

Managing for Results in America's Great City Schools

A Report of the Performance Measurement
and Benchmarking Project



ActPoint KPI
PERFORMANCE MANAGEMENT SYSTEM

October 2012

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Managing for Results in America's Great City Schools

Performance Measurement and Benchmarking Project

To Members of the Council of the Great City Schools—

The Council of the Great City Schools is pleased to present *Managing for Results in America's Great City Schools, 2012* to the membership and the public. The report is the product of the Performance Measurement and Benchmarking Project that the Council began in 2002. The purpose of the project was and is to develop performance measures that can improve the business operations of urban public school districts nationwide.

This year's report includes data from 61 of the Council's 67-member districts (91 percent) and provides a fully tested set of Power Indicators that superintendents and school boards can use to assess the overall performance of their district's business operations. It also provides a set of what we call Essential Few Measures that, along with the Power Indicators, can be used by chief executives to assess the performance of individual departments and operations. Although not part of this written report, the project also provides a series of basic key performance indicators that department heads can use to inform and improve performance on the higher-level measures. In total, the project includes over 300 Key Performance Indicators (KPIs).

This report also provides an overview of the automated ActPoint® KPI performance management system, which was developed in partnership with TransACT Communications, Inc. Act Point® KPI is a fully-automated intelligence tool that allows districts to input raw data into smart on-line surveys; measure performance on selected Key Performance Indicators; compare performance to peer groups; and manage results for improved performance using the data-modeling tool. For the first time, the Council used the ActPoint® KPI system to produce this year's written report, *Managing for Results in America's Great City Schools, 2012*.

This report also provides *Case Studies of Best Practices* that answer the question, "What are the effective management practices of top performing urban school districts that allow them to run effective financial and business operations?" The intention of these case studies is to document practices underneath positive indicators and to increase collaboration between executives of top-performing districts and districts striving to improve their performance. Ultimately, we hope to enhance urban schools' ability to learn from each other and to better determine how large urban school systems work and what it takes to improve them.

The Performance Management and Benchmarking Project will continue to be one of the Council's most important initiatives and one of the most innovative and promising developments in public education in many years. The Council will continue to develop new performance measures that focus on the "value-added" proposition of using data to spur accountability and improvement. We will be working with TransACT to ensure that the automated system has the flexibility and functionality needed by school district executives. And we will continue developing case studies that identify practices among top-performing districts that help explain exemplary results.

Finally, we appreciate the continued guidance and support provided by Michael Eugene, Chief Operating Officer of the Orange County Public Schools; Don Kennedy, Chief Operations/Finance Officer of the Bridgeport Public Schools; Fred Schmitt, retired Chief Financial Officer of the Norfolk Public Schools; Tom Ryan, retired Chief Information Officer of the Albuquerque Public Schools; and the teams of urban school managers and technical advisors. And we offer special thanks to Jonathon Lachlan-Haché, the Council's Special Projects Specialist, who prepared this report. Thank you.

Michael Casserly
Executive Director
Council of the Great City Schools

Robert Carlson
Director, Management Services
Council of the Great City Schools



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Introduction

This report—*Managing for Results in America's Great City Schools, 2012*—is the culmination of nearly 10 years of work by the Council of the Great City Schools and its members to develop performance measures that can be used to improve business operations in urban public school districts nationwide. The Council and its members knew that improving effectiveness and efficiency in urban school operations were critical to regaining the public's confidence in America's Great City Schools.

The Council launched the Performance Measurement and Benchmarking Project in 2002 to achieve these objectives. The purposes of the project, developed during annual meetings of the Council's Chief Financial Officers and Chief Operating Officers, were to—

- ❖ Establish a common set of key performance indicators in a range of big-city school operations, including business services, finances, human resources, and technology.
- ❖ Benchmark and compare the performance of the nation's largest urban public school systems on these key performance indicators.
- ❖ Use the results to improve operational performance in urban public schools.

Since its inception, the project has been led by two Council task forces operating under the aegis of the organization's Board of Directors: the Task Force on Leadership, Governance, and Management, and the Task Force on Finance. The project's work has been conducted by a team of member-district managers and technical advisors with extensive expertise in the following functional areas: business services (transportation, food services, maintenance and operations, safety and security), budget and finance (accounts payable, financial management, grants management, risk management, compensation, procurement and cash management), information technology, and human resources.

The project has used a sophisticated approach to collect, validate, and analyze school-system data. And it has used a complex Six Sigma methodology to ensure the comparability, integrity, uniformity, reliability, and validity of data across school districts.

As this year's report indicates, the Performance Management and Benchmarking Project has evolved and matured in three major areas. It now includes—

- ❖ A fully-tested set of Key Performance Indicators (KPIs) designed to report performance at three levels:
 - Strategic and policy level – Power Indicators that can be used by superintendents and school boards to assess the overall performance of their district's non-instructional operations.

- Management level – Essential Few Measures that, along with the Power Indicators, can be used by chief executives to assess the performance of individual departments and divisions.
- Technical level – Performance Measures that can be used by department heads to drive the performance of the higher-level measures.
- ❖ An automated Performance-Measurement System (ActPoint® KPI) with multiple features:
 - An on-line survey instrument for data collection,
 - Automated calculations and analyses of performance-indicator data,
 - Presentation of data on a dashboard and in a graphic format that compare member districts and their operations on uniform benchmarks,
 - Business Intelligence (BI) tools that allow districts to ask what/if questions and conduct data modeling exercises to test and validate policy options to improve results, and
 - A reporting function that allows districts to customize reports for improved analysis.
- ❖ Case Studies of Best Practices, which identify effective management practices of top-performing districts so other districts can improve.

Next Steps

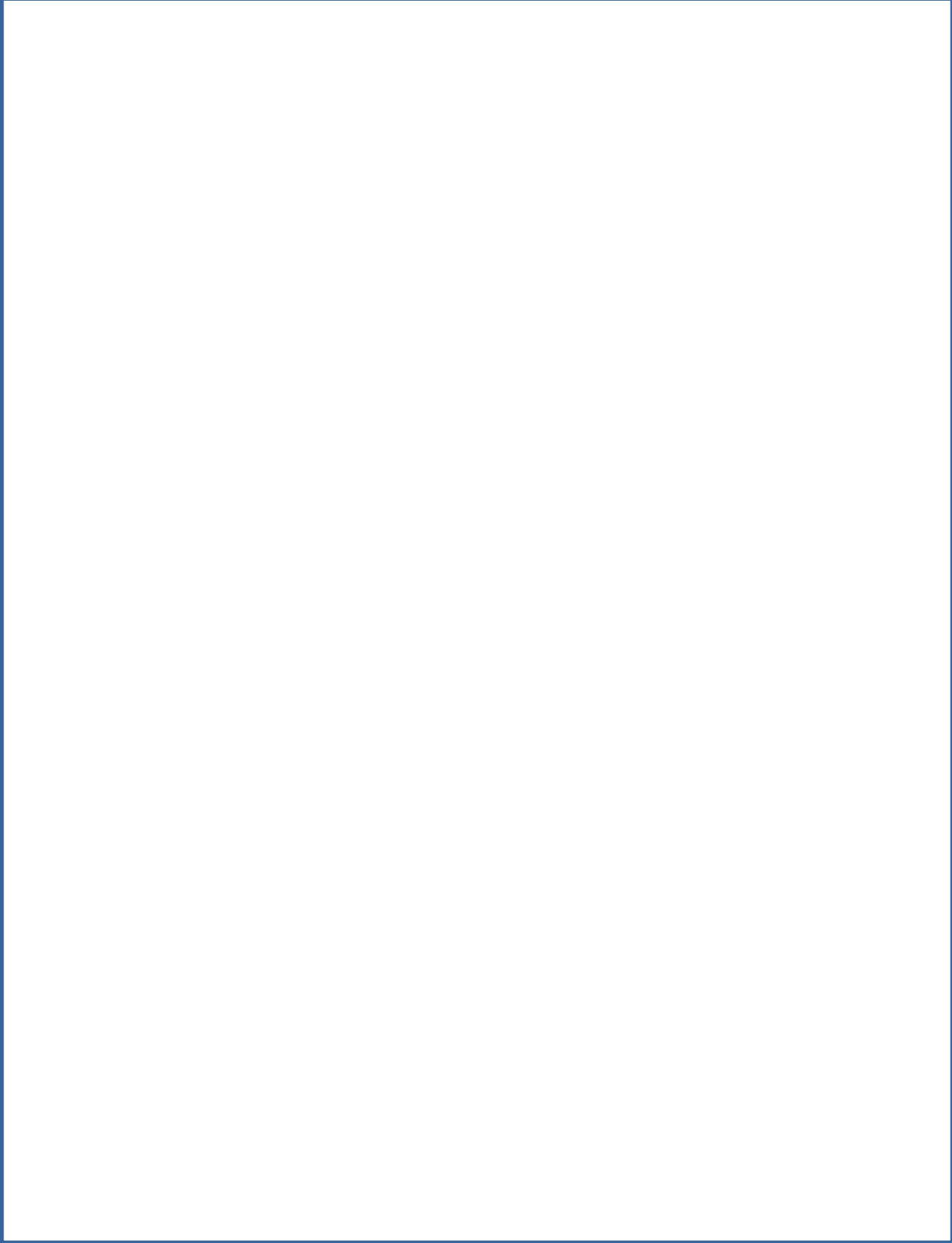
The Performance Management and Benchmarking Project will continue to be one of the Council's most important initiatives and one of the most innovative and promising developments in public education in many years. It will also continue to be an essential tool for providing immediate strategic performance data, helping executives identify areas in need of improvement, connecting districts to higher-performing peers, and planning and validating performance targets.

As the project moves forward, the Council will continue to develop new performance measures that focus on the “value-added” proposition of using data to spur accountability; clarify goals and priorities; measure progress; enhance transparency; reduce vulnerability to negative press; and improve policy options. We will be working with TransACT to ensure that the automated system has the flexibility and functionality needed by school district executives. And we will also continue developing case studies to identify practices among top-performing districts that help explain exemplary results.

