SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

K-12 Education: Efficiency Audit of the Riley County School District

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
July 2010

10PA06.2

Legislative Post Audit Committee
Legislative Division of Post Audit

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July 15, 2010

To: Members, Legislative Post Audit Committee

Senator Terry Bruce, Chair
Senator Anthony Hensley
Senator Derek Schmidt
Senator Chris Steineger
Senator Dwayne Umbarger

Representative John Grange, Vice Chair
Representative Tom Burroughs
Representative Ann Mah
Representative Peggy Mast
Representative Virgil Peck Jr.,

This report contains the findings, conclusions, and recommendations from our completed performance audit, *K-12 Education: Efficiency Audit of the Riley County School District.*

The report also contains appendices showing detailed information for non-instructional operating costs for the Riley County school district and its peer districts, along with best practices for school district efficiencies.

The report includes several recommendations for the Riley County school district. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Scott Frank
Interim Legislative Post Auditor

READER'S GUIDE

The Big Picture

Audit Highlights	The highlights sheet, inserted in each report, provides an overview of the audit's key findings
Conclusions and Recommendations	Located at the end of the audit questions, or at the end of the report
Agency Response	Included as the last Appendix in the report
Table of Contents, and lists of figures and appendices	Lets the reader quickly locate key parts of the report

The Details

"At-a-Glance Box"	Used to describe key aspects of the audited agency; generally appears in the first few pages of the main report
Side Headings	Point out key issues and findings
Charts, Tables, and Graphs	Visually help tell the story of what we found
Narrative Text Boxes	Highlight interesting information or provide detailed examples

This audit was conducted by Laurel Murdie, Alex Gard, and Lindsay Rousseau. Joe Lawhon was the audit manager. If you need any additional information about the audit's findings, please contact Laurel Murdie at the Division's offices.

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K-12 Education: Efficiency Audit of the Riley County School District

In July 2009, our office released a school district performance audit examining the efficiency of school districts' operations. As originally directed by the 2010 Commission, that audit would have consisted of two phases. The first phase called for analyzing district staffing and expenditure data to identify areas where spending for districts appeared to be out-of-line compared with their peers. The second phase called for following up on a sample of districts to evaluate their processes in the areas that appeared to be out-of-line to determine if there were ways they could reduce costs without affecting their ability to provide high-quality education to their students.

In April 2009, the Commission directed us to suspend the follow-up part of the audit to alleviate concerns some superintendents had expressed about having an efficiency audit conducted while they were trying to address funding cuts from the State. However, in May 2009 the Commission discussed the fact that some districts may want to take advantage of the external review an efficiency audit could provide in helping them look for opportunities to operate more efficiently. The Commission subsequently directed us to contact school districts to see if any of them would like to volunteer for an external efficiency audit.

Officials from the Riley County school district contacted us and requested an efficiency audit. This school district performance audit answers the following question:

> **Could the Riley County school district achieve cost savings by improving the management of its non-instructional personnel, facilities, or other resources?**

Because district officials asked us to look at all spending areas—including instruction—we modified the original question to include all types of district expenditures. The other spending areas include student support, instruction support, district-level administration, school-level administration, operations and maintenance, transportation, and food services.

To help answer this question, we identified peer districts that are demographically similar to the Riley County school district and compared them on various measures of efficiency. That allowed us to identify areas where the spending or resources used by the Riley

County school district appeared to be out of line. We also conducted site visits to interview district officials and staff, observe various administrative and operational processes, and tour a number of the district's facilities.

A copy of the scope statement for this audit approved by the 2010 Commission is included in ***Appendix A***.

We conducted this performance audit in accordance with generally accepted government auditing standards, except that we didn't fully assess the reliability of certain data provided by the Riley County school district, including high school class rosters, detailed personnel data, and maximum building capacities. As a standard part of our preliminary testing of those data, we reviewed the data for reasonableness, duplication, and inconsistencies. That preliminary testing didn't disclose any systematic problems that would suggest the data were grossly inaccurate.

The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our findings begin on page 5, following a brief overview of the Riley County school district.

Overview of the Riley County School District

The Riley County school district is located in northeast Kansas and includes parts of Riley, Pottawatomie, and Geary counties. The school district had 685 full-time-equivalent students for the 2009-10 school year, and employs about 111 staff, including 55 full-time-equivalent certified teachers.

Figure OV-1 provides a map of the district, and ***Figure OV-2*** summarizes the district's enrollment, outcomes, expenditures, and staffing levels for the past five years.

Because of the many cooperative arrangements for special education services that exist between some districts, including special education expenditures or staff would create distortions in the efficiency measures used throughout this report. Therefore, we've excluded them from all our analyses, including ***Figure OV-2.***

Figure OV-1
Map of the Riley County School District

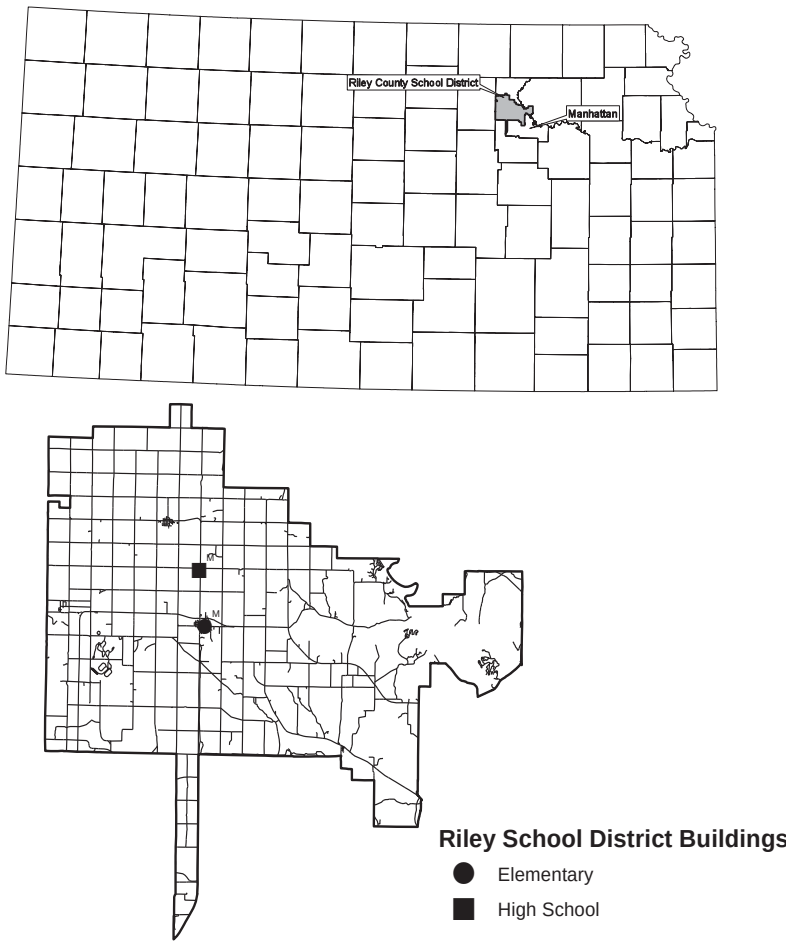
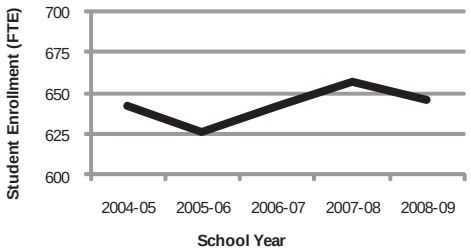


Figure OV-2
Selected Information for the Riley County School District

ENROLLMENT

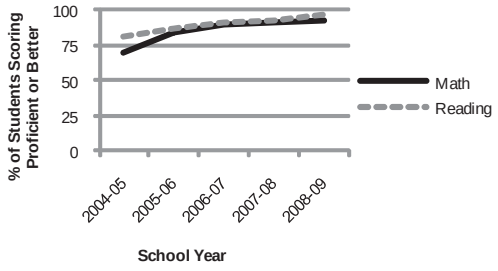
Student Enrollment Over Time (2004-05 through 2008-09 school years)



2008-09 Enrollment	
Total Student FTE	646.1
% Free Lunch	17.3%
% English As A Second Language	0.7%

OUTCOMES

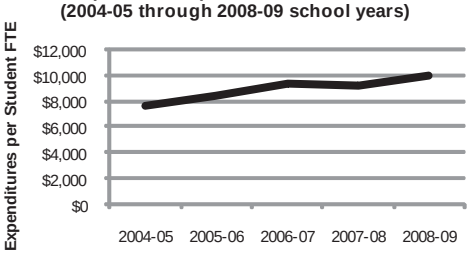
% of USD 378 Students Scoring Proficient or Better on State Assessments



2008-09 Assessment Outcomes				
	Math	Standard	Reading	Standard
Elementary (3rd – 5th)	93%	78%	95%	80%
Middle School (6th – 8th)	88%	78%	97%	80%
High School (9th – 12th)	93%	71%	95%	77%
All Grades	**92%**	---	**96%**	---

EXPENDITURES (a)

Expenditure $ per Student Over Time (2004-05 through 2008-09 school years)

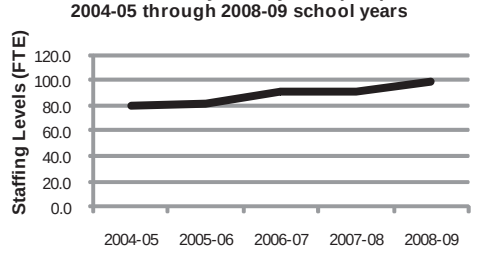


2008-09 EXPENDITURES (b, c)			
By Functional Categories			
Category	**Total**	**$ Per Student**	**% of Total**
Instruction	$3,440,599	$5,325	54%
Student Support	$147,773	$229	2%
Instruction Support	$372,113	$576	6%
District Admin	$350,767	$543	5%
School Admin	$495,503	$767	8%
Ops & Maintenance	$727,634	$1,126	11%
Transportation	$350,066	$542	5%
Food Services	$526,993	$816	8%
Total	**$6,411,448**	**$9,923**	**100%**

By Object Level			
Salaries	$3,874,519	$5,997	60%
Benefits	$678,223	$1,050	11%
Purchased Services	$428,831	$664	7%
Supplies	$1,027,589	$1,590	16%
Other	$402,512	$623	6%
Total	**$6,411,673**	**$9,924**	**100%**

STAFFING (a)

USD 378 Riley County Staff (FTE) 2004-05 through 2008-09 school years



2008-09 STAFFING		
Category	**FTE**	**Staff Per 500 Students**
Instruction	56.5	43.7
Student Support	3.7	2.9
Instruction Support	3.7	2.9
District Admin	6.5	5.0
School Admin	6.2	4.8
Ops & Maintenance	8.0	6.2
Student Transportation	5.4	4.2
Food Services	5.4	4.2
Other	3.7	2.9
Total	**99.1**	**76.7**

(a) Excludes costs and staff associated with special education.
(b) Expenditures include the following funds: general fund, federal revenues, supplemental general fund, four-year-old at-risk, K-12 at-risk, bilingual education, virtual education, capital outlay, driver training, food service, professional development, summer school, vocational education, gifts and grants, contingency reserve, textbook rent and student revolving, and the extraordinary school program. Costs associated with transfers or property and equipment expenditures are not included.
(c) Totals may not match due to rounding.
Source: LPA analysis of Kansas State Department of Education assessment scores and staffing data, and school district expenditure and staffing data.

Could the Riley County School District Achieve Cost Savings By Improving the Management of Its Personnel, Facilities, or Other Resources?

Answer in Brief:	*The Riley County school district has taken some positive steps to become more efficient and control costs, but like other districts we've reviewed, it lacks a systematic approach for evaluating and managing efficiency. Overall, the district's non-instructional spending per student is more than its peers, though its staffing levels generally are lower. We identified a number of opportunities for the district to operate more efficiently and reduce its costs. The largest savings opportunity involves taking steps to make the district's food program self-sufficient, potentially saving at least $122,000 per year. In addition, the district could save $96,000 per year in salary costs by switching from a block schedule to traditional at its high school and filling courses closer to capacity. Finally, closing and selling its central office and moving those staff to one of its two school buildings could potentially generate about $136,000 in one-time revenues. These and other findings are in the sections that follow.*

School Districts Should Have a Systematic Process for Managing Efficiency

Although most evaluations of school districts tend to focus on how well the districts educate students, oversight bodies and citizens increasingly are becoming more interested in how efficiently districts are operating—particularly in light of the budget shortfalls that are facing governments at all levels. School efficiency audits focus on ways in which districts can change the way they currently operate to *essentially provide the same quality of educational services using fewer resources, or to allow their existing resources to become more productive*. If fewer resources are needed, districts can use the savings either to reduce costs or to redirect those resources to other more important activities.

