169	\$38,421	\$39,280	\$37,775
FY 1996-97	\$38,538	\$37,676	\$38,753	\$38,553	\$39,443	\$38,606
FY 1997-98	<u>\$40,113</u>	\$38,517	\$39,749	\$39,248	\$41,153	\$39,667
FY 1998-99	<u>\$42,513</u>	\$38,874	\$41,220	\$40,066	\$41,553	\$40,428
10-year Average Salary	<u>\$37,575</u>	\$34,976	\$35,559	\$36,163	\$37,250	\$35,994

Source: EMIS Vital Statistics

¹ Average does not include Springfield Local School District.

F3.20 **Table 3-17a** compares the average salary for the past ten years for SLSD to the peer districts and BCSD for the office/clerical classification. The table indicates that for six of the ten years, SLSD had the highest average office/clerical salary when compared to the peer districts (as indicated by those which are bolded) and nine of the ten years when compared to the peer average (as indicated by those which are underlined). In addition, SLSD also had the highest 10-year average salary when compared to the peer districts and the peer average.

Table 3-17a: Ten-Year History of Average Office/Clerical Salaries

	Springfield	Ravenna	Salem	Tallmadge	Barberton	Peer Average ¹
FY 1989-90	<u>\$15,579</u>	\$10,079	\$9,165	\$12,965	\$14,101	\$11,578
FY 1990-91	<u>\$15,321</u>	\$10,651	\$9,165	\$14,538	\$14,686	\$12,260
FY 1991-92	<u>\$15,531</u>	\$11,928	\$10,331	\$12,839	\$15,777	\$12,719
FY 1992-93	<u>\$15,383</u>	\$12,342	\$11,157	\$12,909	\$16,993	\$13,350
FY 1993-94	<u>\$15,603</u>	\$12,269	\$11,750	\$14,877	\$15,463	\$13,590
FY 1994-95	<u>\$14,589</u>	\$12,789	\$12,150	\$14,885	\$14,397	\$13,555
FY 1995-96	<u>\$15,789</u>	\$12,507	\$13,026	\$14,772	\$12,746	\$13,263
FY 1996-97	<u>\$16,293</u>	\$9,831	\$13,151	\$12,707	\$14,060	\$12,437
FY 1997-98	<u>\$15,183</u>	\$11,348	\$14,183	\$13,153	\$6,727	\$11,353
FY 1998-99	\$15,341	\$14,093	\$16,954	\$14,127	\$17,611	\$15,696
10-year Average Salary	<u>\$15,461</u>	\$11,784	\$12,103	\$13,777	\$14,256	\$12,980

Source: EMIS Staff Profiles

¹ Average does not include Springfield Local School District.

F3.21 **Table 3-17b** compares the average salary for the past ten years for SLSD to the peer districts and BCSD for the crafts/trade classification. The table indicates that for three of the ten years, SLSD had the highest average crafts/trade salary when compared to the peer districts (as indicated by those which are bolded) and nine of the ten years when compared to the peer average (as indicated by those which are underlined). In addition, SLSD also had the highest 10-year average salary when compared to the peer average.

Table 3-17b: Ten-Year History of Average Crafts/Trade Salaries

	Springfield	Ravenna	Salem	Tallmadge	Barberton	Peer Average ¹
FY 1989-90	<u>\$24,892</u>	\$24,231	\$20,132	\$24,503	\$22,975	\$22,960
FY 1990-91	<u>\$25,743</u>	\$25,660	\$20,132	\$24,049	\$24,638	\$23,620
FY 1991-92	<u>\$25,652</u>	\$17,999	\$26,122	\$22,970	\$22,741	\$22,458
FY 1992-93	\$20,438	\$16,126	\$27,462	\$22,970	\$23,319	\$22,469
FY 1993-94	<u>\$27,477</u>	\$14,560	\$28,810	\$24,778	\$26,880	\$23,757
FY 1994-95	<u>\$26,134</u>	\$14,560	\$28,925	\$25,704	\$22,290	\$22,870
FY 1995-96	<u>\$28,817</u>	\$14,040	\$30,121	\$26,206	\$26,410	\$24,194
FY 1996-97	<u>\$30,033</u>	\$23,410	\$31,815	\$28,808	\$21,448	\$26,370
FY 1997-98	<u>\$30,380</u>	\$27,478	\$33,058	\$29,952	\$28,884	\$29,843
FY 1998-99	<u>\$32,122</u>	\$28,376	\$31,102	\$30,846	\$29,002	\$29,832
10-year Average Salary	<u>\$27,169</u>	\$20,644	\$27,768	\$26,079	\$24,859	\$24,837

Source: EMIS Staff Profiles

¹ Average does not include Springfield Local School District.

As noted in **Table 4-8** of the **Facilities** section of this report, the average base salary of the crafts/trades in FY 1998-99 was \$28,242. In comparison, the average base salaries at Ravenna City School District, Salem City School District and Tallmadge City School District for FY 1998-99 were \$23,520, \$21,133 and \$23,826 respectively. In addition, the AS&U Region 5 average was \$24,690.

F3.22 **Table 3-17c** compares the average salary for the past ten years for SLSD to the peer districts and BCSD for the custodian classification. The table indicates that for nine of the ten years, SLSD had the highest average custodian salary when compared to the peer districts (as indicated by those which are bolded) and nine of the ten years when compared to the peer average (as indicated by those which are underlined). In addition, SLSD also had the highest 10-year average salary when compared to the peer districts and the peer average.

Table 3-17c: Ten-Year History of Average Custodian Salaries

	Springfield	Ravenna	Salem	Tallmadge	Barberton	Peer Average ¹
FY 1989-90	<u>\$23,456</u>	\$17,893	\$16,965	\$19,206	\$13,303	\$16,842
FY 1990-91	<u>\$23,924</u>	\$18,952	\$16,965	\$19,759	\$16,439	\$18,029
FY 1991-92	<u>\$24,024</u>	N/A ²	\$18,930	\$16,076	\$17,892	\$17,633
FY 1992-93	\$15,977	N/A ²	\$19,364	\$18,967	\$17,500	\$18,610
FY 1993-94	<u>\$24,863</u>	N/A ²	\$20,559	\$20,571	\$20,271	\$20,467
FY 1994-95	<u>\$24,577</u>	N/A ²	\$19,465	\$21,667	\$15,836	\$18,989
FY 1995-96	<u>\$25,872</u>	N/A ²	\$20,624	\$21,992	\$17,200	\$19,939
FY 1996-97	<u>\$26,679</u>	N/A ²	\$21,750	\$23,750	\$11,330	\$18,943
FY 1997-98	<u>\$25,642</u>	\$19,047	\$22,233	\$24,819	\$10,207	\$19,077
FY 1998-99	<u>\$28,510</u>	\$24,185	\$22,738	\$25,367	\$19,670	\$22,990
10-year Average Salary	<u>\$24,352</u>	\$20,019	\$19,959	\$21,217	\$15,965	\$19,152

Source: EMIS Staff Profiles

¹ Average does not include Springfield Local School District.

² No information was reported to EMIS. RCSD will not be used in the calculation of these peer averages or 10-year averages.

R3.5 In an effort to rectify SLSD's current financial difficulties, there must be a shared sacrifice among all employees. Therefore, the District and the unions should negotiate low cost-of-living increases for all employees until the District recovers from its fiscal emergency status. **Table 3-14** indicates that the District has the highest average teacher's salary compared to the peer district and another comparable district in Summit County. In addition, **Table 3-12** illustrates that SLSD has a high average salary compared to the peer district average in 7 of 11 classifications. Furthermore, **Table 3-16**, **Table 3-17a**, **Table 3-17b** and **Table 3-17c** show a historical pattern of high average salaries at SLSD for teachers and classified employees.

Financial Implication: The District should negotiate lower cost-of-living increases for all employees in order to get salaries comparable to the peer district averages and assist the district in recovering from their current fiscal problems. Assuming a zero cost-of-living increase in FY 2000-01, a one percent cost-of-living increase in FY 2001-02 and a two

percent cost-of-living increase every year thereafter, the savings from what was forecasted would be approximately \$210,000 in FY 2000-01, \$322,000 in FY 2001-02, \$328,000 in FY 2002-03 and \$335,000 in FY 2003-04.

F3.23 **Table 3-18** indicates that gross earnings paid to full-time teachers ranged between \$26,604 and \$58,225. Although EMIS reports the District's average teacher salary for FY 1998-99 to be \$42,513, the average SLSD teacher is actually earning an average gross salary of approximately \$42,674 due to supplemental contracts. However, the difference between the base salary and actual earnings may be larger because the average salaries above were impacted by the Employee Retirement Incentive (ERI) which the District offered. The FY 1998-99 average includes the salaries for the entire year for those teacher which took advantage of the ERI. However, the 1999 W-2's will only include half of the salary for those teachers which took the ERI.

Table 3-18: Range of Actual Teacher Gross Earnings for Calendar Year 1999

	# of Teachers per 1999 W-2 Report	Percentage
\$26,125 - \$29,999	2	4.5%
\$30,000 - \$39,999	17	38.6%
\$40,000 - \$49,999	12	27.3%
\$50,000 - \$58,173	12	27.3%
\$58,174 - \$59,999	1	2.3%
Total	44	100.0%

Source: 1999 W-2 report

F3.24 **Table 3-19** identifies the total amount paid for supplemental contracts by SLSD and the peer districts and indicates that SLSD's total supplemental payments are approximately 3.1 percent greater than the peer district average.

Table 3-19: Total Supplemental Payments

District	Total Supplemental Contract Payments
Springfield	\$226,675
Ravenna	\$209,160
Salem	\$175,000
Tallmadge	\$267,897
Peer Average	\$219,683

Source: Treasurer's office

Table 3-20 compares supplemental contract amounts among positions commonly requiring a supplemental contract between SLSD and the peers. In addition to the high supplemental payments made in FY 1998-99 (**Table 3-19**), SLSD has the highest average supplemental contract amount in relation to the peers.

Table 3-20: Comparative Supplemental Contract Amounts

	Springfield	Ravenna	Salem	Tallmadge	Peer Average ¹
Number of supplemental contract positions ²	67	98	88	51	79
Head Varsity Basketball Coach (Boys)	\$5,225	\$4,080	\$4,245	\$4,292	\$4,206
Head Varsity Basketball Coach (Girls)	\$5,225	\$4,080	\$4,245	\$4,292	\$4,206
Head Varsity Football Coach	\$5,225	\$4,080	\$4,245	\$4,292	\$4,206
Head Varsity Baseball Coach	\$3,396	\$2,640	\$3,301	\$3,282	\$3,074
Head Varsity Softball Coach	\$3,396	\$2,640	N/A	\$3,282	\$2,961
Head Varsity Cheerleader Advisor	\$2,874	\$1,920	\$2,122	\$1,893	\$1,978
Instrumental Music Director	\$2,613	\$1,680	\$1,179 ³	\$2,827	\$1,895
Yearbook Advisor	\$1,306	\$2,400	\$1,415	\$1,893	\$1,903
Supplemental Average	\$3,658	\$2,940	\$2,965	\$3,257	\$3,054

Source: Teacher contracts

¹ Peer average does not include SLSD.

² Total number of contracts specified within the teacher contracts.

³ This is for the fall/spring musical play supervisor rather than an instrumental music director.

R3.6 SLSD should analyze the supplemental contract payment schedule to determine if savings can be generated. The supplemental average of eight common supplemental contracts, reveals that SLSD has the largest average supplemental contract (\$3,658) and also the highest average supplemental contract when compared to the peer average (\$3,054).

Vocational Education

F3.25 SLSD contracts with the Portage Lakes Joint Vocational School (PLJVS) and had 542 students participating in the vocational education program during FY 1999-00. SLSD has been using PLJVS for two years. There is no cost to use PLJVS because they receive their funding through the state based upon the number of students enrolled. Because SLSD contracts with PLJVS, no further assessments on vocational education will be performed.

Special Education

F3.26 In general, children are placed in the special education program when they meet various conditions identified through a testing process conducted in accordance with state and federal regulations. Typically, students with severe handicaps and/or mental disorders are identified between the ages of 0-2 ½. Students with less severe disabilities are usually identified during the elementary years when they encounter difficulties in learning basic skills. Once a student is identified as having a handicap, an individual education planning team is formed consisting of a building principal, special education director, special education teacher, regular teacher, psychologist, therapist, nurse and the parents. This team meets annually in the spring and develops an individualized education plan (IEP) identifying the goals for educating the child and specifying how those goals are going to be achieved. Like regular education students, special education students must meet the 21-unit requirement in order to graduate (**F3.13**). However, special education students are given 22 years to achieve this requirement and the intensity of the education each student receives varies depending on the IEP.

According to the director of special education, the District currently has 569 IEPs for resident students between the ages of three and 22 which must be reviewed annually. However, under certain circumstances, SLSD is responsible for developing and maintaining a student's IEP, but another district is responsible for educating the student. This occurs when the IEP dictates that a student attend school in another district, a student resides in a foster home outside SLSD, a student receives home schooling or various other scenarios. As a result of these types of scenarios, SLSD is currently educating 554 of the 569 students for which it maintains IEPs.

F3.27 Using the FY 1997-98 EMIS profiles, **Table 3-21** compares SLSD to the Summit County average as well as to the peers in terms of the ratio of handicapped students it is educating to FTE employees devoted to special education.

Table 3-21: Comparison of Special Education Students per Special Education FTE

District	ADM 1997-98	Total Handicapped - 1997-98 EMIS	% Handicapped	FTEs Dedicated to Special Education ²	# of Special Education Students per FTE
Springfield	3,397	533	15.7%	29.2	18.3
Ravenna	3,384	531	15.7%	33.9	15.7
Salem	2,677	319	11.9%	22.5	14.2
Tallmadge	2,625	273	10.4%	25.0	10.9
Summit County Avg ¹	5,127	618	11.8%	38.6	16.0
Peer Average ¹	2,895	374	12.7%	27.1	13.6

Source: Director of special education

¹ County and Peer averages do not include SLSD.

² FTEs consist of psychologists, supervisors, speech and hearing therapists, physical therapists, work study coordinators, handicapped teachers and directors.

As illustrated in **Table 3-21**, SLSD maintains a handicapped student to special education FTE ratio of 18.3 which is greater than the county average (16.0), all of the peers (Ravenna, Salem and Tallmadge) and the peer average (13.6).

F3.28 ODE publishes a comprehensive manual summarizing rules and regulations with which districts should comply when educating handicapped children. Included in this manual are student/teacher ratios that are required for some districts but are only recommended practices for others. The determination of whether the ODE student/teacher ratios are required or recommended practices is based on which instructional model districts choose to classify their special education programs for funding purposes. Because SLSD chose to classify its special education program as “alternative service delivery options,” the student/teacher ratios indicated in the ODE manual are considered recommended practices for the district. The director of special education indicated that SLSD classifies its special education program as “experimental modeling” because it affords the District more flexibility with regard to student classifications (disabilities and handicaps) and staffing issues than the traditional models.

Table 3-22 presents SLSD's current special education student/teacher ratios for specific disability and handicap classifications and compares them to the recommended ODE ratios. As **Table 3-22** illustrates, for all disability and handicap classifications, SLSD is maintaining student/teacher ratios which fall within the range of ODE's recommended practices.

Table 3-22: Special Education Student/Teacher Ratios vs. ODE Standards

Student Classification	Special Education Student Enrollment as of 2/14/00	# of Teachers	SLSD's Average Special Education Student/Teacher Ratios	ODE Recommended Student/Teacher Ratios
Learning Disability - Elem. & M.S.	191	19	10 students per teacher	8 to 16 students per teacher
Learning Disability - H.S.	112	6	19 students per teacher	12 to 24 students per teacher
Developmental Handicapped - Elem. & M.S.	32	4	8 students per teacher	8 to 16 students per teacher
Developmental Handicapped - H.S.	19	1	19 students per teacher	12 to 24 students per teacher
Multi handicapped	13	2	6 students per teacher	6 to 8 students per teacher
Severe Behavior Handicap	23	3	8 students per teacher	6 to 12 students per teacher

Source: Director of special education

C3.3 **Table 3-21** indicates that SLSD maintains a special education student-to-FTE ratio in excess of the peer districts, peer district average and county average. Based on **Table 3-22**, it appears that the District is complying with ODE's recommended special education student/teacher ratios.

Substitutes

F3.29 **Table 3-23** compares SLSD and the peer districts' substitute costs and procedures. This information will be utilized in numerous findings when assessing substitute costs.

Table 3-23: Comparison of Substitute Costs

	Springfield	Ravenna	Salem	Tallmadge
Auto/Manual Substitute Placement	Manual	Manual	Manual	Manual
Daily Cost of Teacher Substitutes	0-10 days: \$65/day 11-60 days: \$70/day 61+ days: 1 st step of union agreement (\$141.98/day) and eligible for benefits	0-5 days: \$70/day 6+days: \$75/day	0-20 days: \$75/day 21-40 days: \$90/day 41-60 days: \$115/day 61+ days: \$128.16/day	1-5 days: \$75/day 6+ days: \$80/day 61+ days: 1 st step of salary schedule and eligible for benefits
Hourly Cost of Bus Drivers	N/A	\$9.00/hr	\$9.18/hr	\$10.20/hr
Hourly Cost of Clerical, Aides & Monitors	\$6.00/hr	Aides: \$6.29/hr Clerical: \$7.00 hr	\$6.04/hr	\$6.95/hr
Hourly Cost of Custodial/Maintenance	\$7.00/hr	\$7.41/hr	\$7.00/hr	\$8.44/hr
Hourly Cost of Food Service	\$6.00/hr	\$5.15/hr	\$6.04/hr.	\$6.80/hr

Source: Business Manager

F3.30 **Table 3-24** shows the substitute payments made by SLSD and the peer districts for FY 1998-99. As illustrated, teaching substitutes constituted 71.8 percent of the total substitute costs for the year, which was the second highest among the peers. In addition, custodian substitutes comprised 21.7 percent of the total substitute costs for FY 1998-99 which was the highest among the peers.

Table 3-24: Substitute Payments for FY 1998-99

Classification	Springfield		Ravenna		Salem		Tallmadge	
	Amount Paid	Percent of Total	Amount Paid	Percent of Total	Amount Paid	Percent of Total	Amount Paid	Percent of Total
Teachers	\$142,566	71.8%	\$128,423	66.8%	\$100,018	75.9%	\$154,054	70.5%
Educational Assistants	\$5,993	3.0%	\$10,641	5.5%	\$0	0.0%	\$9,099	4.2%
Clerical	\$0	0.0%	\$8,020	4.2%	\$0	0.0%	\$6,084	2.8%
Custodians	\$43,142	21.7%	\$22,875	11.9%	\$12,868	9.8%	\$1,656	0.8%
Bus Drivers	N/A ¹	N/A ¹	\$22,308	11.6%	\$18,903	14.3%	\$47,507	21.7%
Food Service	\$7,013	3.5%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total	\$198,714	100.0%	\$192,267	100.0%	\$131,789	100.0%	\$218,400	100.0%

Source: Treasurer's Office

¹ All transportation services are contracted out; therefore, there are no payments made for substitutes.

Certificated Substitutes:

F3.31 Teaching positions which require substitutes can be filled by casual/short-term or long-term substitutes. Casual/short-term substitutes are defined as substitutes who work in the District in the same position or varying positions and are paid \$65 per day for days 0 to 10 and \$70 per day for days 11-60. Long-term substitutes work in the same position for 60 or more days. On the 61st consecutive day in the same position, a substitute is paid \$141.98 per day and is eligible to receive medical benefits.

F3.32 **Table 3-25** illustrates the average number of sick, personal, professional and other leave days taken per teacher during FY 1998-99 for each of the peer districts.

Table 3-25: Teacher Average Number of Leave Days Taken per Peer District

	Springfield		Ravenna		Salem		Tallmadge		Peer Average
	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	# Days Taken	Ave. Per Teacher	
Sick Leave	1,714.1	7.9	1,293.0	5.6	1,054.3	6.3	1,080.0	6.2	6.5
Personal Leave	221.5	1.0	357.0	1.6	282.3	1.7	164.0	0.9	1.3
Professional Leave	306.3	1.4	345.3	1.5	117.0	0.7	540.0	3.1	1.7
Other Leave	81.0	0.4	131.0	0.6	153.3	0.9	0.0	0.0	0.5
Total Leave	2,322.9	10.7	2,126.3	9.2	1,606.9	9.6	1,784.0	10.3	10.0
# of eligible teachers	217.0		230.0		168.0		173.0		197.0

Source: Treasurer's office

SLSD's teachers averaged 7.9 sick days per teacher in FY 1998-99 which was higher than all of the peer districts and the peer average. Data provided by the Bureau of Labor Statistics indicates that full-time governmental workers averaged 4.5 sick days per person in 1998 which is significantly lower than the peer average and SLSD's teachers average of 7.9.

Table 3-25 also indicates that the average teacher requires a substitute approximately 10.7 days a year which is also higher than all of the peer districts and the peer average. In FY 1998-99, SLSD utilized 217 teachers who were contracted to teach 178 days (school year) for a total of 38,626 school days requiring a teacher. Assuming that all leaves are covered by a substitute teacher and the average teacher takes 10.7 days of leave per year, approximately six percent of the total teaching days were taught by substitutes.

R3.7 SLSD spent \$142,566 on substitute teacher payments during FY 1998-99. Contributing to this expense were sick days utilized by teachers. If SLSD would reduce the number of sick leave days taken per teacher, it would eliminate additional administrative time, enhance the quality of education by minimizing the interruptions in the flow of teachers' curriculum and would reduce the overall substitute costs incurred as shown in **Table 3-26**.

Table 3-26: Annual Savings Calculated for Reduction in Usage of Teacher's Sick Leave

Employee Classification	Annual Savings		
	Sick leave reduced by 1 day	Sick leave reduced by 2 days	Sick leave reduced by 3 days
Teachers	\$14,105	\$28,210	\$42,315

Financial Implication: Reducing the number of sick days taken by each teacher by one day would save SLSD approximately \$14,105 annually in substitute costs. Reducing the number of sick days taken by each teacher by two days would save approximately \$28,210 annually. Reducing the number of sick days taken by three days would bring SLSD in line with the average taken by full-time governmental workers of 4.5 days and would save SLSD approximately \$42,315 annually in substitute costs. The actual financial implications may be greater depending on the District's utilization of long-term substitutes whose salaries are considerably higher.

F3.33 **Table 3-27** indicates the amounts paid to teachers by each peer district for substitute services when a standard substitute is not available.

Table 3-27: Rates Paid for Teachers to Fill in for Substitutes

Springfield	Ravenna	Salem	Tallmadge
None	\$16.25 per hour	None	Elementary & Middle Schools: \$10 per class; High School: \$18.75 per class period

Source: Teacher contracts

The District has indicated that over the past couple of years, substitute teachers have been difficult to locate and teachers are occasionally asked to cover classes. The contract for teachers indicates that "In the event regular substitutes are not available, teachers may serve as period substitutes during their preparation period but shall not be required to do so." When teachers do serve as a period substitute during their preparation period, they do not receive additional compensation. The superintendent indicated that the teachers are usually willing to serve as a substitute during their preparation period.

C3.4 By not paying teachers an additional stipend to cover for absent employees during their preparation period, the District is able to reduce their operational expenditures. In addition, they are able to spend more money in other areas of instruction. The cooperation by the teachers in this area allows the District to save costs during their fiscal emergency.

R3.8 In order to increase the District's pool of substitutes, SLSD should consider running advertisements in area newspapers and on television. During FY 1999-00, Massillon City School District ran advertisements in area newspapers and on television and was able to increase its pool by approximately 30 substitutes.