Key Performance Indicators



FINANCE





Accounts Payable

Performance metrics in Accounts Payable (AP) focus on the cost efficiency, productivity, and service levels of invoice processing. Cost efficiency is represented most broadly by examining **AP Department Costs per \$1,000 AP Dollars Spent**, which evaluates the entire cost of the AP department against the total payout (spending) of accounts payable. This metric is supported by a similar metric, **Cost per Invoice**, which looks at the number of invoices processed rather than payout amounts.

Productivity is measured by looking at **Invoices Processed per FTE per Month**, and service levels are captured, in part, by examining **Number of Days to Process Vendor Payments**. When combined with the cost efficiency measures, district leaders have a baseline of information to determine whether their AP function:

- Needs better automation to process invoices
- Is overstaffed or has staff that is under-trained or under-qualified
- Should revise internal controls to improve accuracy
- Needs better oversight and reporting procedures relative to the head of finance

AP Department Costs per \$1,000 of AP Dollars Spent

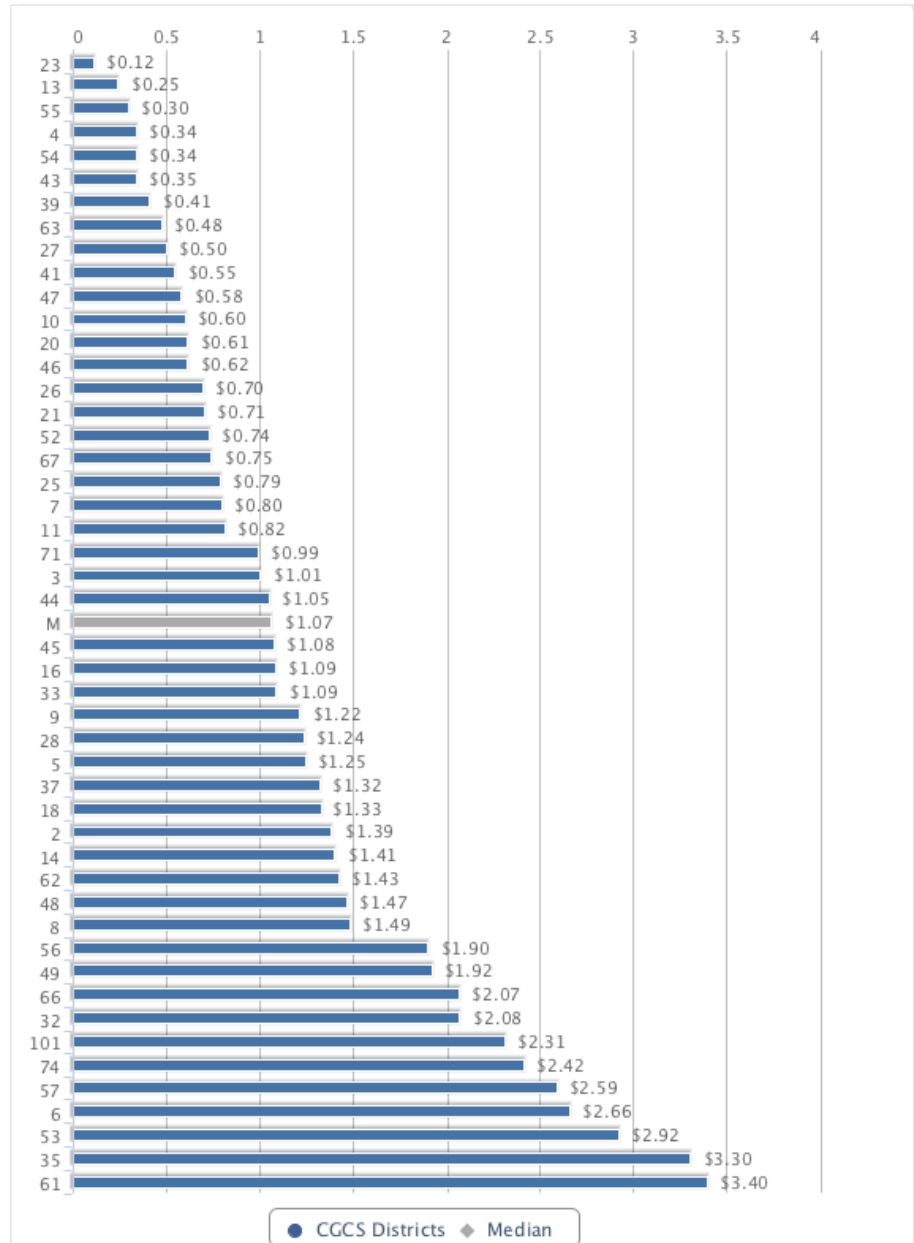
Power Indicator

Description

The sum of total actual salary and non-salary costs divided by the total dollar amount of all invoices/payments (excluding salary disbursements), expressed in thousands of dollars.

Importance of Measure

This measures the operational efficiency of an Accounts Payable Department.



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Cost Per Invoice

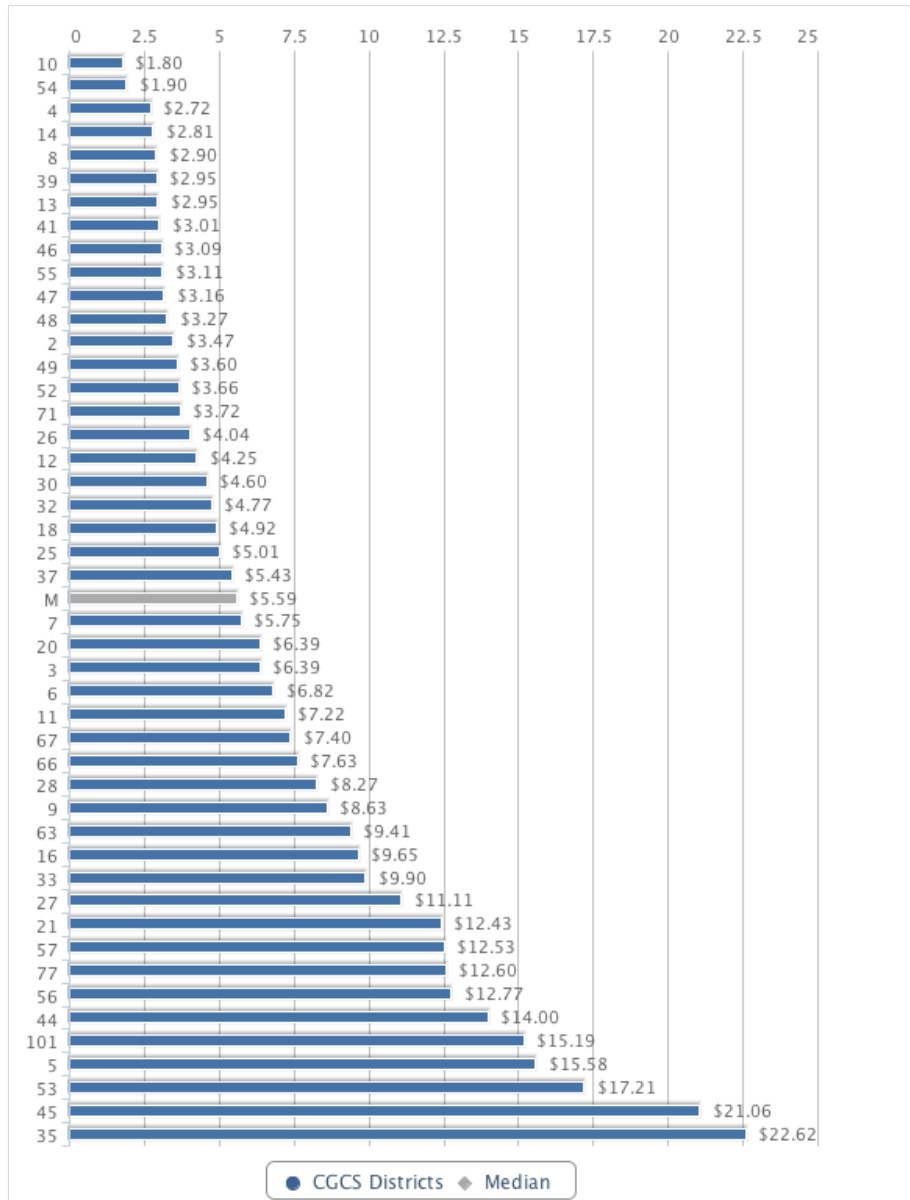
Power Indicator

Description

The sum of total actual salary cost of Accounts Payable Staffing (FTEs) plus the total of Accounts Payable Department non-salary budgeted costs divided by the total number of vendor invoices/payments.*

Importance of Measure

This measure determines the average cost to process an invoice. According to the Institute of Management, the cost to handle an invoice is the second most used metric in benchmarking AP operations.



