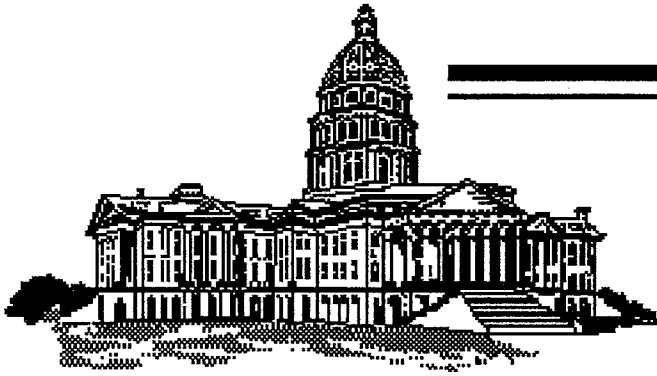




PERFORMANCE AUDIT REPORT

**Reviewing the Efficiency of Central Services
In the Wichita School District**

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
August 1993**

Legislative Post Audit Committee

Legislative Division of Post Audit

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PERFORMANCE AUDIT REPORT

REVIEWING THE EFFICIENCY OF CENTRAL SERVICES IN THE WICHITA SCHOOL DISTRICT

OBTAINING AUDIT INFORMATION

This audit was conducted by Ron Green, Principal Auditor, and Joe Lawhon and Tom Vittitow, Auditors, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Green at the Division's office.

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REVIEWING THE EFFICIENCY OF CENTRAL SERVICES IN THE WICHITA SCHOOL DISTRICT

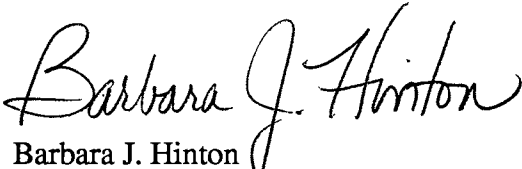
Summary of Legislative Post Audit's Findings

How do large school districts provide central services? Like Wichita, the six largest school districts in Kansas, as well as the large out-of-State districts we surveyed, have some type of central service facility. The Wichita school district provided more services with its own employees than any other district we contacted. Services such as pest control, trash collection, and roofing repair were done in-house in the Wichita district. Other school districts generally contracted with private-sector firms to provide these services.

Can the Wichita school district provide central services more efficiently? The Wichita school district, like any large organization, could be operated more efficiently. The district spends about 14 percent more to operate and maintain its buildings than the average of other large school districts in Kansas. In part, the higher spending is due to factors beyond the control of district officials, such as the age of the district buildings and high utility rates. But over the years, district officials have made some decisions to pay higher longevity bonuses, grant employees more leave time, and provide more generous fringe benefits than other school districts or public sector employers in the Wichita area. These decisions have added about \$1 million annually to the cost of running the district. The district also had not established systems to ensure its maintenance workers use their time efficiently, and had not fully explored opportunities to save money by contracting for some services.

The district may have more vehicles and equipment than necessary, and nearly half of the miles driven in supervisor's assigned district vehicles were commuting miles between their homes and the School Service Center. The district purchased supplies and equipment at competitive prices, but many items in the district's warehouse were overstocked. The district's transportation and food services functions operated at costs equal to or below other district's costs, and the district is considering a proposal that could save more than \$700,000 annually on student transportation.

This report includes several recommendations for improving the efficiency of central services in the Wichita school district. We would be happy to discuss these recommendation or any other items in the report with any legislative committees, individual legislators, or other State and school district officials.


Barbara J. Hinton
Legislative Post Auditor

Reviewing the Efficiency of Central Services in the Wichita School District

In the 1992-93 school year, school districts in Kansas received more than \$1.1 billion in State aid payments. State officials, local school board members, school district administrators, taxpayers, teachers, and parents all agree that State funds should be used efficiently and effectively to further students' educational development.

Many of the larger school districts in Kansas operate central service centers to help provide services such as operations and maintenance of buildings and equipment, food service, and transportation of students. The concept behind these facilities is that the school districts use district employees to provide services that might otherwise be contracted out, and thereby save money for the districts.

Legislative concerns have been raised about whether the central facility in the Wichita school district could provide support services for schools and students in a more efficient manner. If the audit could identify possible savings or improvements in efficiency for the Wichita district, it also could contribute to similar improvements for other school districts in Kansas. This audit addresses the following questions:

- 1. How do large school districts provide central services?**
- 2. Can the Wichita school district provide central services more efficiently?**

To address these questions, we surveyed the largest school districts in Kansas and some out-of-State districts with enrollments comparable to the Wichita school district. We also surveyed principals, maintenance employees, and food service employees in the Wichita school district. We analyzed various categories of expenditures made by the Wichita school district, and compared them to expenditures of other school districts in Kansas. We reviewed the number of support staff in the Wichita school district, and determined how staffing levels have changed in recent years. We examined the school district's salaries and benefits, and compared them with compensation paid by other employers in the Wichita area. We developed comparative efficiency measures for operations and maintenance, food service, and student transportation. We reviewed the operation of the supply and warehouse functions located at the Wichita School Service Center. We also reviewed the ways that school district officials measure workers' efficiency and manage their time. Finally, we reviewed the Wichita district's procedures for buying, maintaining and using vehicles and equipment.

In conducting this audit, we generally followed all applicable government audit standards, except that we did not verify the accuracy of information provided in the surveys of other school districts. In addition, we did not conduct specific testwork to determine the reliability of computer-generated data provided by the Wichita

school district. Like other school districts, the Wichita school district's financial statements are audited annually by a public accounting firm.

In general, we found that large school districts typically have central service facilities from which a variety of support services are provided or coordinated. However, the Wichita school district provides a wider range of services with its own employees than all other districts we contacted. We found that the Wichita school district spent substantially more than other districts to operate and maintain its buildings and equipment. Wichita school district officials historically have cited factors such as the age of Wichita schools and the district's higher utility costs as reasons for its higher overall spending for operations and maintenance. Although these factors contribute to higher costs, we also identified a number of other practices and decisions that have increased the district's staffing and costs, or otherwise made the district less efficient.

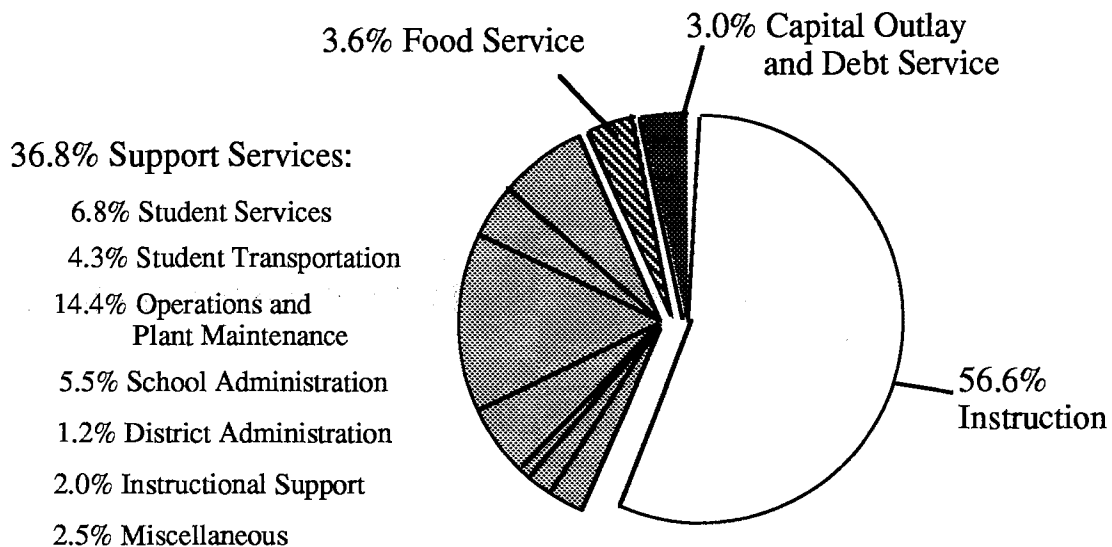
Although Wichita school district salaries generally are comparable with others in the area, the district has much more liberal leave and benefit policies. The district has numerous vehicles and equipment that receive little use. It also provides a number of routine operation and maintenance services that are widely available from businesses in the private sector. These factors suggest opportunities for improving delivery of services or contracting them out to streamline operations and reduce costs. Although the district did not have information to tell how efficiently its repair and maintenance crews were doing their jobs, we found several indications they are not as productive as they could be. Finally, district officials have plans in two major areas — decreasing excess inventory in its warehouse and altering its busing schedules — that could result in more efficient and less costly operations. The findings discussed in this report suggest the school district could reduce its annual costs by about \$3 million. Other changes discussed in the report could reduce costs further, but the amount of savings could not be quantified.

These and related findings will be discussed in more detail after a brief overview of central services in the Wichita school district.

Overview of Central Services in the Wichita School District

The Wichita school district is the largest in the State, with about 48,000 students. In the 1991-92 school year, the Wichita school district spent more than \$214 million (excluding interfund transfers and certain other expenditures). As the chart below shows, about 57 percent of that amount was spent for instruction — mainly teachers' salaries. More than 40 percent of total expenditures went for support services and food services. Our audit work focused on the non-instructional services and expenditures.

**1991-92 Expenditures
Wichita School District**



(a) To avoid double-counting of expenditures, we excluded interfund transfers and expenditures from these reserve funds: Disability Income Benefits Reserve, Health Care Services Reserve, Risk Management Reserve, and School Workers' Compensation Reserve. We also excluded expenditures from the Textbook Rental Fund, which is supported by student fees.

The chart shows that 14.4 percent of the district's expenditures went for operations and maintenance of facilities, 4.3 percent for student transportation, and 3.6 percent for food service. The dollar figures for all functions can be found in Appendix A, which includes 1991-92 expenditures of the six largest school districts in Kansas.

In the Wichita school district, most support services are performed by personnel stationed at or supervised from the School Service Center. The School

Service Center is a 343,000 square-foot facility located on 53.5 acres in north-central Wichita. The facility was completed in 1975 at a cost of \$6.8 million. The district paid for the Center in large part with about \$4.5 million received from the federal government as compensation for school district land and buildings condemned for construction of an interstate highway.

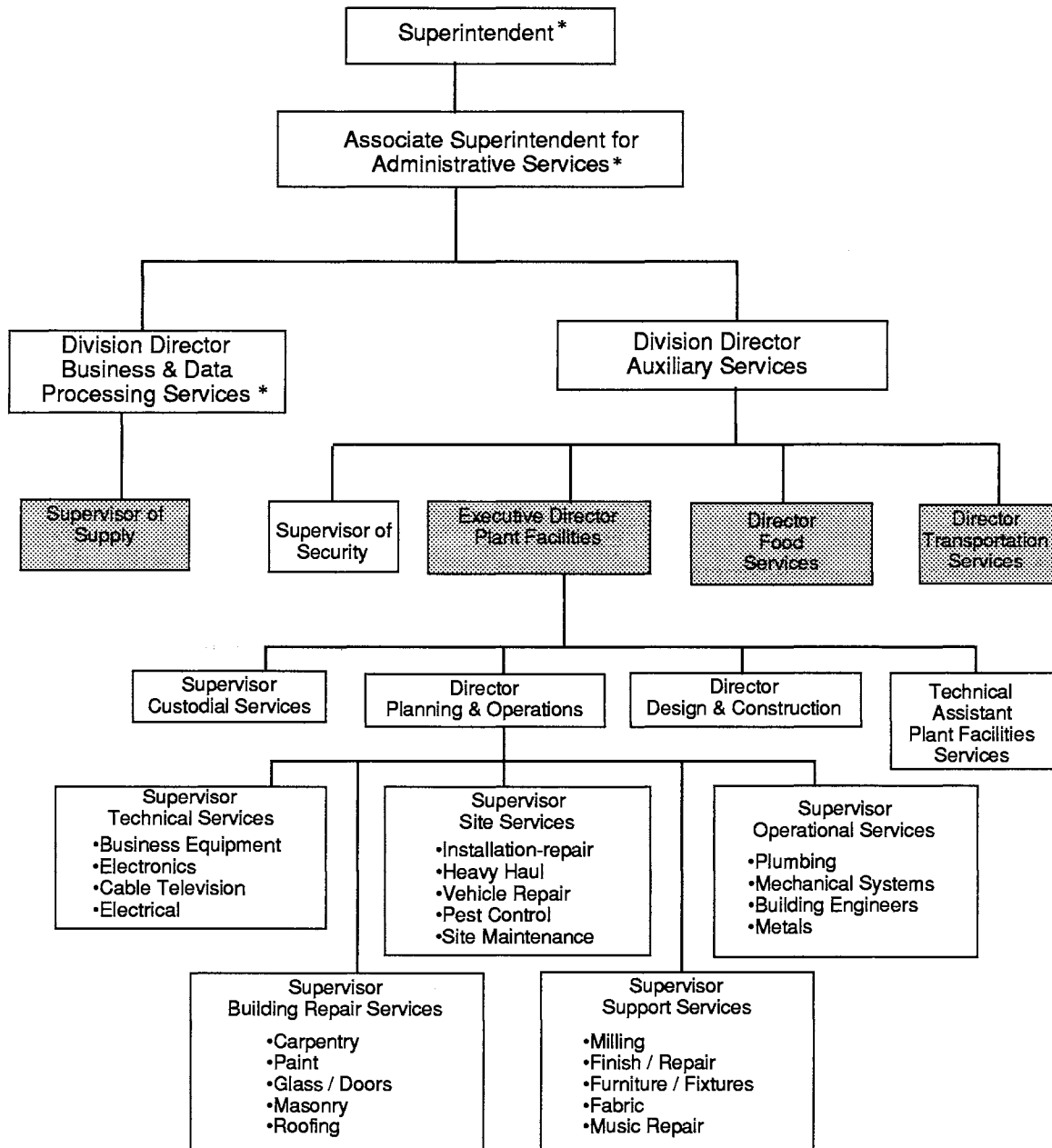
USD 259 School Service Center



This picture shows the Wichita School Service Center, as seen from the intersection of 37th and Hydraulic. The entrance to the Service Center is in the middle of the picture. The large cylinders on the left are collectors for sawdust and debris from sandblasting desks and other school furniture.