Additional strategies SLSD should consider implementing to increase the substitute pool include the following:

- Mailing letters to student teachers
- Placing flyers in university placement offices
- Offering flexibility with both a.m. and p.m. or full-day shifts or day-to-day substitute teaching
- Holding informative meetings prior to the start of the school year
- Developing a substitute teachers' handbook.

Classified Substitutes:

F3.34 Classified positions that require substitutes are only filled by casual/short-term substitutes. Substitutes are paid an hourly rate based upon the classification of employees as shown in **Table 3-23**. Substitutes remain at the same hourly rate regardless of the number of days spent in the same position. Benefits are not provided to classified casual/short-term substitutes.

F3.35 **Table 3-28** illustrates the number of days of leave used by SLSD's classified staff for FY 1998-99 which could have required either a substitute or another staff member to cover for the vacancy.

Table 3-28: Classified Personnel Days Taken FY 1998-99

Classification	# Sick days taken	# Pers. days taken	# Prof. days taken	# Vacation Leave	# Other days	Total days taken	# Empl. per Class	Average # Total Days Taken per Employee
Clerical/Office	298.0	19.3	4.9	109.9	0.0	432.1	24	18.0
Custodian/Maintenance	269.8	23.6	0.0	353.4	1.0	647.8	28	23.1
Food Service	281.8	45.0	1.0	0.0	7.0	334.8	38	8.8
Other ¹	473.2	80.5	6.1	0.0	6.0	565.8	67	8.4
Totals	1,322.8	168.4	12.0	463.3	14.0	1,980.5	157	12.6

Source: Treasurer's office

¹ Other classification consists of employees classified as monitors, librarians and various other designations.

F3.36 **Table 3-29** illustrates that on average, SLSD's classified employees took approximately 9.1 days of sick leave. Two classifications (clerical/office and custodial/maintenance) averaged an excess of nine days sick leave during FY 1998-99 with clerical/office employees averaging the most at 12.4 days per person.

Table 3-29: Average Days Leave Taken FY 1998-99 (Classified Personnel)

Classification	Average # Sick Days Taken	Average # Per. Days Taken	Average # Prof. Days Taken	Average # Vacation Days Taken ¹	Average # Other Days Taken
Clerical/Office	12.4	0.8	0.2	12.2	0.0
Custodian/Maintenance	9.6	0.8	0.0	13.6	0.0 ³
Food Service	7.4	1.2	0.0 ³	N/A	0.2
Other ²	7.1	1.2	0.1	N/A	0.1
Average Leave for all Classifications	9.1	1.0	0.1	12.6	0.1

Source: Staff attendance reports

¹ Calculated based on eligible employees.

² Other classification consists of employees classified as monitors, librarians and various other designations.

³ The amount is equal to less than 0.1.

F3.37 **Table 3-30** compares the average number of sick days taken by SLSD's classified staff to the peer districts for FY 1998-99.

Table 3-30: Average Number of Sick Days Taken FY 1998-99

	Springfield		Ravenna		Salem		Tallmadge		Peer District Average
	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	# Sick days taken	Avg. Per Empl.	
Clerical/Office	298.0	12.4	157.5	6.1	273.3	7.2	97.8	6.1	8.0
Custodian/Maintenance	269.8	9.6	236.5	8.2	242.5	8.4	152.5	8.5	8.7
Food Service	281.8	7.4	176.3	6.3	168.5	12.0	121.5	6.4	8.0
Transportation	N/A ¹	N/A ¹	359.0	14.4	89.0	11.1	211.3	5.9	10.5
Other	473.1	7.1	292.0	5.0	9.5	1.9	213.0	5.3	4.8
Totals	1,322.7	9.1	1,221.3	8.0	782.8	8.1	796.1	6.4	7.9

Source: Peer district bench marking surveys

¹ Transportation is contracted out by SLSD.

Table 3-30 indicates that SLSD's classified staff averaged 9.1 sick days during FY 1998-99 which is significantly higher than the peer average of 7.9. Data provided by the Bureau of Labor Statistics indicates that full-time governmental workers averaged 4.5 sick days per person in 1998 which is significantly lower than the peer average and SLSD's classified staff average of 9.1. The classified staff provide critical resources to the educational process by the following:

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

Because excessive sick leave limits the District's resources, daily routines are disrupted and can weaken the quality of education. In addition, the District incurs significant financial expenditures associated with overtime costs and the utilization of substitutes.

R3.9 SLSD should seek methods to reduce the use of sick leave days among classified employees. The District spent approximately \$56,147 on classified employee substitute payments during FY 1998-99. Contributing to this expense were sick days utilized by classified employees. The classified employee population averaged 9.1 sick days per person in FY 1998-99 which is 4.6 days higher than the average taken by full-time governmental workers as reported by the Bureau of Labor Statistics. If SLSD would reduce the amount of sick leave taken, it would eliminate additional administrative time, enhance the quality of education by eliminating interruptions in the flow of work and reduce the overall substitute and overtime cost incurred as shown in **Table 3-31** below.

Table 3-31: Annual Savings Calculated from Reductions in Classified Sick Leave Usage

Employee Classification	Annual Savings		
	Sick leave reduced by 3 days	Sick leave reduced by 4 days	Sick leave reduced by 5 days
Clerical/Office	\$3,456	\$4,608	\$5,760
Custodian/Maintenance	\$4,704	\$6,272	\$7,840
Food Service	\$2,326	\$3,101	\$3,876
Other ¹	\$9,648	\$12,864	\$16,080
Totals	\$20,134	\$26,845	\$33,556

¹ Other classification consists of employees classified as monitors, librarians and various other designations.

Financial Implication: Reducing the number of sick days taken by each employee by three days would save SLSD \$20,134 annually. Reducing the number of sick days taken by each employee by four days would increase the savings to \$26,845 annually. Furthermore, reducing the number of sick days taken by five days would bring SLSD in line with the full-time governmental worker average of 4.5 and would result in an annual savings of \$33,556 in substitute costs.

R3.10 Because of the excessive amount of sick leave taken per employee (between 7.1 and 12.4 days) and the costs associated with obtaining substitutes to cover absences, SLSD should consider implementing additional policies to assist with reducing sick leave usage. Potential policies include:

- Implement a sick leave abuse policy such as a rolling year occurrence policy where employees are held accountable for the number of times taken off rather than the length of time actually taken
- Implement an attendance incentive where employees are rewarded for perfect attendance. Barberton City Schools has an attendance incentive and their classified employees only averaged 5.5 sick days per person
- Require sick leave taken to be used as a component of the employee's evaluation.

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

Benefits Administration:

F3.38 The administration of benefits for SLSD is handled by a clerk within the treasurer's office. The clerk is responsible for distributing and explaining benefit packets to new employees, processing enrollment changes, reconciling carrier coverage records and ensuring payroll deductions are processed properly. In addition, the clerk is also responsible for the administration of health, dental and life insurance claims as well as processing workers' compensation claims.

F3.39 SLSD offers three health care plans, Hometown Medical (a HMO plan), Medical Mutual - PPO and Medical Mutual - HMO. The Medical Mutual PPO Plan is self-insured. See **Table 3-35** for a comparison of the coverages provided by the various plans.

F3.40 During FY 1998-99, SLSD began searching for a new third-party administrator for one component of its self-insured HMO health care plan because they did not feel that they were getting the benefits they deserved with the third-party administrator they were using at the time. On April 1, 1999, Medical Mutual became the third-party administrator for the District.

When a doctor joins with an insurance company physician network, they agree on the prices that will be charged for various services rendered. The more doctors that join an insurance company, the lower the costs will be for the insurance company and discounts can be given to the people with whom they conduct business.

Since SLSD joined Medical Mutual, the treasurer has indicated that the District has received a 48 percent discount on insurance claims. In contrast, the treasurer indicated that the District only received an estimated 23 percent discount from their previous third-party administrator.

F3.41 **Table 3-32** summarizes the number of hours the different classifications of employees are required to work in order to receive board paid benefits. The Board pays 95 percent of the medical premium costs for all employees if they are eligible to receive full-time benefits. Additionally, the Board pays 95 percent of the dental premium costs for all employees if they are eligible to receive full-time benefits.

Table 3-32: Summary of Eligibility Requirements for Benefits

Employee Classification	Number of Hours Required to Qualify for Full-Time Benefits	Level of Board Paid Medical Benefits	FY 1998-99 Average Number of Medical Enrollments	Level of Board Paid Dental Benefits	FY 1998-99 Average Number of Dental Enrollments
Certificated	50% Contract (approximately 3.75 hours based upon a 7.5 hour day)	95% Single, Single+1 or Family	66 Single 4 Single+1 125 Family	95% Single or Family	63 Single 128 Family
Classified	More than 5 hours per day in one job classification	95% Single or Family	17 Single 1 Single+1 57 Family	95% Single or Family 95% Single or Family	18 Single 63 Family
Principals, Administration & Others	No specific requirements	95% Single or Family	1 Single 0 Single+1 15 Family	95% Single or Family	1 Single 15 Family

Source: Contractual agreements and monthly insurance invoices

During FY 1999-00, SLSD has seven certificated employees who must pay 50 percent of their health care coverage because they do not work enough hours to qualify for the 95 percent payment by the Board.

R3.11 SLSD should further revise its graduated benefits scale for those employees who work between five hours per day and what is considered a full day (7 ½ to 8 hours). The District might consider using a prorated schedule based upon the actual number of hours worked in a day. Currently, an employee who works 5 ½ hours per day would only be responsible to pay five percent of his or her monthly premiums even though they are only working 69 percent of an eight hour work day. If the District were to utilize a prorated schedule, an employee working 5 ½ hours per day would have to contribute 31 percent of the monthly premium. Expanding the graduated benefits scale would decrease the premium costs which the District would have to incur. A financial implication is unable to be determined due to a lack of information available.

F3.42 A report on the *Cost of Health Insurance in Ohio's Public Sector* was completed by the State Employee Relations Board (SERB). Based on the 1999 study, approximately 65 percent of the responding employers required their employees to pay a portion of the cost of a family premium. Fifty-two percent required their employees to share the cost for the single plan. The average monthly employee contribution is \$22.17 for single and \$63.33 for family. These rates amount to 11.3 percent of the cost of a single plan and 12.6 percent of the monthly family premium. Other findings from the study include the following:

- Estimated cost of medical and other health care benefits average \$5,680 per covered employee in 1999.
- Monthly medical insurance premiums currently average \$195.22 for single coverage and \$491.39 for a family plan.
- Average total monthly cost of employee health care benefits stands at \$238.17 and \$566.47 for single and family coverage, respectively.
- Approximately 89 percent of public employers offer some level of dental coverage, 52 percent provide a vision plan and 93 percent offer life insurance.
- Dental coverage costs an average of \$28.03 a month for single and \$49.30 a month for family. The cost of optical insurance averages \$7.84 for single and \$14.71 for family coverage.
- Twenty-four percent of employers offer insurance coverage through an HMO. Thirty-eight percent contract at least some health services through a provider network.

F3.43 **Table 3-34** provides selected health care information for SLSD and the peers. For the plan that is self-insured, the superintendent and treasurer set the monthly premiums each year. The treasurer has indicated that the average increase in premium costs has been five percent. SLSD requires a five percent contribution toward the single, single plus one and the family medical premiums. Springfield Local, Salem City and Tallmadge City School Districts all have at least one hospitalization plan which is self-insured.

Table 3-34: Hospitalization

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Emp. Share	Monthly Premium for Empl.+1	Full-Time Empl.+1 Share	Monthly Premium For Family	Full-Time Emp. Share	Pres. Plan Included	FY 2000 Avg. Enrollment per Plan	Self Insured
Springfield	Hometown - HMO	\$194.26	\$9.71	N/A	N/A	\$519.16	\$25.96	Yes	8/10	No
	Medical Mutual - PPO	\$211.01	\$10.55	N/A	N/A	\$527.51	\$26.38	No	87/174	Yes
	Medical Mutual - HMO	\$246.50	\$12.33	\$460.22	\$23.01	\$726.66	\$36.33	Yes	4/6/8	No
Ravenna	Mutual Health Services	\$192.31	\$9.62	N/A	N/A	\$467.15	\$23.36	Yes	18/64	No
	SuperMed Plus	\$192.31	\$9.62	N/A	N/A	\$467.15	\$23.36	Yes	19/57	No
	AultCare	\$192.31	\$9.62	N/A	N/A	\$467.15	\$23.36	Yes	1/4	No
	DirectCare America	\$192.31	\$9.62	N/A	N/A	\$467.15	\$23.36	Yes	22/123	No
Salem	Professional Risk Management	\$215.00	\$0.00	N/A	N/A	\$579.00	\$0.00	Yes	49/203	Yes
Tallmadge	Administrative Service Consultants	\$205.10	\$0.00	N/A	N/A	\$455.00	\$0.00	Yes	65/195	Yes

Source: Schedule of benefits

In comparison to the SERB study, the average cost of SLSD’s single medical plans (\$217.26 a month) is higher than the SERB’s reported average monthly medical premium cost of \$195.22. The average cost of SLSD’s family medical plans (\$591.11 a month) is 20.4 percent higher than SERB’s reported average monthly medical premium cost of \$491.39.

All employees who receive full benefits are required to contribute five percent toward premium costs. The average employee contribution for a single medical plan is \$10.86 which is 51.0 percent lower than the SERB’s reported average employee contribution of \$22.17. SLSD’s average employee contribution of \$29.56 for the family medical plan is 53.3 percent lower than SERB’s reported average employee contribution of \$63.33.

F3.44 **Table 3-35** compares certain features which should be considered when comparing benefits to costs when choosing a medical plan.

Table 3-35: Key Medical Plan Benefits

	<u>Springfield</u> Hometown (HMO) Medical Mutual (PPO) Medical Mutual (HMO)	<u>Ravenna</u> Mutual Health Services SuperMed Plus AultCare DirectCare America	<u>Salem</u> Professional Risk Management	<u>Tallmadge</u> Administrative Service Consultants
Office Visits	100% 100% ¹ 100% ²	80% 90% 90% 90%	90% up to \$2,500 100% after \$2,500	\$200 maximum
Employee Annual Deductible	None \$125 (S) \$200 (F)	\$100 (S) \$200 (F) \$100 (S) \$200 (F) \$100 (S) \$200 (F) \$100 (S) \$200 (F)	\$125 (S) \$250 (F)	\$100 (S) \$200 (F)
Prescription Plan Included?	Yes Yes Yes	Yes Yes Yes Yes	Yes	Yes
Need to Choose Primary Physician	Yes ³ No No	No Yes Yes Yes	No	No
Maternity	100% 100% 100%	80% 90% 90% 90%	90% up to \$2,500 100% after \$2,500	90%
Well Child Care	100% 80% / 100% 0-12 months - \$500 ² 1-9 years - \$150 ²	\$500 maximum 90% 90% 90%	100%	0-12 months - \$500 max 1-9 years - \$150 max
Inpatient Hospital Care	100% 100% ¹ 100% ¹	80% 120 days maximum 90% 120 days maximum 90% 90%	90% up to \$2,500 100% after \$2,500	90%

Source: Schedule of benefits

¹ Full payment for the first 120 days and then 80% for anything over 120 days.

² Subject to deductible and co-insurance

³ Employee must also choose a primary hospital.

An analysis of SLSD’s medical plans indicates that while the Hometown HMO and Medical Mutual PPO are very similar in both premium costs, the HMO plan offers more comprehensive coverage levels. The PPO plan requires an employee to pay an annual deductible but they do not need to choose a primary physician. In contrast, the HMO plan does not require an employee to pay an annual deductible but they must choose a primary physician.

F3.45 SLSD pays 95 percent of the single and family dental premiums for all employees who work more than five hours per day. **Table 3-36** shows the average premiums paid for both single and family dental plans.

Table 3-36: Dental Insurance

School	Provider(s)	Monthly Premium For Single Plan	Full-Time Employee Share	Monthly Premium For Family	Full-Time Employee Share	Number Enrolled: Single/Family	Self-Insured
Springfield	Medical Mutual (PPO)	\$28.96	\$1.45	\$72.40	\$3.62	89/211	Yes
Ravenna	Mutual Health Services	\$24.42	\$0.00	\$60.23	\$0.00	59/253	No
Salem	Professional Risk Management	\$27.00	\$0.00	\$54.00	\$0.00	50/201	Yes
Tallmadge	Administrative Service Consultants	\$20.10	\$0	\$50.24	\$0	59/218	Yes

Source: Schedule of benefits

F3.46 **Table 3-37** presents the annual cost for certain benefits for FY 1998-99 for all peer districts. SLSD's annual cost per employee (\$4,955) is lower than the annual cost of health care (\$5,680) per covered employee as estimated in the SERB report in 1999 and is also the lowest among the peer districts.

Table 3-37: Yearly Total of All Insurance Costs for FY 1998-99

School	Health Care Costs	Dental Costs	Prescription Costs	Life Insurance Costs	Totals	Annual Health and Dental Insurance Cost per Employee	Estimated Health, Dental and Life Insurance Cost per Employee
Springfield	\$1,041,035	\$99,169 ¹	\$266,379	\$16,467	\$1,423,050	\$4,897	\$4,955
Ravenna	\$1,422,230	\$186,721	N/A ²	\$21,747	\$1,630,698	\$5,216	\$5,286
Salem	\$1,383,339	N/A ²	\$365,741	N/A ²	\$1,749,080	\$6,779	\$6,779
Tallmadge	\$914,217	\$184,602	\$206,138	\$21,069	\$1,326,026	\$4,975	\$5,055

Source: Treasurer's office

¹ The prior third party administrator included dental costs in with the health care costs and they could not be separated by the District. Therefore, dental costs are for only half of FY 1998-99 and all others are included with the health care costs.

² The costs are included with the health care costs and could not be separated by the District.

F3.47 Because SLSD is self-insured, the District has a self-insurance account in the internal service fund to set aside monies for future benefit payments. The monies which get transferred into this account are general fund monies and represent the Board's portion of the monthly premiums as well as the employee's portion. The District accumulates the monies in the internal service fund until an employee files a claim and payment is made. **Table 3-38** shows the balance of the internal service accounts at Springfield Local School District, Salem City School District and Tallmadge City School District.

Table 3-38: Self Insurance Account 6/30/99 Balances

District	Springfield	Salem	Tallmadge
Balance	\$920,453	\$165,805	\$605,635

Source: FY 1998-99 4502 Reports

The third party administrator for SLSD requires a minimum balance of \$630,000 in the self-insurance fund. In addition, the District has \$75,000 stop/loss coverage. **Table 3-38** indicates that the District was maintaining balances in excess of the minimum requirement. The high amount which Springfield has in its self-insurance fund at the end of FY 1998-99 is due to the following factors: higher monthly insurance premiums compared to the other peer districts (**F3.43** and **Table 3-34**) and the lower number of expenditures related to benefits administration during FY 1998-99 (**F3.46** and **Table 3-37**).

Occasionally, when an entity has enough money in the self-insurance funds to meet the immediate and future expected needs, a “premium holiday” is granted. In the case for Springfield, if a holiday was granted, the Board would not be required to transfer its portion of the monthly premiums into the self-insurance fund for a specified pay period. The only monies that would get transferred to that account would be the employees portion of the insurance premiums. During FY 1998-99, the District had three such holidays.

R3.12 During FY 2000-01, SLSD should reassess the amount of funding deemed necessary to be maintained in the self-insurance fund and only maintain balances necessary to cover the costs of the estimated claims. Because of the financial problems which the District is currently experiencing, SLSD should seek to increase the available resources in the general fund and decrease the amount of restricted monies in other funds. Decreasing funding levels in the self-insurance fund to \$700,000 does not result in additional revenue. However, it does decrease the amount of restricted monies in the self-insurance fund which will increase general fund resources available for other expenditures.

Financial Implication: Assuming that maintaining a balance of \$700,000 in the self-insurance fund will be sufficient to cover all claims in FY 2000-01, the District could re-allocate approximately \$216,000 to the general fund to cover operating expenses. While the District may determine that the balance needed in the self-insurance fund is different than the determination of the Auditor of State’s Office, it is estimated that a balance of approximately \$700,000 would be sufficient. This estimate is based on the \$630,000 minimum balance required by the third party administrator.

R3.13 SLSD should consider reassessing the amount of the monthly premiums for the benefits which they offer. Reassessing the monthly premiums could potentially allow the District to free up general fund resources rather than over-restricting monies in the self-insurance account. In

addition, the internal service fund is not designed to accumulate significant reserve balances. Therefore, the monthly premium amounts should only be assessed at a level deemed necessary to cover the estimated expenditures each month and provide a reasonable balance for unanticipated claims.

If the District lowered the monthly premiums beginning in FY 2000-01, based upon the internal service fund expenditures from FY 1999-00, the estimated average monthly premium costs would be \$403.75. In FY 1998-99, the weighted average monthly premium actually charged by the District was \$422.01. Every year after FY 2000-01, the District could increase the rates at the estimated increase of five percent per year to offset the effect of inflation. However, SLSD should periodically reassess the adjusted monthly premium costs to determine if other adjustments need to be made to meet the estimated expenditures and unanticipated claims.

Financial Implication: The forecast presented in **Table 2-1** in the **Financial Systems** section of this report projects medical benefits based on the FY 1999-00 premiums. However, if SLSD decreased its average monthly premiums to \$403.75 per month in FY 2000-01, the District would realize an estimated savings of \$54,000 from the projected figures in the forecast. Assuming a five percent increase each year for the following four fiscal years, additional monies available for the general fund are estimated as follows: \$57,000 in FY 2001-02; \$60,000 in FY 2002-03; \$63,000 in FY 2003-04; and \$66,000 in FY 2004-05. The total increase in general fund resources over the five year period is \$300,000.

R3.14 In order to further reduce the cost of insurance benefits to the District, SLSD should consider requiring full-time employees to contribute a higher percentage towards the monthly premium costs. If SLSD were to require contribution percentages of 10, 15 or 20 percent, the overall insurance expenses would be reduced as shown in **Table 3-39**.

Table 3-39: Annual Savings Resulting from Increased Employee Contributions for Insurance

	Annual Savings Calculated at		
	10%	15%	20%
Medical Plan - Single	\$12,539	\$25,078	\$37,617
Medical Plan - Employee +1	\$1,657	\$3,314	\$4,970
Medical Plan - Family	\$61,666	\$123,341	\$185,016
Dental Plan - Single	\$1,544	\$3,091	\$4,637
Dental Plan - Family	\$9,166	\$18,332	\$27,498
Total Annual Savings	\$86,572	\$173,156	\$259,738

Financial Implication: Increasing the contributions to the rate of 10 percent would save SLSD approximately \$86,600 annually. Increasing contributions to 15 percent would save SLSD approximately \$173,200 annually. Furthermore, increasing the contributions to the rate of 20 percent would save SLSD approximately \$259,700 annually.

Workers' Compensation:

F3.48 Ohio employers who are substantially similar can apply for group workers' compensation coverage and potentially achieve lower premium rates than they could individually. SLSD participated in group coverage in FY 1995-96, FY 1997-98 and FY 1999-00. During FY 1996-97 and FY 1998-99, the District was not group rated; however, they were members of the Premium Discount Program (PDP) administered by the Bureau of Workers' Compensation. **Table 3-40** illustrates workers' compensation benefits for SLSD and the peer districts for FY 1997-98. SLSD had an experience modifier of .53 which is in line with the peers and a premium cost per employee of \$206 which is the second lowest among the peers. Additionally, SLSD had .026 claims per employee which is in line with the peer average.