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Number of Days to Process a Vendor Payment

Power Indicator

Description

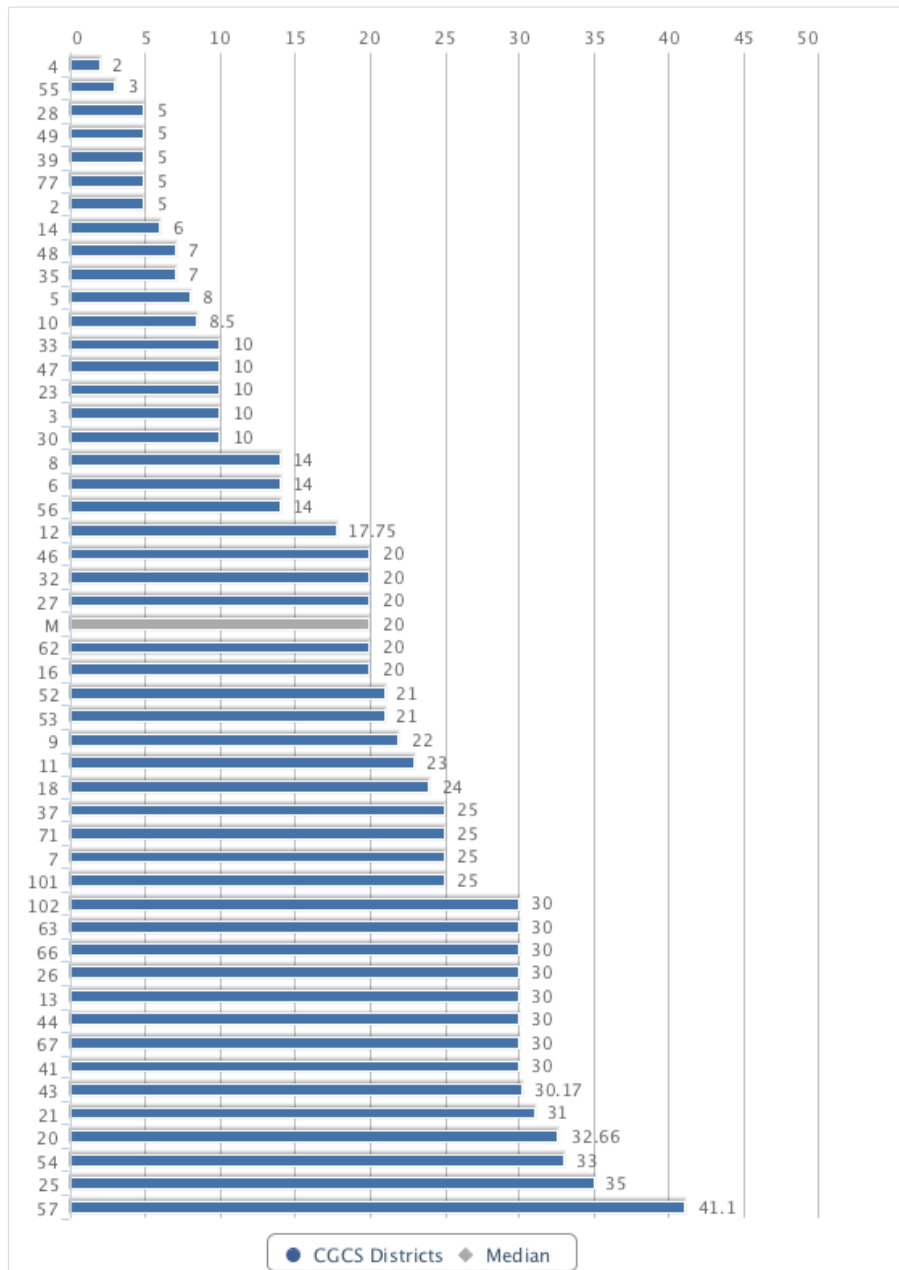
Number of calendar days from date of invoice receipt in the mailroom to the date of check release.

Importance of Measure

This measures the efficiency of the payment process.

FINANCE

Accounts Payable



Invoices Processed per FTE per Month

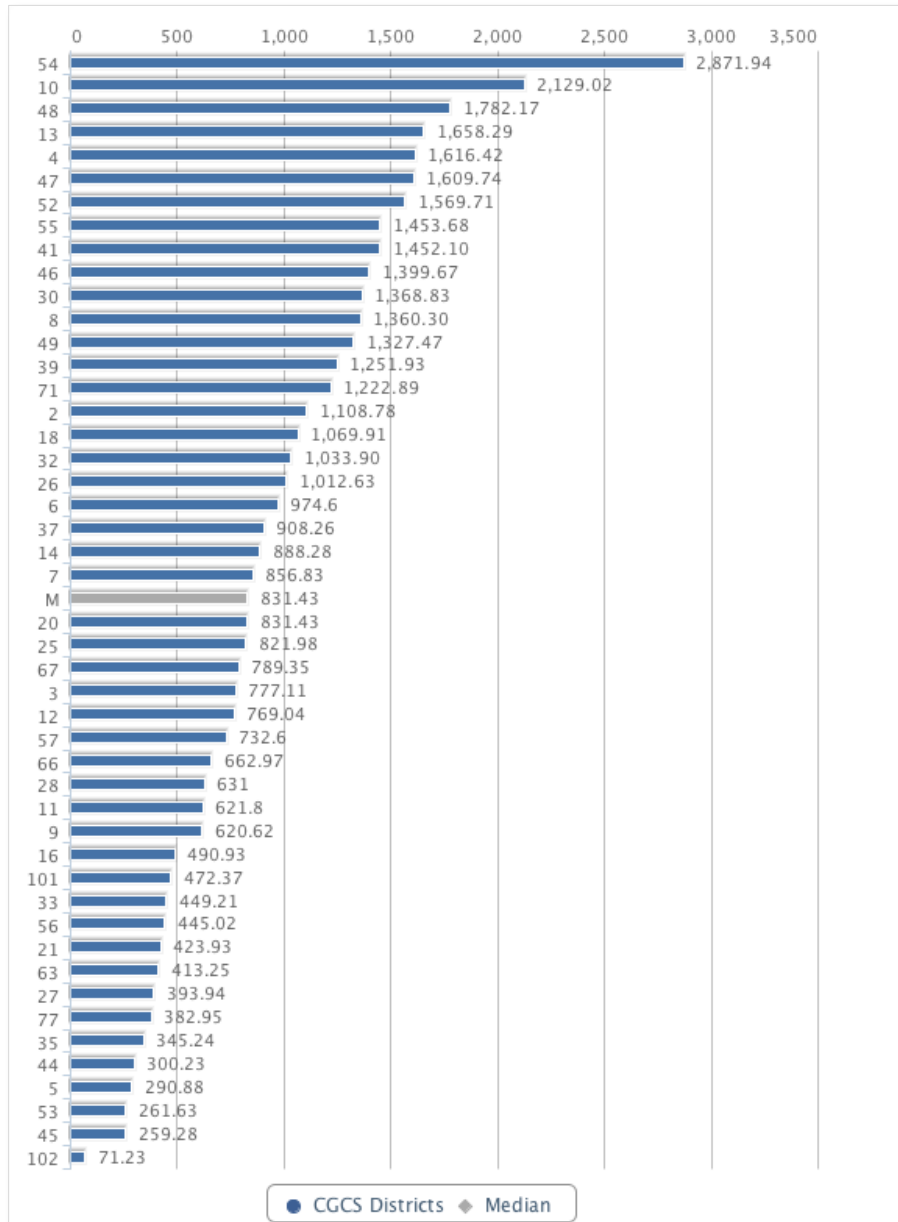
Power Indicator

Description

Total number of vendor invoices paid annually divided by the number of FTEs in the Accounts Payable Department divided by twelve (12) months.

Importance of Measure

This measure is a major driver of accounts payable department costs. Lower processing rates may result from handling vendor invoices for small quantities of non-repetitive purchases; higher processing rates may result from increased technology using online purchasing and invoice systems to purchase and pay for large quantities of items from vendors.



Non-PO Invoices Processed per FTE per Month

Essential Few

Description

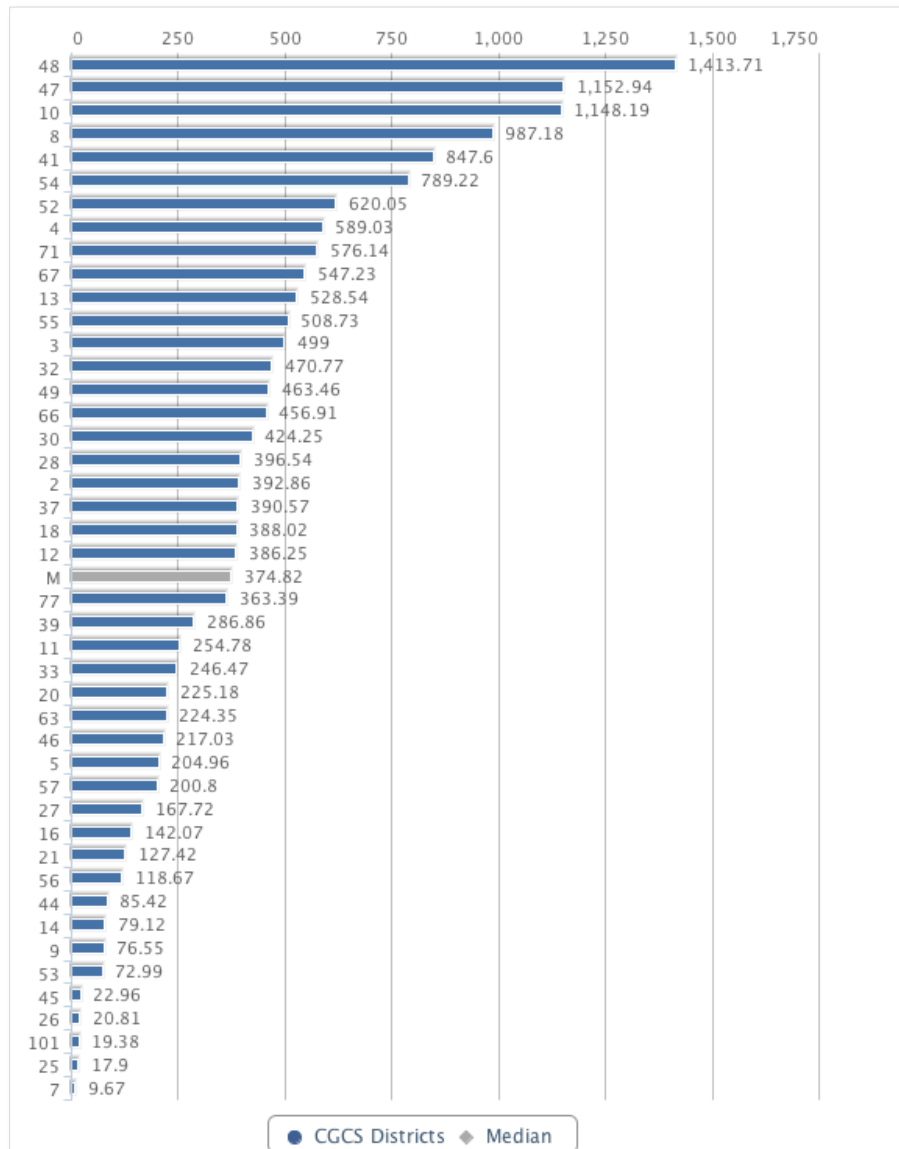
Total number of non-PO invoices paid annually divided by the number of FTEs in the Accounts Payable Department divided by 12 months.

