

2014



**Upper Arlington
Efficiency**

STRATEGIC BRIEFING PAPER

Authored by the Productivity and Efficiency Work Group



UPPER ARLINGTON STRATEGIC BRIEFING PAPER Productivity and Efficiency Work Group

RATIONALE

In August 2013, the Upper Arlington Schools launched its Efficiency Project. The goal of the effort is to utilize creativity, technology, partnerships, and shared services to reduce actual and/or forecasted expenditures over the next four years. These reductions must have a cumulative positive impact on the district's bottom line of at least \$4.5 million by the end of fiscal year 2017.

In the short term, the Efficiency Project allowed the district to reduce the millage amount needed from the community in the fall of 2013 and to stretch the duration of that ballot issue to four years. In the long term, the project will help the district improve its overall financial position, allowing it to focus on the most important elements of the educational experience, including the creation of positive and successful learning environments for our students.

The Efficiency and Productivity Work Team was established in January 2014 and incorporated into the strategic planning effort in the spring of the year. This group consists of district leadership and Upper Arlington residents with expertise in various areas of business and financial management. The group is tasked with exploring the operational side of the budget and providing recommendations in response to the following question: ***What are necessary and essential ways to improve school district operating efficiencies and effectiveness?*** This briefing paper is meant to summarize the group's preliminary findings during the first phase of its advisory relationship with the district.

APPROACH

From the outset, community feedback was seen as crucial to the success of the Efficiency Project. To that end, the district created a community survey that was distributed both electronically and in paper format. More than 1,800 residents completed the survey, and the results were compiled and analyzed by a third-party organization, Hanover Research. The analysis is available for the community to view at www.uaschools.org.

Common categories of respondents' comments are outlined below.

- **Document management** – The most frequently mentioned suggestions respondents cited as possible ways to increase district efficiency were those related to the reduction or elimination of paper documents and other forms of paper waste.
- **Better utilization of technology** – Related to the reduction of paper waste is respondents' desire for the district to maintain a single cohesive website that hosts all information relevant to students and their parents.

- **Utilities** – Respondents offered suggestions on how the district might become more energy efficient, including everything from simple behavioral-change strategies to the implementation of technologies that automatically reduce energy consumption.
- **Salary and benefits**– Aside from suggestions related to paper waste, technology and energy efficiency, the most frequently mentioned comments related to district efficiencies were that of reducing salaries and benefits and restructuring positions.
- **Shared services** – Other suggestions for district efficiency were related to the consolidation or sharing of district services with other educational institutions or with the City of Upper Arlington.
- **Reduction or elimination of programs** – Another frequently mentioned category of responses relates to the reduction or elimination of several programs offered by the district such as extracurricular activities, elective courses and the International Baccalaureate or Advanced Placement programs.
- **Facilities/capital assets** – Multiple commenters suggested that facilities within the schools should be updated.

The Efficiency and Productivity Work Team studied this analysis and delved into the financial details of the areas mentioned above. Team members also toured all of the district’s facilities and utilized their own business expertise to explore other potential areas of efficiency such as purchased services, food service, supply purchasing, busing, substitute staff and facility rentals. After a detailed review, the team determined that it was best to focus on the areas that could provide the greatest positive impact on district finances. The team’s findings and recommendations are included on the following pages.

FINDINGS AND RECOMMENDATIONS

Document Management/Utilization of Technology

Findings: The district is in the process of introducing a new online system that will eliminate many of the paper forms parents are required to submit on behalf of their children each school year. This system will help reduce costs associated with paper and postage as well as create a more efficient workflow inside the schools. The district is also in the process of upgrading its website and adopting a universal learning management system (Schoology) to create a more efficient and productive flow of communication between students, teachers and administrators.

The district is currently using multifunctional devices to print, copy, scan and fax at each of its buildings, but with more than \$225,000 expended on document management each year, the team feels further steps can be taken to realize efficiencies in this area.

Recommendations: In order to seek out additional efficiency measures in the areas of document management and technology utilization, the team encourages the district to pursue the opportunities listed below.

- The district should conduct a cost/benefit analysis regarding the use of desktop printing units. While these provide a measure of convenience for individual staff members, maintaining and servicing these units often proves costly for businesses. Eliminating desktop printers from areas that can be serviced by multifunctional devices may result in savings.
- The district should investigate using controls, such as user codes and release-printing functions, on the multifunctional devices that may help reduce copy counts.
- The district should examine how it currently maintains student and financial records and evaluate the cost/benefit of switching from a paper system to a digital process.
- The district should re-examine its software selection for payroll and budgetary planning. As most public school districts in Ohio, Upper Arlington Schools uses the software provided by the state. While this software is free, it is outdated and has gone without a significant update for more than 25 years. The district should explore other software options that meet state reporting requirements and incorporate a human resources module. This type of system can reduce paper waste while allowing for workflow efficiencies and increased accuracy in record keeping.
- The district should conduct a cost/benefit analysis of replacing paper time records with an electronic time clock system that communicates with the payroll system for classified employees in the areas of custodial, maintenance, food service and transportation.