Measures of efficiency are calculated ratios that capture the relationship between inputs (the resources used) and outputs (the things accomplished or produced). For educational entities, the primary measures of efficiency are things like expenditures per student, staff per student, and number of activities per employee (for example, classes taught per teacher or meals served per food service worker).

One important aspect of assessing efficiency is comparing these measures to those of peers with similar characteristics, to standard benchmarks, and to the district itself over time. This allows a district to see how it compares, and to explore reasons why it may spend more in certain areas. A district also can make adjustments to its policies, procedures, and practices to ensure it not only provides the

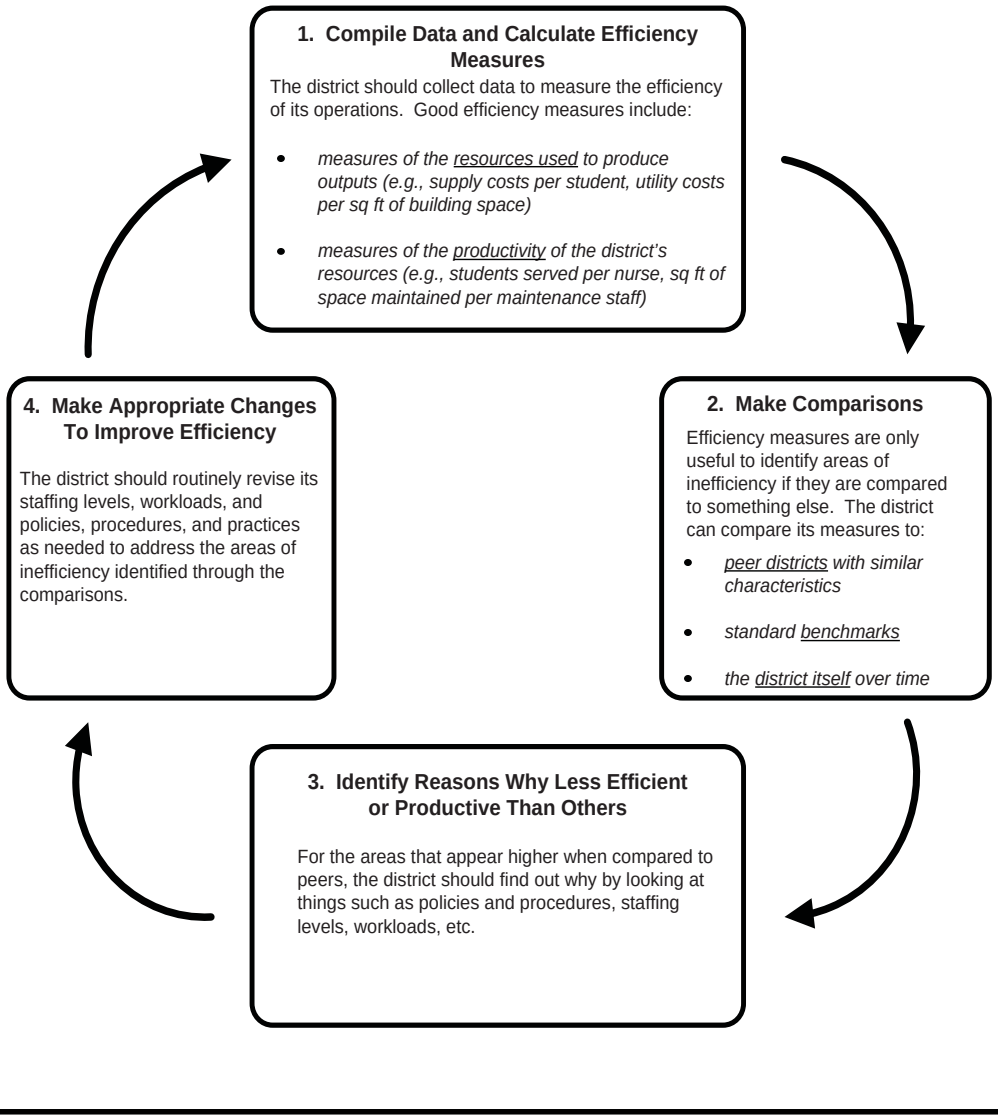
best education for its students, but also the best value for taxpayers. In addition, as districts move towards greater computerization, it's important for them to look at how streamlined and automated their processes are.

A model for a good efficiency management process is summarized in ***Figure 1-1.***

Figure 1-1
Model Efficiency Management Process

A good efficiency management system allows districts to:

- *Identify the functional areas within the district (e.g., administration, operations and maintenance, transportation, and food) where spending may be out-of-line.*
- *Identify the types of spending (e.g., salaries, benefits, and purchased services) that account for significant differences.*
- *Use the data as a starting point in understanding why costs might be different.*



Source: LPA model based on a review of best practices and literature.

While the Riley County school district has taken a number of positive steps to become more efficient and control costs, it lacks a systematic approach for evaluating and managing efficiency. According to district officials, the district has taken the following steps over the past several years to improve its efficiency:

- **Joint or competitive purchasing**—District officials told us they have solicited bids for most insurance needs over the past few years. In addition, officials reported they have done extensive bidding and competitive purchasing for services and supplies. Finally, the district purchases instructional supplies through the Southeast Kansas Education Service Center (Greenbush), which purchases supplies competitively for a number of school districts.

- **Insurance**—In addition to taking bids for insurance, district officials told us they have pro-rated the district's share of health insurance premiums based on the number of hours each staff member works. The district recently increased the deductible on its property insurance.

- **Efficiency audits**—District officials invited the Center for Innovative School Leadership (CISL) at Emporia State University to conduct an efficiency audit of the district in 2007. Reviewers looked at district spending, practices, and procedures across all major areas—including administration, operations and maintenance, instruction, and student support. Our review showed that the district has implemented or is in the process of implementing recommendations from that audit related to transportation and operations and maintenance. In addition, district officials told us they have had several energy audits done in the past five years.

- **Custodial services-**-District officials told us that beginning in the 2010-11 school year, the district will be contracting out for custodial services instead of having district staff perform those services.

Despite these efforts, we noted that the Riley County school district doesn't have a fully developed process for reviewing and trying to manage the efficiency of its operations. Such a process is illustrated in ***Figure 1-1***. Specifically:

- **While district officials look at spending data at a high level, they don't calculate measures of efficiency—**District officials told us they calculate total spending per student and local option budget spending per student. However, officials don't calculate measures, such as how much the district spends on a per-student basis for administration, operations and maintenance, transportation, and food service. While the data they compile may be useful, those data don't measure how efficiently the district uses its resources.

- **District officials don't use the data to make comparisons with peers, standards, and benchmarks—**District officials told us they compare themselves to other neighboring or league schools for areas like operations and maintenance staffing levels, lunch prices, and fees charged to students. While these kinds of comparisons may be useful, officials don't make the kinds of comparisons that help indentify inefficiencies, such as

comparing their costs per-student in all major spending areas to like-sized districts or to standard benchmarks.

While not readily compiled on a per-student basis, spending data for all Kansas school districts is available through the *Comparative Performance and Fiscal System,* located on the State Department of Education's website (http://cpfs.ksde.org/cpfs/). Information on district enrollment levels can be used to calculate and make meaningful comparisons of specific types of spending with respect to enrollment size.

- **The district doesn't have a systematic process to routinely revise its policies, procedures, and practices as needed to address areas of efficiency**—District officials told us that while they don't have a routine schedule for revising policies, they make changes as needed.

The Riley County School District's Total Non-Instructional Spending Per Student Is More Than Its Peers, While Staffing Levels Are Lower In Many Areas

To compare the district's efficiency measures to other districts, we selected 12 peers whose demographics were similar in terms of size, property values, and concentration of poverty and students with limited English proficiency. ***Appendix B*** provides a list of the peer districts, a demographic comparison of the Riley County school district to its peers, and a more detailed description of how we selected the peers.

Using enrollment, staffing, and expenditure data for the 2008-09 school year (the most recent year for which complete data were available for our audit fieldwork), we calculated a variety of efficiency measures for the Riley County school district and its peers in the following areas: instruction, district- and school-level administration, instructional and student support, operations and maintenance, student transportation, and food service. We excluded expenditures related to special education because cooperative arrangements between some districts can create distortions in the efficiency measures. In addition, we excluded property and equipment purchases because they can be uneven from year to year.

Figure 1-2 summarizes our findings for these comparisons. Detailed efficiency measures for each district can be found in ***Appendix B***.

As the figure shows, the Riley County school district's total spending per student was about $1,000 higher than the average of its peers, and Riley County's non-instructional spending per student was about $750 higher than its peers. That occurred primarily because Riley County's spending per student for instructional support, district-level administration, school-level administration, and food services was higher than its peers. Here's why:

- Spending for instructional support was higher because the district spent more on salaries than its peers. Comparisons showed Riley County employed more people in this area than did most of its peer districts. (Instructional support staff includes positions like curriculum specialists, library aides, and librarians.)

Figure 1-2
Riley County School District Efficiency Measures as Compared to Its Peers for the 2008-09 School Year

Spending Area		Riley County	Peer Average (a)	Compared to Peers
Instructional Spending				
Instruction	Spending per Student (b)	$5,325	$5,078	**Instruction** expenditures per student and staffing levels were **higher** than the average of its peers.
	Staff per 500 Students	43.7	42.4	
Non-Instructional Spending				
Student Support	Spending per Student (b)	$229	$269	Student support expenditures per student and staffing levels were **lower** than the average of its peers.
	Staff per 500 Students	2.9	4.0	
Instructional Support	Spending per Student (b)	$576	$355	Instructional support expenditures per student and staffing levels were **higher** than the average of its peers.
	Staff per 500 Students	2.9	2.3	
District-Level Administration	Spending per Student (b)	$543	$365	District-level administration expenditures per student and staffing levels were **higher** than the average of its peers.
	Staff per 500 Students	5.0	3.9	
School-Level Administration	Spending per Student (b)	$767	$648	School-level administration expenditures per student were **higher** than the average of its peers, while its staffing levels were **lower** than its peers.
	Staff per 500 Students	4.8	5.4	
Operations and Maintenance	Spending per Student (b)	$1,126	$1,154	Operations and maintenance expenditures per student and staffing levels were **lower** than the average of its peers.
	Staff per 500 Students	6.2	6.5	
Transportation (c)	Spending per Student (b)	$542	$462	Transportation expenditures were **higher** than its peers, while its staffing levels were **lower** than its peers.
	Staff per 500 Students	4.2	4.7	
Food Services	Spending per Student (b)	$816	$587	Food services expenditures were **higher** than the average of its peers, while its staffing levels were **lower** than its peers.
	Staff per 500 Students	4.2	4.7	
Total Non-Instructional Spending	**Spending per Student (b)**	**$4,599**	**$3,840**	**Overall, the Riley County school district's non-instructional expenditures per student were higher than the average of its peers, while its staffing levels were lower than its peers.**
	Staff per 500 Students	**30.2**	**31.5**	
TOTALS	Spending per Student (b)	**$9,924**	**$8,918**	**Overall, the Riley County school district's expenditures per student were higher than its peers, while its staffing levels were in line with peers.**
	Staff per 500 Students	**73.9**	**73.9**	

(a) Peer average does not include Riley County and, in a few instances, excludes districts with extremely high or low cost outliers.
(b) Expenditures do not include any costs associated with special education or properties and equipment.
(c) Student transportation is shown here to make the total spending complete and not for comparison purposes. The factors we used to identify the peer districts for this table (enrollment, poverty, prevalence of English language learners) aren't the most relevant factors for transportation. Finally, the peer average does not include districts contracting for transportation services.

Sources: LPA analysis of data provided by the Kansas Department of Education and the Riley County school district.