Importance of Measure

This is another factor that drives the cost of accounts payable departments. Moving to a high level of automation significantly boosts the number of payments made per month per staff member and improves cost efficiency. Studies have shown that world-class performance requires a mix of high tech and low tech strategies. For example, a district could require vendors to use electronic data interchange (EDI) or internet file-transfer applications to automate the workflow of electronic or imaged invoices.

FINANCE

Accounts Payable



PO Invoices Processed per FTE per Month

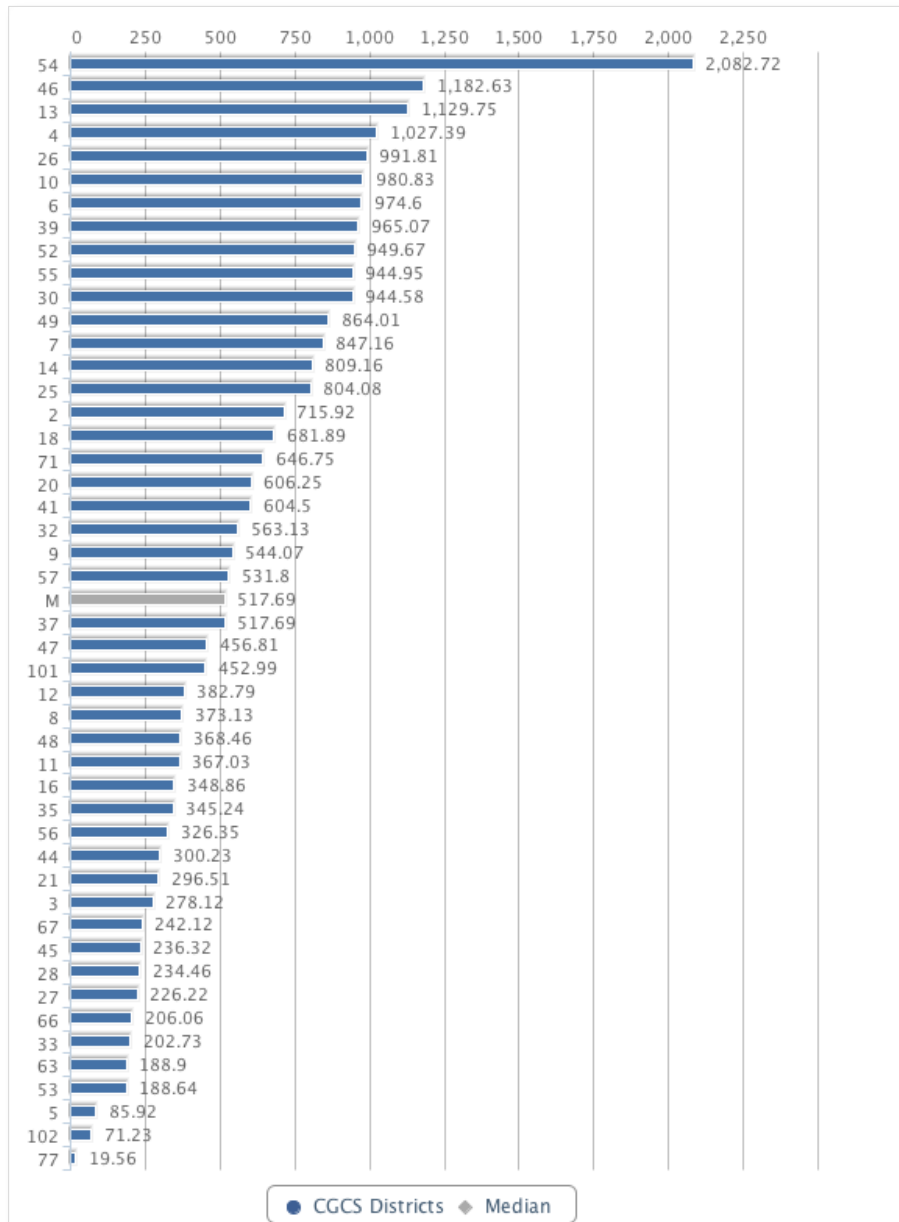
Essential Few

Description

Total number of PO invoices paid annually divided by the number of FTEs in the Accounts Payable Department divided by twelve (12) months.

Importance of Measure

This is another factor that drives the cost of the accounts payable department. Lower processing rates may result from handling vendor invoices for small quantities of non-repetitive purchases; higher processing rates may result from increased technology using online purchasing and invoice systems to purchase and pay for large quantities of items from vendors.



Voided Checks per Total Checks

Essential Few

Description

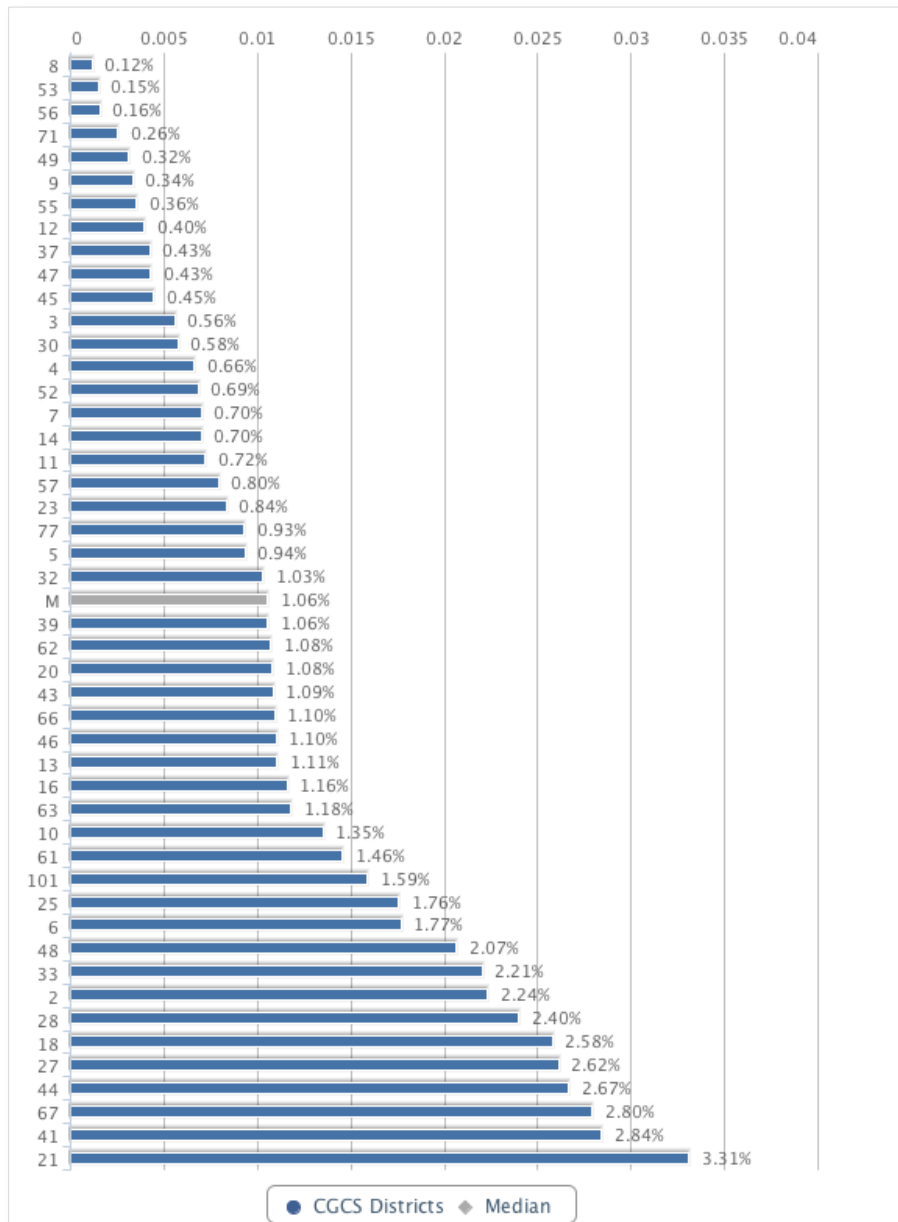
The total number of non-salary checks voided or reversed divided by the total number of non-salary checks processed.

Importance of Measure

This measure reflects processing efficiencies and the degree of accuracy. Voided checks are usually the results of duplicate payments or errors. A high percentage of duplicate payments may indicate a lack of controls, or that the master vendor files need cleaning, creating the potential for fraud.

FINANCE

Accounts Payable





Cash Management

Cash management relies upon *well-controlled cash-flow practices* and *adequate fund reserves*. Performance metrics that indicate healthy cash management include **Cash On Hand (Average Month-End) per \$1,000 revenue**; **Months below Target Liquidity Level**, and **Fund Reserves as Percent of Total Revenue**.

When managed efficiently, these performance metrics will reduce the overall operational costs of a district. Conversely, poor cash management may result in additional costs in the form of *short-term borrowing* (represented by the metric **Short-Term Loans per \$1,000 Operating Expenditures**) and *low investment yield* (see **Investment Earnings per \$1,000 Revenue** as well as **Actual Investment Yield above/below District Policy**).