Table 3-40: Peer District Comparison of Workers' Compensation Benefits for FY 1998

District	Total Employees	# Medical Claims Allowed	# Lost Time Claims Allowed	Claims/Employee	Premium	Premium Cost/Employee	Experience Modifier Status	Retro Rating
Springfield	374.7	8	2	0.026	\$77,070	\$206	0.53	No
Ravenna	406.0	8	0	0.020	\$64,269	\$158	0.53	No
Salem	274.5	3	0	0.011	\$59,034	\$215	0.52	No
Tallmadge	319.7	8	3	0.034	\$81,192	\$254	0.53	No
Peer Average	343.7	7	1	0.023	\$70,391	\$208	0.53	N/A

Source: Bureau of Workers' Compensation; 1997-98 district profiles from EMIS

F3.49 SLSD's medical and lost time claims have fluctuated over the past four years. Lost-time claims are defined as the number of workers' compensation claims exceeding eight days. Generally, these types of claims are the most taxing on the system and have a greater effect on the experience modifier (EM) and premium costs. The EM status is based upon factors such as the total number of claims in any previous time period, the severity of those claims and the extent to which lost time claims went into effect.

Table 3-41 indicates that, as SLSD's total number of medical and lost time claims has fluctuated, the EM and premium costs have changed accordingly.

Table 3-41: Approximate Number of Claims

	# Medical Claims Allowed	# Lost Time Claims Allowed	Experience Premium Costs	Experience Modifier
1996	5	1	\$86,366	0.65
1997	12	1	\$141,777	1.19
1998	8	2	\$77,070	0.53
1999	8	4	¹	1.09

Source: Bureau of Workers' Compensation

¹ Information was not available from the Bureau of Workers' Compensation.

In discussions with the Bureau of Workers' Compensation, it was indicated that the Division of Safety and Hygiene and Risk would be able to assist SLSD in developing strategies to continuously improve the District's safety records and control fluctuating costs of claims.

C3.5 SLSD has participated in the Workers' Compensation Managed Care program and the GatesMcDonaled program. These programs assist the District in developing strategies to improve the District's safety records and control fluctuating costs of claims.

Contractual Issues:

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

The District has one collective bargaining unit consisting of the Springfield Local Association of Classroom Teachers (teachers). There currently is no contract between SLSD and classified employees. Due to an inability to reach an agreement several years ago, the District enacted an employee handbook which is used for classified employees. For all issues which are not mentioned specifically within the employee handbook, the District uses either past practice or the Ohio Revised Code. This report focuses primarily on the agreement adopted between the District and the Springfield Local Association of Classroom Teachers (SLA or association) and the employee handbook (handbook).

SLA - Contractual Issues:

F3.50 **Table 3-42** compares some key SLA contractual issues between SLSD and the peer districts. The previous contract between the SLSD and SLA ended August 21, 1999. Because of the District's financial difficulties, the District and SLA have agreed to extend the contract for one year with no cost-of-living increase for FY 1999-00. The only salary increase received by teachers was their step increases on the pay scale. All other contractual issues established during the previous contract are continued during this extended time period.

Table 3-42: SLA Contractual Issues

Description	Springfield	Ravenna	Salem	Tallmadge
Length of Work Day	7 ½ hrs (includes a 30 minute duty free lunch period)	7 ½ hours	H.S: 7 ½ hours J.H: 7 1/4 hours Elem.: 7 1/4 hours	7 ½ hours (includes a 30 minute duty free lunch period)
Maximum Class Size	Kindergarten: 30 to 1 Grades 1-2: 25 to 1 Grades 3-4: 28 to 1 Grades 5-6: 29 to 1 Grades 7-12: 26 to 1	25 to 1	25 to 1	25 to 1
# Contract days	<u>184</u>	<u>184</u>	<u>184</u>	<u>184</u> ¹
# of Instructional Days	178	180	178	180
# of In-service Days	4	4	4	4
# Parent-Teacher Conferences	2	0	2	0
Maximum # of Sick Days Accrued	Unlimited	Unlimited	260 days	Unlimited
Sick/Personal leave incentives?	None stated	Personal & Sick Leave Attendance Incentive ²	For zero sick leave or personal days used, and employee will receive either a \$500 savings bond or \$250	None
Maximum # of sick days paid out at retirement/ % of payout.	25% of accumulated sick leave up to a maximum of 45 days	10 to 15 yrs. - 25% of accumulated sick leave up to 36 days ³ 16 to 25 yrs. - 27% of accumulated sick leave up to 46 days ³ 26+ yrs. - 27% of accumulated sick leave up to 56 days ³	25% of accumulated sick leave up to a maximum of 30 days	25% of accumulated sick leave up to a maximum of 55 days
# of years required for severance pay	Eligibility requirements under STRS	Eligibility requirements under STRS	Eligibility requirements under STRS	Eligibility requirements under STRS
# of Personal Days	Unlimited	3 days	3 days	3 days
Notice required?	48 hours notice must be given to use any personal leave	48 hour notice must be given to use any personal leave	48 hour notice must be given to use any personal leave	48 hours notice must be given to use any personal leave

Description	Springfield	Ravenna	Salem	Tallmadge
# of leave days for association business	10 days paid leave for any employee upon recommendation of association president. The association president is permitted to have one period per day for association business.	11 days total each fiscal year for the entire district	6 days total each fiscal year for the entire district	None
Sabbatical/Professional leave; Requirement to return? Compensated?	May receive one year at partial pay after five years of service and must return to the District for one year	May receive one year at partial pay after three years of service and must return to the District for one year	May receive one year with no pay after three years of service and must return to the District for one year	May receive one year after five years of service and must return to the District for one year
# of days to file grievance	10 days	10 days	15 days	15 days
Cost of Living Increase per each year of contract	FY 1998: 3.0% FY 1999: 4.5% FY 2000: 0.0%	FY 1998: 0.0% FY 1999: 3.3% FY 2000: 3.9%	FY 1998: 3.0% FY 1999: 3.0% FY 2000: 2.5%	FY 1999: 1.8% FY 2000: 3.3% FY 2001: 3.0%
Past Practice Clause	None stated	None stated	None stated	None stated

Source: Teacher Contracts

¹ For all employees who do not have at least one year of service with the District, the total number of contract days are 185 with an additional day being set aside for new employee orientation.

² If an employee has a 96% attendance rate in a grading period, they receive the following payment depending upon the grading period: first grading period (\$75), second grading period (\$75), third grading period (\$75) and fourth grading period (\$150). In addition, if the entire District attendance rate for certified employees is 96% or higher, then every certified employee receives a \$100 bonus.

³ In addition, each employee will receive 27% of all accumulated sick leave days in excess of 180 days up to a maximum additional payment of 29 days.

F3.51 According to the contract, “The Superintendent, when authorized by the board, may grant a teacher an unlimited number of personal days for justifiable reasons.” In addition, a request must be submitted to the building principal within two days prior to the date requested for leave except in the cases of emergencies. In previous years prior to the current superintendent, the District did not properly monitor the usage of personal leave. The current superintendent has indicated that he has made it a practice to not grant more than three personal days to any employee during each school year. Furthermore, personal leave for a day immediately preceding or following a holiday will only be granted if the use is for an emergency or other such situation approved by the superintendent.

C3.6 Not allowing the use of personal days immediately preceding or following a holiday period helps reduce substitute costs. In addition, the superintendent’s practice of limiting the number of personal days to three days per employee reduces substitute costs.

R3.15 An unlimited personal leave policy can be beneficial to both employees and the District if properly monitored. Akron City School District (Akron) in Summit County also has an unlimited personal leave policy. A review of the performance audit on Akron City School District revealed that certificated employees averaged 0.3 personal days per employee and classified employees averaged 0.4 personal days. The District should work with the employees to determine if an unlimited personal leave policy can be beneficial at SLSD.

However, if the relationship between employees and the District officials can not be reconciled to support an unlimited personal leave policy, SLSD should negotiate to remove the unlimited personal leave language from the contract and limit the total number of personal leave days per employee to no more than three days per year. This will continue to reduce substitute costs by establishing a formal and written limit on the number of personal days and employee can use.

F3.52 The contract provides up to “ten paid days of leave to be used for association business by any employee of the District upon recommendation from the association president and approval by majority of the executive committee.” However, the SLA does not compensate the District for the attending members’ salaries during this time nor do they reimburse the District the cost of providing substitutes. In covering for association leave days in FY 1998-99, a clerk within the treasurer’s office indicated that the District paid substitute costs for approximately 3 teaching days.

R3.16 At a minimum, SLSD should require the SLA to reimburse the District for the cost of providing substitute teachers to cover employees on association leave. Additionally, SLSD should consider negotiating a provision by which the SLA is responsible for providing the employee’s salaries and benefits when on association leave.

Financial Implication: Assuming the District is required to provide substitutes for ten days a year, requiring the SLA to pay this cost would save approximately \$650 annually. Additionally, if SLSD required the SLA to also pay the daily salaries of those members using association leave, the District could save an additional estimated amount of \$2,300 annually (assuming 184 contract days and average teacher salaries of \$42,513).

F3.53 The SLA contract includes an early retirement incentive program (ERI). Under this program, a teacher can request that the District purchase service credit “in the amount of the lesser of one-fifth of an individual’s accumulated service credit or three years of service credit.”

As noted in the **Financial Systems** section of this report, the District has approved two ERIs within the past four years. The first was offered to teachers and administrators who were eligible to retire between January 1, 1996 and December 31, 1996. A total of 24 teachers and administrators utilized this ERI option at an estimated cost of \$3.9 million plus interest. The

second ERI was offered to teachers and administrators who were eligible to retire between January 1, 1999 and December 31, 1999. A total of 34 teachers and administrators utilized the ERI option at an estimated cost of \$2.3 million plus interest. Of the 34 positions which were vacated from the 1999 ERI option, 28 were re-filled. The total cost for these two ERI options (not including interest) and the related severance payments is estimated at approximately \$6.8 million.

R3.17 Before offering ERIs in future contracts, the District should conduct thorough studies assessing both the costs and the benefits. Although ERIs may generate savings for districts, they oftentimes require significant cash outlays at times when districts can least afford them. This is evidenced by the fact that while SLSD is in fiscal emergency, the District must incur additional costs of approximately \$ 2.3 million for the ERI which ended December 31, 1999, excluding interest. See the **Financial Systems** for more information.

F3.54 Both the SLA contract and the employee handbook require an employee to file a written grievance form within ten working days after the employee knew of the existence of the problem. In addition, all meetings during the grievance procedures are in a formal environment with strict time frames between each of the different levels. However, there is no informal process within the specified grievance procedures.

C3.7 Establishing a maximum of ten days to file grievances precludes duplicate grievances from being filed as a result of an unresolved issue. In addition, the current grievance procedure provides a method to resolve grievance issues in a timely manner.

R3.18 The District should implement an informal step to its grievance process. This process should allow the grievant to talk with the person at the lowest possible level who has the authority to resolve the problem. An informal process minimizes the administrative time spent in meetings and writing reports and eliminates the need for all grievance procedures to go through a formal process.

F3.55 **Table 3-43** indicates the contractual provisions pertaining to the evaluation process of the teachers within the District.

Table 3-43: Evaluation Process

<i>Frequency of evaluations for the following teachers</i>	
First year teachers and teachers new to the District	Teachers will be evaluated two times per year.
Teachers on a limited contract with one to five years of experience	Teachers will be evaluated one time per year.
Teachers on tenured contracts.	Teacher will be evaluated every other year.
Is there a process for poor performing teachers other than the steps required by the ORC as part of the non-renewal process?	The contract created a program titled TPAP to assist teachers who have deficiencies.
Are unannounced observations permitted?	Yes
Are evaluation forms included in the contract?	No
When was the last update of evaluation forms?	FY 1996-97
<i>Quality of evaluation forms</i>	
Number of criteria evaluated	9
Is the evaluation form aligned with job descriptions? Rating System	Yes Satisfactory, Not Satisfactory, Does not Apply, No Opportunity to Observe
Is attendance a rated criteria?	Yes

Source: SLSD contract and sample evaluation

F3.56 The contract requires that certificated personnel be evaluated depending upon the number of years experience based upon the following schedule:

- Teachers with zero years of experience or teachers who are new to the District will be evaluated two times per year.
- Teachers on limited contracts with one to five years of experience will be evaluated one time per year.
- Teachers on continuing contracts will be evaluated no more than once every other year.

During the evaluation process, if teachers are found to have deficiencies in certain areas, they are referred to the Teacher Performance Assistance Procedures (TPAP). The TPAP program is a tool that is used by SLSD to help teachers with areas where they have deficiencies. It consists of a volunteer group of peer teachers and an administrative staff member who will assist the teacher in the areas where they need remediation.

C3.8 The frequency of the evaluations allows SLSD to evaluate teachers efficiently. In addition, the TPAP program is a tool that SLSD uses to help teachers in deficient areas revealed during their evaluations. Not only does it let the teacher know where their deficiencies exist, but it also assists them in correcting the deficiency. Including attendance in the evaluation process and not including a sample evaluation in the contract allow the District to evaluate employees in order to provide high quality education. Not including a sample evaluation in the contract allows SLSD to modify the evaluations for efficiency.

F3.57 According to the contract, severance pay is granted to SLSD employees who are eligible to retire under STRS. The union agreements do not specify a date when employees must notify the District that they intend to retire. This prevents the District from accurately identifying staffing needs for the following year.

R3.19 In order to more accurately identify staffing needs for the following school year, SLSD should establish a policy that requires employees to notify the District by a Board established date of their intentions to retire for the following school year. A possible option the District could consider would be to reduce the amount of severance pay if the employee does not notify the District by the established date.

F3.58 According to the SLA contract, severance pay is calculated by multiplying the daily rate of a teacher's current contract by one-fourth (25 percent) of the bargaining unit member's accumulated but unused sick leave at the time of retirement up to a maximum of 180 days (maximum payout of 45 days).

R3.20 The payout of severance has a significant effect on the District's overall budget. To lessen the financial burden on the District, SLSD should consider renegotiating its severance policy to standards identified by ORC § 124.39 which provides for a payout of 25 percent of accrued but unused sick leave credit, upon retirement, up to 120 days (30 day payout), for persons with 10 or more years of service. The law permits districts to provide for more than 25 percent (but not less) and the number of years to be less than 10 (but not more).

Financial Implication: It is assumed that all employees who currently have ten or more years of service with SLSD will ultimately retire from the District and qualify for severance pay. Using this assumption along with current-year salaries, by renegotiating the provisions of the contracts to limit the severance payout to ORC standards, in terms of current-year dollars, SLSD could reduce its future severance liability by an estimated \$209,300. However, because a renegotiated severance policy would only apply to newly hired employees, the District would not realize a financial benefit until such time the new employees are eligible for retirement.

Classified Staff:

F3.59 There is no contract in existence between SLSD and the classified employees. When the previous contract expired between SLSD and the classified staff in FY 1996-97, an agreement could not be reached on a new contract. However, the employees wanted to continue working for the District. Consequently, an employee handbook (handbook) was created by SLSD for classified employees. This handbook stated some key issues which the District would follow which would be in a normal contract. For those issues not mentioned within the handbook, the District relies upon the Ohio Revised Code or what was in the previous contract.

Table 3-43 compares some key classified handbook and District practices between SLSD and the peer districts. Those items marked with an asterisk (*) are not stated in the employee handbook but are District practices based upon either past practices or ORC requirements.

Table 3-43: Classified Handbook and District Practices

Description	Springfield	Ravenna	Salem	Tallmadge
Evaluations required	Yes - annually	Yes - annually	Yes - annually	Yes - annually
Minimum call-in hours paid to employees for emergencies	Receive payment at straight time or they receive comp time at straight time	No, but receive 1 ½ times actual hours worked	Receive a minimum of 2 hours of pay on a calamity day at twice their normal rate of pay	No minimum hours but receives 2 times actual rate of pay for hours actually worked
Vacation time to accumulate	1-7 yrs. - 10 days 8-13 yrs. - 15 days 14-20 yrs. - 20 days 21-26 yrs. - 25 days 27+ yrs. - 30 days	1-8 yrs. - 10 days 9-15 yrs. - 15 days 16-23 yrs. - 20 days 24+ yrs. - 25 days	1-8 yrs. - 10 days 9-16 yrs. - 15 days 17+ yrs. - 20 days	1-5 yrs. - 10 days 6-17 yrs. - 15 days 18+ yrs. - 20 days
Sick Leave/Personal Leave Incentive	No	Yes ¹	0 days used: \$500 savings bond or \$250 1 day used: \$200 savings bond or \$100 2 days used: \$100 savings bond or \$50	None stated
Maximum number of sick leave days to accumulate	Unlimited *	Unlimited	260 days maximum	Unlimited
Maximum number of sick leave days paid out at retirement / percentage of payout	An employee with at least 15 years of service and retiring from service will receive 25% of all days accumulated not to exceed 55 days	10 yrs. = 25% not to exceed 36 days ² 15 yrs. = 25% not to exceed 41 days ² 25 yrs. = 27% not to exceed 51 days ² 26+ yrs. = 27% not to exceed 59 days ²	25% not to exceed 30 days plus 10% of all days accumulated in excess of 120 days not to exceed a total of 53 days during FY 1999-2000	25% not to exceed 55 days
Number of personal days received; Notice to use	3 days * Written requests submitted 2 days in advance *	3 days Written requests submitted 2 days in advance	3 days Written requests submitted 2 days in advance	3 days Written requests submitted 2 days in advance
Number of holidays paid for 12 month employees	14 holidays ³	12 holidays	11 holidays	11 holidays ⁴
Number of holidays paid for less than 12 month employees	7 holidays ³	10 holidays	8 holidays	7 holidays ⁴
Number of days to file a grievance	10 days *	5 days	15 days	10 days
Labor-Management Committee	None stated	None stated	None stated	None stated
Cost of living increase per each year of contract	FY 1998 - 0.0% FY 1999 - 0.0% FY 2000 - 0.0%	FY 1997 - 2.5% ⁵ FY 1998 - 3.3% ⁵ FY 1999 - 3.9% ⁵	FY 1998 - 3.0% FY 1999 - 3.0% FY 2000 - 2.5%	FY 1999 - 3.0% FY 2000 - 3.0% FY 2001 - 3.0%

Source: BEC/OEA/NEA Contract

¹ If a transportation employee has a 96% attendance rate in a quarter, they receive the following payment depending upon the quarter: first quarter (\$50), second quarter (\$50), third quarter (\$50) and fourth quarter (\$100). If all other classified employees have a 96% attendance rate in a they receive the following payments depending upon the quarter: first quarter (\$60), second quarter (\$60), third quarter (\$60) and fourth quarter (\$160). In addition, if the entire District attendance rate for transportation employees/other classified employees is 96% or higher, then every certified employee receives a \$100 bonus.

² In addition to these percentages, an employee also receives an additional payment for all sick leave days accumulated greater than 180 days. This payment shall be at 29% of those days greater than 180 days not to exceed a total of 29 days.

³ SLSD pays 14 holidays to their 11 and 12-month employees and 7 holidays to their employees who work less than 11-months.

⁴ TCSD pays 11 holidays to their 11 and 12-month employees and 7 holidays for those employees who work less than 11-months.

⁵ These percentages are for all classified employees other than transportation employees.

F3.60 The employee handbook for SLSD does not establish a probationary period that would allow the Board to determine the fitness and adaptability of any new employees hired. However, past practices between the District and classified employees describe the methods to follow for hiring and terminating of employees.

R3.21 SLSD should implement a probationary period. A probationary period allows management to determine whether a newly hired employee conforms to the requirements of the position and permits release of that employee. A performance audit conducted on Middletown-Monroe City School District indicates that they have successfully negotiated with the classified staff to establish a probationary period of 180 days. By formally implementing a probationary period to a time frame similar to the Middletown-Monroe City School District, SLSD would have additional time to assess the potential employee and enhance the ability of the board to employ qualified, dedicated and hard-working personnel.

F3.61 District practice states that formal evaluations are to be conducted annually for all classified employees. However, the superintendent indicated that they are not completed in a consistent or timely manner.

R3.22 Evaluations for all classified employees should be conducted at least once a year. Frequent evaluations are important to:

- Ensure that employees receive clear feedback on areas for improvement and to surface and document disciplinary problems
- Improve the quality of instruction provided to the students and bring about professional improvement of the employee
- Provide evidence about the quality of the employee’s professional performance
- Improve efficiency and effectiveness of the employees in carrying out the duties of their job descriptions
- Improve employee morale
- Monitor the success and progress of an employee.

F3.62 In filling all vacancies and newly created positions, the District uses qualifications as the main deciding factor. If there is more than one employee who is interested in the position, the District uses seniority as the second factor.

C3.9 Filling vacancies and newly created positions based on performance, qualifications and seniority allows the District to receive and provide the highest quality of services.

F3.63 As indicated in **Table 3-43**, the District provides all 12-month classified employees with 14 paid holidays during the year. There are approximately 36 12-month employees representing 25 custodians and 11 secretarial employees. In contrast, Salem City School District and

Tallmadge City School District each provide their 12-month classified employees with 11 paid holidays. The additional holidays that SLSD provides its employees are two additional days after New Year's Day and one additional day after Christmas day.

R3.23 The number of paid holidays provided to 12-month classified employees should be reconsidered in future negotiations. More specifically, SLSD should consider eliminating the two additional days after New Year's Day and one additional day after Christmas Day.

Financial Implication: Based upon the average yearly salaries as reported on the FY 1998-99 EMIS Staff Profile Report, SLSD could achieve an annual cost savings of approximately \$11,098 by eliminating these three additional paid holidays.

F3.64 The Fair Labor Standards Act (FLSA) sets forth the minimum wage that must be paid to employees covered by the act. In addition, it requires a premium wage (overtime) to be paid for hours worked in excess of forty during a given work week. These requirements are also reflected in Ohio law. For non-teaching employees that are covered under the FLSA, the school district is required to pay overtime for actual hours worked in excess of forty hours per week. In determining the total number of hours worked, school districts are not required to include personal leave, professional leave, compensatory leave or vacation leave used. At SLSD, the only leave which is included in the "active pay status" category for overtime calculation is holiday leave and an employee must work more than forty hours per week to receive overtime.

C3.10 By following the guidelines set forth in the FLSA and Ohio law, the District is limiting leaves that are included in the "active pay status" category. This allows the District to minimize overtime costs.

F3.65 **Table 3-43** indicates that classified employees at SLSD move through the vacation schedule much quicker than the peer districts. At SLSD, an employee will receive 15 days of vacation in the eighth year of their employment compared to Ravenna City School District and Salem City School District when an employee must wait until the ninth year. In addition, an employee moves through the remaining levels very quickly and ultimately receives 30 days of vacation per year when they are in their 27th year of employment. In comparison, the maximum vacation days at Ravenna City School District, Salem City School District and Tallmadge City School District are 25 days, 20 days and 20 days, respectively.

R3.25 The District should reassess the vacation schedule for classified employees and consider decreasing the number of vacation days allowed. Providing an excessive number of vacation days increases the amount of overtime and substitute costs and potentially decreases the productivity of District employees.

Financial Implications Summary

The following table is a summary of total increases in available general fund resources, estimated savings and estimated costs avoidances from the above recommendations. SLSD should consider the potential educational effect certain of the recommendations might cause.

Recommendation	Increases in Available General Fund Resources	Estimated Annual Cost Savings	Cost Avoidance
R3.2 Reduction in professional education staffing levels		\$110,500 - \$221,100	
R3.3 Reduction in clerical/office staffing levels		\$40,000 - \$60,000	
R3.5 Negotiation of lower cost-of-living increases			FY 2000-01: \$210,200 FY 2001-02: \$322,300 FY 2002-03: \$328,000 FY 2003-04: \$335,000
R3.7 Reduction in Certificated Sick Leave Usage		\$14,105 - \$42,315	
R3.9 Reduction in Classified Sick Leave Usage		\$20,134 - \$33,556	
R3.12 Decrease in Self-Insurance Fund Balance	FY 2000-01: \$216,000 ¹		
R3.13 Decrease in Monthly Premiums	FY 2000-01: \$54,000 FY 2001-02: \$57,000 FY 2002-03: \$60,000 FY 2003-04: \$63,000 FY 2004-05: \$66,000		
R3.14 Increasing Employee Insurance Co-Pay		\$86,572 - \$259,738	
R3.17 Repayment from SLA for use of association leave		\$650 - \$2,300	
R3.20 Reduction of Severance Pay Calculation to ORC Minimum		\$209,300	
R3.23 Reduction in Additional Paid Holidays		\$11,098	
Total	\$516,000	\$492,359 - \$839,407	\$1,195,500

¹ This is a one-time increase in general fund resources.