A wide variety of services are conducted or supervised from the School Service Center. As shown in the organization chart on page five, those services include security, custodial services, repair and maintenance of school buildings, student transportation services, and food services. One portion of the School Service Center is a food production center, where meals are prepared and then delivered to the schools. Another large portion of the Center is a warehouse where purchased materials such as textbooks, paper, office supplies, lumber, carpet, tires, paint, and non-perishable food items are stored and distributed as needed. Additional pictures taken at the School Service Center can be found on pages 23 and 28 of this report.

**Wichita School District --
Organization Chart for Services Provided
from the School Service Center**



* Not located at the School Service Center.

The major departments reviewed during this audit (and shaded above) were Plant Facilities, Food Services, Transportation, and Supply. The organization chart provides the greatest detail on the Plant Facilities Department, because it is the largest in terms of staffing and expenditures. We did not review the efficiency of the Security function.

Overall staffing levels for support services have declined slightly in recent years. During this audit, we had hoped to review staffing and expenditure data over five years. However, some of the information was not available in comparable form before 1989-90. As shown below, the number of full-time-equivalent positions decreased from 1,010.9 positions during the 1989-90 school year to 991.5 positions in the 1992-93 school year, or a drop of nearly two percent. Staffing levels increased in Food Services, Security, and Transportation, but those increases were more than offset by the decrease in Plant Facilities staff. Most of the decrease within the Plant Facilities Department occurred in custodial personnel, which lost about 45 positions.

**Authorized Personnel for Central Service Functions
Performed from the Wichita School Service Center**

<u>Unit at School Service Center</u>	<u>Authorized Personnel (FTE)</u>				<u>Change Since 1989-90</u>
	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>	
Plant Facilities	705.1	707.4	633.8	652.8	(7.4%)
Food Services	196.3	202.4	204.6	215.2	9.6%
Security	43.5	43.0	50.5	53.5	23.0%
Transportation (a)	6.0	6.0	10.0	10.0	66.7%
Supply & Distribution	<u>60.0</u>	<u>59.0</u>	<u>58.0</u>	<u>60.0</u>	0.0%
Total All Functions	<u>1,010.9</u>	<u>1,017.8</u>	<u>956.9</u>	<u>991.5</u>	(1.9%)
Percent change from the previous year		0.7%	(6.0%)	3.6%	

(a) District staffing for student transportation is relatively low, because most services are performed by a contractor.

About half the employees shown in the table are stationed at the School Service Center. The other half — mostly custodians and food service workers — are stationed at individual schools. Meals are delivered from the School Service Center to nearly all of the district's 105 schools, but each school also has its own food service personnel. District officials said that some on-site cooking was done at eight high schools and 14 middle schools in 1992-93. In many cases, the schools' cooks and food service aides work fewer than eight hours per day.

Between the 1989-90 school year and the 1992-93 school year, headcount enrollments in the Wichita school district varied little, generally staying in the 47,000 to 48,000 range.

Expenditures for central service functions have risen by nearly 15 percent since the 1989-90 school year. As shown on the following page, expenditures for the functions supervised from the School Service Center showed an overall increase of 14.8 percent between the 1989-90 school year and the 1991-92 school year. (When this audit was under way, actual expenditures for 1992-93 were not available in this format from the State Department of Education.)

Actual expenditures for these services rose 5.6 percent in 1990-91, and 8.7 percent in 1991-92. If the district spent the amounts budgeted for 1992-93, the increase would be 12.3 percent over the previous year.

**Expenditures for Central Service Functions
Performed from the Wichita School Service Center**

Major Functions	Actual Expenditures			Increase Since 1989-90	Budgeted Amount 1992-93
	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>		
Operations & Maintenance (a)	\$27,820,670	\$28,870,357	\$30,853,689	10.9%	\$33,671,383
Food Services	6,904,261	7,252,436	7,790,370	12.8%	9,618,111
Transportation	6,865,902	7,669,511	9,269,535	35.0%	10,616,902
Supply/Distribution	<u>1,186,745</u>	<u>1,389,924</u>	<u>1,215,598</u>	2.4%	<u>1,273,402</u>
Total All Functions	<u>\$42,777,578</u>	<u>\$45,182,228</u>	<u>\$49,129,192</u>	14.8%	<u>\$55,179,798</u>
Percent increase from the previous year		5.6%	8.7%		12.3%

(a) In this table, security costs are included within Operations and Maintenance. However, capital expenditures for major repairs and renovations are not included.

The largest percentage increase in expenditures — 35 percent — occurred in the student transportation function. Wichita school district officials attributed the increase mainly to special education requirements and the addition of 12 magnet schools, which led to higher staffing levels and significant increases in the number of buses and bus routes.

How Do Large School Districts Provide Central Services?

The six largest school districts in Kansas, as well as the large out-of-State districts we surveyed, have some type of central service facility. The main difference involved the number and types of services that were provided or directed from the central facilities. The Wichita school district provides more services with its own employees — and contracts out fewer services — than all the other districts we reviewed.

All Large School Districts We Contacted Had Central Service Facilities

We surveyed and interviewed officials in the six largest school districts in Kansas to determine how they provide central services. We also received survey responses from large school districts in five other states. The box on page nine includes a list of the surveyed districts and their enrollments.

Each school district had at least one central service facility that provided support services throughout the school district. Some districts had a single central facility, while others had several. The specific services provided from the central facility varied to meet the needs of the districts. The chart below shows the kinds of services provided from each district's main facility.

Services Provided from Each School District's Main Central Service Facility										
Services performed or supervised from a central facility	Wichita	Blue Valley	Kansas City, KS	Olathe	Shawnee Mission	Topeka	Arlington, TX	Cincinnati	Indianapolis	Kansas City, MO
Repair and maintenance of facilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Custodial services -- supervision	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Repair and maintenance of vehicles	✓	✓	✓	✓	✓	✓	✓	✓	(1)	✓
Food services -- supervision	✓	✓			✓		✓			✓
Central kitchen	✓	(2)	(2)	(2)	(2)			(2)		✓
Student Transportation -- supervision	✓	✓			✓		✓	✓		✓
Central warehouse	✓	✓	(3)	✓	(3)	✓	✓	✓	✓	(3)

(1) The district repairs its vehicles at a different site.

(2) The district has a central kitchen at a different site.

(3) The district has a warehouse at a different site.

As the chart shows, all of the surveyed districts managed facility maintenance and custodial services from their main facility. Likewise, nearly all had a vehicle repair shop and a central warehouse at the same facility. In six of the 11 districts, student transportation was managed from the facility. Food service was provided from a central kitchen in seven of the eleven districts, while the other four districts prepared all meals at the schools. The Wichita school district was the only one that provided all listed services from a single facility.

Enrollment Information about the Surveyed School Districts

The Wichita school district is by far the largest in the State of Kansas, with about 48,000 students. There are only five other school districts in Kansas with more than 10,000 students, as listed below.

<u>School District</u>	<u>1992-93 (a) Enrollment</u>	<u>Number of Schools</u>	<u>Average Enrollment Per School</u>
Wichita	47,810	105	455
Shawnee Mission	31,534	57	553
Kansas City, KS	22,000	49	449
Olathe	15,890	33	482
Topeka	14,805	37	400
Blue Valley	11,043	19	581

(a) Headcount enrollments as shown in a February 1993 publication of the State Board of Education.

We also surveyed a dozen out-of-State school districts with enrollments close to that of the Wichita district. The five districts that responded to our survey are listed below.

<u>School District</u>	<u>1992-93 (b) Enrollment</u>	<u>Number of Schools</u>	<u>Average Enrollment Per School</u>
Portland, OR	56,942	96	593
Cincinnati, OH	50,000	81	617
Arlington, TX	46,821	55	851
Indianapolis, IN	45,737	68	673
Kansas City, MO	36,379	86	423

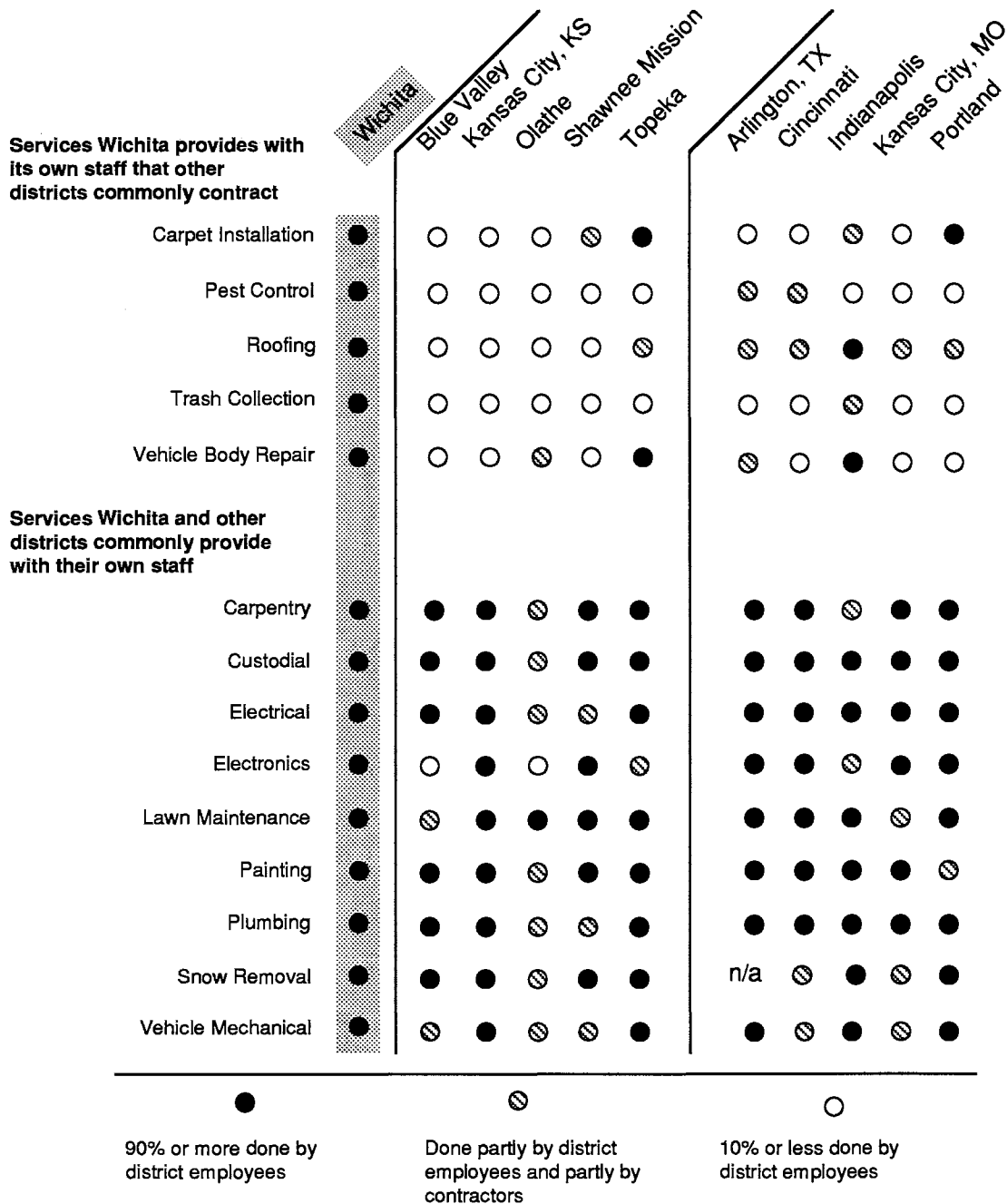
(b) Enrollments as reported on surveys returned by these districts.

The Wichita School District Provides a Wider Range of Operation and Maintenance Services with its Own Employees Than the Other Districts We Contacted

Another way to view the school districts' delivery of central services is to determine which types of services are provided by district employees, and which are contracted out to private businesses.

Through our surveys, we found that Wichita school district employees provided a number of services that other districts usually obtain from private firms. The chart below shows the types of services provided by school district employees, by private contractors, or by a combination of both.

Operation and Maintenance Services Provided by School District Employees or by Contractors



As the chart shows, the Wichita school district provides more services entirely with its own staff than any of the other districts. The Wichita school district provided all 14 listed services primarily with its own employees. The Topeka district was second highest, with 10 of the services provided by its own employees. All other districts (except Olathe) provided 6-9 of the services with district employees.

