



Legislative Post Audit Performance Audit Report Highlights

K-12 Education:
Efficiency Audit of the Concordia School District

Report Highlights

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Audit Concern

Officials from the Concordia school district requested an efficiency audit to help them identify ways they could reduce costs without affecting the education they provide to students.

Other Relevant Facts for Question 1

The Concordia school district is located in north-central Kansas and includes portions of Cloud, Republic, and Jewell counties.

The school district had about 1,060 full-time equivalent students for the 2009-10 school year.

For 2009-10, the district employed about 186 staff, including 94 full-time equivalent certified teachers.

Estimated Potential
Cost Savings as a
Result of This Audit:

\$ 236,000 per year

AUDIT QUESTION 1: *Could the Concordia school district achieve cost savings by improving the management of its personnel, facilities, or other resources?*

AUDIT ANSWER and KEY FINDINGS:

- We identified several opportunities for the district to operate more efficiently and reduce costs. A few of the options would result in cutting teaching positions, which clearly can affect the ways in which instruction is provided.

However, given the State's economic condition, many districts are already facing cuts for existing staff. We've tried to identify ways the district could make more targeted cuts which could lessen the impact on their ability to provide high-quality instruction. These opportunities are summarized in the accompanying figure on the next two pages.

- The most significant area in which the district potentially could reduce its costs involves combining existing class sections at the high school, and filling those classes closer to set capacities. In all, the district could save about \$190,000 per year by making the necessary changes.
- Another opportunity involves moving the preschool to the elementary school. The district may be able to save about \$12,000 per year by relocating these and other students to different classrooms.
- Other areas where the district might be able to make changes to reduce its costs include: restricting the use of district-paid cell phones (savings of \$6,500); analyzing whether it is cost-effective to continue a policy of guaranteeing certain employees four hours of overtime per week (savings of \$11,500); taking a look at the use of its supplemental contracts (savings of \$14,500); and making better use of the district's business procurement card (savings of \$1,800).

We Recommended

We recommended the Concordia school district develop a systematic efficiency-management process to help it identify opportunities to improve the efficiency of its operations.

We made several recommendations to the Concordia school district to address the cost savings opportunities identified in this audit.

Agency Response: In general, district officials agreed with our findings. Several ideas will be submitted to the local school board for consideration.

**Summary of Areas Identified for Improved Efficiencies
and Estimate of Savings**

Potential Area for Achieving Cost Savings and Improving Efficiency	Estimated Annual Savings
Student Instruction	
<p>Filling and Combining Existing Class Sections at Concordia Senior High School Potentially Could Save At Least \$190,000 – For the 2010-11 school year, the district is moving from a block schedule to a traditional schedule, and is increasing each teacher's workload from five classes to six per year. Though the district would need fewer teachers to teach the same number of class sections, officials agreed not to cut teaching positions to get the change approved by the teachers. If in addition to moving to a traditional schedule, the district filled its classes closer to its own set capacities, the district potentially could save \$114,000 because it would need fewer teachers. If it also combined sections for the lowest-enrollment classes, it could save an additional \$76,000.</p>	\$190,000
Facilities	
<p>Moving Its Preschool Potentially Could Save the District About \$12,000 Each Year – Currently, the Lincoln building, a former elementary school, houses the district's preschool program. To make room for the district's preschool program at the district's current elementary school, district officials said they could move the sixth grade classes to the junior/senior high building, and move the fourth grade classes to the current fifth/sixth grade building. This would create enough space at the elementary school to accommodate the preschool, potentially allowing the district to save about \$12,000 annually.</p>	\$12,000
<p>Taking Steps to Reduce or Defray Utility Costs in Its Buildings Potentially Could Save Money – While the district has upgraded its climate control systems and taken steps to make its buildings more energy efficient, we noted more things the district could do. District officials said the district hasn't done an energy efficiency review in the past five years. The district potentially could save money by reviewing its energy usage, and by implementing energy conservation policies, like timers on lights, energy savings options on computers, and limiting the number of personal appliances.</p>	(a)
Personnel	
<p>Paying Stipends for Cell Phones and Limiting the Number of Them Potentially Could Save \$6,500 – The district paid about \$9,900 during the 2009-10 school year for 22 cell phones. If the district paid reasonable stipends and limited the number of staff eligible for stipends (giving them to staff who might need to be contacted outside of regular business hours, like the Superintendent or Transportation Director), it potentially could save \$6,500. The amount of savings might be affected by any reimbursement the district receives from participating in the E-Rate program, a federal program which reimburses schools for communications costs. In this audit, we didn't have time to fully pursue this issue.</p>	\$6,500
<p>Hiring a Full-Time Staff Member to Reduce the Need for Custodial/Maintenance Overtime Potentially Could Save \$11,500 - The district guarantees four hours of overtime per week for custodial and maintenance staff to try to reduce staff turnover. It paid an average of \$54,000 per year in overtime for custodial and maintenance employees over two years. If the district hired a full-time staff member, it potentially could save \$11,500 per year in overtime costs.</p>	\$11,500
<p>Offering Fewer Supplemental Contracts Potentially Could Save At Least \$14,500 - For the 2010-11 school year, the district has contracted to pay its staff \$290,000 in supplemental pay for time they spend outside the classroom on activities like coaching sports teams or advising yearbook. This is less than the \$430,000 it spent during the 2009-10 school year. Although this doesn't make these activities more efficient--the decision to cut supplemental contracts is really a policy issue--the district potentially could save money by cutting supplemental pay by another 5%, or a total of \$14,500, though it may need to renegotiate its contract with its teachers to do so. Other options which could result in greater savings include eliminating positions from the most expensive activities based on costs per student (\$17,000) or based on the amount paid out per supplemental contract (\$20,000).</p>	\$14,500
Business Processes	
<p>Automating Paper-Driven Processes Potentially Could Save Money - Recently the district has taken several steps to eliminate paper processes, including using electronic deposit for payroll, and using an electronic time-keeping system, as well as eliminating paper newsletters to patrons. However, the district still relies heavily on paper for many of its administrative functions, including payroll registers, bill paying, and human resources. If it relied less on paper and used electronic processes such as electronic storage and electronic bill-pay, it could save staff time, paper, postage, and storage space.</p>	(a)