- Spending for district-level administration was higher because the district spent more on salaries and far more on purchased services than its peers. Our comparisons showed that staffing levels for district-level administration were higher than nearly all of Riley County school district's peers. (Staff in this area include the superintendent, central office secretaries, the board treasurer, and information technology staff.)

- Spending for school-level administration was higher because the district spent more on salaries, supplies and purchased services than its peer districts. However, our comparisons showed the district had fewer school-level administration staff per 500 students than other peer districts. (Staff in this area include building principals, assistant principals, and building secretaries.)

- Spending for food was higher because the district's food service program spent more on salaries and supplies. For the 2008-09 school year, the district transferred $243,000 from its general fund and local option budget to supplement the program. On page 11 of the report, we discuss ways the district could make its food service program more self-sufficient.

We Identified a Number Of Opportunities for the Riley County School District To Operate More Efficiently And Reduce Costs

According to Riley County school district officials, depending on whether further cuts occur at the State level, the district needs to cut about $450,000 to $880,000 from its 2010-11 budget because of the current fiscal crisis. To help the district identify savings opportunities, we reviewed the efficiency measures described in the previous section, interviewed district officials and staff, and conducted site visits to observe various processes and tour a number of the district's facilities. We also reviewed audits and research conducted in other states to compile a list of best practices for improving efficiency, which are summarized in ***Appendix C***.

Based on this work, we identified a number of opportunities for savings, which are summarized in ***Figure 1-3***. Many of these options would result in cutting teaching positions, which clearly can affect the ways in which instruction is provided. However, given the State's dire economic condition, many districts already are facing cuts for existing staff. Identifying ways in which they can operate more efficiently may allow them to make more targeted cuts, which could lessen the impact on their ability to provide high-quality instruction. Some of the more significant opportunities are described in more detail in the following sections.

If the District Cut Its Food Service Deficit In Half, It Could Save At Least $122,000 a Year

An efficient food service program should be self-sufficient (that is, it generates enough revenues to cover its costs). The primary factors that affect costs are similar to those for other areas—staffing and supply costs. The factors that affect revenues include meal prices, sales to adult staff, a-la-carte sales (for example, individual pizza slices and salad bars), and the number of students who receive free or reduced-price lunches. If a program isn't self-sufficient, the district must subsidize it with operating funds that could be used for other purposes, such as hiring additional teachers.

Riley County school district's food services program isn't self-sufficient, and the district transferred $243,000 in 2008-09 to cover the deficit. As shown in ***Figure 1-4,*** the district subsidized its food service program with transfers from its general fund and local option budgets. Given that the district's average teacher salary and benefits in 2009-10 is $48,000, this transfer is equivalent to five full-time teachers.

The $243,000 transfer represents almost half of the district's total spending in the food program for the 2008-09 school year. District officials told us they generally haven't looked at efficiency measures related to its food program—such as cost per meal—when making decisions about the program. In addition, officials indicated they haven't tried to set meal prices to cover costs, instead they prefer to keep prices in line with neighboring districts.

We identified several things the district could do to reduce (if not eliminate) the district's need to subsidize its food service program:

- **Implement portion control**—Riley County district officials told us that, with the exception of the main entrée, the district doesn't control meal portions. For example, at the high school, after being served the main entrée, students and staff are allowed to take as much as they want from the salad bar and fruit bar for one price—$2.17. District officials told us this practice has been in place for at least the past 10 years. In doing this, officials told us they were attempting to be responsive to parental complaints that students weren't getting enough to eat. If the district implemented portion control, it could save money because its food supply costs would decrease.

- **Set lunch prices at a level that comes closer to covering food service costs, and charge for extras**—If the district charges a meal price that is more closely aligned with the actual cost to produce the meal, the food services program would be more self-sufficient.

- **Jointly purchase food supplies and milk**—Riley County school district officials told us the district solicits competitive bids for milk, but it doesn't competitively shop for food supplies. If area school districts combined their purchasing power, they might be able to get quantity discounts that they otherwise wouldn't be able to get on their own.

Figure 1-3
Summary of Areas Identified for Improved Efficiencies and Estimate of Savings

Potential Area for Achieving Cost Savings and Improving Efficiency	Estimated Annual Savings
Food Service	
Taking Steps to Make the District's Food Service Program Self-Sufficient Could Save the District at Least $122,000 - *Efficient food service programs are self-supporting. For the past several years, the Riley County school district has transferred funding to cover deficits in its food service program. For the 2008-09 school year, the district transferred about $243,000 from its general and local option budgets. The amount transferred was the equivalent of 5 FTE teachers' salaries. If the district could improve the efficiency of the program and cut its transfers in half, it potentially could save $122,000. See pages 11-15 for more details.*	$122,000
Student Instruction	
Moving to a Traditional Schedule and Filling Existing Course Sections at Riley County High School Potentially Could Save $96,000 – *If the district moved to a traditional schedule and filled its course sections closer to the capacities it sets for the courses, the district potentially could realize these savings. See pages 15-17 for more details.*	$96,000
Facilities	
Moving the Central Office Into One of the District's Two School Buildings and Selling the Office Building Potentially Could Generate $136,000 in One-Time Revenue – *The district appears to have enough physical space in its elementary or high school building to accommodate district administrative staff. Before it became the district's central office, the building was a residence. Because it was once a residence and easily could be used for that purpose again, it's possible the district could sell the central office for close to the $145,000 county appraisal value, less $9,000 in broker fees. See pages 17-18 for more details.*	$136,000 (b)
Competitively Shopping for Propane To Heat Its Buildings Potentially Could Save Money – *The district doesn't have access to natural gas pipelines and uses only propane to heat its buildings. The district tries to bid its propane each year, but sometimes has difficulty getting bids. It should continue to bid its propane despite the challenges, and make bulk purchases at a reduced price when possible.*	(a)
Taking Steps To Reduce or Defray Utility Costs in Its Buildings Potentially Could Save Money – *The district doesn't have formal policies in place regarding energy consumption. A previous efficiency study of the district estimated that the district could save $50 per computer if it implemented power saving options, such as using automatic shut-off settings on computers and monitors. Officials told us they haven't implemented these power savings options. Implementing such policies, and other policies like turning off lights at night and on weekends and restricting the use of personal appliances, potentially could save on utility costs.*	$9,100
Personnel	
Paying Stipends for Cell Phones and Limiting the Number of Them Potentially Could Save $5,600 - *The district paid about $9,500 during the 2009-10 school year for service for 28 cell phones. For several staff, the district-issued cell phone is their only phone and the phones are used for personal calls even though the district employee pays nothing toward the phone's cost. If the district had employees pay a portion of the phones' costs and limited the number of staff that would be eligible for them, it potentially could achieve this savings.*	$5,600
Offering Fewer Supplemental Contracts Potentially Could Save At Least $8,500 - *The district paid out an average of $170,000 per year during the 2008-09 and 2009-10 school years in supplemental pay for time teachers spend outside the classroom on activities like coaching sports teams or advising yearbook. 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 salaries by 5%—though it may need to renegotiate its contract with its teachers to do so. Another option the district could consider is offering fewer contracts for those activities that cost the most per student, which potentially could save $10,300. The district also could cut back on the most expensive supplemental contracts, which potentially could save the district about $13,000.*	$8,500

Figure 1-3
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	
Automating Paper-Driven Processes Potentially Could Save Money - *The district relies heavily on paper for many of its administrative functions, including payroll registers, staff timekeeping, and bill paying. If it relied less on paper and used electronic processes such as automated timekeeping, electronic storage, and electronic bill-pay, it could save staff time, paper, postage , and storage space. Limiting the amount of paper purchase orders and maximizing use of its electronic purchasing system could save staff time.*	(a)
Maximizing the Use of Business Procurement Cards Potentially Could Generate $1,150 - *The district uses procurement cards, but doesn't receive a cash-back rebate. We estimated the district could have received at least $1,150 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 its procurement cards for purchases from vendors that accept them.*	$1,150
Modifying Its Existing Purchasing Practices Potentially Could Save Money - *The district does limited bulk purchasing through Greenbush Service Center, but doesn't pair with neighboring districts or service centers to jointly purchase other items like food or fuel. Doing so potentially could save the district money.*	(a)
Transportation Services	
Bidding Out Vehicle Maintenance Potentially Could Save Money - *The district spent an average of $63,000 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.*	(a)
Competitively Purchasing Vehicle Fuel Potentially Could Save Money - *For each of the past two years, the district spent $115,000 on average on vehicle fuel. The district has no central fueling station, and it's paying pump price. By negotiating a lower price with local stations, the district could save money. The district should consider the cost-effectiveness of purchasing and using a bulk tank.*	(a)
Information Technology	
Using Virtualized Computers Potentially Could Save Money - *Virtualized computers allow a single computer to be configured to simulate multiple computers, cutting down on hardware costs. District officials told us they use virtualized computers in their libraries, but nowhere else in the district. The district potentially could save money if it virtualized more of its computers.*	(a)
Phasing Out Individual Printers and Replacing Them with Networked Printer/Copier Units Potentially Could Save Money - *The district is in the process of phasing out inkjet printers, which can be extremely inefficient because the ink is expensive. The district has a lease agreement on centralized copy machines. The sooner the district stops using inkjet printers, the sooner it will save money. Setting a deadline to remove the printers could help.*	(a)

(a) Because of time constraints, we were unable to quantify the potential savings for this area.
(b) One-time revenues from the sale of a building.

Source: LPA's review of the Riley County school district's budget data, staffing levels, enrollment, and physical characteristics of buildings, along with a review of best practices.

Figure 1-4
Riley County School District and Peer Districts' Food Service Programs
2008-09 School Year
(sorted by average food expenditures per student)

School District	Total Meals Served (a)	Revenue Transfers (b)		Average Lunch Price	Avg Food Expend Per Student
		Total	Per Student		
McLouth (342)	89,195	$13,000	$25	$1.88	$452
Silver Lake (372)	94,406	$49,774	$69	$2.12	$456
Rock Creek (323)	135,247	$10,425	$13	$2.17	$520
Beloit (273)	131,469	$0	$0	$2.13	$527
Easton (449)	128,788	$95,000	$142	$1.75	$554
Durham-Hillsboro-Lehigh (410)	97,995	$56,811	$97	$2.13	$569
Ellsworth (327)	104,640	$136,000	$213	$2.13	$574
North Ottawa Co. (239)	100,596	$115,000	$191	$2.10	$636
Marion-Florence (408)	114,526	$55,000	$92	$1.92	$666
Atchison Co. (377)	141,455	$130,000	$190	$1.90	$679
Twin Valley (240)	108,842	$166,074	$272	$1.80	$684
Marysville (364)	122,112	$96,450	$133	$1.98	$734
Riley County (378)	**105,008**	**$242,804**	**$376**	**$2.17**	**$816**

(a) Includes breakfast and lunch.
(b) Amounts transferred from general fund or local option budget to supplement district's food service program. Districts that transfer money into their food service programs are less efficient than those that don't.

Source: LPA analysis of data provided by the Department of Education and individual school districts for the 2008-09 school year.

- **Consult with peer districts that operate more self-sufficient food service programs**—As shown in ***Figure 1-4*****, all** of Riley County's peer districts operate more self-sufficient programs. In particular, the Beloit school district served more meals and charged a slightly lower meal price, but didn't have to make any transfers to subsidize its food services program. Riley County officials should find out what Beloit and other the other districts do to operate a more self-sufficient program.

- **Consider implementing a central kitchen**—The district doesn't have a central kitchen where all the meals are prepared. Central kitchens can produce savings in several ways, including reducing the number of cafeterias that need appliances to refrigerate or heat food items and wash dishes and utensils. In addition, the receiving school does not have to prepare meals, which allows it to reduce employee staffing. The district should conduct a cost-benefit analysis to determine whether implementing a central kitchen would result in cost-savings to the district.

- **Monitor its food inventory—**Riley County school district officials told us that although they use inventory sheets to track food supplies, a few items on occasion still go missing. If the district monitored its food supplies inventory more closely and implemented basic inventory measures, such as routinely locking up food supplies, it potentially could save money.

Implementing some or all of these steps may not completely make the district's food service program self-sufficient, but it drastically should reduce the need to transfer funds to subsidize the program. Even if the district cut its deficit in half, it could save at least $122,000 a year—the equivalent of 2.5 teaching positions.