Conclusion Statement

Because SLSD is currently in fiscal emergency, it will be forced to make difficult decisions in order to reduce operating costs. Preliminary peer district comparisons of SLSD's staffing levels per 1,000 students enrolled reflect possible areas for reduction. In addition, prior to FY 1998-99, staffing levels (specifically the classified staffing levels) did not fluctuate in relation to the fluctuations in enrollment. When enrollment numbers decrease, the amount of state funding received also decreases. Prior to FY 1998-99, the staffing levels were increasing at a rate higher than that of enrollment. This appears to be a partial reason for the District's current financial problems. SLSD should implement procedures that would allow for the correct monitoring and reporting of staffing levels. Because SLSD may be overstaffed in multiple areas, the District should complete a comprehensive staffing analysis and consider staff reductions in those areas identified.

An analysis of the number of classes taught by teachers revealed that 83 percent of the high school teachers and 87 percent of the middle school teacher teach six periods or more per day. However, an analysis of the average salaries revealed that salaries were higher in four of the 11 classifications when compared to the peer districts and salaries in seven of the 11 classifications were higher when compared to the peer district averages. Furthermore, it appears that the District has had a historical pattern of high salaries in several classifications including teachers, office/clerical, crafts/trades and custodians. SLSD should consider reducing cost-of-living increases for all employees until the District is no longer in fiscal emergency. In addition to high wages, the District also has the highest amount of supplemental pay when compared to the peer districts. SLSD should assess the percentages that it is paying for the individual supplemental contracts in order to reduce District expenditures.

SLSD has three insurance plans with the majority of the employees enrolled in the PPO self-insurance plan. For the plan that is self-insured, the superintendent and treasurer are responsible for setting the monthly premiums. The ending balance of the self-insurance fund in FY 1998-99 was \$920,453. In comparison, the ending balance of the self-insurance funds at Salem City School District and Tallmadge City School District were \$165,805 and \$605,635 respectively. The third party administrator requires a minimum balance in the self-insurance fund of \$630,000. However, the purpose of monthly premiums are to cover the estimated costs during the month. Over-funding the self-insurance fund decreases the amount of general fund resources that can be used for other general fund expenditures. SLSD should reassess the funding levels maintained in the self-insurance fund during FY 2000-01 and decrease the monthly premiums to levels necessary to meet the estimated costs.

Some contractual provisions which provide management with flexibility to effectively manage the work force include using the TPAP program to assist teachers who have deficiencies and hiring employees based upon performance, qualifications and seniority. Contractual provisions which should be renegotiated in future contracts include limiting the number of personal days per year,

reimbursement by the union for the use of association leave by District personnel, decreasing severance payout to ORC standards, limiting the number of paid holidays provided to classified employees and implement the use of evaluations.

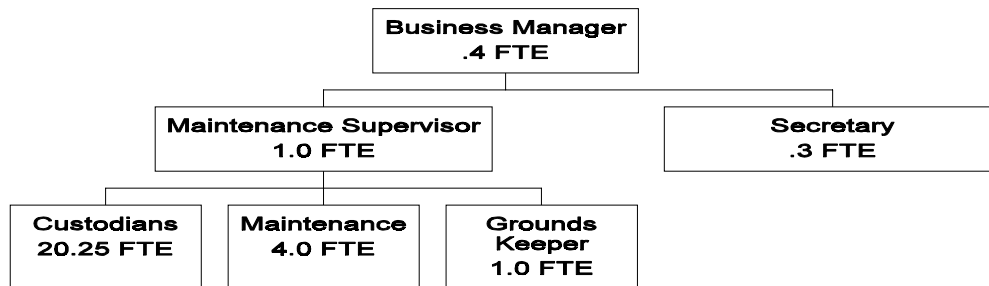
Facilities

Background

Organizational Chart

The building and grounds department is responsible for maintaining Springfield Local School District’s (SLSD) facilities. The business manager is responsible for overseeing the care of SLSD’s buildings and grounds in addition to food service and contract transportation. The maintenance supervisor is responsible for managing custodial and maintenance operations. The organizational structure and staffing levels for SLSD’s operations are depicted in the following chart.

Chart 4-1: Building and Grounds Department



Organizational Function

The maintenance and custodial staff is responsible for the operation and upkeep of the District’s buildings. The maintenance and ground crews are directly supervised by the maintenance supervisor. The maintenance supervisor shares supervisory responsibility for the custodial staff with the respective building principals. Custodial employees open and close the buildings, operate the heating systems, perform light grounds work (trimming), and provide a clean and attractive environment for the individuals who use the facilities. Maintenance employees perform limited preventive maintenance tasks, respond to work orders, perform building modifications, and ensure that buildings are well

maintained. Employees in the skilled trades classification consist of an HVAC employee, a plumber, an electrician, and a carpenter. The groundskeeper performs mowing, maintains outside athletic facilities, maintains equipment, plasters and paints building interiors, and removes snow in the winter months.

Summary of Operations

The building and grounds department maintains ten sites in the district: eight schools, one transportation/maintenance facility, and one administrative building. For purposes of this report, the transportation/maintenance facility and the administrative building have been excluded from custodial square footage calculations as the custodians are not responsible for cleaning these areas. The transportation/maintenance facility and the administration building receive minimal cleaning by one of the maintenance employees when time permits. The district has one elementary school building which was closed in FY 1992-93 and is not included in the facility count or square footage calculations. For the purpose of this report, the two high school buildings which are connected by an enclosed concourse are treated as one facility.

The building and grounds department is managed by the maintenance supervisor. His responsibilities include managing custodial and maintenance operations; ordering general materials and supplies; monitoring the budget; establishing and recommending priorities on repair projects; recommending appropriate contractors; consulting with building principals on issues of building maintenance and building security; performing staff evaluations and maintaining a variety of personnel and maintenance records. The maintenance supervisor shares responsibilities with the building principals for the supervision of custodial staff. Custodial evaluations, when performed, are completed by the building principal with a secondary review performed by the maintenance supervisor. The maintenance supervisor is supported by the business manager (.4 FTE) and a secretary (.3 FTE).

SLSD assigns building custodians to specific buildings, while the maintenance staff and grounds staff operate as mobile crews traveling from building to building. Building custodians open, clean and monitor the facilities and perform light maintenance duties. The District requires custodians have a low-pressure boiler operator's license because management believes it provides flexibility in determining work assignments. The District pays \$416 annually to each custodian possessing a low-pressure boiler operator's license. The building custodians are supervised by the maintenance supervisor and their respective building principals. SLSD employs a minimum of one head custodian (day custodian) and one part-time custodian (night custodian) per building.

The maintenance staff consist of four maintenance employees who are responsible for completing repairs and preventive maintenance tasks for the District's facilities. The groundskeeper maintains approximately 90 acres including the stadium complex. The building custodians are responsible for light mowing and hedge trimming while the groundskeeper handles the mechanized mowing and some snow removal.

Staffing

The buildings and grounds department consists of 30 employees, which equates to 26.95 full-time equivalents (FTEs). The administrative group consists of three employees which equates to 1.7 FTEs. The maintenance staff consists of five full-time employees which includes one groundskeeper and four tradesmen. The custodial staff consists of 22 employees which equates to 20.25 FTEs. Included in the custodial category are four staff members who perform other responsibilities and work four to five hours per day as custodians. The staffing levels are shown in **Table 4-1**.

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

Classification	Admin. Office	Mobile Crew	School Based	Total	Actual FTEs
Business Manager	1	-	-	1	.4
Secretary	1	-	-	1	.3
Maintenance Supervisor	1	-	-	1	1.0
Total Administration	3	-	-	3	1.7
Grounds Keepers	-	1	-	1	1.0
Maintenance	-	4	-	4	4.0
Total Maintenance and Grounds	-	5	0	5	5.0
Lead Custodians	-	-	8	8	8.0
Custodians	-	-	14	14	12.25
Total Custodial	-	-	22	22	20.25
Total	3	5	22	30	26.95

Source: SLSD's Business Manager

Key Statistics

Key statistics related to the maintenance and operation of SLSD's facilities are presented in **Table 4-2**. In addition, results from the 2000 American Schools and Universities (AS&U) Maintenance & Operations Cost Study are included in the table and throughout this section. The AS&U study surveyed schools across the country to gather information about their staffing levels, expenditures and salaries for maintenance and custodial operations. Overall, the AS&U study found that, "current attention being focused on the deteriorating conditions of America's school facilities has put the spotlight on past practices that have contributed to the present dilemma. Although poor design and construction decisions made in the 1960's and early 1970's by many school districts that wanted to get buildings up 'fast and cheap' to meet burgeoning enrollments are the primary culprit, decades of deferred maintenance, insufficient building upkeep procedures, and years of siphoning dollars from maintenance budgets have significantly contributed to the current condition." In the study, Region 5 includes the states of Ohio, Indiana, Illinois, Michigan, Minnesota and Wisconsin.

Ravenna, Salem, and Tallmadge City School Districts have been identified as the peer group for Springfield Local School District. Unless otherwise noted, the peer district averages in **Table 4-2** and all other tables in this section include statistics for Springfield.

Table 4-2: Indicators

Number of Sites	10
- Elementary Schools	6
- Middle Schools	1
- High School	1
- Transportation/Maintenance Facility	1
- Administrative and Other	1
Total Square Feet Maintained	494,151
- Elementary Schools	207,411
- Middle Schools	62,570
- High School	192,970
- Transportation Facility	25,000
- Administrative and Other	6,200
Square Feet Per Custodial Staff Member (20.25)	22,862
- Elementary Schools	17,652
- Middle Schools	25,028
- High School	26,325
-Administrative and Other	n/a
AS&U Cost Study Region 5 Average	24,861
AS&U Cost Study National Average	21,156
Peer District Average	20,118
SLSD Square Feet Per Tradesman/Maintenance Employee (4)	123,538
AS&U Cost Study Region 5 Average	106,691
AS&U Cost Study National Average	87,500
Peer District Average	121,845
1998-99 Facilities Expenditures Per Square Foot	\$4.29
- Custodial	\$2.38
- Maintenance	\$.88
- Utilities	\$1.03
AS&U Cost Study Region 5 Average	\$4.03
AS&U Cost Study National Average	\$3.72
Peer District Average	\$3.98
1998-99 Facilities Expenditures as a % of Total SLSD General Fund Expenditure	10.6%
AS&U Cost Study Region 5 Average	9.2%
Peer District Average	10.6%

Source: Treasurer's office; director of business affairs; peer districts; 2000 AS&U Maintenance & Operations Cost Study

Note: Transportation/Maintenance Facility, Administration and other are cleaned by maintenance employees. The custodial staff is responsible for maintaining 462,951 total square feet. The transportation facility (25,000 square feet) and administration building (6,200 square feet) have been omitted from the total square footage maintained by the custodial staff.

Note: Milroy Elementary School (27,016 square feet) was closed in FY 1992-93 but is routinely inspected by the maintenance staff. Milroy Elementary School is not included in any of the square footage calculations.

Financial Data

Actual expenditures for the maintenance and operation of SLSD's facilities for FY 1997-98 and FY 1998-99 and the budgeted expenditures for FY 1999-00 are shown in **Tables 4-3** and **4-4**.

Table 4-3: Maintenance and Operations Expenditures: FY 1997-98 vs FY 1998-99

Accounts	FY 1998-99 Maintenance Expenditures	FY 1998-99 Operations Expenditures ¹	FY 1998-99 Total	FY 1997-98 Total	Difference	Percentage Change
Salaries	\$217,022	\$690,860	\$907,882	\$872,672	\$35,210	4.0%
Benefits	\$88,851	\$277,476	\$366,327	\$314,698	\$51,629	16.4%
Purchased Services	\$51,452	\$164,321	\$215,773	\$227,203	(\$11,430)	(5.0)%
Utilities	\$0	\$508,876	\$508,876	\$577,423	(\$68,547)	(11.9)%
Supplies/ Materials	\$76,398	\$41,145	\$117,543	\$183,786	(\$66,243)	(36.0)%
Capital Outlay	\$0	\$0	\$0	\$0	\$0	0.0%
Other	\$0	\$2,617	\$2,617	\$3,926	(\$1,309)	(33.3)%
Total	\$433,723	\$1,685,295	\$2,119,018	\$2,179,708	(\$60,690)	(2.8)%

Source: SLSD treasurer's office

¹ Operations includes custodial employees.

Table 4-4: Maintenance and Operations Expenditures: FY 1998-99 vs FY 1999-00

Accounts	FY 1999-00 Budgeted Maintenance Expenditures	FY 1999-00 Budgeted Operations Expenditures ¹	FY 1999-00 Budgeted Totals	FY 1998-99 Actual Total	Difference	Percentage Change
Salaries	\$226,084	\$679,970	\$906,054	\$907,882	(\$1,828)	(0.2)%
Benefits	\$91,043	\$249,065	\$340,108	\$366,327	(\$26,219)	(7.2)%
Purchased Services	\$159,195	\$60,945	\$220,140	\$215,773	\$4,367	2.0%
Utilities	\$0	\$571,304	\$571,304	\$508,876	\$62,428	12.3%
Supplies/ Materials	\$100,700	\$43,100	\$143,800	\$117,543	\$26,257	22.3%
Capital Outlay	\$0	\$0	\$0	\$0	\$0	0.0%
Other	\$0	\$4,000	\$4,000	\$2,617	\$1,383	52.8%
Total	\$577,022	\$1,608,384	\$2,185,406	\$2,119,018	\$66,388	3.1%

Source: SLSD treasurer's office

¹ Operations includes custodial employees.

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

- *The increase in benefits for FY 1998-99 and decrease in benefits for FY 1999-00 budget:* According to the treasurer, the increase in benefits costs in FY 1998-99 reflects the timing of employee retirement benefits expenditures. Expenditures for anticipated employee retirement benefit costs are withheld from the state foundation grant based on the treasurer's anticipated salary expenditures for that period. At year end, there is an adjustment of the anticipated employee retirement benefit costs to actual employee retirement benefit costs.
- *The decrease in utilities for FY 1998-99 and increase in utilities for FY 1999-00 budget:* The decrease in actual utility costs from FY 1997-98 to FY 1998-99 is the result of energy purchasing agreements that allowed the District to purchase utilities at significant discounts. (see **F4.44** and **F4.45**) The treasurer states that she conservatively budgeted utility costs for 1999-00 based upon actual financial data from FY 1997-98.
- *The decrease in supplies/materials for FY 1998-99 and increase in supplies-materials for FY 1999-00 budget:* Maintenance supplies and materials are purchased from either general fund revenues or permanent improvement revenues depending upon revenue availability. The treasurer states that she conservatively budgets supplies and material costs for FY 1999-00 based upon actual financial data from FY 1997-98.

For an explanation of the District's budgeting process, see the **Financial Systems** section of this report.

Table 4-5 presents a comparison of the operations and maintenance staffs at SLSD and its peer districts. Since each district's operations and maintenance departments are structured differently, this analysis includes all staff members that perform the same functions as those performed at Springfield Local School District.

Table 4-5: Comparison of Facilities Divisions: Maintenance and Custodial Services

Size	Springfield	Ravenna	Salem	Tallmadge
Number of Sites	10	11	7	8
Building Sq. Feet:				
Maintained by Custodians	462,951 ¹	418,400	438,451	344,300
Maintained by Tradesmen	494,151	429,125	478,451	363,860

Position by FTE

Administration	1.70	.25	1.0	1.3 ³
Maintenance Tradesmen	4.00	3.5	5.0	2.5
Grounds Workers	1.00	0	0	.5
Custodians/Laborers	20.25	24	23.5 ²	16.0
Total	26.95	27.75	29.52	20.33

Comparison

Sq.Ft. Per Custodial Staff	22,862	17,433	18,657	21,519
Sq.Ft. Per Tradesman	123,538	122,607	95,691	145,624
Average Base Custodial Salary	\$28,242	\$23,520	\$21,133	\$23,826
Average Base Tradesmen Salary	\$32,873	\$31,243	\$27,300	\$31,692

Characteristics

Average Age of School Buildings	53	52	66	50
Square Miles in District	21	25	18	14
Preventive Maintenance	Limited	Yes	Comprehensive	Limited
Use of Deregulated (Self-Help) Gas	Yes	Yes	Yes	No
Use of Energy Savings Program	Yes	Yes	No	No
Use of Temporary Employees or Outside Contractors	Yes	Yes	Yes	Yes
Mobile Grounds Crew	Yes	No	No	Yes
Weekend Inspections	Limited	No	Limited	Yes

Sources: Business office; treasurer's office; peer districts

¹ Milroy Elementary School was closed in FY 1992-93 and is routinely inspected by maintenance department. The square footage of 27,016 was not used in the square footage calculations.

² Salem City School District has one custodian who cleans the administration building and warehouse and one custodian who cleans the stadium.

³ The Tallmadge City School District administration is made up of .8 FTE Business Manager and .5 FTE clerical.

Performance Measures

The following is a list of performance measures used in the analysis of SLSD's facilities operations:

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

Findings/Commendations/Recommendations

Staffing and Compensation

F4.1 SLSD custodians are responsible for cleaning the District's facilities and are supervised by both the building principals and the maintenance supervisor of buildings and grounds. Each school is assigned at least one head custodian (day custodian) and one custodian (night custodian). At SLSD, the head custodian is responsible for boiler maintenance and operation, cafeteria duty, minor cleaning and maintenance, monitoring cleaning and paper supplies inventory, and routine inspections. The custodian is responsible for a thorough cleaning of all areas of the facility, securing the building at night, providing special set-ups and tear downs for special events or activities, and monitoring after-hour group activities. To provide the District with scheduling flexibility, all custodians are required to have a low pressure stationary boiler operator's license. To encourage custodians to acquire an operator's license, the District pays the testing fee and annually compensates each license holder an additional \$416. The following is a brief description of the responsibilities of the head custodian and the custodian according to their job descriptions which were last updated in March 1996.

- *Head Custodian* - The head custodian is responsible for the overall building operations. Tasks performed include maintaining an adequate inventory of cleaning and consumable supplies, maintaining proper records of scheduled preventive maintenance, performing minor maintenance repairs, cleaning kitchen and cafeteria areas, reporting damage or unsafe conditions to appropriate personnel, and performing light cleaning where required. The base salary for a head custodian with no years of service was \$25,171 for FY 1998-99.
- *Custodian* - The custodian is responsible for major cleaning of classrooms, restrooms, offices, common areas and for securing the building. The base salary for a custodian with no years of service was \$23,525 for FY 1998-99.

F4.2 **Table 4-6** shows the average square footage per custodial employee for SLSD, the peer districts and the AS&U Region 5 average. SLSD's custodial staffing level results in one FTE custodian for every 22,862 square feet. The non-certified staff work under the terms and conditions of a Collective Bargaining Agreement which expired August 31, 1996 and a resolution referred to as the "Employee Handbook." The handbook does not make reference to duties or cleaning areas for custodians and, therefore, does not limit or constrain the district in assigning square footage to custodians.

Table 4-6: FY 1997-98 Square Footage per Custodial Employee

Springfield Local School District	22,862
Peer Districts:	
-Ravenna	17,433
-Salem	18,657
-Tallmadge	21,519
Peer District Average	20,118
Difference	2,744
AS&U Region 5 Average	24,861
Difference	(1,999)

Sources: Custodial and maintenance departments; peer districts

F4.3 As indicated in **Table 4-6**, SLSD custodial staff are responsible for 22,862 square feet or 14 percent more per custodian than the peer district average and approximately 2,000 square feet or eight percent less per custodian than the AS&U Region 5 average. Factors contributing to SLSD's high square footage maintained include limited use of carpeting in the buildings, expansive areas in the high school (auditorium, natatorium, gymnasium, and a shop area used for storage), and the pride and ownership custodians demonstrate toward their work assignments.

F4.4 **Table 4-7** compares the peer districts' school facilities and cleaning staffs to those of SLSD.

Table 4-7: Comparison of School Facilities and Cleaning Staffs (FTEs)

	Springfield ¹	Ravenna ²	Salem ³	Tallmadge	Peer Average	Difference Between SLSD and Peer Average
Elementary Buildings	6	6	4	3	5	1
Total Sq. Footage	207,411	190,200	170,501	123,000	172,778	34,633
Sq. Footage per Building	34,569	31,700	42,625	41,000	37,473	(2,905)
Number of Custodians	11.75	11.5	11	6	10.06	1.69
Sq. Footage Per Custodian	17,652	16,539	15,500	20,500	17,548	104
Middle School Buildings	1	1	1	1	1	0
Total Sq. Footage	62,570	90,100	80,100	113,300	86,518	(23,948)
Sq. Footage per Building	62,570	90,100	80,100	113,300	86,518	(23,948)
Number of Custodians	2.5	5	4	4.5	4	(2)
Sq. Footage Per Custodian	25,028	18,020	20,025	25,178	22,063	2,965
High School Buildings	1	1	1	1	1	0
Total Sq. Footage	192,970	136,000	171,100	108,000	152,018	40,953
Sq. Footage per Building	192,970	136,000	171,100	108,000	152,018	40,953
Number of Custodians	6	7.5	7	5.5	7	(1)
Sq. Footage Per Custodian	32,162	18,133	24,443	19,636	23,594	8,568
Administrative Buildings	1	1	1	1	1	0
Total Sq. Footage	6,200	2,100	16,750	2,960	7,003	(803)
Sq. Footage per Building	6,200	2,100	16,750	2,960	7,003	(803)
Number of Custodians	n/a	n/a	1.5	n/a	0	0
Sq. Footage Per Custodian	n/a	n/a	11,167	n/a	11,167	(11,167)
Total Sq. for All Buildings	462,951	418,400	438,451	344,300	416,026	46,925
Total Custodial Staff	20.25	24	23.5	16	20.94	(0.69)
Sq. Footage per Custodian	22,862	17,433	18,657	21,519	20,118	2,744

Sources: SLSD business office; peer district custodial supervisors

¹ The custodial staff is responsible for maintaining 462,951 square feet. The transportation/maintenance facility (25,000 square feet) and the administration building (6,200 square feet) have been omitted from the total square footage maintained by the custodial staff. Milroy School Building (27,016 square feet) was closed in FY 1992-93 and is not included in any of the square footage calculations.

² The Ravenna CSD administrative building is maintained by the high school custodian. The maintenance facility (8,700 square feet) and bus garage (2,025 square feet) are maintained by the courier.

³ The Salem CSD administration building day custodian also cleans the warehouse. There is an additional custodian who cleans the stadium.

F4.5 Overall, SLSD has been reasonably effective in its staffing of custodial personnel. However, as shown in **Table 4-7**, square footage per custodian at the elementary schools is significantly lower than at the remainder of the facilities. Elementary custodians are responsible for only 17,652 square feet per custodian compared to 25,028 square feet at the middle school, 32,162 square feet at the high school, and an average of 22,862 square feet per custodian in all facilities.

R4.1 SLSD should review custodial staffing at the elementary schools. If the District was able to increase the square footage per custodian at the elementary level from its present 17,652 square feet to the District average of 22,862 square feet, a reduction of two positions would be possible. Under such a scenario, each elementary school would continue to have one full-time custodian and the remaining personnel could be reallocated to best meet the needs of the larger schools.