When evaluating cash-management performance, the following conditions should be considered among the influencing factors:

- Revenue inflows and expenditure outflows, and the accuracy of cash flow projections
- School board and administrative policies requiring internal controls and transparency
- Accounting standards
- Borrowing eligibility and liquidity
- State laws and regulations

Fund Reserves as Percent of Total Revenue

Power Indicator

Description

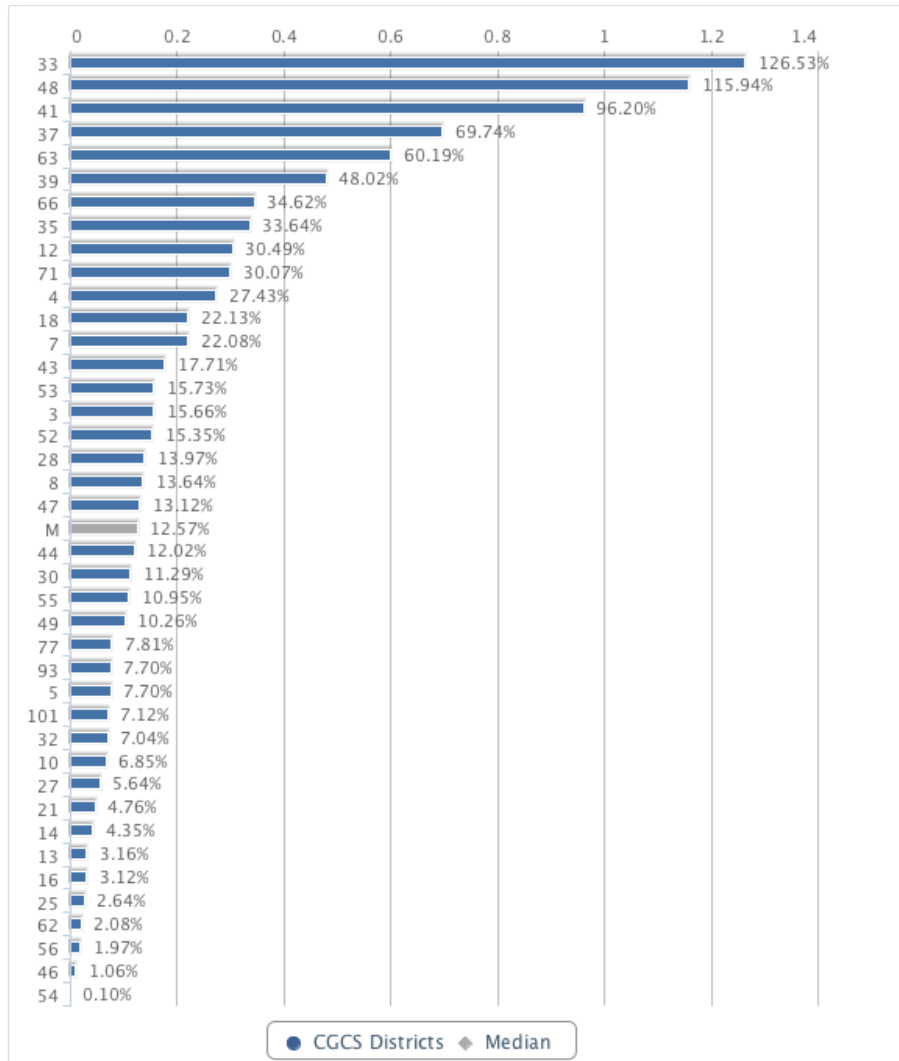
The amount of fund reserves as of fiscal year-end divided by total district General Fund revenue.

Importance of Measure

The required amount of reserve funds, which is generally based on a percentage of operating revenue, is the estimated amount of minimum cash required to provide sufficient cash flow to stabilize financial operations. It is essential that districts maintain adequate levels of fund reserves to mitigate current and future risks due to revenue shortfalls and unanticipated expenditures. Credit agencies such as Moody's and Fitch place significant rating value on an agency's fund balance reserve policy.

FINANCE

Cash Management



Short-Term Loans per \$1,000 Operating Expenditures

Power Indicator

Description

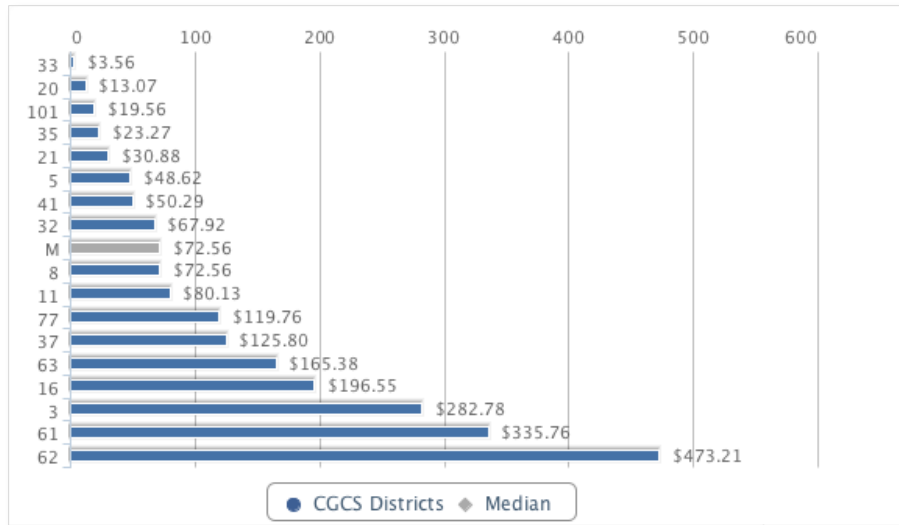
Total dollar amount of all short-term borrowing divided by dollar amount of actual operating disbursements for the year, expressed in thousands of dollars. (The indicator includes General Fund, grants, special, and nutrition food expenditures, but not capital, debt, service, or trust funds).

Importance of Measure

This measure identifies the degree to which districts need to borrow money to meet cash flow needs. Short-term borrowing is defined here as any loan with a repayment term of less than one year.

Influencing Factors

- The timing of revenue inflows and expenditure outflows and the arbitrage ability to cover the borrowing
- Ability to meet required spending for tax-exempt borrowing eligibility
- State law may restrict or prohibit certain types of short-term borrowing.



Investment Earnings per \$1,000 Revenue

Power Indicator

Description

General Fund investment earnings divided by total district General Fund revenue (expressed in thousands of dollars).

Importance of Measure

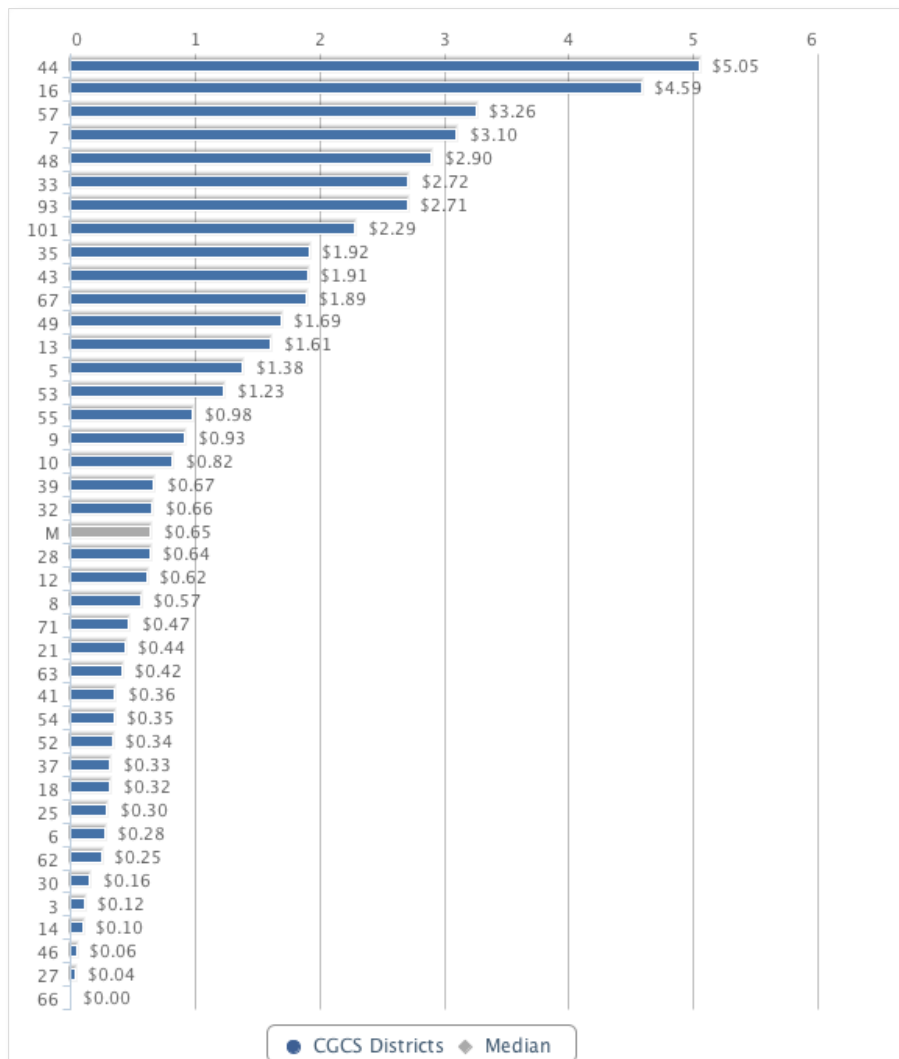
This measure analyzes the risk of the investments versus its projected returns.