Moving To a Traditional Schedule and Filling Classes at Its High School Potentially Could Save The District About $96,000 a Year

In past audits, we found that switching to a traditional schedule potentially could save money because each teacher would teach an additional course during the year, and fewer teachers would be needed to teach the same number of courses. We also saw that education research has found no positive effect (and perhaps even a negative effect) on student performance under a block schedule.

Riley County district officials told us they have looked into switching to a traditional schedule, but have decided against it for several reasons. They expressed the following concerns:

- The district's national and State academic assessment scores have improved, and district officials attribute that to having adopted the block schedule.
- Students are able to get additional help from teachers because of the block schedule, and officials say that with block scheduling laboratory classes are easier to set up.
- Students who participate in after-school activities might be overwhelmed with homework if they had to complete assignments for all of their classes the night of an event.
- Students are able to take an additional class each year because of the block schedule, which allows them to accumulate eight credits per year.
- Using the block schedule limits the number of class passing periods, where students can get into fights or cause other disruptions.

We identified one significant problem with the district's current use of the block schedule that makes this arrangement inefficient:

- **By using 85-minute blocks, the district provides significantly more planning time to its high school teachers than is required by contract.** The district's negotiated agreement with teachers obligates the district to provide each teacher with an average of 55 minutes of planning time per day. Because of block scheduling, high school teachers receive 30 more minutes than that each day. To provide this additional planning time, the district has to hire additional teachers. These additional teaching positions cost about $97,000 per year, or the equivalent of two full-time teachers. Even so, district officials told us the additional planning time helps their teachers be better prepared.

Although district officials told us they prefer a block schedule at the high school, making the switch to traditional and filling course sections closer to enrollment capacities could save $96,000 per year. To calculate these savings, we assumed that each full-time teacher would teach seven class periods per year, instead of the current six. We also looked at the number of students enrolled per course to calculate the number of course sections needed to accommodate that number of students, based on the district-set capacity.

While the district's contract with its teachers doesn't set a mandatory or preferred number of students per section, district officials have established maximum enrollment levels for each one offered at the high school. Depending on the subject, the enrollment capacity could range from 16 for a physics course to 25 for a social science course. We used those maximums to estimate the potential savings from filling course sections closer to capacity.

We estimated the district could save $96,000 per year because it would need fewer sections of certain courses. The savings comes from replacing full-time teachers with part-time teachers in four subject areas: agriculture, language arts, math, and physical education. In addition, the savings wouldn't be as simple as cutting teaching positions, because the district would have to either hire part-time teachers or share full-time teachers with neighboring districts. The details of our analyses are shown in ***Appendix D.***

If the district decides to stay with a block schedule, it potentially could save $24,000 per year in salary costs by filling its physical education sections closer to the district's enrollment capacities. If the district had filled these sections closer to enrollment capacities for the 2009-10 school year, it would have needed 0.5 fewer teachers for physical education.

As always, the district could use any savings to reduce its overall expenses, increase teacher salaries, pay for needed programs, or fund other priorities it might identify.

The District Potentially Could Generate $136,000 In One-Time Revenues If It Closed and Sold Its Central Office Building

Buildings are expensive to operate and maintain, requiring a district to pay for utilities and to devote staff resources to clean and repair them. Therefore, districts can limit their costs by not having more space than needed.

Since 2000-01, the Riley County school district's enrollment has increased by about 18%, from 580 FTE students to 685 FTE students for the 2009-10 school year. Despite this increase, we looked for options the district could consider for reducing its building space.

The district appears to have enough physical space in either of its school buildings to provide a working area for its central office staff. Riley County school district's central office is unique because it's located in a former residence—a bungalow house—that's on property next to the district's elementary/middle school in the city of Riley. We wanted to determine if the district's central office function could fit into either the elementary/middle school next door or the high school, which is located about 2.5 miles north of Riley.

We compared the classroom space used in each school building to the student capacities provided by the district for its classrooms. In general, the district sets classroom capacities at 18 students for kindergarten through third grade, 20 students for grades 4-6, and 25 for all other grades. We also walked through the buildings to see how the classrooms and office space are used. In addition, during our visit, we reviewed floor plans of the buildings and spoke with district officials about how the buildings and classrooms are used.

Based on our analysis and observations, we determined that both school buildings have enough physical space to accommodate the central office, with only minor remodeling needs. To accommodate the central office staff within the elementary/middle school, the district could convert the current teacher workroom or teachers' lounge and possibly some of the current building office space. At the high school, the district could convert the teacher workroom or another classroom into office space, or it could adjust how the building's current office space is used.

Because the central office is in a former residence building—that could easily be used as a residence again—it should be easier to sell than most school buildings. Even with less than ideal real estate market conditions, the district should be able to sell the building because it has recently been renovated and it's within very easy walking distance of the elementary/middle school. In addition, the district owns the central office building, and doesn't have any outstanding debt on it. If the district could sell the building for its $145,000 county appraisal value, less an estimated broker commission of 6%, it could generate about $136,000 in revenue.

In addition to one-time revenues generated by the sale of the central office, the district would save about $1,500 each year on utility costs. We expect the district would also realize additional savings for items like building and grounds maintenance and property insurance, although we weren't able to quantify those savings. Relocating the central office would also involve some one-time costs to remodel the building space in one of the school buildings and to move furniture and equipment. However, because each of the district's two school buildings has existing office space, renovation costs are likely to be small.

District officials cited several concerns about moving the central office into one of the school buildings. These include:

- potential privacy and confidentiality issues because the district's central office tends to have more constituent visitors
- perceptions of favoritism toward the building that houses the central office
- loss of adequate storage space, which the district currently has in the office and in the former home's garage space
- loss of community pride in the district's current central office building.

Conclusion:

Although the Riley County school district has taken positive steps to become more efficient and reduce its costs, we found a number of additional opportunities for the district to become even more efficient. To realize the most significant savings, the district will need to take steps to make the district's food program self-sufficient. The next most significant savings area—deciding whether to change the type of schedule and the number of class sections at the high school—would affect the number of teachers the district needs. It's a tough decision for the school board, but one that could also result in significant savings. In addition, the district could generate significant one-time revenues if it chose to sell its central office and move those staff to one of its school buildings. Taking actions in the other areas we identified, such as reducing cell phone allowances, and competitively purchasing goods and services should allow the district to reduce its costs without affecting the educational services it provides. Savings from any of these areas can be used to reduce costs or to fund other, more important needs.

Recommendations For the Riley County School District:

Related to Efficiency Management:

1. To help ensure that the district is able to identify opportunities to improve the efficiency of its operations on an ongoing basis, the Riley County school district should develop a systematic efficiency management process. Such a process should include:

    a. regularly compiling efficiency measures, such as various spending and staffing measures per student
    b. periodically comparing the district's performance to peer districts with similar characteristics, standard benchmarks (where available), and the district's own measures over time
    c. making changes to the district's staffing, workloads, policies, procedures, and practices as necessary to address the areas identified through the comparisons

Related to Food Services:

2. To help reduce the need to supplement its food service program with general operating funds that could be used for other purposes, the district should strongly consider implementing portion control for high school lunches.

3. To help it take other steps to reduce its food service program deficit, the district should conduct its own study of ways to make the program more self sufficient. In conducting such a study, the district should consult with peer districts that operative self-sufficient food service programs to find out ways the district could make its own program self sufficient. Possible alternatives the district should explore include the following:

    a. Set lunch prices at a level that comes closer to covering food services costs, and charge for extras
    b. pool with other districts to get better prices on food supplies and milk
    c. consider implementing a central kitchen
    d. monitor its food inventory

Related to Student Instruction:

4. Because of the potential for operating more efficiently and achieving significant cost savings, the Riley County school board and school district officials should consider the following options for changing how high school classes are offered:

    a. adopting a more "traditional" class schedule that makes teachers responsible for teaching seven classes each school day, rather than six
    b. limiting the number of sections of each class it offers to fill classes closer to the district's capacity standards
    c. regularly evaluating course loads, and considering eliminating those courses that consistently have low enrollments compared to the norm for those types of classes

Related to Facilities:

5. To the district raise on-time revenues, the district should close the current central office and move the necessary staff into either the elementary/middle school or to the district's high school and sell the central office building to generate revenues.

6. To help reduce its facility costs the district should consider:
    a. competitively shop for propane to heat its buildings
    b. take steps to reduce or defray utility costs in its buildings by implementing power savings options on computers, turning off lights at night and on weekends, and restricting the use of personal appliances

Related to Personnel:

7. Because of the potential for reducing personnel costs without affecting the educational services it provides to students, the Riley County school board and school district officials should consider the following:

    a. pay stipends for cell phones and limit the number of cell phones
    b. offer fewer supplemental contracts

Related to Business Processes:

8. Because of the potential for operating more efficiently and reducing costs without affecting the educational services it provides to students, the Riley County school district should consider the following:

    a. develop and use electronic processes for administrative functions, such as purchasing and payroll
    b. use a business procurement card with a cash-back rebate. In doing so, the district should negotiate for the maximum cash-back rebate rate and monthly credit limits it can obtain, and explore ways for making as many purchases as possible with its procurement cards to generate cash rebates
    c. modify its purchasing practices by pairing with neighboring districts to jointly purchase items like food, fuel, and supplies
    d. develop and use an inventory system for equipment, supplies and assets to ensure that items aren't lost or stolen

Related to Transportation Services:

9. To help reduce its transportation costs, the district should

    a. competitively purchase vehicle maintenance
    b. competitively purchase vehicle fuel

Related to Information Technology

10. Because of the potential for operating more efficiently and achieving significant cost savings, the Riley County school district officials should consider the following options related to information technology:

    a. use virtualized computers to simulate multiple computers, cutting down on hardware costs
    b. phase out individual inkjet printers and replace them with networked printer/copier units

APPENDIX A

Scope Statement

At its meeting on May 28, 2009, the 2010 Commission directed the Legislative Division of Post Audit to contact school districts to solicit volunteers for an external efficiency audit to help them identify opportunities to operate more efficiently. Officials from the Riley County school district contacted us to arrange for such an audit. This appendix contains the scope statement that outlines our work.

K-12 Education: Efficiency Audit of the Riley County School District

In July 2009, our office released a school district performance audit examining the efficiency of school districts' operations. As originally directed by the 2010 Commission, that audit would have consisted of two phases. The first phase called for analyzing district staffing and expenditure data to identify areas where spending for districts appeared to be out-of-line compared with their peers. The second phase called for following up on a sample of districts to evaluate their processes in the areas that appeared to be out-of-line to determine if there were ways they could reduce costs without affecting their ability to educate students.

In April 2009, the Commission directed us to suspend the follow-up part of the audit to alleviate concerns some superintendents had expressed about having an efficiency audit conducted while they were trying to address funding cuts from the State. However, in May 2009, the Commission discussed the fact that some districts may want to take advantage of the external review an efficiency audit could provide in helping them look for opportunities to operate more efficiently, and subsequently directed us to contact school districts to see if any of them would like to volunteer for an external efficiency audit.

Officials from the Riley County school district contacted us and requested an efficiency audit to help them identify ways they could reduce costs without affecting the education they provide students. This school district performance audit answers the following question:

1. **Could the Riley County school district achieve cost savings by improving the management of its personnel, facilities, or other resources?** To answer this question, we would identify peer districts that are demographically similar to the Riley County school district, and compare them on various measures of efficiency to identify areas where the district's spending or resources appear to be out of line. We will conduct at least one site visit to interview district officials and staff, observe various administrative and operational processes, and tour facilities to identify opportunities for the district to save money without affecting its ability to educate students. We would conduct additional testwork as needed.

Estimated Resources: 3 staff (6-8 weeks)

APPENDIX B

Detailed Information for Operating Costs For the Riley County School District and Its Peers

This appendix contains a description of the methodology we used to select the 12 peer districts against which we compared the Riley County school district, along with the demographic information for each of the districts.

To select peers for the Riley County school district, we did three things:

- We calculated the following demographic measures for all Kansas school districts.
  - *total enrollment*
  - *percent of students who are eligible for free lunches*
  - *percent of students who have limited English proficiency*
  - *total assessed property value per student*
- We developed a statistical model to identify the districts that were most similar to the Riley County school district based on those measures.
- Finally, we consulted with district officials from the Riley County district to identify any additional districts they considered peers and added them to the list.

The list of peers is included in this appendix on page 25.