Utilities

Findings: The work team was pleased to find that the district utilized the strength of consortium bidding in order to secure low rates for electric and natural gas. The district's per-square-foot utility cost is below the national average, however, with approximately \$1.1 million spent on this area each year, the team feels the district can reduce costs further.

Recommendations: In order to seek out additional efficiency measures in utility expenditures, the team encourages the district to pursue the opportunities listed below.

- The district should educate staff members on building utility usage and how simple behavioral changes can impact energy consumption and district costs. If the district opts to introduce an energy-saving program, all up-front costs should be recovered in three years or less.
- The district should investigate creating a dashboard system to accurately inform staff members and the community of the schools' energy consumption and steps taken to reduce that amount.

- The district should conduct a cost/benefit analysis of moving to a schedule of four 10-hour workdays during summer break. Other districts have moved to this model, allowing them to reduce energy usage by shutting down buildings for three days per week. Upper Arlington Schools should investigate if this model would work within our community.
- The district should investigate alternative energy sources, such as solar power and compressed natural gas for use in its facilities and vehicles.

Salary and Benefits

Findings: Analysis of the community survey results revealed a strong and consistent theme related to moderation of salaries and benefits, which total approximately \$66 million a year. This area is greatly impacted by the collective bargaining process and therefore falls outside the purview of this work team. However, due to the nature of the survey results, the team feels it is appropriate to provide general comments and a recommendation on this topic. The team feels it is important to note that both the teaching and classified unions agreed to cost-of-living freezes and increases in their portions of insurance payments during the most recent rounds of contract negotiations. It is further worth noting that the district has taken steps toward the moderation of benefit costs by implementing a self-insurance plan for medical and workers' compensation.

Recommendation: These changes have reduced future costs, but additional work is needed in order to be respectful of the financial realities facing Upper Arlington taxpayers. The team strongly urges the district to continue to analyze and control the expenditures related to salary and benefits and to closely monitor these areas to ensure that compensation is sustainable while remaining competitive in the marketplace.

Shared Services

Findings: The team was pleased to learn that the district is investigating the possibility of sharing certain services with the City of Upper Arlington and the Upper Arlington Public Library.

Recommendation: The work team encourages the district to move forward with this idea, exploring efficiency options with any and all local agencies.

Reduction/Elimination of Programs

Findings: Although the parameters of the Efficiency Project clearly stated that efficiency measures should not have a negative impact on the student learning experience, the Productivity and Efficiency Work Team conducted some basic investigation into whether or not making alterations to extracurricular activities and programs such as International Baccalaureate and Advanced Placement could result in savings for the district. The team's research indicated that any significant cost-savings opportunities would result in an equally significant impact on the student learning experience.

Recommendation: The team feels that, due to the parameters of the Efficiency Project, this area is outside of its purview. The district may consider assigning the Learning Experience Work Team the task of further assessing this area.

Supplies

Findings: While this was not a commonly mentioned category in the survey responses, the team felt that it merited investigation because the district spends approximately \$1.5 million on supplies each year. The team found that the district is already part of a consortium that enables the bulk purchasing of educational supplies, buses and food service products. However, the team feels there are still too many vendors, which negatively impacts district efficiency. Acquisition is fragmented and a tighter control of inventory items is needed.

Recommendation: The team recommends that the district place a greater emphasis on the bulk purchase of supplies through the consortium. In addition to reducing costs, this also would create a more efficient workflow by reducing the number of vendor payments processed each month.

Capital Assets

Findings: The district's buildings have a cumulative appraised value of more than \$150 million, but they are averaging 60 years of age and are currently maintained on a year-by-year basis. The work team feels that the district should take a more proactive approach to allow for future efficiencies and long-term planning. The group identified significant deficiencies with deferred maintenance items and a limited capacity for flexibility in district buildings.

Recommendation: There will be a need for future capital to meet these needs, and the team strongly recommends that the district engage the community to help develop a master plan for its facilities as soon as possible. This plan must ensure that the district's facilities not only remain safe, dry and secure, but also support the educational and instructional needs of current and future generations of Upper Arlington students and staff. While this recommendation will not help the district meet the financial goal set in the Efficiency Project, in the short term, the

team feels this area of focus is essential to the long-term financial health of the district. This is the team's main area of concern and it recommends an all-encompassing approach, including employing a comprehensive analysis model to ensure the district is maximizing the tax dollars spent on facilities today and tomorrow.

CONCLUSION

We, the work team, thank the district for its openness and candor during the initial phase of this process. The work team found the district has sought out ways to reduce costs without creating a negative impact on the student academic experience over the last several years. The team encourages the district to continue to aggressively seek out and pursue such opportunities, including those outlined in the above recommendations, in order to meet its fund-balance goal in fiscal year 2017. The team also strongly encourages the district to address two financial concerns that fall outside the scope of the Efficiency Project but are of paramount importance to the long-term financial health of our schools. The district must address residents' concerns regarding the sustainability of salary and benefits, and the district must create a facilities master plan that ensures capital funds are being used in the most efficient manner possible over the next several decades.

We look forward to the next phase of this important work with the district. In the future, we will continue to hold meetings with leadership to provide guidance and receive financial updates on meeting the Efficiency Project goal and ensuring a financially successful and sustainable school district for our community.