Influencing Factors

- Revenue types
- Types of receipt percentages
- Investments internal or external
- Investment policy

FINANCE

Cash Management



Actual Investment Yield above/below Benchmark

Power Indicator

Description

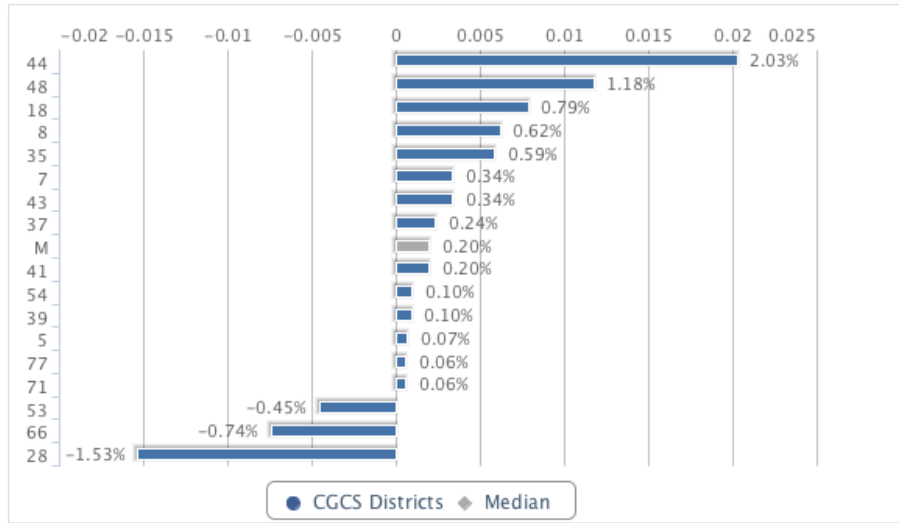
Weighted average yield for a district's total portfolio less district-established benchmark weighted average return-on-investment. The measure excludes capital and debt service funds.

Importance of Measure

This measure and the subsequent **Weighted Average Yield** (see next page) reflect a district's effort to protect public funds and prudently manage its investments in order to achieve the investment objectives of safety, liquidity, and return. The handling of district money is subject to intense scrutiny because school districts receive public funds, whether from property taxes, state appropriations, or federal grants.

Some common investment performance benchmarks include*:

- 10-Bill Index
- Money Market Fund Index
- LGIP Index
- Key Rates: Cash Markets
- Relative Value Yield Chart



* "Investment Performance Benchmarks". Public Investor Volume 24, Number 6. Government Finance Officers Association of the United States and Canada. Web page: <http://www.estoregfoa.org/StaticContent/staticpages/PI0606.htm#3>

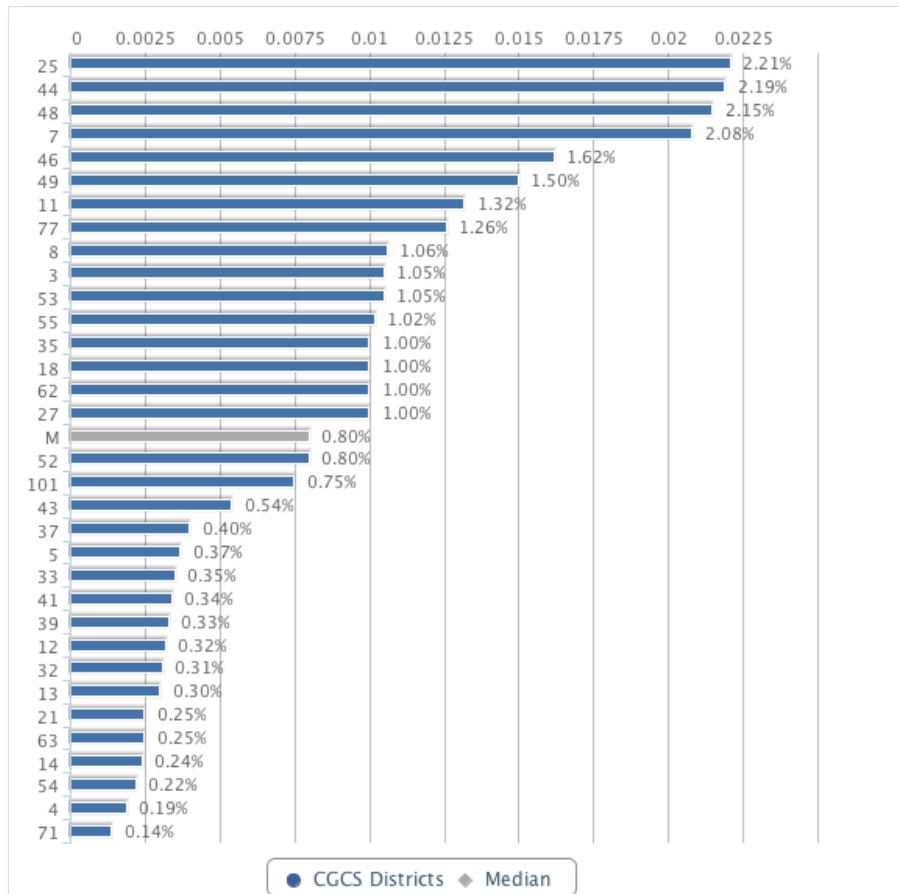
Weighted Average Yield

Description

The weighted average yield for the district's investment portfolio.

FINANCE

Cash Management



Cash On Hand (Average Month-End) per \$1,000 Revenue

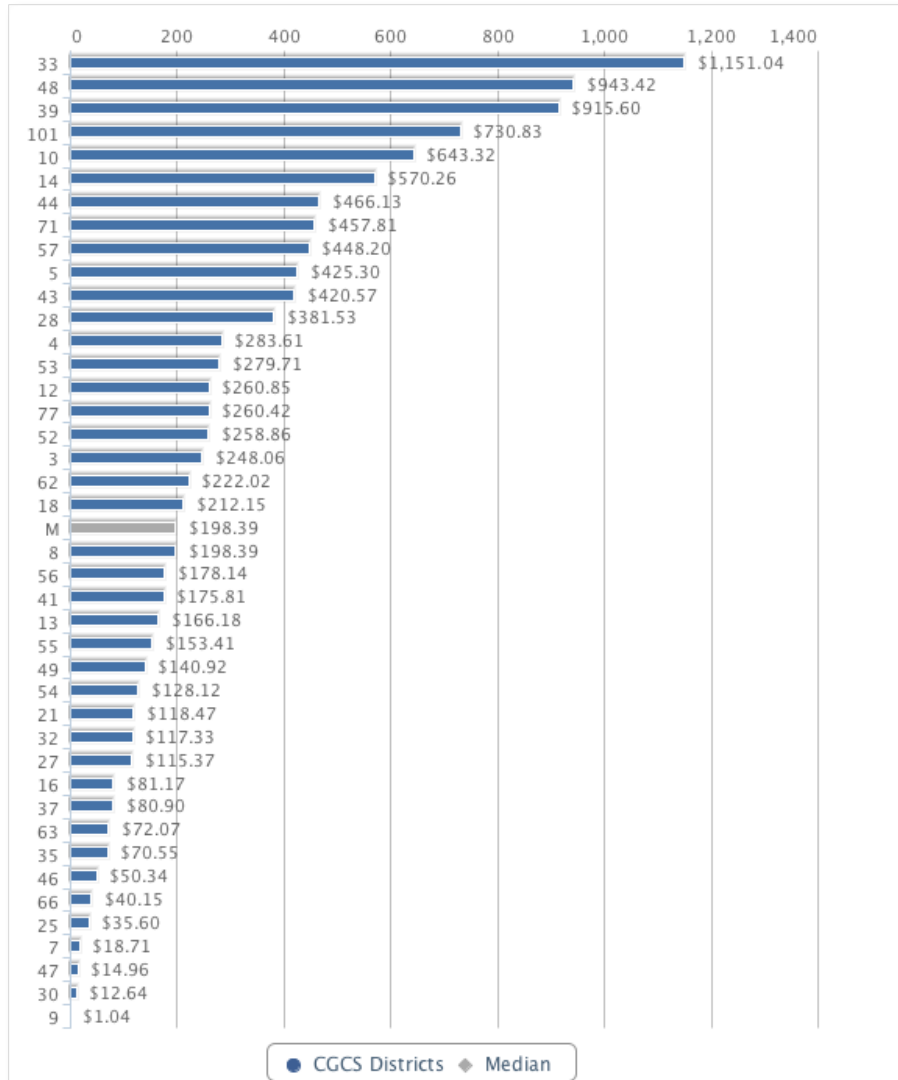
Essential Few

Description

The average amount of cash on hand during the fiscal year (per each month-ending balance) divided by the total district revenue (expressed in thousands of dollars).

Importance of Measure

This measure can be used to estimate the number of months a district could meet operating expenditures provided no additional revenues were received; and it reflects the district's ability to meet daily financial needs and handle unexpected costs without depleting fund reserves. By effectively managing available cash, districts can sharply reduce their dependence on outside funding, improve financial flexibility, and improve their credit rating.



Months below Target Liquidity Baseline

Essential Few

Description

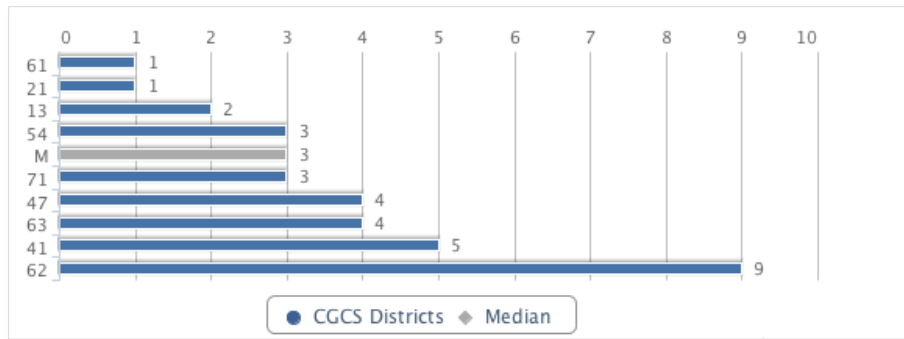
Number of months a district was below target (minimum) liquidity baseline.

Importance of Measure

This measure highlights cash-flow performance relative to an established minimum liquidity level.