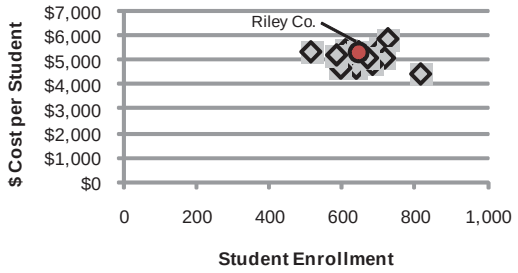
To compare the district against its 12 peers, we calculated a variety of efficiency measures for each district. Our methodology is described here:

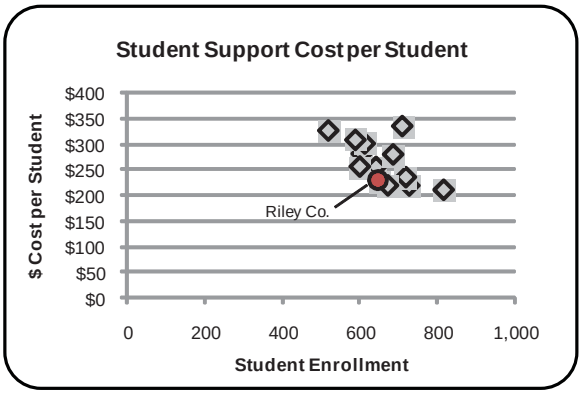
- **When compiling efficiency measures for the districts, we focused on six functional areas: district-level administration, school-level administration, instructional support, student support, operations and maintenance, and instruction**. We looked at 2008-09 expenditure, enrollment, and staffing data for each of the areas. We used the data to calculate our primary unit of measurement, which was cost per student. We looked at total expenditures per student, but also at object level expenditures, like salaries, benefits, purchased services, and supplies. We also looked at total staff in each area, and staff per 500 students. Our calculations for the Riley County school district and its peers are included in this appendix.
- **We didn't analyze student transportation.** We didn't analyze the student transportation program because the factors driving transportation spending are so different from those driving other cost areas, that a different methodology would be required to identify transportation-specific peers. We could not complete that analysis

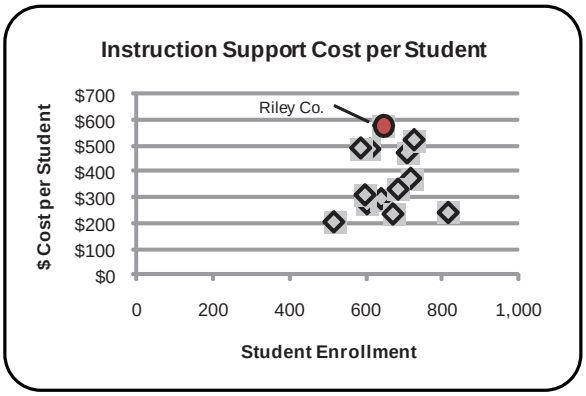
Demographic information for the Riley County School District and Its Peers 2008-09 School Year				
USD # and Name	Student Enrollment (FTE)	% Free Lunch Students	% Bilingual Students	Assessed Property per Student
239 - NORTH OTTAWA	602.9	21.1%	0.0%	$52,282
240 - TWIN VALLEY	610.5	22.0%	0.0%	$44,585
273 - BELOIT	713.9	18.7%	0.5%	$55,509
323 - ROCK CREEK	813.7	18.5%	0.2%	$45,957
327 - ELLSWORTH	639.6	26.3%	0.6%	$50,611
342 - MCLOUTH	516.7	20.5%	0.0%	$56,214
364 - MARYSVILLE	740.0	27.2%	0.0%	$79,048
372 - SILVER LAKE	716.4	10.8%	0.0%	$39,154
377 - ATCHISON COUNTY	683.6	25.4%	0.3%	$56,745
378 - RILEY COUNTY	**646.3**	**17.3%**	**0.7%**	**$52,438**
408 - MARION	597.8	26.1%	0.0%	$47,696
410 - DURHAM-HILLSBORO-LEHIGH	590.8	21.0%	0.0%	$53,786
449 - EASTON	671.1	14.6%	0.0%	$47,016
Source: LPA analysis of district information provided by the Department of Education.				

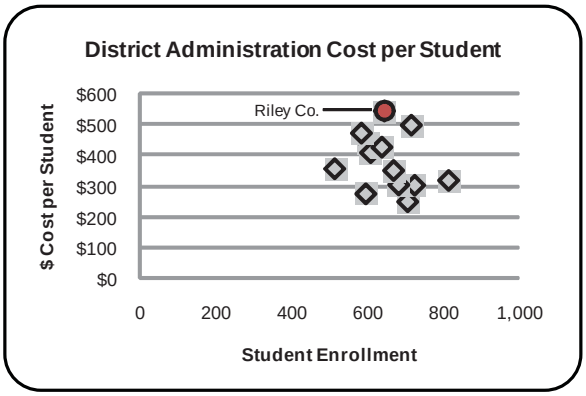
APPENDIX B

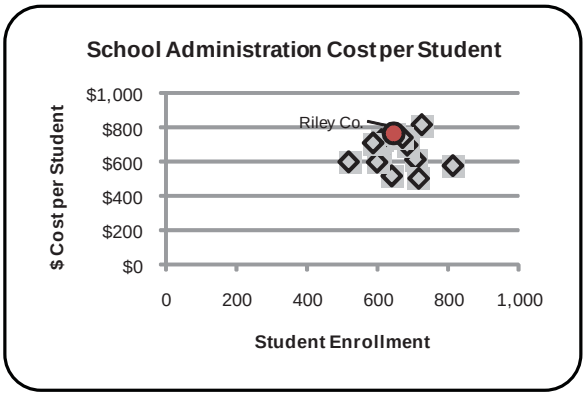
The Riley County School District
And Its Peers'
2008-09 Graphed Cost Information

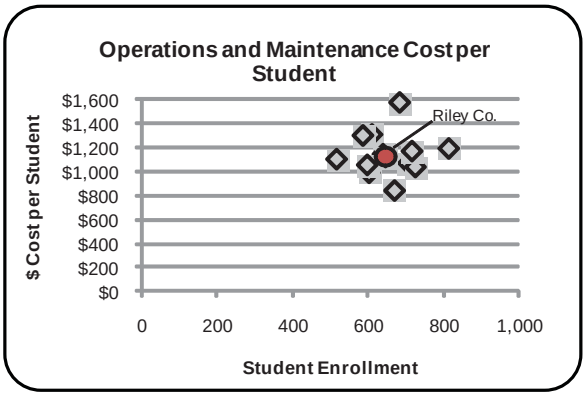


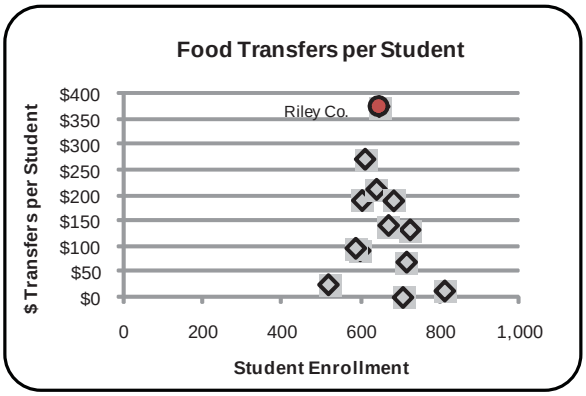












Source: LPA analysis of school district expenditure, enrollment, and revenue data from the Kansas Department of Education

2008-09 OPERATING EXPENDITURES PER STUDENT FOR RILEY COUNTY AND ITS PEERS

MEASURES (a)	SCHOOL DISTRICTS												
	North Ottawa Co. (239)	Twin Valley (240)	Beloit (273)	Rock Creek (323)	Ellsworth (327)	McLouth (342)	Marysville (364)	Silver Lake (372)	Atchison Co. (377)	Riley Co. (378)	Marion-Florence (408)	Durham-Hillsboro-Lehigh (410)	Easton (449)
Sorted by:													
Enrollment (FTE)	602.8	610.4	707.0	813.7	639.6	516.7	725.2	716.4	683.6	646.1	597.8	586.4	670.2
Primary Efficiency Measure:													
Expenditures per FTE													
Instruction													
Expenditure Breakdown													
Salaries	$3,856	$3,853	$4,267	$3,424	$3,729	$3,830	$4,193	$4,001	$3,632	$3,809	$3,798	$3,753	$4,026
Employee Benefits	$522	$901	$721	$631	$468	$959	$902	$627	$804	$685	$396	$624	$355
Purchased Services	$136	$38	$306	$150	$175	$222	$174	$187	$116	$10	$115	$261	$370
Supplies	$323	$570	$181	$233	$220	$308	$448	$225	$173	$238	$137	$469	$244
Other	$114	$41	$5	$0	$73	$2	$120	$35	$99	$583	$225	$89	$81
Avg Expend per Student	**$4,951**	**$5,403**	**$5,480**	**$4,438**	**$4,666**	**$5,321**	**$5,837**	**$5,075**	**$4,823**	**$5,325**	**$4,671**	**$5,196**	**$5,076**
Staffing Information													
Total Instruction Staff	51.5	50.6	64.8	66.3	53.0	47.6	66.9	64.1	59.4	56.5	46.4	45.5	52.6
# staff/500 students	42.7	41.4	45.8	40.7	41.4	46.1	46.1	44.7	43.4	43.7	38.8	38.8	39.2
Student Support													
Expenditure Breakdown													
Salaries	$238	$241	$291	$176	$218	$257	$178	$164	$184	$194	$220	$244	$206
Employee Benefits	$21	$58	$41	$30	$33	$23	$38	$22	$47	$27	$17	$45	$12
Purchased Services	$17	$1	$0	$3	$1	$46	$0	$35	$42	$1	$19	$17	$0
Supplies	$5	$1	$3	$3	$3	$1	$2	$15	$7	$7	$0	$2	$1
Other	$0	$0	$0	$0	$0	$0	$1	$0	$0	$0	$0	$0	$0
Avg Expend per Student	**$281**	**$301**	**$335**	**$211**	**$255**	**$327**	**$219**	**$236**	**$280**	**$229**	**$256**	**$308**	**$219**
Staffing Information													
Total Student Support Staff	4.0	6.1	12.4	5.7	3.0	2.8	11.0	6.0	2.0	3.7	2.7	6.1	2.4
# staff/500 students	3.3	5.0	8.8	3.5	2.3	2.7	7.6	4.2	1.5	2.9	2.3	5.2	1.8
Instruction Support													
Expenditure Breakdown													
Salaries	$61	$280	$373	$177	$222	$94	$370	$220	$238	$396	$175	$362	$172
Employee Benefits	$6	$50	$61	$7	$31	$8	$77	$44	$38	$50	$10	$71	$13
Purchased Services	$134	$58	$20	$12	$3	$90	$49	$33	$14	$86	$82	$40	$29
Supplies	$77	$87	$17	$48	$20	$17	$25	$74	$43	$43	$44	$18	$24
Other	$0	$11	$1	$0	$20	$0	$0	$3	$0	$0	$1	$0	$0
Avg Expend per Student	**$278**	**$486**	**$472**	**$244**	**$297**	**$209**	**$521**	**$374**	**$333**	**$576**	**$311**	**$490**	**$239**
Staffing Information													
Total Inst Support Staff	2.9	2.0	3.3	2.6	4.5	1.9	3.9	2.3	3.3	3.7	2.6	3.3	3.2
# staff/500 students	2.4	1.6	2.3	1.6	3.5	1.8	2.7	1.6	2.4	2.9	2.2	2.8	2.4
District-Level Administration													
Expenditure Breakdown													
Salaries	$298	$233	$143	$236	$241	$203	$186	$237	$187	$267	$168	$256	$178
Employee Benefits	$37	$53	$14	$34	$26	$58	$47	$134	$37	$47	$12	$72	$62
Purchased Services	$54	$54	$81	$40	$121	$78	$32	$54	$48	$210	$88	$111	$81
Supplies	$53	$25	$5	$7	$6	$3	$3	$4	$13	$19	$3	$3	$4
Other	$0	$42	$4	$0	$31	$11	$31	$68	$16	$0	$1	$29	$23
Avg Expend per Student	**$441**	**$407**	**$246**	**$316**	**$425**	**$354**	**$300**	**$497**	**$301**	**$543**	**$272**	**$470**	**$348**
Staffing Information													
Total Dist Admin Staff	4.8	2.6	8.8	5.8	5.0	4.0	7.0	6.0	6.0	6.5	2.4	6.4	3.6
# staff/500 students	4.0	2.1	6.2	3.6	3.9	3.9	4.8	4.2	4.4	5.0	2.0	5.5	2.7