**Summary of Areas Identified for Improved Efficiencies
and Estimate of Savings**

Potential Area for Achieving Cost Savings and Improving Efficiency	Estimated Annual Savings
Business Processes Continued	
Modifying Its Existing Purchasing Practices Potentially Could Save Money - <i>The district does limited bulk purchasing through a local service center, but doesn't pair with neighboring districts to do joint purchasing for other items, like diesel fuel. Doing so potentially could save the district money.</i>	(a)
Maximizing the Use of Business Procurement Cards Potentially Could Save \$1,800 - <i>The district uses procurement cards, but doesn't receive a cash-back rebate. We estimated the district could have received at least \$1,800 in cash-back rebates in each of the past two years if it used a procurement card with a cash-back rebate, and then used that procurement card for purchases from vendors that accept it.</i>	\$1,800
Competitively Purchasing Workers Compensation Insurance Potentially Could Save Money - <i>The district spent about \$46,000 on workers compensation in 2008-09, but it hasn't shopped around for or bid out its workers compensation insurance in the past few years. The district might be able to get a better price for its insurance by soliciting bids or competitively shopping for another insurance provider.</i>	(a)
Transportation Services	
Bidding Out Vehicle Maintenance Potentially Could Save Money - <i>The district spent an average of \$86,000 on bus and vehicle parts and labor over the past two years. The district doesn't competitively shop for repairs; instead, district officials told us they use a local repair shop. If the district competitively shopped for the parts or labor costs, it potentially could save money.</i>	(a)
Analyzing the District's Needs for Bus Route Planning and Competitively Shopping Based on Those Needs Potentially Could Save Money - <i>District officials said they are looking for new bus route planning software to replace its older software. The district should do a cost-benefit analysis to determine whether it's more cost-effective to purchase software or to do the planning manually.</i>	(a)
Implementing Controls for District Vehicles Potentially Could Save Money - <i>Several district vehicles are assigned to staff who are allowed to take the vehicles home. Currently, the district doesn't have controls in place to ensure that the vehicles are used solely for district purposes.</i>	(a)
Competitively Purchasing Vehicle Fuel Potentially Could Save Money - <i>The district has spent an average of \$90,000 per year on vehicle fuel over the past two years. The district has one unleaded gasoline bulk tank at its central bus facility, but no diesel fuel tanks. District officials told us they don't competitively bid the diesel fuel. Instead, the district uses one local station because the station is near the central bus facility, and because the bus drivers are able to navigate the stalls more easily. Officials said they are considering replacing its bulk unleaded tank with a bulk diesel tank. It potentially could save money by doing this, or by negotiating for a lower rate with its fuel providers.</i>	(a)
Information Technology	
Using Virtualized Computers Potentially Could Save Money - <i>Virtualized computers allow a single computer to be configured to simulate multiple computers, cutting down on hardware costs. District officials told us they had several virtualized computer network servers at the middle and junior/senior high schools, but no virtualized computers. Officials said they were interested in virtualizing computers at the elementary and middle schools in the future. Because high school students have their own laptops, virtualization isn't possible. The district should explore virtualization as an option before it purchases new computers for those buildings.</i>	(a)
Phasing Out Individual Printers and Replacing Them with Networked Printer/Copier Units Potentially Could Save Money - <i>The district is in the process of phasing out older and less efficient individual printers for staff and has a lease agreement on centralized copy machines already. Setting a deadline by which the individual printers would be removed from buildings potentially could save money on a more immediate basis.</i>	(a)
TOTAL	\$236,300
(a) Because of time constraints, we were unable to quantify the potential savings for this area.	
Source: LPA's review of the Concordia school district's budget data, staffing levels, enrollment, and physical characteristics of buildings, along with a review of best practices.	

**DO YOU HAVE AN IDEA FOR
IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?**

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

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