FINANCE

Cash Management



Fund Reserves above/below District Policy (per \$1,000 Revenue)

Essential Few

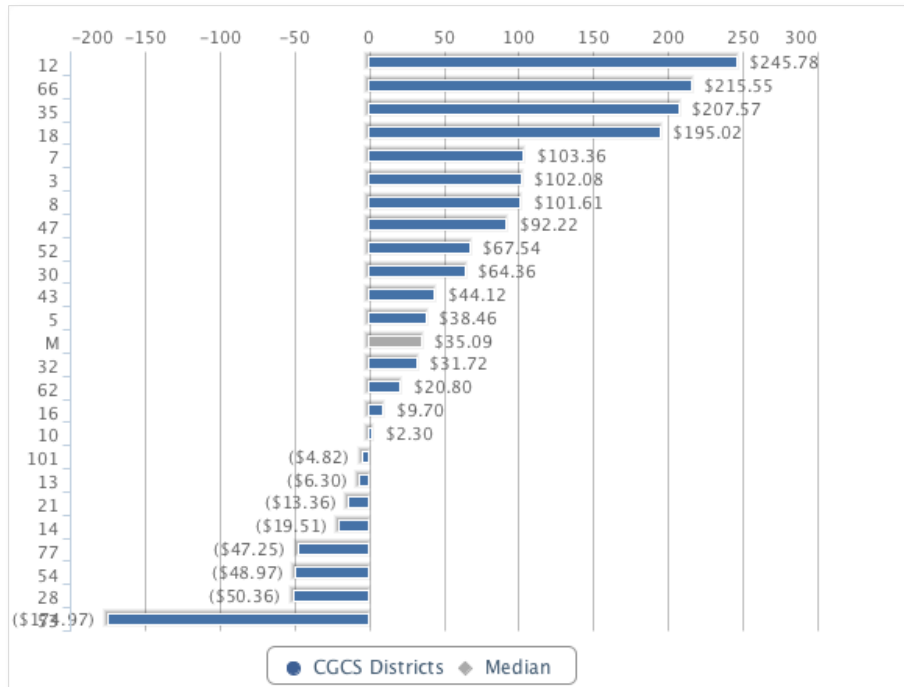
Description

Total fund reserves minus amount of operating revenue times the percentage of operating revenue required for fund reserve all divided by total district revenue (expressed in thousands of dollars).

Importance of Measure

This measure is important because it is essential that districts maintain adequate levels of fund reserves to mitigate current and future risks due to revenue shortfalls or unanticipated expenditures. Having sufficient reserves minimizes the need for short-term borrowing and ensures districts have enough cash to meet current spending needs.

Credit agencies such as Moody's and Fitch place significant rating value on an agency's fund balance reserve policy.





Compensation

Performance metrics in compensation evaluate the cost efficiency and productivity of a Payroll Department. Cost efficiency is broadly represented by two measures: **Cost per Pay Check** and **Cost per \$1,000 Payroll Dollars Spent**, both of which evaluate the total costs of a Payroll Department relative to workload. Productivity is broadly demonstrated by **Pay Checks Processed per FTE per Month**, which is also a cost driver of payroll.

Because compensation involves high volumes of regular and predictable transactions, most cost efficiencies can be realized by expanding the use of existing tools such as employee direct-deposit and employee self-service modules in their Enterprise Resource Planning (ERP) systems. This is captured, in part, by measures of the **Direct Deposit Participation Rate** and **Personnel Record Self-Service Usage**.

Conversely, districts that underutilize modern automation systems could see diminished **Payroll Accuracy Rates** and increased **W-2 Correction Rates (W-2c's)** due to the manual effort required, as well as an excessive level of **Overtime Hours per Payroll Employee**. In addition, **Percent of Off-Cycle Payroll Checks** may indicate lower productivity, as this may increase the workload of the Payroll Department staff.

These service-level, productivity, and efficiency measures should be considered in combination, and provide district leaders with baseline information to determine whether their payroll functions:

- Need better automation to improve accuracy and reduce workload
- Should consider switching to software that is more accurate and efficient
- Have problems with time management or workload management, or should have clearer policies around timelines
- Have staff members that are under-skilled or under-trained
- Should adopt a policy to increase direct deposits

Additionally, the following factors should be considered when evaluating performance levels:

- Number of contracts requiring compliance
- Frequency of payrolls
- Complexity of state/local reporting requirements

Cost per \$1,000 of Payroll Dollars Spent

Power Indicator

Description

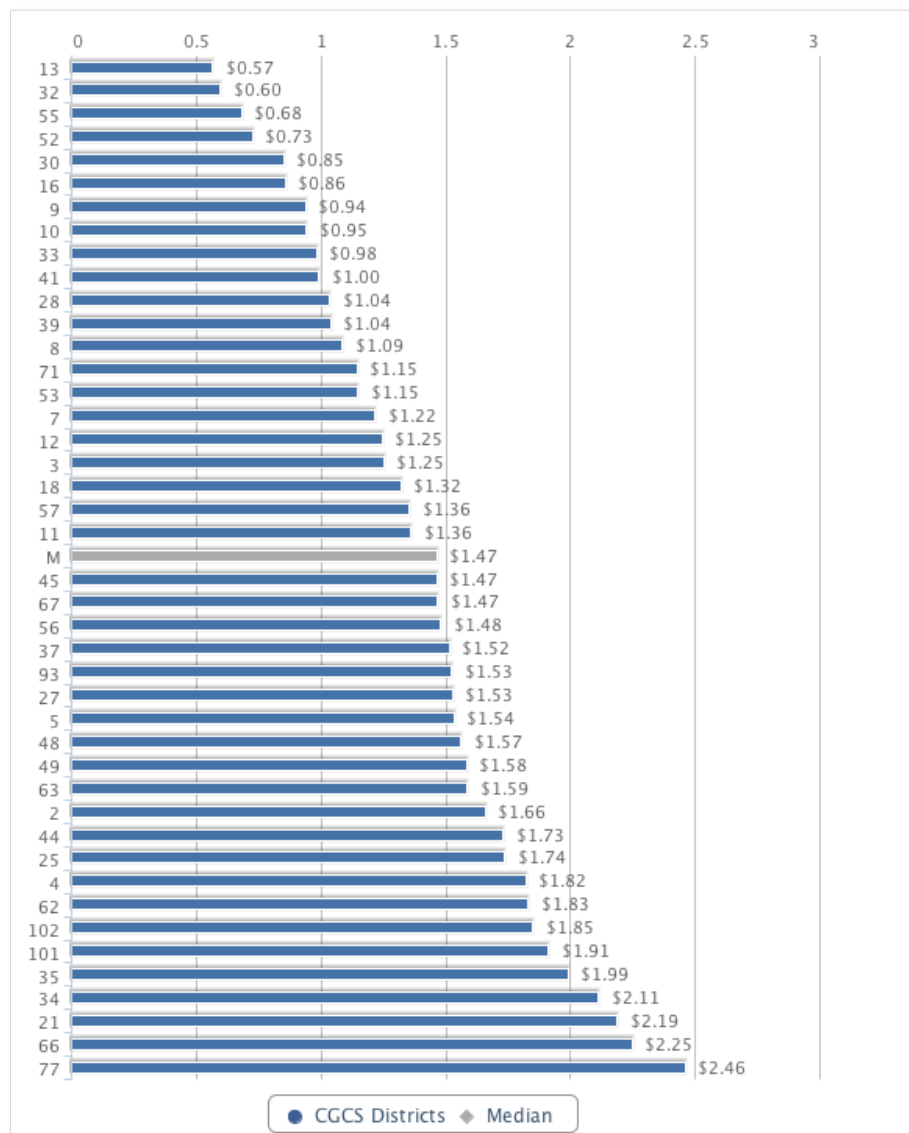
Total cost of Payroll Department, including payroll, benefits, outsourced functions and materials divided by total district compensation expenditures (expressed in thousands of dollars).*

Importance of Measure

This measures the efficiency of the payroll operation. A higher cost could indicate an opportunity to realize efficiencies in payroll operation while a lower cost indicates a leaner, more efficient operation.