The services provided by Wichita school district employees that most other districts do under contract with private business include the following:

- Carpet Installation - 8 school districts had contracts with private vendors
- Pest Control - all 10 school districts had contracts with private vendors
- Roofing - 9 school districts had contracts with private vendors
- Trash Collection - all 10 school districts had contracts with private vendors
- Vehicle Body Repair - 8 school districts had contracts with private vendors

The Wichita school district has adopted the philosophy of performing virtually all operations and maintenance work (and some small capital outlay projects) using its own full-time staff. Wichita district officials told us that the main advantages of having most repair and maintenance services done by district employees are that district staff are familiar with the school buildings and systems, and district staff can provide quick response to emergencies. They also said that district staff frequently could provide services cheaper than a private contractor could.

The other districts we surveyed were more likely to contract for some of the services, especially those which required a large investment in equipment. For example, the Portland school district contracted for roofing because the work was seasonal and equipment would remain idle 8-9 months of the year. Likewise, the Arlington, Texas, school district reported it was more cost-effective to contract for trash removal service. In addition, several districts (Arlington, Portland, and Topeka) contracted for pest control services, citing reasons such as licensing requirements and potential liability.

In deciding whether or not to contract for central services, each district would have to consider many factors, including the climate and the number of businesses willing to provide the services.

Can the Wichita School District Provide Central Services More Efficiently?

With nearly 1,000 employees providing the central services we reviewed, the Wichita school district — like any large bureaucracy — could be operated more efficiently. Specifically, we found that Wichita's costs for operating and maintaining its buildings were about 14 percent higher than the average costs for other large school districts in Kansas. Some of the major reasons for higher spending include the fact that the Wichita district has relatively old schools, high staffing levels, and high electric rates. The Wichita school district also has made some decisions — concerning salary levels, leave time, and other fringe benefits — that have increased the district's operating costs by at least \$1 million. The district had not established systems to ensure its maintenance workers use their time efficiently, and had not fully explored opportunities to save money by contracting for some services.

We also found the district may have more vehicles and equipment than necessary, and nearly half of the miles driven in supervisors' assigned district vehicles were commuting miles between their homes and the School Service Center. The district purchased supplies and equipment at competitive prices, but many items in the district's warehouse were overstocked. The district's transportation and food service functions operated at costs equal to or below other districts' costs, and the district is considering a proposal that could save more than \$700,000 annually on student transportation. These and other findings are detailed in the sections to follow, after a brief discussion of what activities and internal controls might be expected in an efficient school district.

A School District's Efficiency Depends on How Much It Pays for Its Resources, and How Productively It Uses Them

To operate as efficiently as possible, a school district needs to control the "cost" and use of its personnel, equipment, and supplies. For the Wichita school district — as for most organizations — the primary resource is people. A school district that is controlling the cost of its personnel generally would be expected to do the following:

- pay competitive (not excessive) salaries and fringe benefits to attract and retain good employees
- use part-time or temporary employees if tasks are not full-time or year-round
- minimize unnecessary overtime

A district that is using its employees as productively as possible generally will ensure that workdays and tasks are adequately planned and carried out, and that employees' work is adequately reviewed. As part of this effort, a district generally would be expected to:

- establish priorities for jobs that are most critical to the district's ability to educate and protect its students and staff
- establish work schedules for routine tasks
- establish routes or job locations that minimize travel time or other "down" time
- develop time estimates for how long jobs should take
- assign only the number of people needed to do the job
- provide adequate supervision and review of employees' performance
- collect information that will allow the district to do the items listed above and to modify the district's plans, procedures, or workforce, as needed

Equipment and supplies also are a major resource in a school district's operations. The efficiency concerns for these items are similar to those for personnel resources. For example, to control the cost of its equipment and supplies, a school district generally should do the following:

- buy only the equipment and supplies that are reasonably needed
- seek competitive bids in order to pay the lowest reasonable prices
- buy frequently used or needed items in "bulk" to obtain quantity discounts

A district that is making the most efficient use of its equipment and supplies also will adequately plan for, maintain, store, distribute, and replace those resources, as needed. For example, a district generally would be expected to do the following:

- minimize equipment downtime through effective job scheduling, maintenance programs, and replacement cycles
- identify equipment that is over- or underused so that appropriate decisions can be made about the need to reassign, sell, or scrap old equipment, or buy additional equipment
- maintain appropriate levels of supplies, properly account for those items used, and minimize the risk of loss or theft

Another consideration a school district ought to make is whether it can provide services more efficiently with in-house resources or by contracting those services to the private sector. The box on the following page lists some of the factors that should be considered when deciding whether a service should or should not be contracted.

**For the 1991-92 School Year, the Wichita School District's
Operation and Maintenance Costs and Staffing Levels
Were Significantly Higher Than the Averages for
Other Large School Districts in Kansas**

This audit covered the main central services provided by the Wichita school district: operations and maintenance of buildings, supply and distribution, food service, and student transportation. Because operations and maintenance was the

Factors to Consider When Contracting For Services

In order to make prudent decisions about whether to consider contracting for specific services, the Wichita school district needs to develop a structured methodology for making these assessments. The Colorado State Auditor's Office has developed a Privatization Assessment Workbook which lays out a suggested format for public agencies to use. The analysis requires several questions to be answered, including:

- Is the private sector able and interested in delivering the service?
- Is there a sufficient number of competitors?
- Is there political resistance to making this change?

- Will the quality of service change?
- Will the cost of the service change?
- Are there any legal barriers to making the change?
- Will privatization increase government exposure to risk?

If the profile shows that the service is a good candidate, then the agency performs a detailed cost analysis to determine whether contracting out will lower the cost of the service. In a report entitled Breaking The Mold, the Texas Comptroller of Public Accounts concluded that contracting out should be considered only if savings of at least 10 percent can be realized.

largest in terms of cost, we focused most of our attention on that function. The Wichita school district spent nearly \$31 million for the operation and maintenance of its facilities in the 1991-92 school year.

On a per-square-foot basis, the Wichita district's costs for operating and maintaining its facilities were higher than the costs for other large school districts in Kansas. This finding is very similar to the information reported in our April 1990 audit report entitled Wichita School District: Personnel Practices and Management of Resources. The table below shows the cost per square foot for the Wichita school district and the other four Kansas school districts that had more than 10,000 students. (Blue Valley was not included because its full-time-equivalent enrollment was less than 10,000 in both years shown below.)

Operation and Maintenance Expenses Per Square Foot For the Largest School Districts in Kansas

<u>School District</u>	<u>Operation and Maintenance Expenses Per Square Foot</u>		<u>Percentage Increase</u>
	<u>1988-89</u>	<u>1991-92</u>	
Kansas City	\$ 2.90	\$ 3.94	35.9%
Olathe	2.72	3.22	18.4%
Shawnee Mission	2.68	3.88	44.8%
Topeka	2.39	3.47	45.2%
Average for the districts above:	\$ 2.70	\$ 3.71	37.4%
Wichita	\$ 3.10	\$ 4.23	36.5%
Wichita exceeded the average of the other districts by:	<u>14.8%</u>	<u>14.1%</u>	

The table shows Wichita's operation and maintenance costs per square foot have remained about 14 percent higher than the average cost of the other four school districts. If the Wichita school district's 1991-92 operation and maintenance expenditures per square foot had been at the average of the other large Kansas districts, the Wichita school district would have spent nearly \$3.8 million less.

In addition to spending more per square foot, the Wichita school district also spent a larger share of its total expenditures on operation and maintenance than any of the other districts. In 1991-92, the Wichita school district spent 14.4 percent of its budget on operations and maintenance, while the other districts' spending ranged from 10 percent to 13 percent of their total expenditures. (The expenditures and percentages for each district are shown in Appendix A.)

The Wichita school district also had higher-than-average staffing levels for operating and maintaining its facilities. The table below shows that in school years 1988-89 and 1991-92, the Wichita school district had more employees in the areas of operations and maintenance than any of the other four large school districts in Kansas.

Operation and Maintenance Staffing For the Largest School Districts in Kansas

<u>School District</u>	<u>Operation and Maintenance Employees per Million Square Feet</u>		<u>Percentage Change</u>
	<u>1988-89</u>	<u>1991-92</u>	
Kansas City	91.2	90.8	(0.5%)
Olathe	75.7	68.6	(9.4%)
Shawnee Mission	75.3	74.5	(1.1%)
Topeka	86.9	87.6	0.8%
Average for the districts above:	82.1	79.9	(2.7%)
Wichita	103.7	96.6	(6.8)%
Wichita exceeded the average of the other districts by:	<u>26.3%</u>	<u>20.9%</u>	

The table shows that although the Wichita school district has reduced its operation and maintenance staffing level, the district still had nearly 21 percent more staff than the average of the other four districts.

Wichita school district officials attributed the district's higher operation and maintenance costs and staffing levels to factors such as older school buildings, higher electric rates, and a more comprehensive range of services. When we discussed these issues with Wichita school district officials, they pointed out several reasons for the districts' higher spending and staffing for operations and maintenance.

**Principals Gave Favorable Reviews
for Central Services in the
Wichita School District**

For the most part, principals in the Wichita school district gave high grades for the quality and timeliness of central services in the district. For each type of service we asked about — food service, student transportation, supply and distribution of materials, custodial service, maintenance and repair of facilities — 75 percent or more rated the quality of service as good or excellent. Also, more than 80 percent said that repair and maintenance work was completed on a timely basis, and that the work was completed properly on the first visit. On the other hand, nearly three-fourths of the responding principals said they would like to see more repair and maintenance work done outside of regular school hours.

- *The Wichita district has older buildings than the other districts, and older buildings cost more to operate and maintain.* In our 1990 audit, we reported that Wichita had the oldest schools, on average, followed by the Kansas City district. As the table on page 14 shows, those two districts had the highest operation and maintenance costs per square foot. At the other extreme, the district with the newest schools — Olathe — had the lowest expenses per square foot in 1991-92.

Wichita district officials also pointed out the tradeoff between having

newer schools and higher bonded debt — as in the Olathe and Blue Valley districts — and having older schools and very little bonded debt — as in the Wichita school district. The amount each district spent for debt service in 1991-92 is shown in Appendix A.

- *The Wichita district pays a higher rate for electricity than the other districts.* In 1991-92, the Wichita school district paid a rate nearly 40 percent higher than the average rate paid by the other districts. As a result, the Wichita school district paid nearly \$1.3 million more for electricity in 1991-92, about one-third of the \$3.8 million cited earlier. While this audit was under way, the district was considering various ways to reduce its utility expenses. The district also reported it has saved nearly \$450,000 within the past 17 months by directly purchasing natural gas.
- *The Wichita district provides a more comprehensive range of maintenance services with its own staff than the other districts.* This decision would clearly tend to increase staffing levels for the Wichita district, but would not have a significant impact on overall costs unless the other districts did not obtain similar services from private firms. If other districts contracted for such services, those expenditures generally would be included in operations and maintenance expenses.
- *The Wichita district has a large number of small elementary schools which must be staffed and maintained.* School district officials reported that in 1992-93, the district had 30 elementary schools with fewer than 300 students. However, our review showed that Wichita's average number of students per school was not out-of-line with the other large districts in Kansas. (Average enrollments per school are listed in the box on page nine.)

- *The Wichita district has a higher ratio of security staff per 10,000 students than the other districts.* In 1991-92, Wichita's security staffing level was higher than all districts except Kansas City. The need for higher security staffing caused the Wichita district to spend about \$500,000 more than it would have spent at the average level of the other four large districts.

In addition to these reasons provided by district officials, our audit work identified various decisions, practices, and other factors that have increased costs or reduced efficiency within the Wichita school district. These factors are discussed in the remainder of this report.

**While its Wages Generally Are Comparable,
The Wichita School District Has More Liberal Leave and
Benefit Policies than Other Wichita-Area Employers**

Salaries and benefits for central service employees totaled more than \$24.1 million in the 1991-92 school year, or nearly half of the \$49.1 million spent that year. Salaries and benefits for most of the employees at the School Service Center, as well as custodians and food service workers at the schools, are established through negotiations with an employee union.

We compared various components of the Wichita school district's salary and benefit package with those offered by seven other Wichita-area school districts, Wichita State University, Sedgwick County, and the City of Wichita. Some additional employee benefit comparisons were made with the 10 school districts responding to our survey. Through these comparisons, we identified several items that may contribute to the Wichita school district's higher operations and maintenance costs.

Some wages paid by the Wichita school district are higher than the wages paid by other Wichita-area employers. For 15 different types of central service jobs, we compared the minimum and maximum wages paid by the Wichita school district with the wages paid by other Wichita-area employers. We used the minimum and maximum salaries because they were readily available from all employers and because that method was used in surveys done by the Wichita school district and the Kansas Department of Human Resources. Overall, the District's salaries seemed to be in-line.

However, in six employee classifications, salaries paid by the Wichita district ranked at or near the top. For the following jobs, the district may be paying a higher wage than the Wichita-area labor market commands:

- | | |
|--------------------------------|--------------------|
| • Cooks | • Stock Clerks |
| • Custodians (non-supervising) | • Truck Drivers |
| • Custodians (supervising) | • Lawn Maintenance |

We also found that the Wichita school district paid a higher shift-differential wage--50 cents per hour--than any of the other employers contacted. (The shift

differential is paid for hours worked between 6 p.m. and 6 a.m.) Only five of the 10 public sector employers in the Wichita area paid a shift-differential wage, and their rates varied from 11 cents to 45 cents per hour. In 1992-93, the district spent more than \$127,000 for shift differential pay. If the Wichita district's shift-differential wage had been just 45 cents instead of 50 cents per hour, the district would have saved about \$12,700.