2008-09 OPERATING EXPENDITURES PER STUDENT FOR RILEY COUNTY AND ITS PEERS

MEASURES (a)	SCHOOL DISTRICTS												
	North Ottawa Co. (239)	Twin Valley (240)	Beloit (273)	Rock Creek (323)	Ellsworth (327)	McLouth (342)	Marysville (364)	Silver Lake (372)	Atchison Co. (377)	Riley Co. (378)	Marion-Florence (408)	Durham-Hillsboro-Lehigh (410)	Easton (449)
Sorted by:													
Enrollment (FTE)	602.8	610.4	707.0	813.7	639.6	516.7	725.2	716.4	683.6	646.1	597.8	586.4	670.2
Primary Efficiency Measure:													
Expenditures per FTE													
School-Level Administration													
Expenditure Breakdown													
Salaries	$532	$471	$488	$457	$429	$467	$688	$436	$529	$538	$514	$584	$649
Employee Benefits	$47	$92	$68	$73	$50	$61	$122	$61	$158	$76	$56	$122	$49
Purchased Services	$24	$162	$32	$48	$24	$42	$7	$6	$5	$98	$4	$0	$32
Supplies	$38	$2	$26	$3	$17	$33	$0	$4	$4	$55	$27	$5	$7
Other	$4	$4	$1	$0	$0	$0	$0	$0	$2	$0	$0	$0	$5
Avg Expend per Student	**$645**	**$730**	**$616**	**$581**	**$521**	**$602**	**$817**	**$507**	**$699**	**$767**	**$601**	**$712**	**$743**
Staffing Information													
Total School Admin Staff	7.6	7.1	7.5	6.5	6.5	5.2	4.0	8.0	8.7	6.2	6.6	6.6	10.1
# staff/500 students	6.3	5.8	5.3	4.0	5.1	5.0	2.8	5.6	6.4	4.8	5.5	5.6	7.5
Operations and Maintenance													
Expenditure Breakdown													
Salaries	$371	$356	$525	$253	$380	$444	$478	$350	$401	$329	$363	$447	$355
Employee Benefits	$69	$152	$78	$77	$74	$77	$113	$42	$126	$55	$98	$145	$28
Purchased Services	$196	$424	$149	$411	$300	$305	$126	$404	$763	$256	$290	$220	$207
Supplies	$357	$381	$322	$456	$395	$281	$326	$311	$285	$476	$306	$429	$255
Other	$0	$0	$0	$0	$0	$0	$0	$67	$8	$11	$3	$65	$0
Avg Expend per Student	**$994**	**$1,314**	**$1,074**	**$1,197**	**$1,149**	**$1,108**	**$1,042**	**$1,175**	**$1,582**	**$1,126**	**$1,060**	**$1,306**	**$845**
Utility Costs per Student													
Water / Sewer	$26	$24	$26	$19	$31	$24	$35	$18	$39	$28	$18	$18	$11
Heating	$62	$127	$55	$100	$96	$93	$70	$34	$75	$203	$106	$110	$70
Electricity	$196	$158	$214	$238	$199	$152	$128	$161	$168	$205	$142	$238	$144
Staffing Information													
Total Ops and Maintenance Staff	6.7	7.0	9.0	8.1	8.5	7.1	11.5	8.5	11.1	8.0	7.0	9.7	8.0
# staff/500 students	5.6	5.7	6.4	5.0	6.6	6.9	7.9	5.9	8.1	6.2	5.9	8.3	6.0
Food Expend per FTE (b)	$636	$684	$527	$520	$574	$452	$734	$456	$679	$816	$666	$569	$554
Total Non-Instructional Costs (c)	**$3,275**	**$3,921**	**$3,270**	**$3,068**	**$3,221**	**$3,051**	**$3,634**	**$3,244**	**$3,875**	**$4,056**	**$3,165**	**$3,855**	**$2,947**
Total Instructional Costs	**$4,951**	**$5,403**	**$5,480**	**$4,438**	**$4,666**	**$5,321**	**$5,837**	**$5,075**	**$4,823**	**$5,325**	**$4,671**	**$5,196**	**$5,076**
Total Costs per FTE (d)	**$8,226**	**$9,324**	**$8,751**	**$7,506**	**$7,887**	**$8,372**	**$9,471**	**$8,318**	**$8,699**	**$9,381**	**$7,836**	**$9,051**	**$8,023**

(a) Expenditures for property and equipment are excluded.
(b) Detailed expenditure information is shown on page 29.
(c) Due to rounding, adding the individual measures may not equal the total shown.
(d) Excluding transportation.
Source: LPA analysis of data provided by the Kansas Department of Education and individual school districts.

2008-09 COSTS FOR FOOD SERVICES: RILEY COUNTY SCHOOL DISTRICT AND ITS PEERS

MEASURES (a)	SCHOOL DISTRICTS												
	North Ottawa Co. (239)	Twin Valley (240)	Beloit (273)	Rock Creek (323)	Ellsworth (327)	McLouth (342)	Marysville (364)	Silver Lake (372)	Atchison Co. (377)	Riley County (378)	Marion-Florence (408)	Durham-Hillsboro-Lehigh (410)	Easton (449)
Enrollment (FTE)	602.8	610.4	707.0	813.7	639.6	516.7	725.2	716.4	683.6	646.1	597.8	586.4	670.2
Primary Efficiency Measure:													
Actual Transfers per FTE	$191	$272	$0	$13	$213	$25	$133	$69	$190	$376	$92	$97	$142
Expenditure Breakdown													
Salaries	$234	$193	$179	$137	$213	$156	$259	$167	$203	$265	$164	$201	$202
Employee Benefits	$29	$43	$39	$61	$33	$96	$140	$11	$100	$56	$53	$74	$16
Purchased Services	$10	$0	$36	$0	$0	$1	$0	$0	$0	$0	$0	$0	$0
Supplies	$335	$446	$271	$319	$282	$197	$333	$276	$306	$478	$428	$286	$335
Other	$27	$1	$2	$2	$46	$3	$2	$0	$70	$17	$21	$7	$1
Avg Expend per Student (b)	**$636**	**$684**	**$527**	**$520**	**$574**	**$452**	**$734**	**$456**	**$679**	**$816**	**$666**	**$569**	**$554**
Staffing Information													
Total Food Service Staff	8.8	4.0	6.3	6.6	4.7	3.2	11.7	8.0	6.8	5.4	4.7	4.9	4.8
# staff/500 students	7.3	3.3	4.5	4.1	3.7	3.1	8.1	5.6	5.0	4.2	3.9	4.2	3.6
Revenue Information													
Average Lunch Price	$2.10	$1.80	$2.13	$2.17	$2.13	$1.88	$1.98	$2.12	$1.90	$2.17	$1.92	$2.13	$1.75
% eligible free lunches	21.1%	22.0%	18.7%	18.5%	26.3%	20.5%	27.2%	10.8%	25.4%	17.3%	26.1%	21.0%	14.6%
% of sales non reimbursable (c)	6.3%	10.1%	13.8%	34.4%	22.9%	7.7%	52.0%	28.6%	21.6%	0.0%	24.9%	9.3%	4.5%
Meals/Snacks Served													
# of Breakfasts served	20,648	22,054	25,760	24,840	17,377	18,444	28,720	-	46,183	23,522	33,109	18,801	35,529
# of Lunches served	79,948	86,788	105,709	110,407	87,263	70,751	93,392	94,406	95,272	81,486	81,417	79,194	93,259
# of Snacks served	-	-	-	-	-	1,887	-	-	-	-	-	-	-

(a) Expenditures for property and equipment are excluded.
(b) Due to rounding, adding the individual measures may not equal the total shown.
(c) Nonreimbursable sales are sales of food items that are not reimbursable under the National School Lunch Program, including sales to adults and a la carte items like fruit, pizza slices, and salad.
Source: LPA analysis of data provided by the Department of Education and individual school districts for the 2007-08 and 2008-09 school years.

APPENDIX C

List of Operational Best Practices for School Districts

This appendix contains a detailed list of best practices to help school districts identify ways they can operate more efficiently. We gathered these ideas from our office's previous audits, other states' audits, and other resources, like the Centers for Disease Control and the Association of School Business Officials.

The best practices are arranged in tables by functional area, including administration, support services, operations and maintenance, food services, and student transportation. This isn't an exhaustive list of ideas for cost savings, and it will continue to evolve as we conduct more efficiency audits and identify additional ways districts can save money.

Appendix C Best Practices for School District Efficiency	
Administration	
The district should manage efficiency at the district level.	The district **should**: • Compile data and calculate efficiency measures, like expenditures per student or staff per 500 students • Compare the measures against peers, standard benchmarks, or the same measures for the district over time • Routinely revise staff needs, policies, and workloads based on the comparison
The district should maintain reasonable administrative staffing levels.	The district **should**: • Routinely compare staffing levels on a per-student basis over time and make changes as needed • Routinely compare staffing levels to peer districts and available benchmarks and make changes as needed The district **could** consider: • Developing a staffing formula for administrative positions
The district should pay reasonable salaries.	The district **should**: • Compare salary levels for all levels of staff to peer districts and available benchmarks and realign salaries to stay in line • Share staff across buildings when possible The district **could** consider: • Contracting out for some work, if it would be less expensive than having in-house staff do the tasks
The district should keep the cost of benefits at a reasonable level.	The district **should**: • Routinely collect bids for health insurance • Routinely compare health plans and premiums to peer districts and available benchmarks • Take steps to make the employee pool is healthy to improve the risk pool to keep insurance premiums down The district **could** consider: • Limiting the number of part-time staff who are eligible for benefits • Limiting the amount of sick and vacation leave staff can accrue
The district should avoid excessive overtime costs.	The district **should**: • Develop and enforce district-level overtime pay controls, like placing limits on the overtime pay each department can have and requiring supervisor approval before paying the overtime The district **could** consider: • Using temporary, substitute, or contracted staff for busy times of year • Changing hourly staff who have a lot of overtime to a set salary, if possible according to the district's human resources department • Developing expected workloads for each staff person and implementing controls to be sure those targets are generally being met • Contracting with outside vendors to provide labor for some work that would otherwise cause overtime in the district • Adjusting work schedules around the workloads
The district should minimize supply costs.	The district **should**: • Take bids on items the district buys in bulk • Use the State purchasing contract when possible • Buy items in bulk if a discounted rate is offered • Print items like business cards, letterhead, and stationary in house • Maintain and continually update a district-wide inventory of supplies that is accessible to all staff

Administration (Continued)	
The district should establish and maintain efficient processes for administrative tasks.	The district **should**: • Use a business procurement card with a cash-back rate to make purchases • Maximize the cash-back rate it can get from its procurement card issuer • Maximize use of business procurement card to maximize the cash back • Reduce processing and record storage costs by automating administrative tasks, like using financial management and student data software • Go "paperless" by using electronic ways of communication with staff, parents, and local board of education members when possible • Use a centralized system to collect school building data to collect it more quickly, improve accuracy, and save time on entering it • Develop policies and guidelines for processes within the district and consistently enforce them • Encourage payroll through electronic depositing. For those employees who don't want their pay deposited electronically, issue a payroll debit card. The district **could** consider: • Outsourcing administrative tasks like payroll or purchasing to a local government office o *For example, Clarke County in Virginia partnered with its local school division to combine some central office functions, like finance, purchasing, and budget development, to increase efficiency.* • Partnering with other school districts for administrative tasks, like payroll or purchasing • Entering joint-purchasing agreements with other organizations for bulk items, like fuel, or more expensive items, like computers or audio-visual equipment
The district should establish and maintain efficient technology practices.	The district **should**: • Only assign multiple computers to staff for whom there is a demonstrated need. • Have most staff use shared network printers. For staff who need their own printer, the district should provide a high-quality, ink-efficient printer if they will print large volumes, and a less expensive printer if they don't print very much. • Use refillable ink cartridges for printers whenever possible. The district **could** consider: • Using Voice-Over-Internet Protocol (VOIP) for phone service, where a district can use its Internet connection to place phone calls. • Purchasing ink cartridges from third party vendors, if the products are less expensive