Financial Implication: The average salary of custodians in SLSD is \$28,242. Assuming that fringe benefits are approximately 30 percent of salaries, a reduction of two custodial positions would result in savings of approximately \$73,400.

F4.6 SLSD custodial employees receive limited in-service training. Since there is limited custodial turnover and limited financial resources, much of their training consists of on the job training. Neither the employee handbook nor the district policy specifies training requirements.

R4.2 SLSD should establish and document specific training requirements by position, including new employee training and the frequency and types of ongoing training. Initial training efforts should be tailored to the needs of the current custodial staff through a survey of employee needs. Of particular importance is routine training in the use and storage of hazardous cleaning materials. Training would allow the District to customize the skills of custodial employees and, through the development of specific skills, allow the district to complete some repairs and permanent improvements at a lower cost when compared to contracted services.

In addition, the District should develop a maintenance manual which outlines daily, weekly, monthly, seasonal and annual tasks to be performed by the custodial staff. Such a maintenance manual would provide a check list of tasks to be performed and inspections to be made. Of particular importance would be the routine inspection and maintenance of electrical, plumbing, heating, emergency lighting and fire suppression systems.

Financial Implication: The cost to develop a training program should be minimal. Many of the cleaning supply vendors provide training on the use of their products through on-site programs and video tapes. The cost of implementing a training program will vary based on the training provider, and the frequency, length and quality of the program. Using \$200 to \$250 as an estimate of the training cost per person, the annual cost to train custodial staff would be approximately \$4,400 to \$5,500.

F4.7 The District requires its custodians to attain a low-pressure boiler operator's license. In addition, the District pays for the training and provides \$416 additional annual compensation for those custodians having the appropriate license. The District requires custodians have a low-pressure boiler operator's license because management believes it provide flexibility in determining work assignments.

R4.3 The District should consider eliminating the \$416 annual payment to those custodians possessing a low-pressure boiler license. During FY 1998-99, the District paid 14 custodial employees \$5,824 for possessing a low-pressure boiler license. Possessing a low-pressure boiler license should be a condition of employment and not a source of additional compensation. By eliminating the \$416 additional annual compensation for a low-pressure boiler license, the District could reduce its custodial costs.

Financial Implication: The savings generated by eliminating the annual compensation paid to a custodian for a low-pressure boiler license could save the District approximately \$7,600 in salary and benefits calculated at 30 percent.

F4.8 **Table 4-8** shows the average base salary for SLSD's custodians for FY 1998-99 as well as their average gross wages for 1998 from the District's W-2 pay records. The base salary weighted average for the custodians is \$28,242 as reported by the District. The weighted average gross salary is \$30,065, or 6.5 percent higher than the weighted average base salary. The difference is due to overtime, licenses and calamity day compensation. The table also shows the average base salary and gross wages for the peer districts and the AS&U Region 5 average.

Table 4-8: Custodial Salaries

Position	FY 1998-99 Average Base Salary	1999 Average Gross Wages	Difference as a Percentage of Base Salary
Custodian	28,242	30,065	6.5%
SLSD Weighted Average	28,242	30,065	6.5%
Peer Districts:			
-Ravenna	23,520	24,845	5.6%
-Salem	21,133	22,096	4.6%
-Tallmadge	23,826	29,281	22.7%
Peer District Average	24,180	26,572	9.9%
Difference	\$4,062	\$3,493	N/A
AS&U Region 5 Average	\$24,690	N/A	N/A
Difference	\$3,552	N/A	N/A

Sources: SLSD treasurer's office; payroll department; peer districts

SLSD's custodial base salary is the highest of the peer districts. The higher average base salary is due in part to a more generous salary schedule relative to the peers and to employee longevity. The average SLSD custodian has ten years of service, and five of the 18 full-time custodians are at the top of the salary schedule. See the **Human Resource** section of this report (**R3.3**) for a full discussion of salaries.

F4.9 **Table 4-9** compares SLSD's custodial overtime expenditures to its peers for FY 1998-99. The District's personnel policies require all overtime be pre-approved by supervisory personnel. Such personnel policies, budgetary controls, and strict monitoring of overtime are designed to eliminate abuse of overtime. While SLSD is second highest among the peers in overtime costs per full-time custodian with expenditures of \$33,909, approximately \$21,000 was reimbursed from fees for a weekly church rental and other auditorium rentals.

Table 4-9: FY 1998-99 Custodial Overtime Expenditures by District

District	Number of Full-Time Custodians	Total Operations Salaries	Total Custodial Overtime	Amount of Overtime per Full-Time Custodian	Overtime as a Percentage of Total Salaries
Springfield ¹	19.75	\$467,642	\$33,909	\$1,717	7.3%
Ravenna	24	\$596,280	\$19,115	\$796	3.2%
Salem	24	\$511,042	\$22,272	\$928	4.4%
Tallmadge	16	\$381,758	\$86,730	\$5,421	22.7%

Sources: Treasurer's office; peer districts

¹ SLSD had a reporting error of \$22,811 for regular salaries reported as overtime compensation. The table reflects corrected amounts.

Note: A full time .5 FTE custodian was on disability leave during FY 1998-99 and received no salary or overtime. A part-time substitute custodian performed the tasks and was paid from a different object code.

Note: Overtime costs at the high school were offset by a reimbursement of \$17,628 from a church that uses the facility on Sundays. Other reimbursements amounted to \$3,700.

With the adoption of the FY 1999-00 appropriations, the District eliminated much of the non-reimbursed, after hours use of facilities by outside groups. The business manager indicates that overtime compensation has been reduced by \$3,000 when compared to a like period in FY 1998-99.

F4.10 **Table 4-10** shows the average square footage each maintenance employee was responsible for maintaining in FY 1998-99. Although the groundskeeper does limited building maintenance, he was omitted from the building square footage calculations because the majority of his time is devoted to grounds maintenance. In SLSD, each tradesman was responsible for maintaining 123,538 square feet which was slightly above the peer district average and 1,693 square feet more than the AS&U Region 5 average. These differences are shown below.

Table 4-10: FY 1998-99 Square Footage per Maintenance Employee

Springfield Local School District	123,538
Peer Districts:	
-Ravenna	122,607
-Salem	95,691
-Tallmadge	145,544
Average for Peer Districts	121,845
Difference	1,693
AS&U Region 5 Average	106,691
Difference	16,847

Sources: Building and grounds department; 2000 AS&U Maintenance & Operations Cost Study

F4.11 The average square footage serviced per maintenance employee at SLSD is 123,538 square feet. This average area compares favorably with the peer average of 121,845 square feet and the AS&U average square footage of 106,691. Factors contributing to SLSD's higher square footage maintained is the assignment of minor repairs to custodial staff and the limited use of the groundskeeper to do plastering and painting.

F4.12 SLSD employs one groundskeeper who is responsible for mechanized mowing and maintenance of outside athletic facilities, maintenance of small equipment and limited painting and plastering. According to the 2000 AS&U Maintenance and Operations Cost Study, grounds workers in Region 5 are responsible for an average of 60 acres per grounds worker. The SLSD groundskeeper is currently responsible for the maintenance of 90.4 acres, or 50 percent more than the AS&U average. Custodians are responsible for light mowing and hedge trimming around their buildings and the maintenance staff assists with mowing when time permits.

C4.1 The average square footage serviced per maintenance employee is approximately 1,700 square feet more than the peer average of 121,845 square feet and approximately 17,000 square feet more than the AS&U average of 106,691 square feet. In addition, the groundskeeper is maintaining approximately 30 acres more than the AS&U average of 60 acres.

F4.13 The District uses a daily work order form to report problems to the maintenance supervisor. The work order can be initiated by a teacher, the building custodian or the building principal. In all cases, the work order must be approved by the building principal. The completed work orders are forwarded to the business manager and the maintenance supervisor who prioritize

the jobs and enter the jobs on an electronic spreadsheet which summarizes the status of all open jobs. The maintenance supervisor then makes daily assignments of jobs to the maintenance staff. The maintenance staff report the job status using a spiral bound note pad.

F4.14 The building principal and building custodian complete annual building inspections and prepare a form called a “Check Sheet for Repair and Maintenance Needs.” The check sheet identifies the building, the date and lists a wide variety of fixtures and building components that may be in need of repair. This check sheet serves as the basis for the summer maintenance jobs.

C4.2 The District maintains an electronic spreadsheet of all work orders. The spreadsheet identifies the date the work order was initiated, the facility, who initiated the work order, description of the problem and the current status of the job. The maintenance list is periodically distributed to building principals and central administrators. The periodic distribution of the maintenance list enhances communication between the maintenance department and the operational units.

R4.4 The district should consider purchasing a comprehensive automated work order system. A comprehensive system would allow the district to track work orders, material use figures, personnel information, and productivity statistics with relative ease. Such a system would be less time consuming than the development of an in-house work order tracking database, as planned by the administrative assistant of buildings and grounds.

Using accurate cost data and time-to-completion information will result in improved resource allocation. The department would be able to track the status of outstanding work orders, monitor open work orders, forecast workload and staffing needs, and analyze the cost to complete the work. The information provided by the comprehensive work order system would be useful in budgeting and capital planning. The work order system should be used to track material and labor costs and the actual time used to complete work orders in order to better monitor maintenance staff productivity.

The maintenance supervisor could cross reference work orders produced by the comprehensive work order system with maintenance employee daily work logs. Through cross referencing work orders with the daily work log, the maintenance supervisor would be able to do the following:

- Monitor and confirm the completion of work orders
- Check the length of time required for work order completion
- Ensure that maintenance employees are working the entirety of their shift
- Supervise field employees more closely

Financial Implication: The cost of a comprehensive facility management system which provides modules for tracking work orders, utility costs, preventative maintenance, employee time, key and lock management, and a facility database is approximately \$5,000 to \$15,000.

F4.15 **Table 4-11** shows the average base salary for SLSD's maintenance staff for FY 1998-99 as well as the staff's average gross wages for 1998 from the District's W-2 pay records. The weighted average base salary for maintenance workers was \$33,195. The gross wages weighted average was \$35,440, which was approximately 6.8 percent higher than the base salary weighted average. The table also shows the average base salary and gross wages for the peer districts and the AS&U Region 5 average.

Table 4-11: Maintenance Department Salaries

Position	FY 1998-99 Average Base Salary	1999 Average Gross Wages	Difference as a Percentage of Base Salary
Grounds	\$34,482	\$38,742	12.4%
Maintenance	\$32,873	\$34,614	5.3%
SLSD Weighted Average	\$33,195	\$35,440	6.8%
Peer Districts:			
-Ravenna	\$31,243	\$33,926	8.6%
-Salem	\$27,300	\$28,126	3.0%
-Tallmadge	\$31,692	\$34,105	7.6%
Peer District Average	\$30,858	\$32,899	6.6%
Difference	\$2,337	\$2,541	N/A
AS&U Region 5 Average	\$29,744	N/A	N/A
Difference	\$3,451	N/A	N/A

Sources: SLSD treasurer's office; payroll department; peer districts

SLSD's base maintenance salary is the highest of the peers. In addition, building checks and emergency repairs have contributed to the District's gross maintenance salaries being the highest of the peer districts. The majority of overtime was accrued by the groundskeeper and can be attributed to maintenance of athletic fields. The groundskeeper's gross wage was approximately 1.12 times his base salary for FY 1998-99. See the **Human Resource** section of this report for a full discussion of salaries. (See **R3.3**)

F4.16 District records for FY 1998-99 show maintenance and grounds employees were paid on average approximately \$1,858 in overtime per employee. Maintenance and grounds employees are paid overtime for all hours worked in excess of a 40 hours work week. The maintenance employees usually accrue overtime for emergency repairs, building checks, and snow removal before the school day.

District personnel policies require all overtime be pre-approved by supervisory personnel. Such personnel policies, budgetary controls, and strict monitoring of overtime are designed to eliminate abuse of overtime.

F4.17 **Table 4-12** contains overtime expenditures for SLSD and the peer districts for FY 1998-99. SLSD's overtime was 6.6 percent of salaries and compared favorably with its peers.

Table 4-12: FY 1998-99 Maintenance Overtime Expenditures by District

District	Number of Full-Time Tradesmen	Total Maintenance Salaries	Total Maintenance Overtime	Amount of Overtime per Full-Time Tradesmen	Overtime as a Percentage of Salaries
Springfield ¹	5	\$140,432	\$9,290	\$1,858	6.6%
Ravenna	3.5	\$109,352	\$9,389	\$2,683	8.6%
Salem	5	\$136,499	\$3,879	\$776	2.8%
Tallmadge	3	\$95,077	\$21,042	\$7,014	22.1%

Sources: Treasurer's office; peer districts

¹ The total includes 4 maintenance employees and 1 grounds employees.

Much of the overtime accrued by the groundskeeper is for the maintenance of the District's athletic facilities. The groundskeeper is the District's site manager for weekend athletic events. The athletic facilities are also made available to the local athletic league free of charge during the summer season.

R4.5 The District should closely monitor the use of maintenance overtime to better control costs. Further, the District should establish a fee schedule for the use of its athletic facilities by outside groups to control overtime costs for the grounds keeper. Maintenance overtime should be limited to emergency work and work which is reimbursed by outside groups for the use of the facilities and the grounds keeper's time.

Financial Implication: Establishment of a fee schedule based on actual costs should allow the District to properly allocate facility costs to outside user groups. Since most maintenance overtime is attributable to the grounds keeper for maintenance of the athletic fields, the collection of fees should reduce actual costs to the District and bring them more in line with the remainder of the maintenance staff for a savings of approximately \$2,000.

Contractual Issues

F4.18 The following table compares selected SLSD contractual issues and practices to the peer districts.

Table 4-13: Comparison of Contractual Issues and District Practices

Issue	Springfield	Ravenna	Salem	Tallmadge
Length of Scheduled Work Day	8.5 Hrs.	8.5 Hrs.	8.5 Hrs.	8.5 Hrs.
Actual Work Time	8.0 Hrs.	8.0 Hrs.	8.0 Hrs.	8.0 Hrs.
Staffing Level Determination	The district	The district	The district	The district
Calamity Day Work Requirement	Head custodian only for building inspection, no additional compensation	Not required to work	Custodians report to work unless notified not to report to work	Custodians are compensated but do not work on calamity days
Compensation for Working on a Calamity Day	If requested to work, additional compensation is paid at straight time rate	If requested to work, employee shall be paid time and one-half for calamity hours worked in addition to calamity day pay	Custodians required to work shall be paid at two time their straight time rate	If requested to work, additional compensation is paid at twice the straight time rate.
Use of Custodial Substitutes	Yes, when required	Yes, when required. Permanent substitute for not more than 30 days	Yes, when required	Yes, when available
Minimum Call-In Pay	Two hours compensation at straight time rate	Two hours compensation at straight time rate	Two hours compensation at straight time rate	Not specified in contract
Evaluation Process and Frequency	Employees are to be evaluated annually by their immediate supervisor or when a supervisor feels the quality of an employee's work falls below expected standards.	Evaluations shall be completed at least once annually by the employee's immediate supervisor (s) having administrative authority/certifications	Not specified in contract	Custodians are evaluated annually by the building principal and reviewed by the business manager. Maintenance workers are evaluated by business manager. Copies of annual evaluations are filed with the Civil Service Commission.
Basis For Promotion	Custodian position will be filled first by qualified internal applicants. Seniority will be considered as part of the criteria for final selection. A written test and a performance test are used in the selection of maintenance workers.	Position will be filled first by applicant within classification. Seniority will be considered as part of the criteria for final selection	Position will be filled first by qualified internal applicants. Seniority will be considered as part of the criteria for final selection. Head custodian must have a low pressure boiler operators license.	Position will be filled first by internal applicants in the classification from the eligibility list provided by the Civil Service Commission
Ability to Subcontract	Not specified in contract	Not specified in contract	Not specified in contract.	Not specified in contract

Source: District labor agreements

Note: SLSD has a "Employee Handbook" which serves as a contract. The handbook references board resolutions, state statutes and selected provisions of federal law which govern the working conditions of employees. While no current contract exists, the previous contract is said to apply.

F4.19 Non-certified staff are represented by the Ohio Association of Public Employees, Local 179. The collective bargaining agreement, which expired August 31, 1996, was not replaced with a new formal collective bargaining agreement. The agreement proposed by the Board was rejected by the bargaining unit. However, the bargaining unit expressed its membership's desire to continue working for the Board under the statutory provisions of ORC § 3319.081.

Non-certified employees currently work under the statutory provisions of ORC § 3319.081, the terms and conditions of the collective bargaining agreement which expired in August 1996, and a Board resolution referred to as "Employee Handbook." The employee handbook contains salary schedules, benefits, and makes reference to employee rights by reference to specific ORC sections.

F4.20 The District pays overtime at one and one half times the regular hourly rate after a 40-hour work week. An employee required to work on a calamity day is paid at straight time rate provided the employee has not worked more than 40 hours in the current week. While the employee may be paid for not working a calamity day, personal day, vacation day, or sick day; the employee receives overtime compensation only after actually working 40 hours in a given week.

C4.3 SLSD limits overtime payment to time worked in excess of a 40 hour work week. By limiting overtime to hours in excess of a 40 hour work week, employees may work beyond the normal eight hour work day to complete a task without the District incurring the additional costs of overtime.

F4.21 Most head custodians are on the job by the time a calamity day is declared. Once the calamity day is declared, the head custodians complete their inspection of the facility and leave the building. The head custodian receives no additional compensation unless expressly called into work.

F4.22 Current District call in and calamity day policies do not allow opportunities for additional maintenance and repair work during hours when the district's buildings are unoccupied. Custodial and maintenance employees are guaranteed two hours of work when called in for emergencies or after the end of their normal work day. Although two hours of pay is reasonable for emergency call-ins, the District could not demonstrate that employees were required to work for the entire two hours.

R4.6 The District should ensure that employees called into work after normal work hours perform at least a full two hours of work. Also, the District should seek to change the calamity day policy to make it a regular work day for maintenance and custodial employees. When employees are called into work after the end of the normal work day or for emergency repairs,

the District should ensure that during the call in period, the employee performs two full hours of work. The maintenance supervisor or his designee should have available necessary or preventative maintenance tasks that might be completed during the call in period.

By changing calamity days to regular work days for maintenance and custodial employees, the buildings and grounds department workers will be able to perform preventive maintenance and repairs with greater work efficiency and productivity. Several critical tasks, such as boiler repair and maintenance, could be performed on calamity days during periods when the buildings are not occupied by students and teachers. Additional repair work during each call in period and during District calamity days could markedly improve the condition of the buildings.

F4.23 Current job descriptions require the custodian to report to the building principal and the maintenance supervisor. Job descriptions primarily list the various tasks to be performed by the person holding the position.

R4.7 The District should more clearly define and communicate the reporting relationship for custodians. Currently, custodians report to the building principal and the maintenance supervisor. Having two superiors can cause confusion as to which supervisor has ultimate authority and responsibility for the tasks performed by the custodian. A well-defined reporting relationship should also clarify who is responsible for the custodians' evaluations.

F4.24 None of the District's job descriptions make reference to performance evaluations for facilities personnel. While the handbook does not make reference to employee performance evaluations, past practices and the previously negotiated agreement address the issue. The previous contract required custodians to be evaluated annually. Under the current process, the responsibility for custodian performance evaluations is not clearly defined. Some building principals report completing custodial performance evaluations on an annual basis. However, some custodian's report that they have not received a performance evaluation in recent years.

F4.25 The District has a "Support Staff Employee Evaluation" form. The form has three rating categories: less than standard, meets standard, and exceeds standards. The four broad categories of evaluation are: productivity and efficiency of work, work habits, personal characteristics/qualities and professional qualities. The form also provides for comment by category, overall comment and signatures of employee and evaluator. However, the current evaluation is not linked to the job description and does not appear to be used on a regular basis.

R4.8 Performance evaluations should be completed on a timely and routine basis for the purpose of enhancing delivery of service. Timely performance evaluations provide employees with meaningful feedback as to strengths and weaknesses and provide the employee an opportunity

to respond to performance improvement recommendations. SLSD should review its current evaluation system and make the changes necessary to link evaluations to employee job descriptions and to any pertinent job expectations found in the employee handbook.

All employees should receive a performance evaluation at least annually. Evaluations provide employees with feedback on areas to bring about professional improvement. Regular evaluations are important to:

- Ensure employees receive clear feedback on areas for improvement and to identify and document disciplinary problems
- Provide evidence about the quality of the employee’s performance
- Improve efficiency and effectiveness of the employees in carrying out the tasks found in the job description
- Improve employee morale
- Monitor the employee’s success and progress

F4.26 SLSD posts custodial and maintenance vacancies for a period of eight working days. The custodial vacancies are generally filled internally with the best qualified custodial substitute. If no internal candidate applies for a vacant position, the position is advertised in local publications. Candidates for maintenance positions must successfully complete a written modified civil service examination and a “hands on test” administered by the maintenance supervisor. All new hires undergo a 120 day probationary period. While full time custodial positions are generally filled by the best qualified substitute custodian, there is no guarantee that any substitute custodian will receive a full time custodial position.

Interviews for custodial positions are conducted by the building principal, the maintenance supervisor and the business manager. Interviews for maintenance positions are conducted by the maintenance supervisor and the business manager.

C4.4 The District has a modified civil service examination and a hands on test for screening prospective maintenance employees. Custodial employees are generally hired from the custodial substitute pool; however, there is no implied or expressed guarantee that any substitute custodian will receive a full-time custodial position. Utilization of examinations, hands-on testing and observations provides the District the opportunity to hire the best qualified candidate for a maintenance or custodial position.

Facilities Planning and Management

F4.27 SLSD consists of 10 facilities encompassing a total of 494,151 square feet. In addition, the District has one closed elementary building that is not actively maintained. The average age of the school buildings are about 53 years. Lakemore Elementary is the oldest building having been built in 1924. Other elementary buildings range in age from 40 to 73 years. The junior

high school was built in 1965 and the senior high school was built in 1950. There have been additions to the older buildings throughout the ensuing years.

- F4.28 The Ohio Public Schools Facility Survey of 1990, published by the Ohio Department of Education (ODE), estimated the cost to repair and upgrade SLSD's facilities to state minimum standards and codes for health and safety would be \$21.2 million.

In July 1997, the Ohio Legislative Budget Office (LBO) updated the figures from the 1990 survey. To perform the analysis, LBO used data provided by the ODE. The data included the results of the 1990 survey and an on-site review of seven of the poorer districts in the state. The review of the seven districts showed the cost to upgrade the facilities in those seven districts had risen by a factor of 1.97 since the 1990 survey was completed. LBO then applied the 1.97 factor to approximately 70 of the poorer districts in the state. A factor of 1.50 was arbitrarily applied to the remaining districts. LBO subtracted the total capital outlay expenditures reported by each district for FY 1989-90 through 1995-96 to produce its updated cost estimates. LBO's cost estimate to update the District's facilities is \$37.6 million.

- F4.29 Based on the Ohio School Facilities Commission's (Commission) target date, the District will be eligible to receive School Classroom Assistance funds from the State beginning in 2009. SLSD ranks 423rd of the current 612 districts for capital funding. Classroom Assistance Funding requires districts to raise matching funds for building upkeep. In addition, the Commission requires specific planning documents to ensure the district has adequately planned to maintain its facilities long-term. (see **R4.10**).

- F4.30 SLSD uses revenue from the general fund to pay for the maintenance and operation of its facilities. As shown in **Table 4-4**, the general fund provides approximately \$2.1 million annually to pay for custodial and maintenance salaries and benefits, supplies and materials, purchased services, and capital outlay. Revenue from the general fund is also used to finance capital improvement projects. An increase in general fund expenditures for capital improvements is necessary to fulfill the critical facility needs of the district as well as the legal requirements of H.B. 412. **Table 4-14** compares SLSD's FY 1998-99 general fund maintenance and operations facilities-related expenditures in terms of cost per square foot.