Because its employees receive more leave days than other area employers, the Wichita school district requires 40-50 more employees, at an approximate annual cost of \$1 million. By comparing the number of holidays, sick leave days, and annual leave days, we determined that the Wichita school district allows its full-time employees 9-12 more days off each year than other Wichita-area public sector employers allow. As a result, the Plant Facilities Department, as well as the other functions provided by the School Service Center, must maintain higher staffing levels to fill the hours lost due to the "extra" leave days. The cost of this extra staff for the School Service Center was at least \$900,000, and may be as much as \$1.2 million, for the 1992-93 school year.

One reason the district has more leave days than other Wichita-area employers is the district allows its employees five paid holidays for spring break. No other school district allowed maintenance employees to take a full week off for spring break. Only two of the 17 school districts contacted allowed their employees more than two days off for spring break; eight allowed no days off. In addition, Wichita State University requires its maintenance staff to work during spring break.

Officials in other school districts told us they accomplished a great deal of repair and maintenance work during spring break, without interrupting classes or other school activities. Having maintenance work done during spring break probably would be supported by Wichita principals; 73 percent of the principals who responded to our survey said it would be better for the schools if more maintenance work were performed after regular school hours.

The Wichita school district pays a much higher longevity bonus than other school districts and public-sector employers. In the Wichita school district, central service employees who work at least 20 hours per week and have worked continuously for the district at least 10 years are eligible for longevity bonuses. The longevity bonus paid to a district employee with 10 years of service is one percent of that employee's annual salary. With each five additional years of service, the employee's bonus increases by two percent, up to a maximum of 11 percent for employees with 35 or more years of continuous service. (The longevity payment plan is part of the negotiated agreement between the district and the Service Employees Union.)

Of the 20 public-sector employers we contacted, 10 had a longevity pay plan. The annual bonuses paid by those employers ranged from \$300 to \$1,040; four of the 10 employers allowed maximum annual bonus payments at or near \$1,000. In addition, the State of Kansas has established a maximum annual payment of \$1,000.

The Wichita school district's longevity pay plan is more generous than any other plan we reviewed. In the 1992-93 school year, the Wichita school district paid 98 central service employees a longevity bonus in excess of \$1,000. The highest longevity payment was \$5,056; 37 employees were paid amounts greater than \$2,000. If the district had established a maximum payment of \$1,000, it would have spent about \$86,000 less in that year.

District officials said the longevity bonus program — including the requirement of continuous service — has cut down on staff turnover and reduced training costs associated with new employees.

The Wichita school district contributes more for employee health insurance coverage than any other Kansas school district we contacted. In the 1992-93 school year, the Wichita school district paid the full monthly cost of \$315 for each employee's health/dental insurance coverage, except for employees who chose a \$100 monthly cash option because they were covered by other insurance. In the Wichita area, no other school district contributed more than \$100 per month for employee health insurance coverage. Likewise, none of the other five large Kansas school districts contributed more than \$200 per month.

Comparisons with the other three large public-sector employers in the Wichita area — Wichita State University, Sedgwick County, and the City of Wichita — are difficult to make because these employers offer multiple insurance plans, and employer contributions vary with the type of insurance coverage selected. For example, all three employers contributed less than \$315 per month for individual health insurance coverage, but two contributed more than \$315 per month for family coverage. The limited data we collected appeared to indicate that the Wichita school district contributed more for employee health insurance coverage than the City of Wichita, but similar assessments could not be made for Sedgwick County and Wichita State University.

The Plant Facilities Department Has Not Established Systems to Ensure that Operations and Maintenance Staff Use Their Time Efficiently and Productively

With more than 650 employees, the Plant Facilities Department is the largest and most labor-intensive department in the School Service Center. Many of these employees travel from school to school performing jobs such as roof repairs, plumbing, electrical repairs, and the like. With so many employees at so many remote locations, it is important for department management to establish systems to ensure that those employees are using their time productively and accomplishing the jobs that need to be accomplished in a reasonable amount of time.

The absence of controls over maintenance jobs increases the risk of inefficiency within the Plant Facilities Department. Our review focused on the systems and controls used by the department to manage maintenance activities. We noted that management did not:

- Prioritize jobs to ensure that staff completed the most important jobs first.
- Routinely estimate the amount of time each job should take.
- Compile and review information to show how much time staff spent on certain activities or what staff accomplished during a specific period of time.

By not assigning priorities to jobs, upper-level management allows others to select the work orders that will be done first. While that system may work well most of the time, it includes the risk that critical or important jobs may be unnecessarily delayed.

By not developing time estimates for individual jobs, management does not convey its expectations to employees about how much time should be spent on the work order, barring unexpected complications. It also makes it difficult for management to measure employee performance and follow-up on any excessive deviations from time estimates.

The lack of meaningful information hindered our evaluation of the efficiency of maintenance workers in the Plant Facilities Department. More importantly, it also precludes department management from determining the efficiency of the department or its functions. Without proper review and analysis of employee accomplishments and the time required to achieve those accomplishments, the Plant Facilities Department has no way of knowing how efficiently it operates.

As part of our work in this audit, we attempted to determine how efficiently the department performed various repair and maintenance tasks. We intended to compare the department's actual output against data obtained from private and public sector employers. For example, we planned to analyze the number of acres of grass mowed per hour, or the number of square feet painted per hour. However, the department did not have sufficient information — about actual time spent at the schools or the amount of work done — to make comparative analyses.

**The Garage Staff at
The School Service Center
Made Vehicle Repairs
Within Reasonable Time Frames**

As in other shops in the Plant Facilities Department, supervisory staff in the garage do not estimate the amount of time any automotive repair work should take. Unlike most other shops, the garage has available an independent source for estimating the amount of time automotive repair work should take. For a small sample of jobs, we compared the time actually charged by the garage staff to the estimates contained in the Mitchell Mechanical Parts & Labor Estimating Guide. Our testwork showed that, overall, garage staff generally completed repairs within the standard time estimates.

We also attempted to analyze efficiency by selecting a sample of completed work orders from three shops and discussing the amount of time charged to each with the shop leader. In two shops, the leaders said they could not determine whether a reasonable amount of work had been performed for the time charged. In the third shop, we found that garage staff appeared to make vehicle repairs within reasonable time frames, but the garage staff had not been using published industry standards to measure the efficiency of its repair work. (The accompanying box provides more information about the garage.)

For the Plant Facilities Department to be efficient, it must maximize employees' working time at the various job sites. Because the department does not have detailed time records, department managers do not know how much unproductive time — travel time, break time, etc. — its employees are experiencing, and therefore, cannot determine whether that amount is acceptable.

Our survey results suggest that supervisors have not closely monitored repair and maintenance employees' use of time. Nearly 67 percent of those responding to our survey indicated that supervisors rarely discussed how much time jobs should take, and 87 percent said that supervisors rarely discussed the amount of time actually charged to a job. (Some of the specific comments we received on employees' surveys are listed in Appendix B.)

The department has taken some steps to control and monitor employees' use of time, but those steps may not be sufficient. First, the department issued Rules of Conduct in 1989, requiring Service Center employees to drive district vehicles directly to a job site, to not take excessive breaks, and to sign in and out of schools. However, our limited review of the activities of roofing and electrical employees over a two-day period showed that employees failed to sign in or out about one-third of the time. In addition, 28 percent of the principals who responded to our survey said they had at least occasionally observed repair and maintenance staff not engaged in constructive work while at their schools.

Second, in November 1991, the department conducted a three-day surveillance of its employees to determine whether employees were abusing working hours by taking excessive breaks or wasting time in route to job sites. The surveillance activities resulted in 26 employees being disciplined for rules violations. The department also directed its supervisors to spend more time visiting job sites and monitoring employees' use of time. However, about half of the surveyed employees reported that their supervisors visited them in the field only once a week or less.

Third, department officials told us that some roofing and masonry workers probably would assist the painting crews during the winter, when cold weather precluded their roofing and masonry work. With these steps, the department is taking initial steps toward identifying employees' "downtime" and turning it into more productive time.

The Wichita School District Might Save Money by Contracting Some Services to the Private Sector

Wichita school district officials generally assume that its employees can perform all current services at a lower cost than a private firm would charge the district to perform the same service. Despite the district's desire to be self-sufficient, it spent nearly \$2 million in fiscal year 1993 on contracts with the private sector. These contracts were entered into because the district needed services its own staff could not provide. But, district officials do not know whether the private sector might be able to provide additional services more efficiently than the district, either by

The Wichita School District Decided Not to Contract for Custodial Services

We did not review custodial services in detail because this audit was designed to review the use of staff at the School Service Center, and custodial staff work exclusively at schools. However, during our field work we learned the district had studied the delivery of custodial services about five years ago.

In late 1988, the Wichita school district studied the custodial services area of the Plant Facilities Department. The district's study included a nationwide telephone survey of other school districts to determine whether the districts had contracted for custodial services, and whether they were satisfied with the services. More than half of the districts reported they had not used any contractual custodial services. Of those that used a contractor, all were dissatisfied with the contractors, citing problems with security and cleanliness. One district official from North Carolina stated, "Run, do not walk, away from contract services."

Another part of the district's study included the possibility of a pilot program for custodial services. The pilot program would have given a private company the responsibility for

custodial services at three elementary schools and the district's administrative center. Preliminary cost data indicated the district could have saved about \$6,500 per month, roughly 21 percent of its cost, if the private company had been awarded a contract.

District officials cited four reasons for not implementing the pilot program:

- (1) Custodians were needed in the schools whenever the buildings were in use;
- (2) District custodians performed many services beyond routine cleaning;
- (3) Changes in the school breakfast and lunch programs placed greater demands on the custodial staff;
- (4) With a shift toward site-based management of schools, district staff believed the implementation of contract services, even on a limited basis, would have been poorly timed.

The district's custodial staff has been reduced significantly over the last few years. In 1989-90, the district had 387 authorized positions; in 1992-93, the district had 342 budgeted positions. This represents nearly a 12 percent reduction.

performing the same service at a reduced price, or by providing an improved level of service for the same cost, because the district has rarely attempted to gather comparative cost information.

The district might save money by contracting for trash collection and pest control services. As noted earlier in the report, the Wichita school district provides five services with its own staff that other districts commonly contract. These services are:

- Carpet Installation
- Pest Control
- Roofing
- Trash Collection
- Vehicle Body Repair

We selected two of these services — pest control and trash collection — and tried to assess whether they could be provided more efficiently by the private sector. In conducting this analysis, we encountered several problems. For example, the district does not know the true cost it incurs for providing these services, because the district's accounting system is not designed to aggregate the cost of specific operations. However, we worked with district officials to determine the amount and frequency of services performed by district staff in 1992-93, and to estimate the costs incurred by the district to provide these services. We then contacted several private

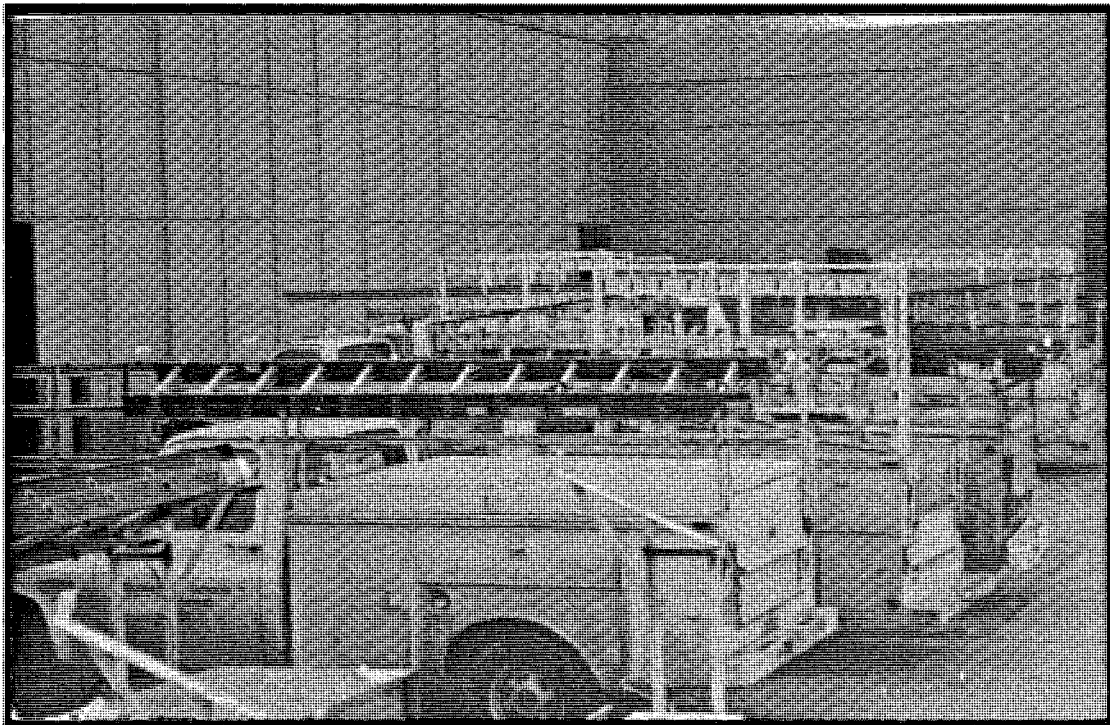
firms in the Wichita area, and asked them to submit an informal, unofficial price quotation for what they might charge to provide the same level of service.

We estimated the district spent about \$210,000 to collect trash during the 1992-93 school year. The informal price quotations we received ranged from \$132,000 to \$325,000. The lowest price "quotation" was \$78,000 lower than the district's estimated cost.