Support Services	
The district should provide instruction support services efficiently.	The district **should**: • Share instructional support staff, like librarians, curriculum specialists, and instructional coaches, across buildings when possible • Keep staffing levels in line with district peers and available benchmarks. • *See best practices for staffing levels, salaries, benefits, and supplies in the "Administration" section.* The district **could** consider: • Sharing staff between districts when possible, like staff whose responsibilities include developing curriculum • Contracting with a local education service center for some support services
The district should provide student support services efficiently.	The district **should**: • Share student support staff, like social workers, nurses, and counselors, across buildings when possible • Keep staffing levels in line with district peers and available benchmarks o *For example, the Center for Disease Control recommends one school nurse per 750 students.* • *See best practices for staffing levels, salaries, benefits, and supplies in the "Administration" section.* The district **could** consider: • Using licensed practical nurses (LPN's) or health aides under the supervision of a registered nurse instead of staffing full-time registered nurses at each school building

Operations and Maintenance	

The district should provide custodial services for district facilities and grounds efficiently.	The district **should**:
	• Close off any building space it doesn't use and limit custodial services for that space
	• Identify ways to reduce supplies costs
	  o *For example, the district could set up mixing stations for cleaning supplies to control the amounts being use, or buy custodial supplies in bulk*
	• Keep staffing levels in line with standard benchmarks
	  o *For example, the Association of School Business Officials (ASBO) recommends basing staffing about one full-time custodian per 20,000 square feet, though the type of flooring, size of storage areas, age of buildings, and other variables could change the standard. The ASBO also sets out work time standards for offices, floors, bathrooms, stairs, walls, blinds, windows, and light fixtures in its* Custodial Methods and Procedure Manual.
	• *See best practices for salaries, benefits, overtime, and supplies in the "Administration" section.*
	
	The district **could** consider:
	• Contracting out for some deeper cleaning projects, if it would be less expensive than having in-house staff do them
	• Outsourcing custodial work, if it would be less expensive than having in-house staff do the work

The district should maintain facilities and grounds efficiently.	The district **should**: • Develop and maintain a long-term preventive maintenance plan and follow it • Develop an automated system for receiving and responding to maintenance requests • *See best practices for salaries, overtime, benefits, and supplies in the "Administration" section.* The district **could** consider: • Contracting out for some work, like mowing or plumbing work, if it would be less expensive than having in-house staff do the tasks • Outsourcing maintenance work, if it would be less expensive than having in-house staff do the work
The district should provide specialized maintenance services efficiently.	The district **could** consider: • Contracting out for some specialized projects, if it would be less expensive than having in-house staff do them
The district should minimize energy costs.	The district **should**: • Do an energy audit of the district facilities, or contract out for one • Regularly monitor facility energy usage and act quickly to reduce consumption when energy use is excessive • Develop a long-term energy plan to address facilities that aren't energy efficient • Develop and maintain a long-term energy conservation plan to address energy inefficiencies • Work with its energy providers to identify energy efficient benchmarks, and implement actions to reach those benchmarks • Develop energy conservation policies for staff in the district and enforce them o *For example, restrict what personal appliances staff can have in their classrooms or offices, use centrally located thermostats to control temperatures across a building, and initiate a campaign to turn off lights and computers when rooms in district facilities are not in use.* • Routinely check, clean, and repair heating and cooling systems, and update when necessary • Close off areas of buildings that aren't used so the district doesn't pay to heat and cool those spaces
The district should ensure that it is receiving the best energy rates possible.	The district **should**: • Ask its energy providers about discounts or rebates, and take advantage of any that are offered • Get an education rate from its electricity provider for each of its buildings, when available The district **could** consider: • Joining a natural gas purchasing consortium, like the Kansas Association of School Board's Kansas Joint Utility Management Program (KJUMP), if using the consortium would be less costly

Operations and Maintenance (Continued)	
The district should avoid using excessive administrative space.	The district **should**: • Routinely evaluate workspace per staff person and provide adequate space, and close off or sell unneeded space o *For example, the Kansas Department of Administration provides both high-level and detailed workspace standards based on functions performed by staff. The Department's high-level office space standard is an average of 210-250 square feet of useable space per person. That standard includes not only actual office space, but also hallways, break rooms, conference rooms, and the like. Detailed workspace standards by positions are available on the Departments website, at http://www.da.ks.gov/fm/dfm/forms/OfficeSpaceStandards.htm.* • Store records electronically whenever possible, or store them as cheaply as is reasonable, depending on the type of records being stored
The district should avoid using excessive school building space.	The district **should**: • Routinely evaluate student occupancies at school buildings against maximum capacities, and consolidate buildings where practical The district **could** consider: • Limiting the number of class sections offered or consolidating those sections when only a few students enroll • Entering into an inter-district contract with another district to establish shared schools to save on transportation, insurance, staff costs, and purchased services

Food Services	
The district should have a self-sustaining food program.	The district **should**: • Charge enough to cover the costs of the food program • Take advantage of federal commodities when possible • Reduce food costs (*see next section*) • Limit its meal allowances for staff The district **could** consider: • Offering nutritious a la carte options to increase sales • Improving marketing of food to increase sales • Operating its own vending machines rather than contracting with an outside vendor
The district should minimize its food costs.	The district **should**: • Develop and maintain a running inventory of all food products • Use a first-in, first-out system for stocking inventory • Use portion control to reduce waste
The district should take steps to manage its program efficiently.	The district **should**: • Ensure that food program management staff receive appropriate training in areas like food safety, production control, inventory, meal count procedures, receiving and storing food and supplies, and customer service • Ensure that all food program staff receive proper food service training • *See best practices for salaries, overtime, benefits, and supplies in the "Administration" section.* The district **could** consider: • Establishing a central kitchen to store goods and make meals • Sharing a food services director with another district, if feasible • Sharing a cafeteria manager between schools

Student Transportation	
The district should take steps to manage its program efficiently.	The district **should**: • Use an appropriately-sized vehicle to transport students, like using a van instead of a bus to transport smaller groups • Arrange school start and end times to minimize the number of buses needed to transport students • Do a cost-benefit analysis to find out if would be more efficient over time for the district to contract out its program or operate its own busing program • *See best practices for staffing levels, salaries, benefits, overtime, and supplies in the "Administration" section.* The district **could** consider: • Transporting only those students who live more than 2.5 miles from their schools, unless safety is an issue • Increasing vehicle insurance deductibles, if premiums costs decrease
The district should run the most efficient bus routes possible.	The district **should**: • Plan the most direct routes to transport students to and from school • Use computerized software to plan routes, if time it takes for staff to plan the route by hand would cost more than the software • Pick up students from central locations, instead of going from door to door, unless safety is an issue • Fill buses as much as possible to reduce the number of buses running at any one time, including activity trips The district **could** consider: • Reimbursing parents for driving students more than two and a half miles to or from school rather than providing a transportation program
The district should minimize its fuel costs.	The district **should**: • Buy fuel in bulk • Partner with local government entities to jointly purchase fuel • Have a no-idling policy for its buses
The districts should take actions to prolong district vehicles' "lives."	The district **should**: • Require staff to log miles traveled per trip for all district vehicles, and have supervisors monitor the mileage to be sure the trips are reasonable • Do routine maintenance on district vehicles as often as called for by the manufacturer, and not more often • Do a cost analysis on parking district vehicles in a secure compound overnight or on weekends The district **could** consider: • Purchasing quality used vehicles to replace older vehicles, weighing the short-term convenience versus the reduced life span of used buses
The district should minimize its maintenance costs.	The district **should**: • Collect and monitor data on oil changes, routine servicing and all repairs and warranty work to help it make informed decisions on whether it is cost-effective to make expensive repairs on older vehicles The district **could** consider: • Contracting out for specialized maintenance costs, like glass repair, rebuilding transmissions or engines, radiator work, among others.

APPENDIX D

Estimated Potential Savings from Moving To a Traditional Schedule and Reducing the Number of Course Sections Offered at Riley County High School Based on the 2009-10 Course Schedule

This appendix contains information on our analysis of the district's high school course schedule. The district's current block schedule is made up of the following components:

- Each day is divided into four 85-minute class periods (or "blocks"), plus one 45-minute seminar class.

- There are two class schedules which alternate each day. Students attend four of their eight classes on one day, and the other four on the alternating day.

- There are a total of eight blocks and one advisory course each semester.

To calculate savings if the district switched to a traditional schedule, we assumed that each full-time teacher would teach seven class periods per year, instead of the current six. We also looked at the number of students enrolled per course to calculate the number of course sections needed to accommodate that number of students, based on the district-set capacity. Using the number of courses needed, we calculated how many teachers would be needed if each taught seven classes per year.

The table on the following page shows the district potentially could save $96,000 per year by making the switch to a traditional schedule and filling course sections closer to enrollment capacities.

APPENDIX D

Estimated Potential Savings from Moving To A Traditional Schedule and Reducing the Number of Course Sections Offered at Riley County High School Based on The 2009-10 Course Schedule

Subject Area (a)	Block Schedule (Teach 6 Classes Per Semester)			Traditonal Schedule (Teach 7 Classes Per Semester)			Potential Savings	
	Sections Offered	% of Seats Filled	# of FTE Teachers Actual (b)	Sections Needed	% of Seats Filled	# of FTE Teachers Needed (b)	FTE Teachers (c)	$$ (d)
Agriculture	6	58%	1.0	4	86%	0.6	0.5	$24,107
Art	6	78%	1.0	5	96%	0.7	0.0	$0
Business	6	71%	1.0	6	76%	0.9	0.0	$0
Family and Consumer Science	6	50%	1.0	5	68%	0.7	0.0	$0
Foreign Language	6	64%	1.0	6	64%	0.9	0.0	$0
Industrial Education	6	84%	1.0	6	84%	0.9	0.0	$0
Language Arts	12	70%	2.0	10	87%	1.4	0.5	$24,107
Math	12	57%	2.0	10	69%	1.4	0.5	$24,107
Music	7	65%	1.2	7	65%	1.0	0.0	$0
Physical Education	8	64%	1.3	5	102%	0.7	0.5	$24,107
Science	10	77%	1.7	10	77%	1.4	0.0	$0
Social Science	10	61%	1.7	9	68%	1.3	0.0	$0
Totals	**95**	**65%**	**15.9**	**83**	**76%**	**11.9**	**2.0**	**$96,428**

ESTIMATED ANNUAL SAVINGS FROM REDUCING THE NUMBER OF SECTIONS **$96,428**

(a) We excluded the following types of classes: online, independent, special education, seminar, teacher aide, and office aide sections.
(b) For this analysis, we put all teachers on an FTE basis. For example, a teacher who teaches three sections would be a .5 FTE teacher for that subject.
(c) We used the following rounding rules to calculate the difference in FTE teachers needed under the current schedule v. the schedule if classes were filled: if the difference was less than 0.4, the number was rounded down to the lowest whole number. If the number was equal to or between 0.4 and 0.799, the number was rounded to the nearest 0.5. If the number was equal to or greater than 0.8, the number was rounded up to the nearest whole number.
(d) Savings based on 2009-10 average contractual teacher salary and benefits of $48,214, as provided by the State Department of Education.

Source: LPA analysis of class enrollment data and teacher salary data, as provided by the Riley County school district and State Department of Education.

APPENDIX E

Agency Response

On July 2, 2010, we provided a copy of the draft audit report to the Riley County school district. Its response is included in this appendix.

In general, the district agreed with our findings and recommendations, although for many recommendations officials indicated they would conduct additional research themselves, or would need more time to consider them. We will determine the extent to which the district implements these recommendations as part of our normal follow-up process.

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July 8, 2010

To: Legislative Post Audit committee
From: Brad Starnes, USD 378 Riley County Superintendent
Re: Response to audit findings

I appreciate the opportunity to have been involved with the audit process. I think anything that schools can do to be more efficient in all aspects-including ensuring all students learn-while being transparent, good stewards of district funds and assets is essential to the continued improvement of all Kansas schools including USD 378 Riley County Schools. However, it is important to remember school districts are different than most business models. Our responsibility is to efficiently invest as much as possible into our students.