Table 4-14: 1998-99 General Fund M&O Expenditures per Square Foot

Expenditure	Springfield	Ravenna	Salem	Tallmadge	Peer Average	AS&U Region 5 Average
Custodial Salaries and Benefits	\$1.96	\$1.70	\$1.80	\$1.71	\$1.79	\$1.46
Maintenance Salaries and Benefits	\$0.62	\$0.52	\$0.44	\$0.42	\$0.50	\$0.52
Purchased Services	\$0.43	\$0.23	\$0.27	\$0.77	\$0.43	\$0.35
Utilities	\$1.03	\$0.84	\$0.79	\$0.85	\$0.88	\$1.14
Supplies/ Materials	\$0.24	\$0.16	\$0.21	\$0.25	\$0.22	\$0.38
Capital Outlay	\$0.00	\$0.57	\$0.04	\$0.02	\$0.16	N/A
Other	\$0.01	\$0.00	\$0.00	\$0.02	\$0.01	\$0.18
Total M&O Expenditure	\$4.29	\$4.02	\$3.55	\$4.04	\$3.98	\$4.03
Total M&O Budget as % of District Budget	10.6%	11.6%	11.0%	9.1%	10.6%	9.3%

Sources: SLSD treasurer's office; peer districts; 2000 AS&U Maintenance & Operations Cost Study

F4.31 SLSD spends approximately 10.6 percent of its total budget on maintaining and operating its facilities, which is equal to the peer average. However, SLSD's overall expenditures per square foot are the highest of the peer districts based on general fund expenditures.

- SLSD has the highest custodial and maintenance salaries and benefits when compared to the peers and the peer average. The higher salaries and benefits are related to the salary schedule and longevity of service.
- SLSD has the highest utilities costs when compared to the peers and the peer average. Until FY 1999-00, the District maintained a 7,000 square foot natatorium which contributed to the higher utility costs. The weekly church rental and other uses reimburse the District approximately \$6,000 in estimated utility costs.
- The District spent none of its general fund revenues on capital outlay. Had SLSD spent general fund revenues on capital outlay projects, the percent of maintenance and operating costs as a percent of total general fund expenditure would have been greater.

F4.32 The district has a permanent improvement levy to fund capital expenditures. Other capital improvements have been funded through the general fund with the use of independent

contractors, self-construction by the maintenance department, or donated labor and material. Approximately \$257,000 was spent on capital equipment and facilities in 1998-99 from the permanent improvement fund. Donated labor and materials are not reported in **Table 4-15**.

The permanent improvement levy is a 1.8 mill five year levy which was first passed in 1981 and subsequently renewed. The levy generates approximately \$360,000 annually for new or replacement facilities and equipment.

Table 4-15: FY 1998-99 Total Facilities Related Expenditures per Square Foot

	Springfield	Ravenna	Salem	Tallmadge	Peer District Average
Total permanent improvement levy (PIL) revenue generated in FY 1998-99	\$300,883 ¹	\$380,000	\$455,048	\$385,770	\$380,425
PIL revenue used to finance facilities related capital improvements	\$224,331	\$334,435	\$437,700	\$303,828	\$268,991
PIL facilities related expenditures per square foot	\$0.45	\$0.78	\$0.91	\$0.84	\$0.63
Total general fund M&O expenditures per square foot	\$4.29	\$4.02	\$3.55	\$4.04	\$3.98
Total facilities related expenditures per square foot	\$4.74	\$4.80	\$4.46	\$4.88	\$4.61

Sources: SLSD treasurer's office; peer districts

Note: SLSD had a reporting error of \$224,331 for facilities improvements reported as new equipment. The table reflects correct amounts. The District has a 7,000 square feet natatorium which contributes to the expenditure per square foot.

¹ FY 1998-99 Audited Financial Statement

SLSD received \$300,883 in permanent improvement revenue for FY 1998-99 and spent a total of \$257,351 consisting of \$224,331 on facilities, \$26,106 on replacement equipment and \$6,914 for county auditor collection fees.

F4.33 SLSD received a certificate of estimated resources from the county auditor indicating anticipated permanent improvement revenue of \$357,840 for FY 1999-00. The permanent appropriation budget adopted by the Board on October 19, 1999, indicates general fund appropriations of \$19,732,924 and all funds appropriations of \$24,396,038 for FY 1999-00. There are no separate permanent improvement fund appropriations. The current practice of the District is to appropriate permanent improvement funds as the expenditure is being incurred.

R4.9 The permanent improvement fund should have its own annual appropriations linked to a capital plan. Failure to adopt annual appropriations for the permanent improvement fund indicates a failure to plan for the maintenance, replacement and purchases of facilities and equipment. Adoption of annual capital improvement appropriations communicates to the community how their permanent improvement tax levy dollars are being used by the District. Additionally, the District does not have a comprehensive capital plan to use as the basis for developing the annual appropriations for the permanent improvement levy. (See **R4.11**)

R4.10 The District should create a facilities committee comprised of board members, the superintendent, the business manager, engineers and architects, and other interested community members to examine the conditions of existing facilities, the need for new facilities and equipment, and to make prioritized recommendations to the full board for use of permanent improvement funds.

F4.34 While the District conducted a facilities Feasibility Study in 1996 which identified building by building conditions and proposed renovations and new construction, the proposals in the study have not been implemented. The District does not have a comprehensive capital plan to guide the use of permanent improvement revenue and generally uses those funds for roof replacement and the purchase of equipment as needed. A comprehensive long-range facilities improvement plan would identify and prioritize the capital needs of the District, including facilities, technology, school buses and other equipment, and would facilitate decisions related to the use of available capital resources.

R4.11 The District should develop a comprehensive capital plan. The facilities committee should contribute to the plan by considering (1) improvements necessary for the health and safety of students and staff, (2) improvements mandated by governing authority, (3) improvements to preserve the structural integrity of existing facilities, and (4) improvements which will support and enhance instructional programs. A comprehensive capital plan should be a source document to guide the use of capital revenue and should assist in communicating on-going capital needs to the community.

F4.35 In July 1997, the Ohio School Facilities Commission initiated a grant program to make funds available to school districts for emergency repairs to heating systems, floors, roofs, exterior doors, emergency exit lighting, fire alarms systems, water supplies and other critical areas. The maximum grant available per district through this program was \$500,000. SLSD applied for \$105,000 to help pay for replacement windows, emergency boiler repairs and ADA compliance for replacement or addition of elevators. While SLSD's application met the criteria of the grant program, the Ohio School Facilities Commission was unable to provide funding based upon the number of applications and the equity funding formula. The Ohio School Facilities Commission (OSFC) provided funding first to "equity districts", with an equity rank of between 1 and 292. SLSD's rank of 438 prevented its application from being processed.

F4.36 In the last two years, the District has secured financial support from the music boosters and the athletic boosters. In 1998, the Spartan Booster Club, Inc. contributed \$23,778 towards the replacement of the gymnasium floor and the Springfield Local Band Boosters contributed \$4,982 towards the purchase of musical instruments and \$60,000 toward the renovation of the new band room.. In 1999, the Spartan Booster Club, Inc. contributed \$40,000 towards the replacement of football bleachers.

R4.12 While the District has been successful in raising funds from support groups for facility and equipment enhancements, the District should move to address adequate facility funding in a more comprehensive manner. SLSD should continue to pursue grants through the OFSC and should tailor capital plans to meet OFSC requirements in anticipation of future funding. SLSD should also continue to pursue private non-profit funding. However, funding through private or non-profit sources should not be incorporated into any budget decisions and should be examined to ensure any grant restrictions are within the means of the District.

F4.37 In the last 10 years, SLSD's student enrollment has increased by 226 students for an annualized growth of .77 percent. According to **Table 4-16**, enrollment decreased in FY 1992-93 and then began a steady increase until FY 1998-99 when the district experienced a decrease in enrollment of 64 students or 1.85 percent. The head count data in **Table 4-16** includes all students enrolled in SLSD.

Table 4-16: Head Count History

School Year	Head Count	Percent Change From Prior Year
1989-1990	3,167	N/A
1990-1991	3,205	1.20%
1991-1992	3,226	0.66%
1992-1993	3,166	-1.86%
1993-1994	3,191	0.79%
1994-1995	3,369	5.58%
1995-1996	3,375	0.18%
1996-1997	3,415	1.19%
1997-1998	3,457	1.23%
1998-1999	3,393	-1.85%
1999-2000	3,276	-3.45%

Source: EMIS fall enrollment report

F4.38 **Table 4-17** shows the District’s projected enrollment as estimated by the Ohio Department of Education (ODE) for school years 1999-00 through 2008-09. ODE projects an increase in enrollment for SLSD of 294 students over the next ten years.

Table 4-17: ODE 10-Year Enrollment Projection

School Year	Projection	Percent Change From Prior Year
1999-2000	3,441	N/A
2000-2001	3,444	0.09%
2001-2002	3,472	0.81%
2002-2003	3,511	1.12%
2003-2004	3,564	1.51%
2004-2005	3,618	1.52%
2005-2006	3,644	0.72%
2006-2007	3,690	1.26%
2007-2008	3,715	0.68%
2008-2009	3,735	0.54%

Source: ODE, Division of Information Management Service

F4.39 The District uses year-end enrollment, private school enrollment, preschool registration and new housing starts to determine future student populations. SLSD has developed long-range student enrollment projections through school year 2005-06 and updates them annually. Enrollment projections are a key component of a comprehensive facilities plan (see **R4.11**) and are essential for determining the appropriate number of school buildings needed. The projections are also useful in estimating staffing needs, projecting state funding, and developing five-year financial forecasts. **Table 4-18** shows a summary of the District's enrollment projections.

Table 4-18: District Enrollment Projections

School Year	Enrollment Projection	Percent Change From Prior Year
1999-00	3,273	N/A
2000-01	3,183	(2.74%)
2001-02	3,184	0.03%
2002-03	3,176	(0.25%)
2003-04	3,144	(1.01%)
2004-05	3,151	0.22%
2005-06	3,155	0.13%

Source: District Enrollment Projection

F4.40 A comparison of actual to projected enrollments suggests that the District's projections provide a more accurate estimate of future enrollments. The difference between SLSD's FY 1999-00 October head count (3,170 students) and the ODE FY 1999-00 projection is 271 students, or 8.5 percent. The 8.5 percent difference in the district's October head count and the ODE's projection is partially the result of a decrease in open enrollment of 57 students and general decrease in grade enrollment of 134 students. Based on current variances, ODE's projection for increased enrollment appears to be inflated.

According to the superintendent, fluctuations in actual enrollment compared to ODE projections for FY 1999-00 were attributed to some unpopular budgetary cuts due to the District's financial plight which resulted in a change in open enrollment and an outward migration. At its July 7, 1999 meeting, the Springfield Board of Education adopted numerous items from the superintendent's spending reduction plan which were not popularly accepted. Among other things, that plan included a reduction of transportation to state minimum standards, elimination of field trips, closing of the natatorium, and the adoption of a "pay to play" policy adopted by the Board.

R4.13 SLSD should formally adopt a standard methodology for projecting enrollment. One generally accepted methodology for projecting enrollment is the cohort survival method which incorporates statistical data such as live births, projected births, and grade-to-grade survival ratios. Accurate enrollment projections are important for assessing facility requirements as well as staffing needs.

F4.41 The District examined building capacity and utilization as a component of its Feasibility Study. However, the enrollment projections used in that study were significantly higher than current District projections. Based on the assessment performed by the Auditor of State's

office, SLSD's students are currently occupying about 82.7 percent of the school buildings' capacity, as shown in **Table 4-19**. The District has excess capacity in the elementary, junior high school and senior high school based on the current configuration of the buildings.

The capacity analysis shown in **Table 4-19** was developed using a standard methodology often employed by educational planners and other school districts. The capacity for the elementary school buildings is calculated by multiplying the number of regular classrooms by 25 students and the number of special education classrooms by 10 students. Classrooms used for music, art, library, and computer labs are excluded from the number of rooms used in the calculation. The capacity in the middle and high schools is calculated by multiplying the number of teaching stations by 25 students and then multiplying the product by an 85 percent utilization factor. Each school's current capacity is shown in the **Table 4-19**.

Table 4-19: Capacity Analysis

School	Year Built	Building Capacity	1999-00 Headcount	Over/(Under) Capacity	Percent
Elementary School (6):					
Boyer(kindergarten)	1958	220	233	13	105.9%
Lakemore(grades 1-6)	1924	420	287	(133)	68.3%
Roosevelt(grades 1-6)	1931	485	318	(167)	65.6%
Sawyerwood(grades 1-6)	1927	185	123	(62)	66.5%
Schrop(grades 1-6)	1960	540	444	(96)	82.2%
Young(grades 1-6)	1958	390	341	(49)	87.4%
Total Elementary Schools		2,240	1,746	(494)	77.9%
Junior High School (1):					
Spring Hill(grades 7-8)	1965	553	520	(33)	94.0%
Total Junior High School		553	520	(33)	94.0%
Senior High Schools (1):					
Springfield High School	1950	1,169	1,010	(159)	86.4%
Total Senior High School		1,169	1,010	(159)	86.4%
Overall Total		3,962	3,276	(686)	82.7%

Sources: SLSD business office; EMIS October enrollment report
Boyer Elementary School is a kindergarten school with 132 ADM

F4.42 As **Table 4-19** indicates, the overall capacity of the District's schools was calculated to be 3,962 students: 2,240 in the elementary schools, 553 in the junior high school, and 1,169 in the senior high school. The District is currently operating at 82.7 percent of total capacity. Based on the District's enrollment projections and current capacity calculations, SLSD will be operating at 79.6 percent of total capacity in 2005-06, a 3.7 percent decrease. At that time, SLSD's facilities will be under capacity by 807 students. Based on the actual FY 1999-00 headcount, SLSD's facilities are currently under capacity by 686 students or 17.3 percent.

R4.14 Based on current and projected enrollments, the District has significant excess capacity in its schools and should consider closing one elementary school. In 2005-06, the District's elementary schools will be operating at only 79.6 percent of capacity. Closing an elementary school would allow the District to eliminate the principal, clerical and custodial positions assigned to that building. In addition, the District would benefit from reduced utility costs and would increase overall capacity utilization to 84.3 percent. However, prior to acting on this recommendation, the District should complete an updated assessment of future enrollment, consider anticipated educational initiatives and determine the impact the building closure may have on state funding.

Financial Implication: Closing one elementary school would result in salary and benefit savings of approximately \$163,300 and utility savings of approximately \$18,200. Potential revenue from the sale of the closed school is not quantifiable until a specific building is identified.

F4.43 In FY 1992-93, the District closed one elementary school building which was leased until FY 1998-99. Since FY 1998-99, the elementary school building has remained vacant. In addition, the District currently has excess capacity at the elementary school level indicating that this building will not be needed for educational purposes.

R4.15 The District should consider selling its vacant elementary school building. Current and projected utilization levels suggest the District has excess capacity at the elementary school building level. In addition, vacant buildings create a financial and maintenance burden for the District. An appraisal completed by Valuation Engineers, Inc. in October 1995, placed the value of the vacant school at \$1.47 million. However, historical information concerning the sale of closed schools, current market conditions and potential environmental issues such as asbestos remediation suggest that the District may not realize the full assessed value.

Financial Implication: Based on the factors noted above as well as discussions with District management, it is estimated that the District could realize one-time revenues of approximately \$250,000 to \$900,000 by selling the vacant elementary school building.

Energy Management and Automated Controls

F4.44 In 1997, the District entered into the Energy for Education Program, a discounted electricity program, offered by Ohio Edison. Ohio Edison estimated the District would save approximately \$26,000 in electrical energy costs per year during each year of participation in the program. The actual savings for the FY 1998-99 was \$25,277.

C4.5 SLSD is to be commended for taking advantage of the electricity savings program which has resulted in a ten percent rate reduction. The reduction in electric rates contributed to a savings of \$25,277 in FY 1998-99 and increased the availability of funds for educational and facilities-related programs.

F4.45 Due to the deregulation of the natural gas industry, school districts can purchase gas from any supplier and pay a transportation charge to the local natural gas supplier. SLSD purchases deregulated natural gas from the Power Resources Operating Company. Through the use of deregulated natural gas, the District is receiving a 10 percent discount which saved the District approximately \$42,800 over the last 53 months.

C4.6 The District is to be commended for taking advantage of less costly deregulated natural gas. The purchase of deregulated natural gas has saved the District approximately \$42,800 over the last 53 months.

F4.46 In 1985, the state legislature passed H.B. 264 which authorizes school districts to issue debt without voter approval to finance capital projects which produce energy savings. The savings generated through the projects should equal or exceed the project cost. The law also states that as long as H.B. 264 debt remains outstanding, the board of education must monitor the energy consumption for the buildings in which modifications were made. The district must maintain and annually update a report documenting the reductions in energy consumption and the resulting operational and maintenance cost savings. The report is to be certified by an architect or engineer who is independent of the parties which provided the goods or services under the H.B. 264 project. The resultant savings are then to be certified by the school district treasurer.

F4.47 The District entered into its first H.B. 264 energy savings/improvement project in FY 1991-92. The project included the retrofit of existing lighting systems at all facilities, replacement of windows and doors at selected facilities, boiler tune-up at all facilities, and the installation of energy management systems at all facilities. The entire energy savings/improvement project cost of \$1.156 million was financed with a ten year, 5.5 percent note. With interest costs of \$342,000, the entire cost of \$1.498 million had a projected 10 year payback.

F4.48 The District entered into its second H.B. 264 energy savings/improvement project in FY 1999-00. The project includes upgrading the existing lighting systems to T-8 lamps, ballasts and reflectors at a projected cost of \$485,000; replacing and modifying existing heating systems at a projected cost of \$350,000 and upgrading the existing energy management system at a projected cost of \$159,000. The project is expected to reduce annual energy costs by \$75,000 and reduce operating and maintenance costs by \$39,000. To fund these upgrades and replacements, the District borrowed approximately \$994,000 in principal and at an interest rate of 5.91 percent, is scheduled to pay approximately \$454,000 in interest charges over a period of 12.7 years.

The first H.B. 264 energy savings/improvement project incorporated a Viron Energy Management System which allows the maintenance supervisor to monitor building temperature and boiler activities from a remote location via telephone lines. This energy management system was upgraded with the second H.B. 264 energy savings/improvement project. The use of the Viron Energy Management System has allowed the District to limit building inspections to an as needed basis. However, SLSD's utility costs remain high by comparison to the peer districts.

C4.7 Through the use of the provisions of H.B. 264, the District has engaged in two energy savings/improvement projects designed to improve and extend the useful life of existing

facilities. The long-term benefit should result in cost savings opportunities to provide needed resources for educational and facilities-related programs.

F4.49 The District has on file reports documenting the reductions in energy consumption and the resulting operational and maintenance cost savings. However, the reports are certified by an engineer who is not independent of the parties which provided the goods or services under the H.B. 264 project.

R4.16 The District should engage an independent registered engineer or architect to monitor and report energy consumption and the resulting operational and maintenance cost savings. Having an independent registered engineer or architect certify the energy consumption and the resulting operational and maintenance cost savings enhances the reliability of the reported savings.

F4.50 The Board closed the natatorium with its spending reduction plan adopted in July, 1999. (See **F4.40**) At the time, the business manager estimated the utility costs would be reduced by \$19,000. Additional savings of \$8,500 were anticipated in chemicals and maintenance supply costs. Since the closing of the natatorium in FY 1999-00, the business manager has reported a reduction in utility costs of \$24,111 compared to a like period in FY 1998-99.

F4.51 Despite its energy conservation efforts, SLSD's utility costs remain high. The District has not implemented an aggressive energy management program that informs staff and students of the need to reduce utility cost through conservation. This is evidenced by **Table 4-14** which shows the District's utilities costs per square foot is greater than the peers. Districts that have implemented and maintained energy conservation programs have realized cost savings ranging between 10 and 20 percent.

R4.17 The District should implement an energy management program to lower utility costs in each school building. While energy costs per square foot are dependent on many factors, energy management programs, such as the one implemented in Middletown-Monroe City School District, have the potential to save the District 10 to 20 percent on annual utility bills. Middletown-Monroe City School District contracted with Energy Education, a management consulting firm from Wichita Falls, Texas, to decrease energy consumption in the District. The contract stipulated that the district will, through utility cost avoidance, refunds or rebates, save an amount equal to or greater than Energy Education's fee. If the target savings were not achieved, Energy Education would reimburse the district the amount of any difference. Middletown-Monroe saved \$181,000 in the first seven months of FY 1997-98.

Financial Implication: Through the use of an energy management program such as the one used in the Middletown-Monroe City School District, SLSD has the potential to save between \$51,000 and \$102,000 annually in utility costs. Consulting costs would not exceed savings in the first two years, and the full savings would accrue to the District thereafter.

Financial Implications Summary

The following table represents a summary of the one-time revenue, annual cost savings and implementation costs for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Facilities

Recommendation	One-Time Revenue	Annual Cost Savings	Implementation Costs
R4.1 Reduce elementary school custodial staffing		\$73,400	
R4.2 Implement a training program.			\$4,400 - \$5,500 (Annual Cost)
R4.3 Eliminate annual pay for boiler operator's license		\$7,600	
R4.4 Purchase automated work order system.			\$5,000 - \$15,000
R4.5 Monitor maintenance overtime to control costs.		\$2,000	
R 4.14 Close one elementary school		\$181,400	
R4.15 Sell closed elementary school building	\$250,000 - \$900,000		
R4.17 Implement an energy savings program.		\$51,000 - \$102,000	\$51,000 - \$102,000 (cost not to exceed savings)
Total	\$250,000 - \$900,000	\$134,000 - \$185,000	\$60,400 - \$122,500

Estimates by the Ohio Legislative Budget Office place the capital costs to repair and upgrade SLSD's facilities at \$37.6 million.

Conclusion Statement

Although SLSD has received annual revenue of approximately \$360,000 from a permanent improvement levy since 1981, the absence of a comprehensive facilities plan has prevented the district from optimizing the use of available resources. Further, the District has a five-year permanent improvement levy, but does not have an annual permanent improvement budget. In addition, the District does not have a long-range capital plan to guide the use of available capital revenue. The lack of such a plan inhibits the effective and efficient utilization of limited resources and the opportunity to participate in capital improvements grants as they become available. The District should develop a long-range capital plan linked to an annual permanent improvement budget to guide the expenditures of the limited capital resources available at this time.

While the allocation of custodial personnel at the middle and high schools reflects an efficient use of resources, custodial staffing at the elementary schools can be improved. The reduction of two elementary custodial positions would bring staffing levels more in line with the District's secondary schools. Currently, each building has one head custodian and a night custodian. Four of the night custodians perform other duties such as hall monitoring. Base salaries are high by comparison to the peers, in part due to a more generous salary schedule and custodial longevity which averages 10 years of service.

Maintenance staffing at SLSD is appropriate as indicated by the fact that staff maintain more than 123,000 square feet per employee. Base salaries for maintenance workers at SLSD are higher than the peers and result from a higher salary schedule.

The average age of the original school buildings is 53 years and facilities range in age from 35 to 76 years. Many of the older buildings have been modified with additions. The District has a manual maintenance work order system. Individual work orders are monitored on a spread sheet which identifies the date the work order was received and its current status among other information. In addition, the District's principals and custodians prepare an annual building inspection and report their findings to the maintenance supervisor. To more efficiently coordinate and plan maintenance activities, the District should consider the purchase of an automated work order system to monitor and plan maintenance activity.