Likewise, we estimated the district spent approximately \$161,000 to provide pest control services during the 1992-93 school year. The informal price quotations we received ranged from \$68,520 to \$225,000. The lowest price was more than \$92,000 lower than the district's estimated cost.

We recognize that there are several limitations in this analysis. For example, the potential contractors were not allowed to conduct on-site inspections before submitting their cost estimates, more detailed information would have to be made available to potential contractors before they could submit actual bids, and some firms may have submitted unreasonably low bids. Nonetheless, we think the data indicate a potential for the district to save money on these services without reducing the level or quality of service.

Trucks Parked at the School Service Center



This picture shows a few of the trucks that are used by repair and maintenance staff at the School Service Center. Each truck has specialized equipment, such as ladders and glass holders, to meet the needs of that particular maintenance shop.

The Wichita School District May Have More Vehicles and Equipment than It Needs

In examining the district's use of vehicles and equipment, we looked at whether the district had adequate procedures to ensure that it acquired vehicles and equipment only when needed, paid the lowest reasonable prices, used the vehicles and equipment for appropriate purposes, maintained all equipment properly, and had rational criteria for replacing vehicles and equipment.

The district requires bids for all purchases greater than \$2,000, and we found its procedures were adequate to ensure it received the lowest prices available for vehicles and equipment. However, we found a number of vehicles and pieces of equipment at the School Service Center got little use. We also found that some supervisors and managers were allowed to drive their district vehicles home regularly, and that the district had no specific criteria for when to replace vehicles.

In some cases, district vehicles and major pieces of equipment got little use during the 1992-93 school year. We identified several vehicles that were driven about 1,000 miles or less during a nine-month period ended March 31, 1993. We also found a number of pieces of major equipment with low usage during the same period. Taken together, the vehicles and equipment in the two following tables cost the district nearly \$300,000 when they were purchased.

School District Motor Vehicles with Low Mileage

<u>Vehicle Assigned To:</u>	<u>Description</u>	<u>Miles Driven July 1992-March 1993</u>
Plant Facilities	1984 Chevette	400
Planning/Operations	1985 Chevrolet	1,024
Painting	1981 Chevrolet van	1,071
Masonry	1979 Ford van	806
Roofing	1987 Ford lift truck	613
Roofing	1988 Ford lift truck	534
Roofing	1988 Ford lift truck	781
Roofing	1991 Ford diesel cab	154

For example, the district has three scissor-bed lift trucks (listed above) which are used by the roofing crews when a roof is replaced. From July 1992 through March 1993, these trucks were driven about 500-800 miles each. The low mileage does not appear to justify a need for three such vehicles, each of which cost more than \$31,000.

School District Equipment with Low Usage

<u>Equipment Assigned To:</u>	<u>Description</u>	<u>Hours Used July 1992-March 1993</u>
Heavy Haul	1974 Waldon Loader	19
Heavy Haul	1983 Bobcat Loader	18
Heavy Haul	1989 Melter/Pumper	2
Heavy Haul	1991 Air compressor	6
Heavy Haul	1977 Case loader	4
Roofing	1976 Wiggins forklift	1
Roofing	1988 Wiggins forklift	6

According to district officials and inventory listings, the district has nine forklifts and 10 pallet trucks at the School Service Center; most of them were assigned to the warehouse. For nearly all of them, the number of hours used was not available because they had no meters, the meters were broken, or the hours were not recorded regularly. Only three had usage information, and two of them (listed above) were used fewer than 10 hours each.

District officials said that many of the forklifts and pallet trucks were used frequently. However, if the district could avoid purchasing a new forklift by sharing or reallocating its existing equipment, it could save a substantial amount — about \$15,000 to \$40,000; depending on the forklift's size and other specifications.

District officials told us it was rare for a vehicle or piece of equipment to be transferred from one maintenance shop to another. However, if usage were reviewed more intensively, the district might be able to transfer a vehicle with light usage to a shop which needs a replacement vehicle, thereby avoiding the purchase of a new vehicle. Or, vehicles or equipment could be shared by two or more shops. If vehicles or equipment are not needed, they should be sold or traded.

The district's policy of allowing authorized employees to drive assigned district vehicles home may benefit employees more than the district. Wichita School Board policy gives the Executive Director of the Plant Facilities Department the primary responsibility for making all vehicle assignments. Under that policy, the privilege of driving an assigned vehicle home has been extended to employees who have night supervisory responsibilities, or are called out frequently during off-duty hours. For the 1992-93 school year, the Plant Facilities Department authorized 22 employees — mostly supervisors and managers — to drive district vehicles home on a routine basis. The estimated number of miles driven by those employees are shown in the table on the following page.

**Commuting Miles for Plant Facilities Department Employees
Driving Assigned District Vehicles in 1992-93**

<u>Position</u>	<u>Estimated Commuting Miles</u>	<u>Estimated Total Miles</u>	<u>Commuting Miles as a Percentage of Total Miles</u>
Executive Director, Plant Facilities	3,100	7,649	40.5%
Director, Design and Construction	4,460	9,081	49.1
Supervisor, Custodial Services	2,707	2,905	93.2
Supervisor, Hazardous Materials	3,568	8,976	39.8
Operational Supervisors:			
Building Repair Services	2,676	5,735	46.7
Operational Services	5,352	9,395	57.0
Site Services	10,258	20,929	49.0
Support Services	1,561	4,603	33.9
Technical Services	4,237	7,973	53.1
Assistant Supervisors:			
Building Repair Services	3,791	5,840	64.9
Operational Services	3,122	6,731	46.4
Site Services	5,263	6,869	76.6
Support Services	3,791	11,911	31.8
Technical Services	3,345	9,163	36.5
Leadpersons:			
Building Engineers	2,453	9,731	25.2
Electrical	4,460	10,903	40.9
Glass / Doors	1,784	5,291	33.7
Masonry	5,798	12,850	45.1
Mechanical Systems	4,282	14,723	29.1
Painting	2,230	8,875	25.1
Plumbing	5,664	9,590	59.1
Vehicle Repair	<u>7,404</u>	<u>9,485</u>	78.1
Total	<u>91,306</u>	<u>199,208</u>	45.8%

Using the distances between the employees' homes and the School Service Center, we estimated that during the 1992-93 school year, approximately 46 percent of the total miles traveled by these 22 vehicles were spent commuting to and from work. These percentages varied from a high of 94 percent to a low of 25 percent, and seven employees had percentages greater than 50 percent. At the district rate of 26 cents per mile, the cost of these commuting miles was nearly \$24,000.

District employees with assigned vehicles kept no records about the number of off-duty calls or other activities performed outside of regular working hours. These employees were not required to maintain any type of record to account for their mileage traveled. Thus, it was not possible to determine exactly how much or how often these vehicles were used during non-regular working hours.

There are at least two options that the district could consider to reduce the district's vehicle expenses. First, the district could pay mileage expenses for supervisors when they had to use their own vehicles during off-duty hours. Second, the district could establish a motor pool to be used by supervisors and other employees at the School Service Center. The supervisors could use a vehicle from the pool when they needed to travel. These options may not be practical if an employee's duties required specialized tools or equipment to be stored in the vehicle. But, they would allow the district to either reduce the number of vehicles in its fleet or transfer some vehicles to other uses.

The Wichita school district has not established specific criteria for the replacement of vehicles. Written procedures implementing a Wichita School Board policy include this statement:

The replacement schedule for vehicles shall be designed toward keeping a dependable fleet. They shall be retained for the maximum usage and replaced prior to the time of requiring major repair or expense.

Despite this statement, we found there were no written guidelines or schedules for replacing district vehicles. When supervisors at the School Service Center want to replace an existing vehicle or major piece of equipment, they request replacement in the next budget cycle. There is no systematic procedure for analyzing the age, miles driven or hours used, or repair costs incurred. In addition, district officials do not routinely check to see whether vehicles assigned to other units at the Service Center could be used to fill the need.

The State of Kansas' central motor pool has a policy of replacing vehicles at about 90,000 miles. In the Wichita school district, more than one-fourth of the 240 district vehicles at the School Service Center had more than 90,000 miles. By continuing to run those high-mileage vehicles without a systematic replacement schedule, the district increases the risk of excessive repair and replacement costs in the coming years.

The Wichita School District Can Save Money by Reducing Excess Inventory and Improving Efficiency in Its Warehouse

Because of its size, the Wichita school district usually makes purchases of materials and supplies in large quantities. Volume purchasing, along with a single delivery point at its warehouse, help the district to get low prices through competitive bidding. School district policy requires competitive bids for purchases involving more than \$2,000.

When we tested a sample of the district's purchases, we found that the district obtained three or more competitive bids for each item, and paid about 12 percent less

Warehouse at the School Service Center



This picture shows some of the materials stored in one portion of the warehouse. Boxes stacked on pallets are shown at the bottom of the picture. District workers use forklifts or pallet jacks to lift and move the goods around the warehouse. The warehouse has docks on two sides, where goods are loaded and unloaded. The warehouse also is equipped with sprinklers that would be activated in case of fire.

than the prices available to State agencies on Statewide contracts. For example, the district spent \$47,880 for 9,000 square yards of carpeting; a State agency would have paid about \$15,100 more than that. All together, the Wichita school district paid nearly \$38,000 less than the State would have paid for the 10 items in our sample.

Similarly, we found the district accepted the lowest bid meeting specifications for a sample of purchases of vehicles and major equipment. Thus, it appeared that the Wichita school district's purchasing system resulted in low, competitive prices for all areas that we tested. Although the prices the district paid were low, the quantities purchased resulted in excessive supplies of many items in the warehouse.

Many items in the Wichita school district warehouse have been overstocked. District officials reported that the district's warehouse inventory was valued at about \$6 million. For a number of years, the district has been buying more items than needed, thus increasing the value of its total warehouse inventory.

As of June 1993, the district had 890 items which had less than 10 percent of their stock issued during the past two years. The total value of these slow-moving items was nearly \$333,000. Nine items accounted for about \$106,000 of the total value. Those nine items are listed in the table below.

**Sample of Slow-Moving Items in the
Wichita School District's Warehouse**

Description of Stock	Quantity on Hand	Value of Stock	Years' Supply on Hand (a)
Light fixtures	260	\$21,005	87
Raceway wiremold	68,140 feet	19,761	121
Glass, polished wire	94 sheets	17,626	infinite
Refrigerant cylinders	78	16,076	78
Classroom locks	109	10,059	218
175-watt lamps	158	5,837	105
Chalkboard trays	162	5,735	54
Sterilization solution	365 pints	5,256	20
Two-ply paper	4,095	<u>5,201</u>	26
		<u>\$106,556</u>	

(a) Years' supply on hand was based on the amount used in the past two years.

According to school district officials, the reasons for over-buying include the following:

- The district's inventory system — a combination of manual and computerized operations — did not update inventory levels promptly when items were issued from the warehouse.
- In some cases, excessive quantities were ordered because of unusually low prices or because needed items would not be available in the future.
- Total amounts purchased were not controlled to match actual needs. In some cases, plans were changed after materials were received at the warehouse, resulting in excess inventory of some items.

Wichita school district officials have recognized these problems, and are taking steps to address them. They told us that a new, \$300,000 computerized inventory system was to be installed during the 1993-94 school year. In addition to software programs that should reduce excess ordering, the new system will include rotating carousels to move the stock to a single work station, where as many as eight schools' orders could be filled at the same time.

District officials said that when the new system is fully installed, it could save as much as \$900,000 per year for three years. Most of that amount (about \$850,000) was projected from eliminating the pattern of buying more than needed each year. The remainder of the savings could come from interest on "freed-up" funds and from elimination of one or two positions in the warehouse staff.

**The Wichita School District's Food Service Operation
Produces Meals at a Cost Comparable to
Other Large School Districts**

When we reviewed the Wichita school district's food service program, we found its costs were slightly below the average of the other five large districts in Kansas, but somewhat more than the average for the five large districts we reviewed in other states. The chart below shows the average cost per meal in 1991-92.

**Average Cost Per Meal
in Large School Districts**

<u>Kansas School District</u>	<u>1991-92 Cost Per Meal</u>	<u>Out-of-State School District</u>	<u>1991-92 Cost Per Meal</u>
Wichita	<u>\$2.00</u>		
Topeka	1.78	Indianapolis	1.43
Blue Valley	1.84	Arlington, TX	1.78
Kansas City, KS	1.87	Portland	1.80
Shawnee Mission	2.25	Kansas City, MO	1.82
Olathe	2.70	Cincinnati	2.34
Average	<u>\$2.09</u>	Average	<u>\$1.83</u>

Within the time available for this audit, we did not try to assess the quantity and quality of food served in the districts, the prices paid for food items, the amount of student help, the participation levels, and other factors that would impact the average costs per meal served.

**The Wichita School District's Transportation Costs
Were Relatively Low, and Proposed Changes
Could Further Improve Efficiency**

Student transportation is one major service that the Wichita school district provides through a private contractor, rather than relying on its own employees. In August 1991, the district entered into a five-year agreement with School Services & Leasing, Inc., of Shawnee, Kansas. Under this agreement, the contractor provides the vehicles and drivers, and the school district makes payments according to the number and types of vehicles used. The school district also provides fuel for the vehicles, up to a pre-set maximum.

We reviewed the Wichita school district's cost per mile and its usage of available capacity, and compared them with data from other large districts in Kansas. Our findings are shown in the table on the facing page.