As a precursor to addressing the audit findings/recommendations I need to provide the committee information as to how all USD 378 decisions are determined. First and foremost, all decisions are based upon what is in the best interest of students while utilizing data to make informed/educated decisions. Whatever impacts student learning is always considered when making decisions, these areas include all facets of the school district: food services, transportation, custodial, health services, facilities including HVAC systems, curriculum, instructional support staff and leadership, instructional supplies and ultimately the teaching staff.

To that end, Riley County Schools have actively pursued outside sources to help drive efficiency decisions. We have utilized the Center for Innovative School Leadership (CISL), Jones Institute at Emporia State University to provide recommendations for all school district procedures (excluding food service and special education); conducted three independent energy audits through Custom Energy, Honeywell Corporation and Trane Corporation per the CISL recommendation and are already taking initiatives to meet the recommendations of these and the Legislative Post Audit.

Responses to recommendations:
Page 8, 9 and 10 Spending for Instructional Support including School Level Administration-including Figure 1-2 Committing more to instruction, student support and instructional support compared to peer districts is something that our district believes in and has data to support this decision. Starting 5 years ago our district chose to truly make our building level principals be the educational leaders of their buildings, rather than simply managers that put out "fires". To accomplish this goal while increasing our academic standards/levels of achievement the district chose to hire a district disciplinarian, a curriculum/data analysis director and an associate principal that handles all the "managerial" duties of the principals that involve grounds, custodial, maintenance, the physical plant, transportation as well as athletics. As evidenced by our assessment scores this commitment has bore great fruit. Scores well over the state and national averages on state assessments and norm referenced national tests are now the norm/expectation. All research indicates strong leadership has a huge impact upon student

learning/achievement. To complete the efficiency analysis it may be beneficial to compare spending in these areas to assessment scores in peer districts.

Page 9 Operations and Maintenance even though our expenditures and staffing levels are lower than our peers spending is continuing to be addressed by the outsourcing of our custodial services-that are included within our over $600,000 in cuts for the 2010-11SY.

Page 9Transportation these expenditures may be higher than peer districts due to several factors: the number of out of district students transported (13.29% of our student population), the size of our district including having the high school sitting 2.5 miles away from two of our communities, and having to transport special education students to our Twin Lakes Educational Cooperative (TLEC) for services. We are lease purchasing used diesel buses that have the potential to save us $4,754 annually in fuel cost compared to gas buses as well as save upfront used vehicle cost.

Page 11Food Service "District officials told us they generally haven't looked at efficiency measures related to its food program-such as cost per meal-when making decision about the program. In addition, officials indicated they haven't tried to set meal prices to cover costs, instead they prefer to keep prices in line with neighboring districts." We are already taking initiatives in this area by having KSDE food service director-Barb Depew within our district and figured cost per meal with the BOE treasurer, Sandy Glessner and district food service director, Grace Brown. We are raising our meal prices again this year, which puts our district meal prices in the 90th state wide percentile. Each year we've implemented our food service plan we've saved over $10,000 a year in unpaid meal debts as well as increased our At-Risk funding by increasing our Free meals from 12.18% to 18.14% this past year. We plan to work on cooperative purchasing of food products and portion control to become more efficient in this area. Food service is our number one priority.

Pages 12-13 Figure 1-3 Taking Steps to Reduce or Defray utility cost-We have authorized the installation of our energy audit recommended computer control systems at our grade and high school. This further includes the replacement of lights/ballast-these have a potential "payback" of 1-2 years.

Personal-Paying stipends for cell phones-that plan was implemented starting July 1st whereby the employee receives a stipend and pays for their personal cell phone plan.

Offering fewer supplemental contracts-we have already cut $17,000 of coaching/sponsorships for the 2010-11SY. Fewer contracts for most costly per student-our mostly costly programs (band, Ag education, guitar, Ind Arts) all only have one sponsor/teacher/coach now making it impossible to keep the program and cut supplemental contracts-the extended vocational contracts for Ag and Ind Arts have been cut in ½ for the 10-11SY. Most expensive contracts are the most experienced coaches who have established exceptional programs; if we cut those salaries we could potentially "kill" those programs. Many of our out of district students come to be a part of these programs….cost savings of $13,000 is made up with one out of district student and their FTE money.

Competitively purchasing vehicle fuel-We've tried to install a bulk tank, but we were still quoted with having to receive "pump price" for the bulk tank-plus the cost of installation. We also try and spread the fuel purchases to all the district filling stations by rotating where fuel is purchased.

Appendix C Best Practices for School District Efficiency Page 31 reasonable salaries-contracting out for some work-we have outsourced our custodial services with PCI Building at a savings to the district.

Page 31 benefits-Health insurance we have collected bids for health insurance-in fact hired an insurance broker to help facilitate bids….BC/BS is the only company to offer services. "take steps to make the employee pool healthy"-we cut our usage by over $100,000 last year due to educating staff about costs.

Page 31 overtime-we do have an overtime control, all overtime must be prior approved by direct supervisors and employees are encouraged to take "leave time" in lieu of overtime pay. We've significantly reduced our cost for overtime, since this policy was put in place 6 years ago, prior to that some staff were using overtime to set their wage. Contracting out for some work-we have outsourced our custodial services with PCI Building at a savings to the district.

Page 32 maintain efficient processes for administrative tasks-we have an automated financial management program-Data Team and student data software-PowerSchool...we are utilizing paperless as much as possible-for example instead of printing and mailing all enrollment packets, an e-mail notification and post card is sent to all those without e-mail addresses and as much as possible we send the information electronically. PowerSchool is a centralized system to collect data for the district and is KIDS friendly.

Page 32 technology practices- Phasing out individual printers- the deadline has been set, whenever the ink jet breaks down it is not replaced and put on a surplus declaration list for selling. Since these inkjet printers are already purchased we want to efficiently use them. After doing a cost analysis study of leasing copier/scanner/laser printers vs. cost of ink replacements in each of the schools, the district leases 3 machines and may look to further our commitment to this concept. We do recycle and refill ink cartridges whenever possible-including our central copiers. We have ordered a VOIP phone system from Twin Valley Telephone, Clay Center, KS that will be installed this summer.

Page 32 provide instruction support services efficiently –we have cut 1 librarian and .5 curriculum/data analysis director for the 2010-11SY

Page 33 custodial services- we have outsourced our custodial services with PCI Building at a savings to the district.

Page 33 maintain facilities and grounds-we do have long term preventive maintenance contracts with Thermal Comfort Air (TCA) Manhattan, KS for HVAC systems and Blueville Nursery, Manhattan, KS for grounds maintenance.

Page 33-minimize energy costs-the district has had Center For Innovative School Leadership, Jones Institute, Emporia State University perform one efficiency audit which included an energy audit with Custom Energy, Lawrence, KS and subsequent energy audits performed by Honeywell and Trane corporations-recommendations regarding lighting and controls are being implemented within the 2010-11SY. Our strategic plan includes a subgroup, "environment" which deals with the physical facilities as well as the affective domains.....this group has made facility recommendations regarding energy efficiencies. HVAC systems are routinely checked, cleaned and repaired through the TCA maintenance agreement.

Page 33 energy rates-we cannot join a natural gas purchasing consortium due to the district not being able to use natural gas-we can only use propane.

Page 34 Food Services-"charge enough to cover the costs of the food program"- We have had KSDE food service director-Barb Depew within our district and figured cost per meal with the BOE treasurer, Sandy Glessner and district food service director, Grace Brown. We are raising our meal prices again this year, which puts our district meal prices in the 90th state wide percentile. Each year we've implemented our food service plan we've saved over $10,000 a year in unpaid meal debts as well as increased our At-Risk funding by increasing our Free meals from 12.18% to 18.14% this past year.

Page 35 Transportation manage its program efficiently-the district does use suburbans and smaller buses for some bus routes and transporting Special Education students to our SPED cooperative.

Page 35 Bus routes-computerized software was suggested within the energy audits, but the cost was around $23,000....we're small enough to be able to plan routes by hand and save the money. We have cut one bus route for the 2010-11SY.

Page 35 prolong vehicle lives-routine maintenance is performed by local patron mechanics, for the last 3 years we have purchased used diesel buses saving approximately $20,000 per bus compared to new prices as well as saving over $14,000 in fuel costs by obtaining diesel buses rather than gas buses.

Specific Recommendations for the Riley County School District
Page 19 Related to Efficiency Management-1. The district will expand further on our already established cost per student activities/athletics model using the LPA audit model to look at spending and staffing per student.

Page 19-20 Related to Food Services-this area holds the highest importance 2. the district will implement portion control for high and elementary school lunches. This may include attending KSDE training courses and/or having KSDE Food Service Staff come to our district and assist our food service staff with this recommendation. We will also look at the feasibility of additionally charging students for any other food beyond the basic hot meal line-or just charging for this food separately-these would include salad bar and fruit bar.
3. the district will contact peer districts that are operating self sufficient food service programs to determine ways our districts program could be self funded.
a. lunch prices have been adopted for the 2010-11SY that include all levels of lunches being within the state wide 90th percentile. The district would want to remain or lower that percentile by utilizing other methods to cut expenses within this area. As much as possible the district does not want to pass on these food expenses onto students, knowing that food services have an indirect impact upon student learning.
b. the district will attempt to cooperatively pool with other districts to obtain better food and milk prices.
c. at one time the district had one central kitchen. At this time the district will look at other alternatives to make our food service program self sufficient.
d. the district will develop a system to accurately monitor its food inventory

Page 20 Relating to Student Instruction-4a the district will consider the "traditional" class schedule weighing all options to make a data driven decision regarding this change. As included within the audit report the district has shown significant achievement gains utilizing this class schedule and students are exposed to 4 more courses over their high school careers. The extra time (85 minutes) allows students to work directly with course specific teachers.
b. and c.-the district will do a course/schedule analysis to determine if course sections can be eliminated or filled to district established capacity standards while still providing our students/staff with a viable curriculum offering to prepare them for post high school

Page 20 Related to Facilities: 5. the district will consider the possibility of moving the district office into one of the other buildings, understanding this is a 1 time revenue generating move, that the district would have to find another storage building and on an annual basis the district would be only saving $1,000 a year. Further, as much as possible the district needs to consider selling assets as a last resort, due to having to possibly having to replace these assets in the future.
6 a-the district already competitively shops for propane through a bid process
b. the district is in the process of purchasing computer assisted energy program controls, as well as developing a plan to replace all non-efficient lighting by training our maintenance staff to change ballast and light bulbs. The district looked at restricting the use of personal appliances and determined to not implement such a policy as the savings were around $1,000 a year. Power savings options on computers will be implemented.

Page 21 Relating to Personnel-7a starting July 1st, 2010, the district implemented paying stipends for cell phones and have cut the number of cell phones
b-the district has cut $17,000 in supplemental contracts for the 2010-11SY

Page 21 Related to Business Process 8a-through Data Team the district has already implemented an electronic process for purchases (eReqs). Payroll pay stubs are sent electronically to those with e-mail addresses.
b. the district will consider a business procurement card with a cash-back rebate for purchases/services.
c.- relating to food has been addressed 3b. The district will investigate cooping with other districts to jointly purchase like fuel. Presently, the district uses the Greenbush cooperative to purchase school supplies.
d. the district will develop an inventory system as a portion of teacher checkout for classrooms, our technology department already has in inventory system in place and food inventory has been previously addressed 3d

Page 21 Related to Transportation Services 9a-the district will investigate the possibility of competitively bidding vehicle maintenance taking into consideration of ensuring as many qualified district business patrons as possible are able to share in the maintenance.
b- the district tried to install a bulk tank, but we were still quoted with having to receive "pump price" for the bulk tank-plus the cost of installation. The district also tries and spread the fuel purchases to all the district filling stations by rotating where fuel is purchased. Cooping with other districts has been addressed 8c.

Page 22 Related to Information Technology 10a-previously the district did a comparison study on virtualized computers. This study will be re-evaluated to determine the best cost/services available.
10b- the deadline has been set, whenever the ink jet breaks down it is not replaced and put on a surplus declaration list for selling. Since these inkjet printers are already purchased we want to efficiently use them. After doing a cost analysis study of leasing copier/scanner/laser printers vs. cost of ink replacements in each of the schools, the district leases 3 machines and may look to further our commitment to this concept.