The District does not currently have a collective bargaining agreement with its classified employees, but operates under an "employee handbook" which is a composite of ORC statutes and the previous collective bargaining agreement that expired in August of 1996. Issues to be considered for inclusion in a new bargaining agreement include better monitoring and control of overtime costs, annual evaluation of all staff, elimination of payment for boiler licenses, and a training program designed to address staff performance needs.

Currently, the District's school buildings are underutilized by 6 to 34 percent. Based on current and projected enrollments, the District should make more efficient use of available space by closing one elementary school. The District has one vacant elementary building which should be sold to avoid maintenance costs and to provide additional resources for instructional and facility needs.

The District has been pro-active by taking advantage of two separate H.B. 264 energy conservation projects to improve the efficiency of its facilities. In addition, the District participates in the Energy for Education program offered by Ohio Edison and purchases deregulated natural gas. The District should now consider adopting an aggressive energy management program to further reduce utility expenditures.

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Transportation

Background

Springfield Local School District (SLSD or the District) has contracted with Laidlaw Transit, Inc. (Laidlaw), formerly known as Settle Service, Inc., to provide transportation services since September 1993. Laidlaw was chosen in 1993, after the District advertised for the provision of bus service in the local newspaper for one week. In addition, the District sent out six invitations to bid to companies offering such services. In review of District files, it was determined that Laidlaw was the only bidder.

Although a small number of SLSD personnel are involved in the coordination of transportation services, no employee has been wholly dedicated to the transportation function. Routes and runs are determined by Laidlaw subject to SLSD approval. Laidlaw rents garage and office facilities from the District to serve as its local terminal. The SLSD business manager serves as the District's liaison with the on-site Laidlaw terminal manager.

Prior to FY 1999-00, SLSD transported students in all grade levels living more than one mile from their assigned schools. Because of its declining financial condition, the District chose to increase the eligibility requirement to the state minimum of two miles at the beginning of the 1999-2000 school year and to eliminate all high school transportation. With the passage of a 4.53 mill emergency operating levy in March 2000, the District returned to its former one-mile transportation policy. Unless otherwise indicated, the transportation statistics and analyses presented in this report section are based on the one-mile policy in effect prior to the beginning of FY 1999-00 and reinstated in March 2000. SLSD also contracts with Laidlaw to provide transportation for athletic activities and field trips. However, the costs associated with such extracurricular activities are not included in the analyses presented in this section.

Organization Function

According to its policies, the Springfield Local School District Board of Education (the Board) provides transportation services to some of the District's students "... for the promotion of education by convenient access, the safeguarding of children and the partial equalization of inequities among students ... caused by the placement of school facilities." SLSD furnishes transportation to all kindergarten, elementary and secondary school students to the extent determined by the administration and approved by the board, in accordance with Ohio law. The same criteria is used for providing transportation to students in all grade levels who attend either public or non-public schools.

The District's organizational structure does not include a transportation department. Laidlaw's management and employees are responsible for the daily operations of the transportation function within the District, and in essence, serve as the District's transportation department. Transportation is one of several functions that falls under the direction of the business manager, who estimates that he and his secretary each spend approximately 10 percent or less of their time on the following kinds of transportation-related activities:

- Prepare and submit the annual T-1, T-2 and T-11 Forms to the Ohio Department of Education (ODE)
- Review the Laidlaw invoices for services rendered
- Assist Laidlaw in resolving routing, scheduling or other transportation-related issues
- Purchase diesel fuel
- Prepare and issue invoices for fuel used in Laidlaw's non-District transportation services

The superintendent also serves as a liaison with Laidlaw, while building principals participate as needed in resolving routing and discipline problems involving students. In transporting special education students, the special education director advises the business manager and the Laidlaw terminal manager of the transportation requirements dictated by the student's individual education program.

Summary of Operations

Laidlaw uses a fleet of 27 full-size and three small buses to operate the District's regular and special education transportation programs. Three buses, not included in the 30 bus fleet, are used as spares. Laidlaw provides the spare buses at no cost to the District. SLSD's headcount as reported to the Ohio Department of Education in FY 1998-99 was 3,393. During the District's 173 instruction days, the regular student transportation program traveled 263,880 miles while serving an estimated 3,247 public and 42 non-public students daily. In addition, SLSD had 57 nonpublic students whose parents received payments in lieu of transportation. In total, transportation services were provided for approximately 3,346 students at a cost of \$991,400.

The special education program provided transportation services for an additional 76 students in FY 1998-99. Laidlaw transported 71 students on special education routes which covered 43,560 miles, three students on contracted other vehicles and two students by parent/guardian contracts for a total cost of \$287,646.

Overall, Laidlaw served 3,360 daily riders on 30 regular and special education routes, and traveled 307,440 miles utilizing 30 active and three spare buses. Approximately 37 percent of the transportation expenditures were funded by the State.

Staffing

Table 5-1 provides the number of transportation department staff and full-time equivalent (FTE) by position for SLSD and each of the peer districts in FY 1998-99. SLSD staffing represents Laidlaw personnel dedicated to providing District transportation services. No SLSD employees are included in these figures.

Table 5-1: Peer District Staffing Level Comparison

Staffing	Springfield ¹		Ravenna		Salem		Tallmadge	
	No.	FTE	No.	FTE	No.	FTE	No.	FTE
Fiscal Year 1998-99								
Transportation Supervisor ²	1	1.00	1	1.00	1	0.33	1	1.00
Bus Drivers	27	15.25	22	13.00	12	6.33	34	21.88
Bus Monitors	4	2.00	4	6.00	0	0.00	2	1.25
Mechanics ²	2	2.00	1	1.00	0 ³	0.00	2	2.00
Secretary ²	1	1.00	1	1.00	1	0.33	1	1.00
Mechanic Helpers ²	1	0.50	1	.50	0 ³	0.00	0	0.00
Total	36	21.75	30	22.5	14	6.99	40	27.13

Source: Transportation departments.

¹ SLSD staffing represents Laidlaw employees. Because of the minimal level of involvement of District employees in transportation activities, they have been excluded from this table.

² For SLSD, these employees also spend an unspecified portion of their time providing similar services to other Laidlaw clients.

³ Salem City School District contracts out its bus repair service.

Financial Data

Throughout this report section, all costs and ratios are based on regular and special needs transportation services. Although SLSD also contracts with Laidlaw to provide transportation for athletic events, field trips and other extracurricular activities, the associated costs are not included in the accompanying analyses. The District also provides all necessary fuel and pays for utilities used by the bus garage facilities. Laidlaw reimburses the district \$8,000 per year for the use of the District's facilities by deducting \$1,000 from its monthly billings.

Table 5-2 shows actual transportation expenditures for FY 1998-99 and budgeted expenditures for FY 1999-00.

Table 5-2: Financial Review

Component	Actual FY 1998-99 Expenditures	Budgeted FY 1999-00 Expenditures	Difference, FY 1998-99 and FY 1999-00	% Difference, FY 1998-99 and FY 1999-00
Salaries	N/A	N/A		
Benefits	N/A	N/A		
Purchased Services ¹	\$1,458,923	\$1,122,804	(\$336,119)	(23.0)%
Materials & Supplies ²	29,840	37,500	7,660	25.7%
Miscellaneous	3,803 ³	4,000	197	5.2%
Subtotal	\$1,492,566	\$1,164,304	(\$328,262)	(22.0)%
Capital ¹	\$0	\$0	\$0	0.0%
Total	\$1,492,566	\$1,164,304	(\$328,262)	(22.0)%

Source: FY 1998-99 4502; FY 1999-00 budget summary; updated department budget.

¹ SLSD purchased services includes contractor charges of \$172,318 for bus amortization.

² SLSD materials and supplies represents diesel fuel.

³ SLSD miscellaneous includes insurance for the three board-owned buses.

According to the treasurer, the decrease in purchased services in FY 1999-00 reflects the planned reduction of 10 buses resulting from state minimum transportation standards being implemented at the beginning of the school year. The District indicated that the savings in FY 1999-00 from going to state minimum standards should have been closer to \$400,000; however, the purchased services expenditures reported in FY 1998-99 were lower than normal because of the District declaring five calamity days. The District only pays Laidlaw for the actual days transportation services are rendered; therefore, in FY 1998-99, the District paid Laidlaw for 173 days out of a 178 day school year. In FY 1999-00, the District did not declare any calamity days. The District also indicated that the increase in materials and supplies was necessary to cover the ever increasing diesel fuel prices.

Table 5-3 provides basic FY 1998-99 operating statistics for SLSD and the peer districts. These statistics will be used as comparative data throughout the transportation section.

Table 5-3: Operational Statistics and Ratios

FY 1998-9	Springfield	Ravenna	Salem	Tallmadge
Operational Statistics:				
Eligible Students				
- Regular students	3,346	2,479	1,379	3,026
- Special needs	76	85	14	47
- Total	3,422	2,564	1,393	3,073
Expenditures				
- Regular students	\$991,400 ¹	\$345,325	\$421,816	\$775,064
- Special needs	\$287,646 ¹	\$144,621	\$44,197	\$80,728
- Total	\$1,279,046 ¹	\$489,946	\$466,013	\$855,792
State Reimbursements				
- Regular students	\$400,878	\$274,969	\$168,809	\$373,598
- Special needs	\$70,182	\$47,066	\$13,400	\$23,801
- Bus purchase allowance	\$65,573	\$57,126	\$27,749	\$48,741
- Total	\$536,633	\$379,161	\$209,958	\$446,140
Miles Driven				
- Regular students	263,880	164,520	97,420	260,820
- Special needs	43,560	43,740	8,100	43,560
- Total	307,440	208,260	105,520	304,380
Operational Ratios:				
Regular Students: Yellow Bus				
- Cost per Mile	\$3.73	\$2.10	\$4.32	\$2.97
- Cost per Bus	\$36,425	\$15,697	\$35,151	\$23,482
- Cost per Student	\$299	\$139	\$306	\$256
- Students per Bus	122	113	115	92
- Cost per Student all methods	\$296	\$139	\$306	\$256
Special Needs Students:				
- Cost per Student all methods	\$3,785	\$1,701	\$3,157	\$1,718
School Sites				
- Public	8	8	6	5
- Non-public	2	2	1	17
Active Buses	30	25	12	34
Spare Buses	3	3	5	4
Square Miles in District	19	25	18	17

Source: FY 1998-99 T-1, T-2 and T-11 Forms; FY 1998-99 foundation settlement sheets.

¹ Contractor amortization costs of \$172,318 for buses are not included in the operational expenditures.

Performance Measures

The following performance measures were used to conduct the analysis of the transportation department:

- Comparison of transportation policies to state minimum standards
- Assessment of District busing policies in relationship to open enrollment
- Assessment of District's bell schedule to support tiered routing
- Adequacy of reporting operational information to secure state transportation aid
- Cost effectiveness of pupil transportation services
- Assessment of request for proposal regarding bus replacement
- Effectiveness and efficiency of transportation routing
- Effectiveness of technology utilization
- Assessment of contract and RFP
- Assessment of contracted services

Findings / Commendations / Recommendations

Policy

- F5.1 The board establishes policies for providing transportation to students between their residences and their regular schools of attendance in accordance with the requirements of the Ohio Revised Code (ORC). State law generally requires a school district to provide transportation for resident elementary students (grades K - 8) who live more than two miles from their assigned school or who have physical or mental disabilities which make walking impractical or unsafe. The transportation of high school students or intra-district open enrollment students is optional. Prior to the beginning of FY 1999-00, it was the District's policy to provide transportation to students in all grade levels residing more than one mile from their assigned school, in addition to those for whom walking was considered unsafe or impractical.

At the beginning of the 1999-2000 school year, following an unsuccessful operating levy placed on the August 1999 ballot, SLSD changed its transportation policy to the two-mile state minimum standard and eliminated service to high school students. The change allowed the District to reduce its active bus fleet from 27 to 17 full size buses and from three to two small needs buses. Because of these changes, the District was able to reduce its appropriations for transportation services by over \$300,000 from the previous year.

On April 3, 2000, SLSD reinstated its previous one-mile transportation policy following the March 2000 passage of a 4.53 mill emergency operating levy which is expected to raise approximately \$1.6 million annually. Primarily because of safety concerns, the District preferred returning to the previous policy for the remainder of the current school year rather than waiting until FY 2000-01 to reinstate the one-mile policy. However, because the District remains in fiscal emergency, any change in transportation policy requires the approval of the Financial Planning and Supervision Commission (the Commission). The Commission, at its March 27, 2000 meeting, authorized the District to return to its previous transportation policy.

- F5.2 According to District administrators, SLSD is organized primarily into neighborhood schools. However, it has instituted an intra-district open enrollment policy to allow students to attend schools within the District other than their neighborhood school or other designated school of attendance. If the District assigns a student outside of his or her neighborhood school, the District assumes the responsibility of transporting the student. If a student is assigned to a school other than his or her neighborhood school at the request of the parent, the parent is responsible for arranging any needed transportation services. Laidlaw may, at its discretion,

transport a student requesting intra-district open enrollment if the student's home and school of choice fall within an existing District route. Laidlaw currently transports 10 of the 40 students attending schools through intra-district open enrollment.

Through inter-district open enrollment, SLSD also accepts students from outside its boundaries while students living within SLSD's boundaries may attend schools in other districts. SLSD does not offer transportation services to inter-district open enrollment students living outside of its boundaries, nor does it transport its own residents to schools in other districts. The parents of inter-district open enrollment students are responsible for providing any necessary transportation.

R5.1 Because SLSD is in fiscal emergency, the District needs to reduce its expenditures by thoroughly examining all of its operational costs, including the cost of providing transportation services in excess of state minimum standards. If SLSD's financial difficulties continue, one area the District should consider when attempting to reduce overall expenditures would be to begin transporting students in accordance with state minimum standards. By adopting state minimum standards for a portion of FY 1999-00, the District indicated that it realized a savings of \$300,000.

It is important to note that by adopting state minimum standards, the District's state funding for transportation services will be adversely affected. When SLSD went to state minimum standards in FY 1999-00, a forecast prepared by District management in February 2000 estimated the loss of state funding in future years to be approximately \$150,000.

Financial Implication: Using the FY 1999-00 rates charged by Laidlaw of approximately \$218 per bus per day for operating costs and approximately \$39 per bus per day for capital costs (See **F5.8**) and assuming the District can use a fleet of 17 buses to provide transportation services for 178 days, the District would save a gross amount of approximately \$457,000 annually. In estimating the loss of revenue from the decreased state funding, it is assumed that the District's FY 1998-99 state reimbursement of approximately \$471,000 can be prorated evenly among the 27 bus fleet. Therefore, by reducing 10 buses, it is estimated that the District will lose approximately \$174,000 in state funding, reducing the net savings of adopting state minimum standards to approximately \$283,000 annually.

F5.3 With the change to state minimum transportation standards, the ten de-activated buses were retained on site in anticipation of ultimately reinstating the shorter one-mile transportation standard used in previous years. The District chose to retain the buses on site to prevent their reassignment to other Laidlaw terminals and to minimize the time and effort needed to reinstate them at a later date.

Effective January 2000, the daily per-bus rate charged by Laidlaw was increased by \$14.10 as compensation for retaining the buses on site. The amount of the increase was based on the amortization of the ten buses as they sat idle. According to the superintendent, had the March 2000 levy failed, the District would not have continued to hold the de-activated buses on-site and incur the additional cost. Laidlaw would not provide any documentation on how they derived the \$14.10 per bus rate.

- R5.2** The District, in negotiating its next bus transportation contract, should include in the specifications a requirement that the bidder include a provision on rates charged for the addition/deletion of buses. A pre-determined rate will allow the District to monitor the contract in a more efficient manner. See **F5.21** and **R5.9** for more discussion on contractual issues.
- F5.4 **Table 5-4** indicates the bell schedules used by the District for FY 1998-99. Times listed are the earliest that any school in each category starts or dismisses students from school. All kindergarten classes are housed at one location, and consists of both half-day and all-day kindergarten.

Table 5-4: Bell Schedules

	Start Time	Dismissal Time
High School	7:30 a.m.	2:30 p.m.
Junior High School	7:30 a.m.	2:30 p.m.
Elementary Schools	8:40 a.m.	3:05 p.m.
Kindergarten	8:45 a.m. / 12:15 p.m.	11:15 a.m. / 2:45 p.m.

Source: SLSD business manager

- F5.5 SLSD employs a two-tier bell schedule for elementary and secondary schools. In essence, there are two distinct time-frames in which SLSD begins and ends classes, and two corresponding periods for the pick-up and drop-off of transported students. Such a schedule should allow buses to complete more than one run during each morning and afternoon route, thereby increasing the utilization of each bus. As illustrated in **Table 5-3**, SLSD is transporting an average of 122 regular students per bus, which is the highest of the peer districts.

According to the Laidlaw terminal manager and the District business manager, SLSD provides little direct door-to-door service. Rather, most students are picked up and dropped off at corner or cluster locations relatively near to their residences. The majority of SLSD buses complete two runs per route, one run to either the high school or junior high school and the second run to one of the elementary schools. Seven buses also provide mid-day service

to the kindergarten site. The District also provides shuttle service to and from two parochial schools located within the District boundaries. Parochial students are first transported to one of two District facilities and then shuttled to their respective school. At the end of the day, the students are shuttled back to the two District facilities and then transported over regular routes.

C5.1 The District is transporting an average of 122 regular students per bus. By having a high average number of students per bus, SLSD is minimizing the number of buses needed to transport the District's students. Since the District is paying a rate of per bus per day, having a lower number of buses will keep the regular transportation costs down. In an effort to further reduce its operating costs, SLSD should continually strive to reduce the number of buses needed to transport its students. See **F5.18** and **R5.7** on a method to potentially reduce routes.

State Funding

F5.6 School districts are required to file various annual forms with ODE regarding transportation services provided to district students. The required T-1, T-2 and T-11 Forms are used by ODE to determine the amount of reimbursement that school districts will receive for the operation of their regular and special needs transportation programs. The T-1 Form summarizes regular transportation services in terms of usage and mileage by both public and non-public students, and is completed and submitted in October for the current year. The T-2 Form summarizes the costs associated with regular bus service, while the T-11 Form summarizes both pupil usage and costs associated with special needs transportation services. The T-2 and T-11 Forms are completed after the close of the school year.

Reimbursement for transportation services is included in the district's state foundation payments issued twice each month, and is based on prior year information until the T-1 Form is completed and submitted in October. Reimbursement payments are then adjusted to reflect current year data. The special needs transportation costs are adjusted the following school year since its data is not received until after the end of the school year. The responsibility for preparing the required forms for SLSD rests with its business manager.

A review of SLSD's FY 1998-99 T-Forms revealed the following data or reporting errors:

- The number of "payment in lieu of transportation" students reported on the T-1 Form and the dollar amount reported on the T-2 Form are not consistent with the \$172 state reimbursement rate. In verifying purchase orders to parents/guardians, a total of 57 students were given payment in lieu of transportation versus the 36 listed on the T-1 Form.

- Laidlaw bills the District a monthly amount which represents the amortization of the bus fleet. In FY 1998-99, this amount totaled over \$172,000. In the past, the business manager has not included these amortization charges as contracted service costs on the annual T-2 Forms and, therefore, has received no associated reimbursement from the state. Beginning in FY 1999-00 and going forward, this will be a non-issue for the District due to changes in the state transportation reimbursement program. The reimbursement is now based primarily on the number of students and the miles traveled rather than operational cost.

R5.3 SLSD should include on the T-1 Form the correct number of students receiving payments in lieu of transportation. This will ensure that ODE will not make an adjustment to the amount paid by the District.

Although the errors noted above were relatively minor, the recent change in the state funding formula for transportation to incorporate both mileage and ridership increases the importance of the accuracy of all data submitted by school districts. SLSD should also implement necessary internal controls to ensure that all qualifying transportation expenditures are submitted to the state for reimbursement. To be effective, such controls should require the involvement of both the business manager and the treasurer. In light of its difficult financial condition, SLSD cannot afford to forgo any funds to which it is entitled.

F5.7 The state, through its foundation payments, also provides districts with an annual allowance for the purchase of school buses. Under ORC, districts can also use this funding to pay for contracted transportation services. A review of foundation settlement sheets indicated that SLSD received a bus purchase allowance of \$65,573 in FY 1998-99.

General Operations

F5.8 In FY 1998-99, Laidlaw rented five buses, which were previously owned by the District, to SLSD at a rate of \$218.57 per bus per day. In addition, SLSD also contracted for 22 buses owned by Laidlaw at rate of \$256.88 per bus per day. Pursuant to conversations with the business manager, the rate charged to the District for the Laidlaw owned buses consists of an operating cost of \$218.57 per bus per day and a capital cost of \$38.31 per bus per day.

In comparison, Clermont Northeastern Local School District and Goshen Local School District also utilize Laidlaw for student transportation and were charged total costs of \$287.40 and \$256.05 per bus per day respectively. Furthermore, the Elyria City School District contracts with First Student for student transportation and were charged a total cost of \$229.60 per bus per day. Based on these rates, it appears that the rate SLSD is charged by Laidlaw is comparable to other districts contracting with Laidlaw and is excessive in comparison to the non-Laidlaw district. See **F5.21** and **R5.9** for a detailed assessment and recommendation concerning the Laidlaw contract. Additionally, **R5.4** and **R5.8** deal with the use of competitive bidding to obtain lower rates from the vendor.

F5.9 In FY 1998-99, approximately 3,346 regular education public and non-public students were eligible to be transported by the District. Non-public students are those students who live within SLSD boundaries but attend private or parochial schools. While Laidlaw provided the vast majority of transportation services to SLSD students, other means were also used on a limited scale. During the year, the board declared it impractical to transport 57 pupils and authorized payments totaling \$7,912 to the parents or guardians to in lieu of directly providing regular transportation services. SLSD also negotiated total payments of \$5,768 to the parents or guardians of two special needs students to provide their own transportation, and contracted with the Akron City School District to transport three District students to the Ohio School for the Deaf in Columbus on a weekly basis at an approximate cost of \$3,750. According to the business manager, public transportation is not a viable option for transporting District students.

F5.10 Performance of transportation services can be measured by various means. **Table 5-5** presents selected operating ratios for SLSD and other peer districts for regular student transportation.

Table 5-5: Peer Comparison of Regular Student Operational Ratios

Regular Education FY 1998-99	Springfield Local	Ravenna	Salem	Tallmadge
District Buses:				
Operational Data:				
Active Buses	27	22	12	33
Average Driver Wage	\$12.00 ¹	\$10.88	\$14.25	\$12.36
Operational Ratios:				
Cost per Mile	\$3.73 ¹	\$2.10	\$4.32	\$2.97
Cost per Bus	\$36,425 ¹	\$15,697	\$35,151	\$23,482
Cost per Student	\$299 ¹	\$139	\$306	\$256
Students per Bus	122 ¹	113	115	92
Number of Students	3,289	2,479	1,379	3,025
Payment in Lieu of Transportation:				
Cost per Student	\$139 ²	N/A	N/A	\$151
Number of Students	57	N/A	N/A	1
All Modes of Transportation:				
Cost per Student	\$296	\$139	\$306	\$256
Number of Students	3,346	2,479	1,379	3,026

Source: T-11 Form; transportation department.

¹ Laidlaw contracted yellow buses.

² Payment in lieu of transportation from ODE was \$151 per student per school year. The \$139 reflects prorated payments for partial year transportation.

SLSD's operational ratios compare reasonably to its peers and favorably to the average regular student operational ratios of thirteen of the smaller urban school districts as assessed during performance audits of the 21 urban school districts in the State of Ohio. The ratios of SLSD to the smaller thirteen school districts are: students per bus 122/100; cost per student - yellow bus \$299/\$379; cost per bus \$36,425/\$35,824 and cost per mile \$3.73/\$3.58.