Transportation Costs and Use of Available Capacity

<u>School District</u>	<u>1991-92 Transportation Costs per Mile (a)</u>	<u>Number of Students Transported Daily, Per Available Seat</u>
Wichita	\$1.51	1.08
Blue Valley	\$1.62	0.78
Olathe	\$1.85	0.72
Kansas City	\$1.82	1.66
Topeka	\$1.95	0.93
Shawnee Mission (b)	\$2.14	0.78

(a) Transportation costs do not include payments to parents, taxi services, or district staff.

(b) The costs for Shawnee Mission do not include \$617,000 to acquire new school buses.

As the table shows, the Wichita school district had the lowest cost per mile in 1991-92. In addition, Wichita's usage of available bus capacity was higher than all districts except for Kansas City. Officials in the Kansas City district told us they run as many as four routes per bus in the morning and afternoon. The other districts, including Wichita, generally run two routes each morning and afternoon.

Officials in the Wichita school district have developed a proposal that would increase efficiency by allowing most buses to run three routes, and reducing the number of buses the district needed. This proposal would require schools' starting times to be staggered, to allow more time for the buses to pick up and transport the students.

According to the written proposal, the triple-routing of school buses would produce estimated savings of about \$780,000 per year. District officials told us the proposal would be reviewed and discussed in 1993-94, for possible implementation in the 1994-95 school year.

Conclusion

The Wichita school district spends more money to operate and maintain its facilities than any other large school district in the State. Some factors, like the age of the district's schools and higher electrical rates, are beyond the direct control of the district. But numerous other cost components can be controlled. It is the responsibility of school district officials to aggressively review those costs and identify areas where expenditures can be reduced, in order to maximize the amount available for educational programs.

For example, the Wichita school district could reduce its operating and maintenance costs by reducing some of the benefits it offers its

employees. By a wide margin, no other school district in the area provides its employees with as many leave days or as generous a longevity bonus as the Wichita school district allows. If these benefits were reduced to a level comparable with other public sector agencies, the Wichita school district would save at least \$1 million per year.

The Wichita school district could become more efficient through more aggressive management of maintenance staff and other resources. In many cases, managers lack the information to know how staff members spend their time or how much they have accomplished. Upper-level managers have not been pro-active in developing systems to ensure the Department's staff is working up to its potential. They admitted the need to be more pro-active, but said the Department usually was forced into "putting out fires" at the schools or working on projects with short-term deadlines. By not setting measurable objectives and monitoring accomplishment of those objectives, upper-level management has abdicated some of its fundamental responsibilities.

The Wichita district's food service, purchasing, and transportation functions all appeared to be operated at least as efficiently as comparable functions in other school districts. In both the warehouse and transportation functions, district officials have identified ways to save significant amounts of money and improve the efficiency of operations.

Contracting for student transportation service has apparently been cost-effective for the district, but district officials have not aggressively pursued contracting options in other central services. Whenever possible, district officials should evaluate opportunities to save money or improve services by contracting with private firms.

In carrying out all its central service activities, the Wichita school district uses a wide variety of vehicles and equipment. Because vehicles and equipment are assigned to units that have traditionally operated fairly independently, the district has numerous vehicles and large pieces of equipment that are little-used. Our review suggested that those resources need to be monitored and managed more closely to ensure they are used appropriately and shared among operating units whenever possible.

Recommendations

1. To reduce the cost of its operations and maintenance activities and to bring its employee benefits into line with other school districts, the Wichita school district should consider:

- a. Reducing the number of leave days given to staff.
- b. Reducing the maximum amount of the longevity payment.
- c. Reducing the district's contribution for employee health insurance coverage.
- d. Reviewing the wages and wage adjustment factors, like shift-differential pay, to ensure the district is not paying more than the Wichita-area labor market commands.

Before making changes in any of these areas, district officials would have to negotiate with employees' union representatives.

- 2. To help ensure that Plant Facilities Department staff make efficient and productive use of their time, the Wichita school district should:
 - a. Implement a work order priority system to clarify which jobs should be done first, and how quickly staff should respond.
 - b. Develop estimates for the amount of time maintenance jobs should take, and measure actual time against the estimated time.
 - c. Ensure that travel time, break time, and other forms of non-productive time are minimized.
 - d. Develop productivity measures, whenever possible, to determine the district's cost per unit of output or average time per unit of output.
- 3. To determine whether it could save money by contracting with private firms for some services, the Wichita school district should:
 - a. Modify its accounting system to allow the district to readily identify its actual cost of providing specific services.
 - b. Solicit bids from private firms for trash removal and pest control.
 - c. Periodically solicit bids from the private sector for other functions or projects, and compare that information with the district's own costs.
- 4. To maximize the efficient use of vehicles and equipment, the Wichita school district should:
 - a. Regularly review vehicle and equipment usage to identify items that are underused. Any underused items should be reassigned, shared, or sold.

- b. Review its policies to determine whether the benefits realized by the district are sufficient to justify allowing employees to drive assigned district vehicles home on a regular basis.
 - c. Develop a replacement schedule for district vehicles, including specific criteria for when vehicles should be sold or replaced.
- 5. To save money in the supply and distribution functions, the Wichita school district should reduce excessive inventory levels in its warehouse, either by using the items or selling them. In addition, the district should proceed to implement its plans for a computerized inventory control system.
- 6. To save money in the transportation of students, the Wichita school district should consider implementing its proposal for staggering schools' starting times and reducing the total number of buses.

APPENDIX A

1991-92 Expenditures for the Six Largest School Districts in Kansas

The table on the following page shows 1991-92 expenditures for the six largest school districts in Kansas, along with the percentages spent in each category of expenditures. The data used to compile this table came from the State Department of Education, and expenditures were grouped according to the Department's budget categories. The expenditures listed do not include transfers or amounts spent from the Textbook Rental Fund or any reserve funds -- such as the Health Care Services Reserve, School Workers' Comp. Reserve, and Risk Management Reserve. Transfers and reserve funds were excluded to avoid double-counting of expenditures, and the Textbook Rental Fund was excluded because it is supported by student fees.

**1991-92 Expenditures for the Six
Largest School Districts in Kansas**

Types of Expenditures	WICHITA 259	% of Total	BLUE VALLEY 229	% of Total	KANSAS CITY 500	% of Total	OLATHE 233	% of Total	SHAWNEE MISSION 512	% of Total	TOPEKA 501	% of Total
Instruction	\$121,317,975	56.6%	\$30,873,698	50.4%	\$62,059,650	57.1%	\$42,365,065	53.5%	\$85,240,367	54.0%	\$38,084,185	51.2%
Student Services	14,494,492	6.8%	223,400	0.4%	4,723,536	4.3%	3,815,685	4.8%	7,237,762	4.6%	4,567,372	6.1%
Instructional Support	4,320,563	2.0%	1,832,414	3.0%	3,800,516	3.5%	3,534,123	4.5%	9,597,394	6.1%	3,696,624	5.0%
District Administration	2,526,340	1.2%	1,021,222	1.7%	1,937,375	1.8%	1,892,479	2.4%	3,977,374	2.5%	2,212,961	3.0%
School Administration	11,829,017	5.5%	2,928,605	4.8%	7,321,004	6.7%	3,320,746	4.2%	5,664,372	3.6%	4,057,733	5.5%
Operations & Maint.	30,853,689	14.4%	5,887,323	9.6%	14,154,030	13.0%	9,570,470	12.1%	18,942,427	12.0%	7,368,983	9.9%
Student Transportation	9,269,535	4.3%	2,074,297	3.4%	4,298,908	4.0% (a)	2,194,922	2.8%	5,119,435	3.2%	1,689,776	2.3% (a)
Miscellaneous	5,426,758	2.5%	2,030,859	3.3%	2,862,384	2.6%	344,257	0.4%	8,694,053	5.5%	5,101,881	6.9%
Support Services	78,720,394	36.8%	15,998,120	26.1%	39,097,753	36.0%	24,672,682	31.2%	59,232,817	37.5%	28,695,330	38.6%
Food Service and other Non-Instructional Svcs.	7,790,370	3.6%	2,401,779	3.9%	4,948,828	4.6%	2,275,986	2.9%	5,531,429	3.5%	3,309,610	4.5%
Facilities Acquisition and Construction	3,468,068	1.6%	2,380,326	3.9%	1,465,482	1.3%	479,998	0.6%	5,553,995	3.5%	4,008,844	5.4%
Debt Service	2,887,477	1.3%	9,569,469	15.6%	1,078,881	1.0%	9,387,902	11.9%	2,245,807	1.4%	228,711	0.3%
TOTAL EXPENDITURES	\$214,184,284		\$61,223,392		\$108,650,594		\$79,181,633		\$157,804,415		\$74,326,680	

(In this table, Total Expenditures do not include transfers or amounts spent from the Textbook Rental Fund or any reserve funds -- Health Care Services Reserve, Disability Income Benefits Reserve, School Workers' Comp. Reserve, and Risk Management Reserve.)

(a) Transportation expenditures for Kansas City and Topeka were adjusted to exclude the costs related to other school districts' students in special education cooperatives.

APPENDIX B

Comments Written by Employees of the Wichita School District

The following three pages contain a sample of the comments written by employees of the Wichita school district on the surveys that were returned. For the most part, the comments appear as written. In some instances, we edited to clarify the meaning of the comment.

We sent surveys to four groups of employees. The table below shows the number of surveys sent, the number returned, and the response rate for each group.

<u>Employee Group</u>	<u>Number of Surveys</u>		<u>Percentage of Surveys Returned</u>
	<u>Sent</u>	<u>Returned</u>	
School Principals	93	52	55.9%
Repair and Maintenance Staff	208	81	38.9%
Service Center Food Service Staff	77	29	37.6%
Food Service Staff at Schools	60	33	55.0%

Comments Written by School Principals

- Many of the jobs could be done by my school custodian or staff if supplies were given.
- Leak in roof over kindergarten room continues to ruin bulletin boards put up in this classroom.
- These people are the most pro-active employees in the district. They do more with less than any other department.
- If the guys are out for one work order and are the ones who would do another work order just submitted, [why] can't they do the latter while they are at the building?
- Some of the delivery crews like to visit a little longer than they should.
- Our custodial staff has been cut almost in half, yet the same responsibilities exist.
- We've had a lot of trouble getting desks repaired and/or delivered; consequently we have some children without desks.
- Put some of those workers on evening and weekend crews so as not to disturb the educational setting.
- It seems that excessive travel time is spent getting to and from the School Service Center. Crews rarely get to the school before 8:30 and they often leave at 2:30 when they are at my school all day.
- Crews take their lunch from 11:30 to 12:00 and then when the children are out at recess, the crews say they cannot work on the playground. Why don't they take their lunch times when the children are on the grounds?
- Do more cross training. Teach custodians how to repair small jobs/tasks to save School Service Center personnel time and trips.
- Not enough supervision for breakfast and lunch programs.
- The length of time it took for roof repair resulted in more leaks and the necessity of placing buckets under those.
- [It] has taken all year to get playground equipment moved, and only then because a parent called a Board member.
- I have been extremely pleased with the services provided to my building by the School Service Center.
- Without student help, we could not operate [in the cafeteria.]
- Service Center leadership has become very focused on the quick and timely repair for our school in a way that meets our immediate needs. They do a good job. But the service workers many times appear to see no relationship between their job and the needs of the students.
- I have always been impressed with the quality of the work and the response time. Plant Facilities personnel are great to work with. I have been a principal in our district for 27 years -- it's always been a quality operation.
- I have seen School Service Center staff playing basketball on the job, recording incorrect times on the check in - check out sheets, leaving early, many employees coming to check out a single job. Even when one visits the School Service Center, one finds idle workers everywhere.

Comments Written by Repair and Maintenance Staff

- Roofers in bad weather [seem to have idle time.]
- I used to visit each job daily, but my work load has increased to the point where I no longer can. [written by a supervisor]
- We have too many boss-type people. Some departments have two, three, or four boss-type people. Need the supervisor and crew leader, do away with assistant supervisor, leadperson, and technicians. We need more workers.
- We need better equipment and bosses need to be more prepared so that delays do not occur at the start of the shift.
- We have much more work than current staffing levels provide. I would bring staffing levels up to what should currently be employed. This would reduce the backlog in work orders.
- Employees should be assigned jobs and that person should be accountable to finish that work within the right time to do that job.
- Stop supervisors from driving vehicles home. This would also stop the chance of anything being taken home by supervisors.
- We could do with less staff. [Heavy Haul]
- The garage could service the trucks better if they had a man or two on the night shift.
- Usually when we have a large amount of work orders at one school, one journeyman gets them all at once to reduce travel time.
- We could run some of our crews at night when we are drilling or operating some other noisy tools to keep from disturbing classes.
- The staffing in my department may have one person too many, but administration is way overstaffed.
- We start work at 3:30 p.m. at the job site. Sometimes school does not let out until 4:00 p.m. So there is 1/2 hour wasted. [Painting]
- Labor time never seems to be an issue, only material costs.
- During a long maintenance job, my boss will come by once about every 3 to 5 days.
- Cut down on work orders that are not specific or that do not apply to our department, therefore wasting a trip and time for no reason.
- If we have no other work, we go in and service equipment and fuel vehicle.
- I'm not part of the "good old boy" system, so my hopes of going any farther are nil.
- People that call in work orders need to be more specific and clear on the type of job and location.

Comments Written by Service Center Food Service Staff

- We need more male employees on the 7:00 a.m. to 3:30 p.m. shift, to help lift the boxes of food.
- I recommend that employees working 4 hours [per day] not receive full benefits, like health insurance.

Comments Written by Food Service Staff at Schools

- Need better timing to get cooked meals to the sites while still hot, since some schools do not have hot lines to serve from.
- I feel we need more substitutes because when a person is sick, there aren't enough subs for the different schools, and that puts more on the other employees.
- Our cafeteria manager comes to work one hour early in the morning, on her own time, so that everything can get done.
- If a student does not have a lunch card or cash for lunch, they should not be allowed to charge the lunch. Many times it is hard to collect for the "charged" lunch.
- In-service training for food service could be cut down -- it is a waste of time and money.
- High schools need large portions. They seem to get the same as when they were in elementary school.
- Food Service is doing a great job. The food is much better than when the cafeterias were run by Interstate United.
- The manager spends too much time in her office. She needs to be out helping when we are in a bind.
- Eliminate the in-service training that we have before school starts. It's expensive and we don't need to hear a welcome.
- Do repair people really need two men to do a job?
- Sometimes the lettuce we receive is not good.
- We need more substitutes for absenteeism.
- We need another person so the manager can be a manager and not just another worker.
- [Maybe the district should] not take the lowest bid on food supplies. Sometimes the quality is so poor it ends up wasted.
- I would make no changes. I feel the people in charge of food service are doing a great job.

APPENDIX C

Response from the Wichita School District

On August 6, 1993, we mailed copies of the draft audit report to the Wichita school district. The district's written response is included as this Appendix. In its response, the school district raised a number of questions and concerns about the accuracy of portions of the draft report. We have carefully reviewed the entire response, and made changes wherever necessary to make the report more accurate or more complete.

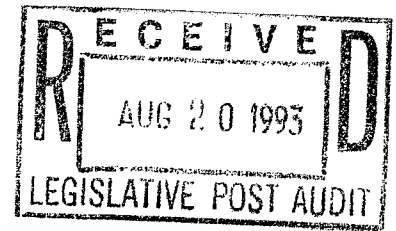
In several instances, the school district's response suggested that the draft audit report was misleading or inaccurate. Our comments about those statements are detailed below:

- Pages 1 and 2 -- The district's response says the draft report is misleading in categorizing Wichita school district salaries as being comparable with others in the area, and cites data provided by the Kansas Association of School Boards. That data focused on the 10 largest school districts in the State which, other than the Wichita district itself, are all more than 100 miles from Wichita. For the types of support service jobs we focused on, the school district "competes" for its employees within the City of Wichita and surrounding communities. For that reason, we compared the hourly wages paid by the Wichita school district to wages paid by other Wichita public sector employers and nearby school districts for 15 different types of jobs. For about half those positions, the Wichita district's hourly wages were above the mid-point; for the other half of those positions, the Wichita district's hourly wages were below the median. Therefore, we concluded that overall maintenance salaries were comparable or "in-line."
- Page 3 -- Under the heading of Special Maintenance, the Wichita school district lists a number of equipment repair services it provides with its own staff, and suggests that other school districts do not pay for such repairs out of their operations and maintenance accounts. Accounting guidelines published by the State Department of Education indicate that equipment repair costs should be counted within the operation and maintenance account codes, whether those services were performed in-house or contracted.
- Page 3 -- The district's response points out the substantial savings it has achieved recently through direct purchase of natural gas. We added a sentence on page 16 of the report to acknowledge those savings.
- Page 4 -- The school district suggests that the table on page 15 of the audit report is both erroneous and misleading, because it includes 80 capital outlay positions as operations and maintenance employees. In compiling this table, we used information each school district reported to the State Department of

Education. The data were gathered and reported consistently for all districts shown in the table.

- Page 5 -- The district agreed that it would increase its efforts to substantiate the cost-effectiveness of performing services with in-house employees, but questioned the accuracy of the examples (trash removal and pest control services) cited in the report. We worked closely with district officials to determine the types of services provided by district employees and the frequency and cost of those services. We provided consistent information to the Wichita-area businesses we contacted, based on those specifications. In the draft report (at page 23), we acknowledged the limitations of this kind of analysis. However, we still believe the Wichita school district might save money by carefully analyzing its own costs and exploring options for contracting for services that most other school districts contract for.
- Page 6 -- The district's response questions the accuracy of information about the number of hours that certain pieces of equipment were used. The data shown in the report were obtained directly from district officials. If usage meters are broken or if usage information is inaccurate, that would indicate that district officials may lack useful management information.
- Page 6 -- The district points out that that the table on page 26 concerning miles driven in assigned district vehicles is incorrect. The corrected table now shows that about 46 percent (rather than 56 percent) of all miles were driven while commuting between employees' homes and the School Service Center. The district also pointed out that it had steadily decreased the number of vehicle assignments in recent years. Over the last two years, the district reduced the total number of assigned vehicles by one each year.
- Page 7 -- The district says that the nine "overstocked" items cited in the table on page 29 represent only .1 percent of the items contained in the warehouse, and only about 2 percent of the value. The items cited in the table were presented as examples only. The district had a total of 890 overstocked items, or more than 13 percent of the items in its inventory. Those 890 items were valued at about \$333,000, or about 5.5 percent of the value of the entire warehouse stock.

Larry R. Vaughn
Superintendent



Ron Green
Legislative Division of Post Audit
800 S. W. Jackson, Suite 1200
Topeka KS 66612-1212

Dear Mr. Green:

In response to your recent correspondence concerning the draft version of the Post-Legislative Audit pertaining to "Reviewing the Efficiency of Central Services in the Wichita School District," the following is offered as our official response. The comments are categorized by specific areas relating to issues or statements that have been identified in the audit, with the location also referenced.

Although Wichita school district salaries generally are comparable with others in the area, the district has much more liberal leave and benefit policies. [page 2]

The statement in the report is misleading. The annual salary survey data collected by the personnel office, as well as data provided by the Kansas Association of School Boards, December 18, 1992, clearly indicates that salaries generally **are not** comparable with others in the area. A more accurate statement might be, "the district's salaries, *including benefits*, are somewhat comparable." Excluding benefits, *our salaries are generally lower than those in the area and in the State of Kansas.*

The district should be commended for closely following the guidelines identified by the Audit Team on page 12, as cost controlling factors; that being (1) pay competitive (not excessive) salaries and fringe benefits to attract and retain good employees; (2) use part-time or temporary employees if tasks are not full-time or year-round; and (3) minimize unnecessary overtime. In each of the aforementioned factors, the Wichita Public School District abides by these guidelines.

While its wages generally are comparable, the Wichita School District has more liberal leave and benefit policies than other Wichita-Area Employers. [page 17]

Throughout the report, reference is made that the district's salaries are generally comparable to others in the area or are "in line" with others in the area. "Comparable to" or "in line with" may be interpreted as "average." However, the report only speaks to those jobs that are above the mean; i.e., cooks, custodians, stock clerks, truck drivers and lawn maintenance. Assuming this information is correct, and we contend it is not, we are puzzled as to why specific mention was not given to those jobs which are below the mean; i.e., carpenters, carpet layers, dispatchers, electricians, building engineers, sheetmetal workers, painters, plumbers, and roofers. On the average, we pay carpenters \$3.00 per hour less than other Wichita businesses; we pay electricians \$4.50 less than local businesses, \$4.00 less for plumbers, and \$5.00 per hour less for roofers. We suspect that the motivation here is to suggest a method of cost savings. It should be pointed

out that if one were to lower the salaries of the jobs that are stated as higher than the mean, then one should also increase the salaries of the jobs that are below the mean. If an effort were made to see that all salaries are at the mean, the Wichita school district would realize a significant increase in the amount of salaries paid, not a cost savings.

As it pertains to the issue of employee benefits, it should be stated that such *benefits are negotiated as part of the collective bargaining process and are part of the entire compensation package*. Differential pay is a binding benefit negotiated in the Union Agreement. Health/dental insurance is another benefit which is addressed in our negotiated agreements. It should be pointed out that Omaha, Nebraska, and Des Moines, Iowa, public school districts pay 100% of their employees' insurance. Omaha and Des Moines school districts are of comparable size to the Wichita school district.

The Wichita school district pays a much higher longevity bonus than other school districts and public-sector employers. [page 18]

The longevity program for classified employees began during the 1982-83 school year, with first payments distributed on December 15, 1982. The average tenure of classified employees one year prior to this date was 4.44 years. The average tenure of these same employees one year after the implementation of the program increased one full year to 5.53 years. As of September 15, 1992, the average tenure of classified employees is 7.27 years. A direct connection can be made between the implementation of the longevity program and the average years of tenure. The cost savings realized by increasing the number of average years of tenure is significant and far outweighs the amount the district currently pays for this program.

Some wages paid by the Wichita school district are higher than wages paid by other Wichita-area employers. [page 17]

We wish to dispute that the average salaries paid to cooks and custodians in the Wichita School District are excessive. According to a December 18, 1992, salary information report from the Kansas Association of School Boards for the ten largest school districts in Kansas, the following is provided:

	State Average	Wichita
Cook	\$8.05	\$7.72
Custodian	\$8.43	\$8.03

Information from KASB regarding stock clerks, truck drivers and lawn maintenance was not available.

The Wichita School District spent substantially more than other districts to operate and maintain its buildings and equipment. [p. 2]

The report goes on to show that Wichita's costs were about 14% higher than other large districts in Kansas. Mention is made of the fact that Wichita's electric rates are nearly 40% higher than the other school districts in Kansas, and that we have older buildings, but little additional justification is given in the report for this higher cost. It should be noted that over one-third of the excess expenditure is explained by the higher electric rates alone.

Other factors contributing to this higher expenditure are:

Number of buildings—The analysis by total square footage alone does not accurately evaluate total maintenance expenditure. As shown in the chart on page 9 of the audit, for example, Wichita has nearly twice as many schools as Arlington, TX (105 vs. 55), with a comparable total enrollment. Our building total is significantly higher than all other comparable size districts shown. This results in higher operations and maintenance costs, even with comparable square footage totals.

Special maintenance—Historically, the Wichita district has provided a number of unique maintenance and repair services to the schools. While they fall within the operations and maintenance costs for the district, they are not true building and equipment maintenance costs and therefore may distort the comparison with other comparable districts. Examples include the repair of district-owned musical instruments (including piano tuning and rebuilding), the servicing and repair of all district industrial arts equipment, copy machines, computers, audiometers (for hearing-impaired), video equipment, driver training simulators, printing equipment, darkroom equipment, and so on. *In general, these are items that other districts do not repair out of their operations and maintenance account.*

Although complete documentation was furnished to the audit team, the report makes no mention of steps taken by Plant Facilities and Purchasing within the last two years to direct-purchase natural gas for many of our eligible school sites. *This initiative alone has resulted in a total savings thus far (for a seventeen-month period) of over \$448,000.*

The report is critical of the fact that "the Wichita school district paid a higher shift differential than any other employer contacted" (ref. p.17). It appears that the audit incorrectly assumes that shift differential of \$.50 per hour is paid for the full shift. In many cases this is not true. Shift differential is only paid for hours worked between 6 p.m. and 6 a.m. Therefore, an employee working from 3:30 p.m. to midnight is actually paid differential for only 5.5 of the eight hours worked. As a result, he/she is paid 5.5 hrs. x \$.50, or \$2.75, which equates to \$.34 per hour when spread against the full eight hour shift.

Expenditures for central service functions have risen by nearly 15% since the 1989-90 school year. [p. 6]

As shown in the table on page 7, *the increase for operations and maintenance was only 10.9%.* While this fact could be construed as a negative statement in the audit, the increase is largely due to several significant events.

First of all, the Wichita district has added in excess of 200,000 square feet of maintained floor area during that period of time (through both property acquisition, additions, and the re-opening, in some cases, of closed facilities). This is equivalent to eight average sized elementary schools. Not only has this increase created additional maintenance costs, but also additional utility costs and other operational expenses for security and custodial services.

Secondly, utility rates have escalated considerably in certain areas. In one year alone, a new storm drainage assessment imposed by the City of Wichita impacted our sewer and water account by over \$100,000. This is now an annual assessment.

Environmental laws have caused our landfill and sanitation fees to increase dramatically over this same period of time. For the four year period from 1989-90 through 1992-93, our expenditure for landfill fees alone increased 54%.

The introduction of technology in our classrooms has significantly increased our expenditure for the maintenance and repair of computers and printers. The Wichita district has added nearly 6,000 pieces of computer hardware within the last two years alone. This has also prompted the installation of additional building security system equipment.

Operations and Maintenance staffing levels were significantly higher than the averages for other large districts in Kansas. [p. 13]

This particular issue is puzzling in view of the fact that the initial thrust of the audit pertains to the extraordinary amount of services Wichita provides with its own personnel. Wouldn't that fact alone suggest that our staffing levels would need to be higher than those who contract for similar services? It would appear that the data presented in the table on page 15 is both erroneous and misleading. The data presented completely ignores the fact that, for the period indicated, 80 of the facilities positions were capital outlay positions, funded from the 05 Fund. These positions did not represent an "operations and maintenance" expense, yet the positions were included in the totals used by the audit team to prepare the data in the table.

With the 80 positions properly deducted from the totals, the Wichita total for operations & maintenance employees per million square feet is actually 85.6, and not 96.6 as presented. This one correction places Wichita below both Kansas City and Topeka for the value compared.