F5.11 The per student cost to transport special needs students is significantly higher than the cost to transport regular education students. In FY 1998-99, the District transported a total of 76 special needs students at an average cost of \$3,785 per student, or \$3,489 per student more than the cost of the regular transportation program. The following factors contributed to the higher cost to transport special needs students:

- The comparatively small number of special needs students being transported.
- The limited number and location of special education classes to which students are assigned.
- The need to assign bus monitors to special needs routes to help drivers load and unload students, maintain order and attend to the needs of the students. In FY 1998-99, Laidlaw billed its monitors at an average rate of \$10.00 per hour.
- The more common need for door-to-door service not provided to regular education students.

- The greater amount of time often required to load and unload special needs students.
- The higher purchase and maintenance costs associated with specialized equipment, such as wheel chair lifts and restraints, needed to transport special needs students.
- The reduced capacity and ridership of special needs buses due to more dispersed pick-up and drop-off points, increased riding time, displacement of seats to accommodate specialized equipment and the need of students for more individual attention.

F5.12 **Table 5-6** presents selected operating ratios for SLSD and the peer districts for the operation of the special needs transportation program during FY 1998-99.

Table 5-6: Peer Comparison of Special Needs Operational Ratios

Special Needs Education FY 1998-99	Springfield Local	Ravenna	Salem	Tallmadge
District Buses:				
Operational Data:				
Average Driver Wage	\$12.00 ¹	\$10.88	\$14.25	\$12.36
Average Bus Monitor Wage	\$10.00 ¹	\$9.03	N/A	\$8.92
Operational Ratios:				
Cost per Student	\$3,917 ¹	\$1,701	\$3,157	\$1,965
Number of Students	71 ¹	85	13	41
Contracted Other Vehicles:				
Cost per Student	\$1,250 ²	N/A	N/A	N/A
Number of Students	3	N/A	N/A	N/A
Parent/Guardian Contract:				
Cost per Student	\$2,884	N/A	\$3,154	N/A
Number of Students	2	N/A	1	N/A
Taxi:				
Cost per Student	N/A	N/A	N/A	\$24 ³
Number of Students	N/A	N/A	N/A	6
All Modes of Transportation:				
Cost per Student	\$3,785	\$1,701	\$3,157	\$1,718
Number of Students	76	85	14	47

Source: T-11 Form; transportation department.

¹ Laidlaw contracted yellow buses.

² SLSD contracts with Akron City School District to transport three students weekly to the Ohio School for the Deaf in Columbus.

³ Tallmadge transported six student by taxi for two days in June.

The contract calls for Laidlaw to provide transportation service for five special needs students at no charge to the District as partial payment for the use of the District's transportation facilities. Laidlaw provides this service through the intra-school transportation for special education students attending classes at other schools. Even with this added no cost service, SLSD's contract costs with Laidlaw to transport its special needs students is the highest of the peer districts for special needs busing. In addition, in performance audits of the smaller thirteen urban school districts in the State of Ohio, it was determined that the average cost per student for special needs yellow bus transportation was \$2,167. Furthermore, in FY 1997-98, Elyria City School District utilized First Student to provide transportation services to their special needs students at a cost of \$2,441 per student. Assuming that First Student increased their contract prices by three percent (as was negotiated in the contract, see **Table 5-8**), the comparable rate for FY 1998-99 is estimated to be approximately \$2,500 per student. In comparison to the peers, the smaller thirteen district average and to another district that contracts for special needs transportation (Elyria City School District), SLSD's cost of providing transportation to special needs students is high, indicating that the rates charged by Laidlaw may be excessive.

In developing the bid specifications to contract out busing in FY 1992-93, the District designed the proposal so that the contractors bid on the cost of providing transportation services to the District as a whole rather than requiring separate bids for regular and special needs transportation. Furthermore, the only response the District received from the invitation to bid was from Laidlaw. The current contract with Laidlaw is scheduled to expire on November 13, 2001. For additional information on the bidding of the Laidlaw contract, see **F 5.19**.

R5.4 The following is a discussion of several methods and/or options the District should consider in attempting to identify ways to reduce the cost of transporting special needs students.

- The District should consider requesting Laidlaw to renegotiate the rates charged for special needs transportation until the contract's expiration in 2001. Comparisons with other Districts that contract for special needs transportation services indicate that the rate charged by Laidlaw may be excessive. Ultimately, the District should attempt to reduce the rate to a level which would equate to a cost per student which is less than of between approximately \$2,200 and \$2,500. This would place the District at a cost per student that is comparable with the peers, the smaller thirteen district average and Elyria City School District.
- The District should actively promote the use of parent/guardian contracts. As indicated in **Table 5-6**, the cost to transport a special needs student through a parent/guardian contract was \$2,884, which is significantly less than the cost to transport a special needs student on a Laidlaw bus of \$3,917. Currently, the District only utilizes this option for two students.

- Upon the current Laidlaw contract's expiration in 2001, the District should perform a cost-benefit analysis to determine if it may be more cost efficient to provide special needs transportation services in-house.
- If SLSD determines it is not feasible to provide special needs transportation services in-house, prior to negotiating a new agreement, the District should subject these services to competitive bidding. This would help ensure that the District is receiving contracted transportation services for the lowest possible cost and the highest quality of service.

Financial Implication: If SLSD could renegotiate the rates charged by Laidlaw to result in a cost per student of \$2,500, the District could save approximately \$101,000 annually. If SLSD is unsuccessful in renegotiating the rates charged by Laidlaw, the District could save \$1,044 for each special needs student transported through parent/guardian contracts.

F5.13 SLSD identifies special needs students as required by federal and state laws, and follows the steps outlined in *"Whose IDEA is This?: A Resource Guide for Parents"* published by ODE. For each student with a disability, an individualized education program (IEP) is developed which includes a statement of specific special educational requirements and related services. The IEP indicates whether specialized transportation services are needed.

Not all special needs students require specialized transportation. Those students who can be accommodated through the regular transportation program are classified as regular needs students. In SLSD, only those students whose condition requires special transportation services are classified as special needs students. Therefore, the number of special needs students found elsewhere in this report may exceed the total number of special needs students indicated in this transportation section.

Ohio Administrative Code, Section 3301-51-10(C)(2), states that "School district transportation personnel shall be consulted in the preparation of the Individualized Education Program when transportation is required as a related service and when children's needs are such that information to ensure the safe transportation and well-being of the child is necessary to improve such transportation." The special education director involves the Laidlaw terminal manager and the District business manager when developing an IEP.

F5.14 **Table 5-7** compares non-public student transportation services provided by SLSD and the peer districts during FY 1998-99.

Table 5-7: Peer Comparison of Non-Public Student Transportation

FY 1998-99	Springfield	Ravenna	Salem	Tallmadge
Non-public Students Eligible to Ride	99	93	117	290
Non-public Students on District Buses	N/A	93	117	289
% On District Buses	N/A	100%	100%	99%
Cost per Student	N/A	\$139	\$306	\$256
Non-public Students on Contracted Buses	42	N/A	N/A	N/A
% On Contracted Buses	42%	N/A	N/A	N/A
Cost per Student	\$299	N/A	N/A	N/A
Payment In Lieu of Transportation	57	N/A	N/A	1
% Payment In Lieu of Transportation	57%	N/A	N/A	1%
Cost per Student	\$139 ¹	N/A	N/A	\$151
Average Cost Per Non-public Student	\$203	\$139	\$306	\$256

Source: T-1 and T-2 Forms; transportation departments

¹ The FY1998-99 ODE reimbursement was \$172 per student per year. The difference between \$172 and \$139 is that all students do not get a full year of payments.

C5.2 By utilizing payments in lieu of transportation for 57 percent of its non-public students, SLSD is able to reduce its operating costs. This reduction occurs because payments in lieu of transportation are reimbursed 100 percent by ODE and are less than the cost to transport students on contracted District buses.

Personnel

F5.15 When transportation services were contracted out in 1993, Laidlaw hired the majority of the former SLSD transportation employees. A small number of individuals continue to be employed by the District in non-transportation related functions, such as building monitors or food service personnel. These individuals may split a full eight-hour day between Laidlaw and the District. However, according to the Laidlaw manager, dual employment has not affected the scheduling of transportation services.

Bus Fleet

F5.16 While ODE does not have specific guidelines concerning bus replacement, a general consensus among ODE, private bus contractors and school transportation departments is to replace buses at approximately 12 years of age, or 200,000 miles for diesel buses and 150,000 miles for gasoline buses. However, regardless of age or mileage, buses which pass state inspections may continue to be used.

The District's contract with Laidlaw requires the contractor to replace buses at 120,000 miles or ten years of age (**F5.20**). Laidlaw's FY 1998-99 rates were \$256.88 for a Laidlaw bus and \$218.57 for a District bus. The difference of \$38.31 is the amortization cost of the bus. At the District's current annual mileage of 14,741 miles per bus, a bus would have only 147,741 miles after ten years.

R5.5 The requirement that the contractor replace buses at 120,000 miles or ten years of age appears to be too liberal and does not allow any flexibility to the District. Although this requirement allows for a newer bus fleet with less maintenance, the amortization rates are higher because of a shorter amortization time period. A more conservative requirement of 12 years of age or 200,000 miles should reduce the per bus per day rate because of a longer amortization schedule with minimal effect on the quality of the busses in service. In addition, the District should include in its contract a provision that if the bus has further useful life, then the District, at its option, should be able to keep the bus - at a lower daily rate per day. See **Table 5-8**. Elyria City School District's contract with First Student has some of their buses being replaced at 12 years.

Financial Implication: The current 10-year amortization rate is estimated at \$38.31 per day, per bus. If you extrapolate the amortization rate to 12 years, the new rate would be \$31.93. Based on the average fleet of 29 buses, the District could save an estimated \$32,959 per year.

F5.17 SLSD utilizes state negotiated contracts for the purchase of diesel fuel. Laidlaw installed Keyguard by PetroVend three years ago in order to track fuel being used for the District and other entities. Keyguard is a locking system on the fuel pump which requires a key to activate

the pump. Key A-1 is for SLSD buses, key A-2 is for Weaver MRD school buses, key A-3 is for Summit County Special Education buses, Key A- 4 is for Springfield Special Education buses and key A-5 is unassigned and locked out. Each Laidlaw driver is responsible for fueling his or her assigned vehicle by using the proper key on the tank.

Non-District buses are filled before they leave the terminal with the District key and refilled on their return with the appropriate non-District key. Fuel used by Laidlaw in completing non-District related assignments is rebilled to Laidlaw by the District. There are no procedures to prevent a bus driver from inadvertently using the wrong key.

C5.3 SLSD is commended for participating in state negotiated contracts. The state provides a safeguarded and monitored means of providing fuel at a reasonable cost to the District.

R5.6 The District should consider not providing fuel in their next busing contract. The advantage of buying fuel on state contract pricing versus a vendor's national contract would probably be nullified. In addition, the District must bear the responsibility of charging back fuel for non-District use and ensuring that the drivers are filling their tanks appropriately. **Table 5-8** indicates that the Elyria City School District's contract with First Student has the vendor supplying the fuel.

Technology

F5.18 Laidlaw uses Edulog computerized routing software. Edulog is run at the beginning of the year, and routes are subsequently approved by the Board. Routes are not usually re-created/changed during the year. The current Edulog routing software being used by Laidlaw is a DOS version with route optimization. However, Laidlaw does not run the route optimization package. The use of route optimization module during the annual route design process would allow the Laidlaw to test multiple route and school bell scenarios for more efficient route designs.

R5.7 SLSD should require its contractor to run the route optimization feature at least once each school year. Optimized routes should allow for a minimization of the number of buses and run times and the maximization of bus capacity. Since the District is paying for its school bus transportation service by a rate per bus per day, it would be to the advantage of the District to have the most efficient routes, with the fewest number of buses being operated. If one bus could be eliminated, a minimum savings of \$47,782, without the cost of fuel, could be realized at the current FY 1999-00 rate.

Contracted Services

F5.19 SLSD inquired about contracted busing in the Summer of 1992. After review, SLSD prepared a set of bid specifications which were advertised in *The Suburbanite* on April 5, 1993. *The Suburbanite* is a local area weekly newspaper with a circulation of 26,000 (April 2000). In addition to the public advertising, the District also sent proposal letters to six vendors who were known to provide transportation services. These vendors were: Laidlaw Transit, Inc. (Settle Service, Inc.); Mayflower Contract Services; National School Bus Service, Inc.; Ryder Student Transportation Services, Inc.; Moore's Student Transportation; Commercial Labor Services, Inc./Penske Truck Leasing;

A review of District files revealed that only one bid was noted and that was from Laidlaw Transit, Inc. A 1993 Board resolution authorized the superintendent to contract with Laidlaw Transit, Inc., and the original contract was executed on October 11, 1993. Subsequently, in accordance with the contract agreement, the contract was extended for a five-year term effective November 14, 1996.

R5.8 The decision by the previous superintendent not to actively seek competitive bids for school bus transportation services may have limited the District from receiving more competitive bids. Although there is no specific code requirement for bidding school bus transportation services, Ohio Revised Code § 3313.46, which covers general bidding requirements, states that the Board shall advertise for bids once each week for a period of at least two consecutive weeks in a newspaper of general circulation in the District. The District may be able to attract more vendors, and obtain a contract for transportation services at a lower cost if it were to follow the ORC's general bidding requirement and not advertise only in the local paper. Prior to the next contract bid, the District should advertise in *The Akron Beacon Journal* and *The Plain Dealer* for a minimum of a two week period.

Also, the District should actively solicit more vendors to participate in the bidding process. This would include pre-bid meetings and follow-up telephone calls. Also, if the district only receives one bid, the bid should not be accepted automatically until a more thorough request for bids is completed and the District is assured that they have received the lowest and most responsive bid. As illustrated in **Table 5-8**, Elyria City School District's contract with First Student provides them with a more cost efficient contract.

F5.20 The contract with Laidlaw Transit, Inc. was extended in 1996. Major provisions of the contract include the following:

- Laidlaw agrees that it will provide a full-time, on-site manager
- Laidlaw shall replace Board-owned buses upon the first occurrence of 120,000 miles or when a bus reaches an age of ten years

- Laidlaw will be provided the full use of the Board's radio system
- The Board may purchase the buses from Laidlaw for the fair market value of the buses as set forth by the Guide (Yellow School Bus Book published by Yellow School Bus Book, Inc. of Los Angeles, CA.)
- Laidlaw is to provide all the equipment and shall maintain at least three spare buses
- Laidlaw shall continue its use of the Edulog computer system
- The Board shall pay Laidlaw its total costs for bus monitors plus 15 percent
- Laidlaw will carry single limit liability of \$15,000,000 per bus for each accident and \$15,000,000 bodily injury and property damage per accident and to set the Board as an additional insured party
- Laidlaw shall receive, for providing bus service, compensation for company provided buses: \$218.57 per bus per day for regular routes and \$54.37 for mid-day runs; for Board owned buses: \$256.88 per bus per day for regular routes and \$55.67 for mid-day routes. (FY 1998-99 effective rates.)
- The Board shall provide all the necessary fuel for the operation of the buses
- Laidlaw shall provide all necessary buses for school years subsequent to the 1997-98 school year
- In the event of a change in the needs of the Board requiring a decrease in the number of buses specified, then such rates shall be re-negotiated
- Compensation shall be no less than 178 days of service
- All rates shall increase at a rate of 4.5 percent each year on the first day of July, beginning July 1, 1997
- Field trip rates effective FY 1998-99: \$23.04 per hour with no mileage charge for trips with destinations within Summit County and \$14.64 per hour plus \$1.06 per mile for trips with destinations outside of Summit County
- The Board agrees to provide Laidlaw, at no additional cost, full use of the existing bus facility with Laidlaw paying the Board \$8,000 per year for the provision of utilities
- Laidlaw will provide transportation to up to five of the Board's special needs students at no charge
- The contract may be extended for one additional five year term

There is no one at the District assigned to actively monitor the transportation activities. Performance is tracked on an exception basis - few or no complaints means Laidlaw is doing an effective job.

F5.21 **Table 5-8** highlights some key contractual issues for student transportation. Clermont Northeastern Local School District and Goshen Local School District have Laidlaw transportation contracts and were listed in Laidlaw's proposal as references. Elyria City School District was chosen since they have a transportation contract with First Student (formerly known as Ryder Student Transportation Services, Inc.).

Table 5-8: Comparison of Contractual Issues FY 1998-99

	Springfield	Clermont	Goshen	Elyria
Effective date	October 1993	Aug. 22, 1996	Sep. 11, 1997	April 1, 1995
Ending date	Nov. 13, 2001	Aug. 15, 2001	July 2002	June 30, 2000
Options	1 five year extension opted in 1996	May be renewed	1 three year extension	1 three year extension
Number of buses	26 +	Not stated	Not stated	41
Cost per bus - day	\$256.88	\$287.40	\$256.05	\$229.60
Cost per bus - K	\$58.18	\$77.10	\$50.76	\$33.77
Increases	4.5%	6.0%	3.75%	3.0%
Cost to add/reduce the number of buses	Re-negotiate	Not stated	Re-negotiate	Not stated
Buses provided by	Laidlaw	Laidlaw	Laidlaw	First Student
Spares required	3 buses	3 buses	Not stated	8 buses
Bus replacement	120,000 miles/10 yrs	10 years spares 11 yrs	120,000 miles/10 yrs	10 or 12 years depending on type of bus
Bus repurchase	Yellow guide	Yellow guide	Yellow guide	Fair market value
Bus monitors	Direct costs plus 15 %	Direct costs plus \$1.00 per hour	Direct costs plus \$1.00 per hour	\$12.33 (2 hr min.)
Space	District provides ¹	District provides	District provides	Contractor provides
Rent	\$8,000/yr	N/A	N/A	N/A
Utilities	included	Laidlaw	N/A	N/A
Insurance	\$15 million per bus	\$25 million per bus	\$3 million per bus	\$25 million per bus
Fuel	District	Contractor	District	Contractor
Routing Software	Edulog	No	Yes	Edulog ²
Field trip rates	In county: \$23.04 per hour no mileage Out of county: \$14.64 per hour \$1.06 per mile	50 mile radius: \$27.39 No mileage >50 mile radius: \$14.00 per hour \$1.43 per mile	In county: \$27.97 No mileage Out of county: \$14.32 per hour \$1.23 per mile	\$18.58 per hour (two hour minimum) plus \$0.45 per mile

Source: Districts' transportation contracts

¹SLSD receives transportation for five special needs students at no charge.

²Elyria City School District provides the Edulog system to First Student.

R5.9 The contract for school bus transportation services seems to address the needs of student transportation. However, there are certain contract provisions that should be reviewed which include the following:

- The requirement that buses should be replaced at 10 years or 120,000 miles allows for higher amortization costs being charged to the District in the daily bus rates. See **F5.16** and **R5.5** for further discussion on bus replacement.
- The requirement that the District provide the fuel should be reviewed because it requires the District to purchase, store and track fuel usage. See **F5.17** and **R5.6**. In addition **Table 5-8** indicates that both Clermont Northeastern Local and Elyria City School Districts's contract has the cost of fuel included in the daily bus rate.
- The contract calls for the contractor to provide liability insurance plus naming the Board as additionally insured. Neither the District nor Laidlaw could provide documentation of insurance. The District should name the treasurer or the business manager as the person responsible for contract compliance to help ensure that the proper insurance is provided.
- The rate on contract increases is set at 4.5 percent per year and is not tied to any indices. The rate of increase should be tied into the Consumer Price Index or some other independent index in order that the rate increase is fair to both parties of the contract. As indicated in **Table 5.8**, SLSD has the third highest fixed rate of increase among the four school districts.

The District should also review the National School Transportation Association's "A Handbook of Basic Student Transportation Services, Contract Language and Explanations." The handbook also includes a sample contract and sample request for proposal. The handbook can be found at www.schooltrans.com/contract.htm.

F5.22 In a review of the Laidlaw contract it was noted that compensation was to be based on no less than 178 days of service. However, the superintendent indicated that although the contract stipulates that the cost be based on a 178 day school year, the actual practice of the District is to only pay for the days the transportation services are used. Therefore, in FY 1998-99 when the District declared five calamity days, Laidlaw was only compensated for 173 days. A review of Laidlaw invoices supports the assertions of the superintendent.

R5.10 In negotiating for transportation services in the future, the District should remove the provision stating that compensation shall be for no less than 178 days of service. Instead, the contract should state that the District will only be liable for those days that service is actually provided.

Facilities

F5.23 Laidlaw uses 27,700 square feet of outdoor bus/employee parking and 16,750 square feet of building space. The building space includes housing for buses assigned to the District and office space. The office space has its own utilities which are paid by Laidlaw. Only the bus maintenance garage, 3,960 square feet, has utilities being paid by the District. The District re-distributes its utility cost for transportation at three percent of the campus billing. During 1998-99 this cost was \$5,808. Laidlaw reimbursed the District \$8,000 as required by the contract.

The contract dated November 14, 1996 states “Additionally, [the] Board agrees to provide space for the storage of additional buses on property for the Company (Laidlaw) to service the Board as well as neighboring school districts. As consideration for the additional use of the property, the Company shall provide transportation to up to five of the Board’s special needs students at no charge.” (F5.20) In review of the vendor billings for the current contract period, there were no credits noted for five special needs students.

In review of the transportation procedure and through discussions with the terminal manager, it was determined that Laidlaw does provide an extra bus for SLSD, at no charge, for the transportation of special education students between schools.

Financial Implications Summary

The following table represents a summary of additional revenue and annual costs savings. This table illustrates the revenue and savings that Springfield Local School District could potentially realize. For the purposes of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Transportation

Recommendations	Cost Savings Annual
R5.1 Reduce transportation to State minimum standard	\$283,000
R5.4 Special needs student transportation changes	\$101,000
R5.5 Increase the bus replacement schedule	\$32,959
Total	\$416,959

Actual versus estimated annual cost savings could vary greatly depending on the total number of buses reduced due to changes in transportation policies and efficiencies in routing.

Conclusion Statement

The Springfield Local School District's (SLSD) transportation department is contracted out for all operations - management, equipment and drivers. In review of the District's regular student transportation operational costs for the cost per student for regular student transportation, it would seem that the District has, in general, a reasonable contract. However, the same cannot be said for the contracted transportation of special needs students. The cost to transport a special needs student was the highest of the peer districts. The District needs to look at other alternatives to special education transportation. These alternatives should include an expanded use of parent/guardian contract, the use of other contracted vehicles and the use of taxis. All these alternatives to special needs transportation should be less expensive than the rate the District is paying for special needs busing.

In order to realize significant reductions in operating costs, the District should require its vendor to run its Edulog routing software's route optimization module. Route optimization would help ensure that the District's vendor is operating their number of buses and students per bus at the most efficient level. Since the District is paying its vendor on a rate based on per bus per day, it is beneficial for the District to ensure the vendor has the minimum amount of buses operating.

One major change the District should consider in its next transportation request for proposal (RFP) is to eliminate the provision that the District provide the fuel. There is probably no price advantage for the District to purchase fuel off of the State contract than it is for the vendor to purchase fuel of its national contract. Another change in the RFP would be the requirement that the contract state a dollar figure for the addition/deletion to the number of buses on the contract. Also, the District should encourage more participation in the RFP process. Not only would the involvement of multiple bidders ensure the legitimacy of the bid but also that the District is receiving the lowest and best bid for its busing operation.

The District files reports to the Ohio Department of Education (ODE) which affect the State's reimbursement to the District. The business office should develop procedures to ensure that accurate reports are prepared for ODE. The District should determine an accurate number of students transported on buses, on other means of transportation and all transportation expenditures. Accurate figures reported to ODE will not only ensure that the District is receiving its maximum allocation for reimbursement but that accurate comparative statistics are being compiled. In addition to the business office, representatives from the treasurer's and superintendent's offices who sign these forms should take responsibility for certifying the accuracy of the data reported.

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