The absence of controls increases the risk of inefficiency within the Plant Facilities Department. [p. 19]

The audit report gives the impression that no management controls are in place within Plant Facilities. Quoting from page 19, "the Plant Facilities Department has not established systems to ensure that operations and maintenance staff use their time efficiently and productively." The district acknowledges the fact that controls are necessary to measure work performance and efficiency in a consistent manner. The district will continue to expand and refine the following control measures which have been implemented in recent years.

- Creation of a complete Rules of Conduct handbook for all service center employees resulting in increased monitoring of the work force. The frequency and severity of disciplinary actions resulting from rules enforcement has increased significantly.
- A major reorganization of Plant Facilities took place in late 1988. This reorganization consolidated 16 "crafts" into 6 operational areas, significantly flattening the organization while providing greater opportunities for cross-training of employees and improved efficiency.
- Reporting on all scheduled capital outlay projects, with estimated man-hours, actuals, and other pertinent data, on a monthly basis. A status report is issued to the Board of Education monthly as well. Information concerning this visibility system was furnished to the audit team, but *the report implies that no controls of this nature exist.*
- While no formal system exists that applies to all operational areas, there are methods in existence whereby work orders are prioritized, and where routes are established to maximize efficiency and minimize drive time to various sites. For example, route sheets are used in Operational Services for a variety of routine service and maintenance tasks.

- A number of steps have been taken to solicit "customer input" regarding performance, and areas where improvements could be made. Key administrative personnel now attend all principal meetings to obtain feedback regarding problems and concerns; a cadre of principals regularly meets with the Director of Planning & Operations to further discuss specific problem areas. As stated in the audit report (page 16), 75 percent or more of the building principals rated the quality of our service as good or excellent. Also, more than 80 percent said that repairs were done on a timely basis and completed properly on the first visit.

Obviously, the implementation of additional control mechanisms generally results in increased costs to manage such systems. Changes which are implemented in the near future will be tempered to some extent by available man-hours to effectively apply additional management controls.

The audit report states that "our limited review found that employees failed to sign in or out of school buildings about one-third of the time" (ref. page 21). Without knowing the extent of the limited review, it is not possible to evaluate the severity of this issue. Some employees are not required to sign in at each building, such as those on trash routes. Depending on the nature of the project and size of the crew, the leadperson will sometimes sign in a crew, rather than requiring all employees individually to go into the office. (Signing in and out of a large high school can add as much as 20 minutes to the visit, given the size of the building.)

The Wichita School District might save money by contracting some services to the private sector. [p. 21]

The Wichita district concurs that an increase in efforts to substantiate the cost-effectiveness of performing services in-house must occur, and fully intends to pursue such a course of action. *Unfortunately, the examples presented in the audit report are grossly inaccurate cost comparisons for required services.*

The report states that price quotations received for trash service show that the district could spend up to \$78,000 less for the same level of service. (The range of prices quoted, from \$132,000 to \$325,000, was so broad that there was obviously no specific scope of service on which all quotes were based). It is unclear as to whether consideration was given to "call-backs", special pick-ups, and a myriad of other variables that would affect the cost of service significantly. A 1989 study of the privatization of waste hauling, with bids from private contractors, clearly showed that the district was saving money by performing this service internally.

A second area compared was that of pest control. Once again, the audit implies that we could save up to \$92,000 in a single year, based on quotes received. But again, the range of quotes was from \$68,520 to \$225,000. It is doubtful that any of the quotes included all service normally provided by USD 259 under the label of "pest control". Such services include traditional pest (insect) control, odor control, rodent and animal control, tree spraying, and herbicide application. The report goes on to state "...we think the data indicates the potential for the district to save money on these services without reducing the level or quality of service." **This entire analysis is misleading.**

It should also be noted that the audit team gave no consideration as to whether the district could save money by performing additional services internally. For example, transportation services are provided by a private contractor. We would have appreciated an audit to determine whether the district could provide these services for less. Apparently, the auditors look only one direction.

The Wichita district may have more vehicles and equipment than it needs. [p. 24]

Considerable emphasis is placed on the number of miles certain vehicles were driven in a given year. *The number of miles driven is not a meaningful measure of the usefulness of certain utility vehicles.* As an example, the scissor-bed lift trucks from Roofing Services were singled out, with each unit having been driven only 500-600 miles in a year. No consideration was given to the fact that these lift bed trucks are typically on a job-site daily, being utilized to lift insulation and roofing felts up to the roof deck.

Another example involved the 1974 Waldon Loader (page 25), stating that it had been used only 19 hours for the period evaluated. This is totally incorrect, and one can only assume that the hour meter is not functioning properly. This unit was used approximately 18 hours during the snowstorm of January 9 and 10, as well as another 10 hours during the February 16th snowstorm. It was used again in following weeks after both storms for additional snow & ice removal.

The 1977 Case loader data is also incorrect. Although the audit states it was used only 4 hours, this unit is regularly used for playground renovation, installation of playground equipment, and snow removal work.

The 1976 Wiggins forklift was out of service for most of the year, and was only recently repaired.

The district's policy of allowing authorized employees to drive assigned vehicles home may benefit the employee more than the district. [p. 25]

The audit report is critical of this district practice relating to vehicle assignments for after-hours emergencies and evening supervisory responsibilities. The report suggests that elimination of this practice could save the district \$24,000 per year.

It is not possible to quantify the savings which this district incurred in past years as a direct result of this practice. Emergency situations (pipe breakage, fires, heating system malfunctions, etc.) occur in our buildings numerous times each week throughout the year. The ability for key personnel, and in many cases specialized equipment, to arrive on the scene within a short period of time after the occurrence has resulted in lesser damage to property and contents in many instances.

Certain of these vehicles are also special operations units, carrying special communications systems, lighting equipment, air monitoring and hazardous materials equipment, and so on. They are also specially marked and lighted as a part of the district's operating relationship with Sedgwick County Disaster Management, the American Red Cross, and the Wichita Police and Fire Departments. These units, and the individuals to whom they are assigned, are subject to call around the clock.

The data appearing in the table on page 26 is incorrect. A spot check of several lines shows inaccurate data. Apparently, commuting miles were computed for the entire year, while total miles were listed for the period through the end of March, 1993. As a result, the auditors severely overstate the percentage of total miles used for commuting.

While the audit suggests that this practice be evaluated, the report fails to mention that the administration has been doing exactly that for several years, and has steadily decreased the number of vehicle emergency assignments for the period covered by the audit. The audit team was provided documentation of this process.

The Wichita school district has not established specific criteria for the replacement of vehicles. [p. 27]

The implication here is that we arbitrarily make decisions concerning what vehicles to replace, and when. This is not the case. The fact that there is no systematic procedure in place does not mean that we do not consider age of the vehicle, number of miles, and repair cost history. All such data is available, and is utilized in preparing budget requests. A significant number of vehicles which should be replaced each year are not replaced as a result of limited funds; not because of our inability to properly determine needed replacement. Any schedule for vehicle replacement would have to be altered annually due to the constantly changing budgetary picture.

Many items in the Wichita school district warehouse have been overstocked. [page 28]

In the past, stock items have been ordered for the Supply Department on the basis of usage. Educational practices are periodically revised, and usage of an item will suddenly drop to zero. This results in the warehouse holding more stock than desired, sometimes more than a year's supply of the item. In fact, ten items is an infinite number of year's supply of an item no longer being requested.

Due to the lack of an adequate computerized warehouse inventory system, the tracking of slow moving items has been difficult at best. With the installation of the new warehouse inventory system, it is anticipated that the slow moving items will be more readily identified and either made available to the crafts for their usage or sold in "obsolete" sales to the public.

It should be noted that the auditors listed what we believe are items which indeed have the highest years supply on hand"; however, this is by no means representative of the entire amount of supply and stock value of the warehouse. In fact, the items cited represent only .1% of the items contained in the warehouse as well as approximately .2% of the value.

The Wichita School District's Food Service operation produces meals at a cost comparable to other large school districts. [page 30]

While the above statement is correct, the cost per meal is not a meaningful measure of the efficiency of a food service operation. Meals of low quality can be prepared cheaply but will result in lower student participation in the program. Most school districts have to subsidize their food service operation.

We believe that the auditors should have compared our financial results with comparable districts. Wichita has operated a financially break-even program for the past five consecutive years; whereas in past years, even with a private operating company employed for a period of time, the food services program consistently lost money. Further, an extensive reporting system was *developed internally* that not only monitors the financial aspects of the program, but participation levels at every attendance center. It is our belief from contacting comparable food service operations around the country that we have one of the more sophisticated as well as comprehensive reporting and measurement systems for a food service operation.

The Wichita School District's Transportation costs were relatively low, and proposed changes could further improve efficiency. [page 30]

The above statement is correct; however, the report fails to note the significant effort the district has made over the past two years to fully automate the transportation routing and scheduling system. The savings and efficiencies now achieved would not even have been feasible within the

parameters of a totally manual system as in the past; especially given the complexity of our system. According to a leading transportation consultant's opinion, Wichita has not only one of the most complex transportation systems, but one of the top transportation routing and scheduling operations in the country.

Appendix A: 1991-92 Expenditures for the six largest school districts in Kansas. [page 35]

The 1991-92 expenditures per pupil for the six largest school districts in Kansas listed from highest to lowest were as follows: (Total expenditures listed by district on page 36 divided by the 1992-93 enrollment listed on page 9).

Blue Valley	\$5,544
Topeka	\$5,041
Shawnee Mission	\$5,004
Olathe	\$4,983
Kansas City	\$4,939
Wichita	\$4,480

The Legislative Post Auditors expressed concern that the Wichita school district's percentage of expenditures for operations and maintenance is higher than the other largest school districts of Kansas. Specifically, the report shows the following listed from lowest to highest: (Information from page 36)

Blue Valley	9.6%
Topeka	9.9%
Shawnee Mission	12.0%
Olathe	12.1%
Kansas City	13.0%
Wichita	14.4%

It is interesting to note that when the six districts are listed as above from the largest per pupil expenditure to the smallest and when the six districts are listed as above from the smallest percentage of budget spent on operations and maintenance to the largest, the order of the six districts turns out to be identical. *In other words, the larger the expenditure per pupil, the less percentage you seem to have to spend on operations and maintenance. Perhaps what the state of Kansas should be more concerned about is increasing our budget per pupil to make it comparable to the other large school districts so that we too can spend a smaller percentage of our budget on operations and maintenance.*

Moreover, the auditors compared only the percentage of budget which is expended by the six districts on operations and maintenance, and found Wichita to be at the high end with Blue Valley at the low end. This comparison fails to show the true picture. Specifically, comparing three different expenditures for essentially the same thing, the following more complete picture emerges:

	Wichita	Blue Valley
Operations and maintenance	14.4%	9.6%
Facility acquisition and construction	1.6%	3.9%
Debt service	<u>1.3%</u>	<u>15.6%</u>
Total	17.3%	29.1%

General Comments Concerning Plant Facilities Issues

The report has focused entirely on the negative aspects of our operation.

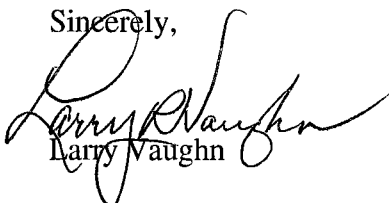
Specific examples of this are as follows:

1. Criticism is leveled at certain practices and procedures regarding vehicle usage, *while no mention is made* of steps already in progress to rectify many concerns.
2. The report is critical of the district's tendency to do work with its own employees, *while no mention is made* of documentation furnished to the audit team demonstrating our ability to save money by using our own workforce. Examples included the removal of underground fuel storage tanks, asphalt paving installation, the repair of mechanical equipment items vs. custom fabrication of replacement parts, and so on.
3. The report indicates that no estimates are ever prepared concerning how many hours a job should take, *while no mention is made* of the extensive system of estimating and tracking all hours on capital outlay projects.
4. The report indicates that district employees kept no records about the number of off-duty calls or other activities performed outside of working hours, *while no mention is made* of the daily security communications report and individual radio cards which documents any emergency call-out, and the time at which an employee logs on and off duty for the call.
5. The audit report clearly points out the excessive expenditures for utilities, *while no mention is made* of steps recently taken to save considerably on natural gas purchases.
6. *The report states that over 75% of all principals rated the quality of our service as good or excellent, and that over 80% said repairs were made on a timely basis. However, in the summary of comments by building principals (appendix p. 38), only a few positive comments were reported. The majority of comments (15 out of 19, or 79%) reproduced in the draft report were negative or highly-critical responses.*

The central service areas mentioned in this report repeatedly have been placed under the scrutiny of several time consuming audits. Not only are these areas placed under internal and external audit reviews, but they have and continue to face many other audits. For example, the Plant Facilities Department was significantly impacted in 1990 by a district-wide safety audit. This audit, although districtwide, resulted in a significant impact to Plant Facilities, since most safety matters are handled by Plant Facilities, and also due to the fact that the School Service Center is an industrial-type of complex, more susceptible to safety concerns and/or deficiencies. The Plant Facilities department was also a part of a 1990 Legislative Post Audit. As it pertains to Food Services, an average of three audits a year, again in addition to internal and external audits, occurs. This year alone, the Food Services department has undergone *ten* different types of audits.

It continues to be the desire of the areas listed in the audit report to maintain a viable, efficient operation. With that in mind, we fully intend to evaluate all recommendations contained in the audit report, and to implement, to the extent financially and physically possible, those that would truly improve our operation and efficiency.

Sincerely,



Larry Vaughn