FINANCE

Compensation



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Cost per Pay Check

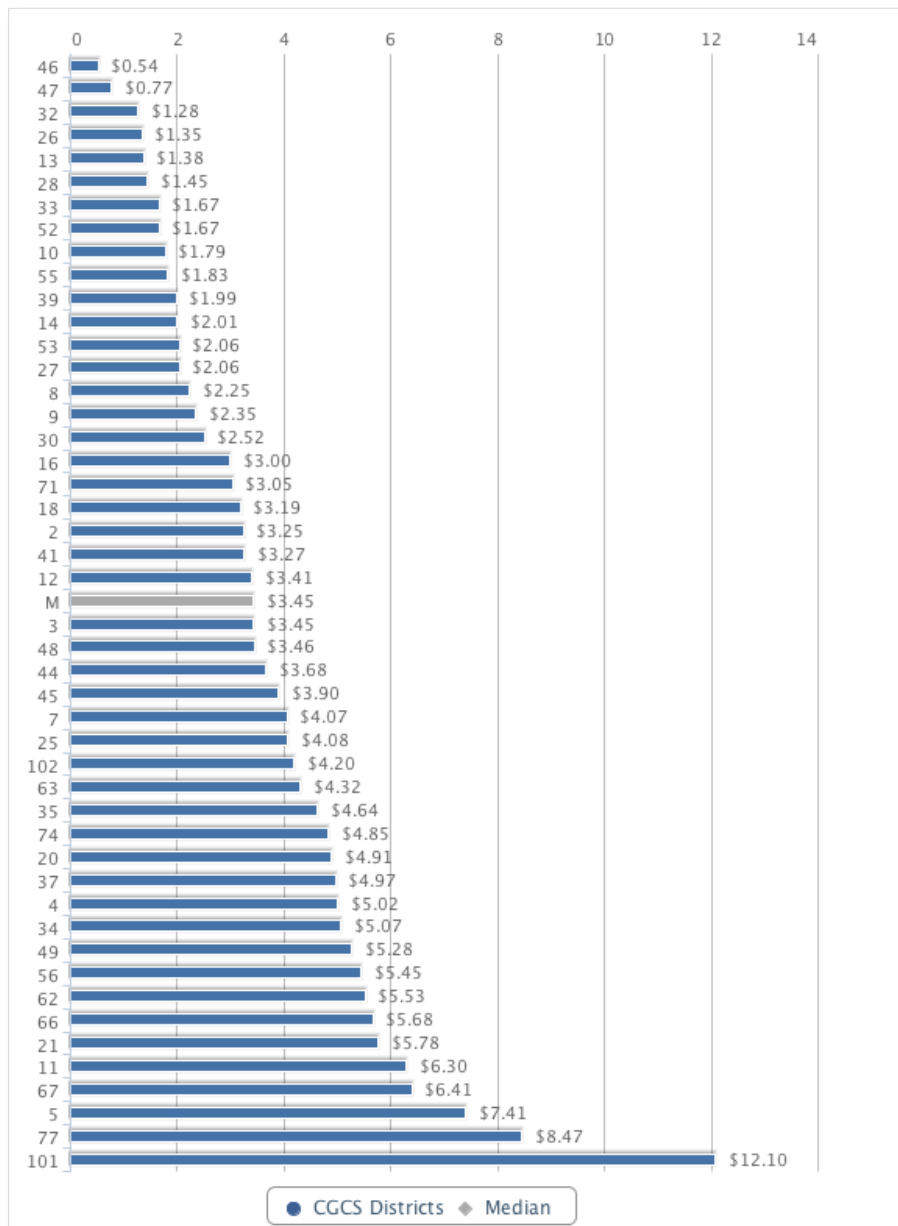
Power Indicator

Description

The sum of the annual cost of payroll salaries, benefits, supplies, materials, licensing fees and postage divided by the total number of paychecks issued annually.

Importance of Measure

This measures the efficiency of the payroll operation. A higher cost could indicate an opportunity to realize efficiencies in payroll operation while a lower cost indicates a leaner, more efficient operation.



Pay Checks Processed per FTE per Month

Power Indicator

Description

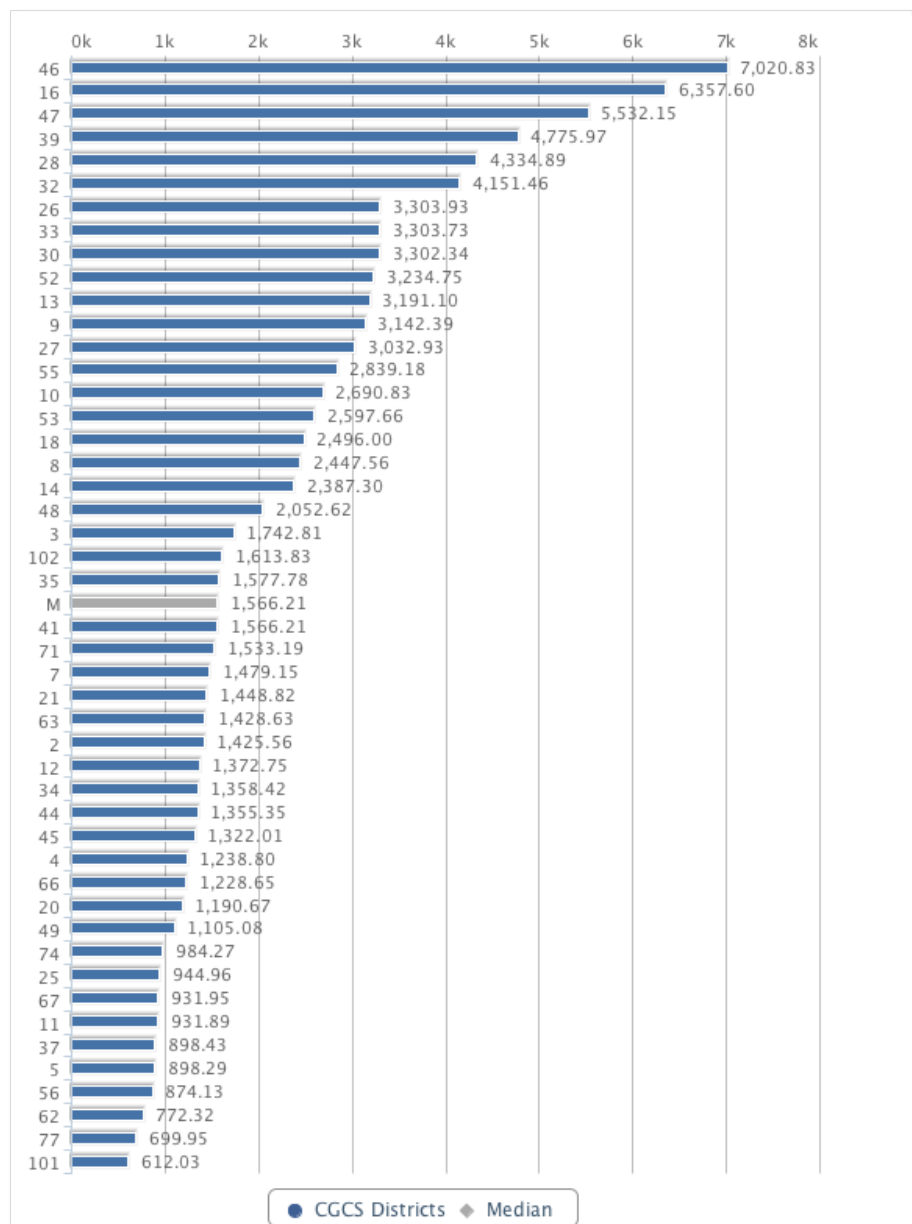
The sum of annual regular-cycle pay checks and annual off-cycle pay checks divided by the total number of Payroll employees (FTE), divided by 12 months.

Importance of Measure

This measure is a driver of a payroll department's costs. Lower processing rates may result from a low level of automation, high pay check error rates, or high rates of off-cycle pay checks that must be manually processed. Higher processing rates may be the result of increased automation and highly competent staff.

FINANCE

Compensation



Percent Off-Cycle Payroll Checks Produced Annually

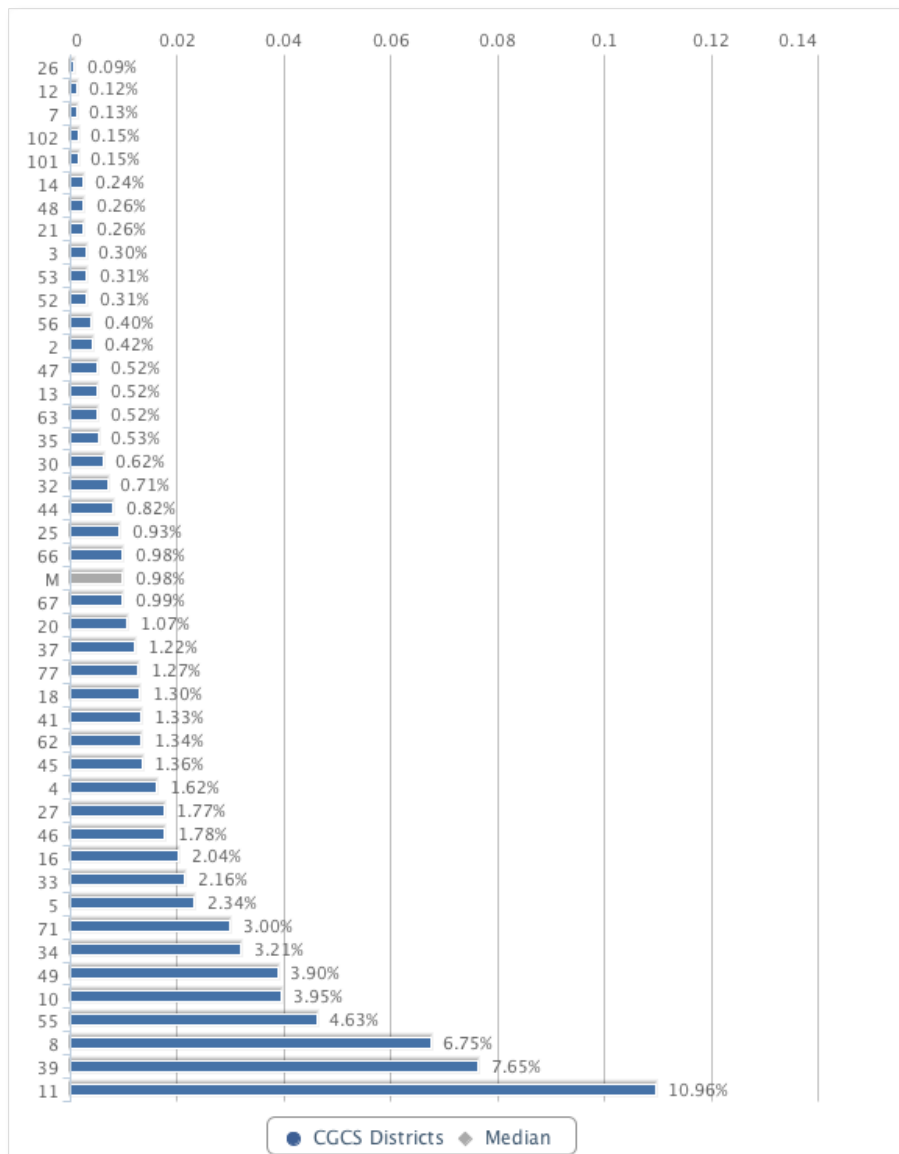
Power Indicator

Description

Total number of off-cycle checks produced annually divided by the number of paychecks generated annually.

Importance of Measure

This measures the effectiveness and accuracy of payroll processes. A higher proportion of off-cycle checks usually reflects errors in data received for payroll processing, or errors in data input prior to payroll processing; it also indicates a need to review processes and procedures to determine if the proper controls are in place to monitor payroll output.



Overtime Hours per Payroll Employee

Power Indicator

Description

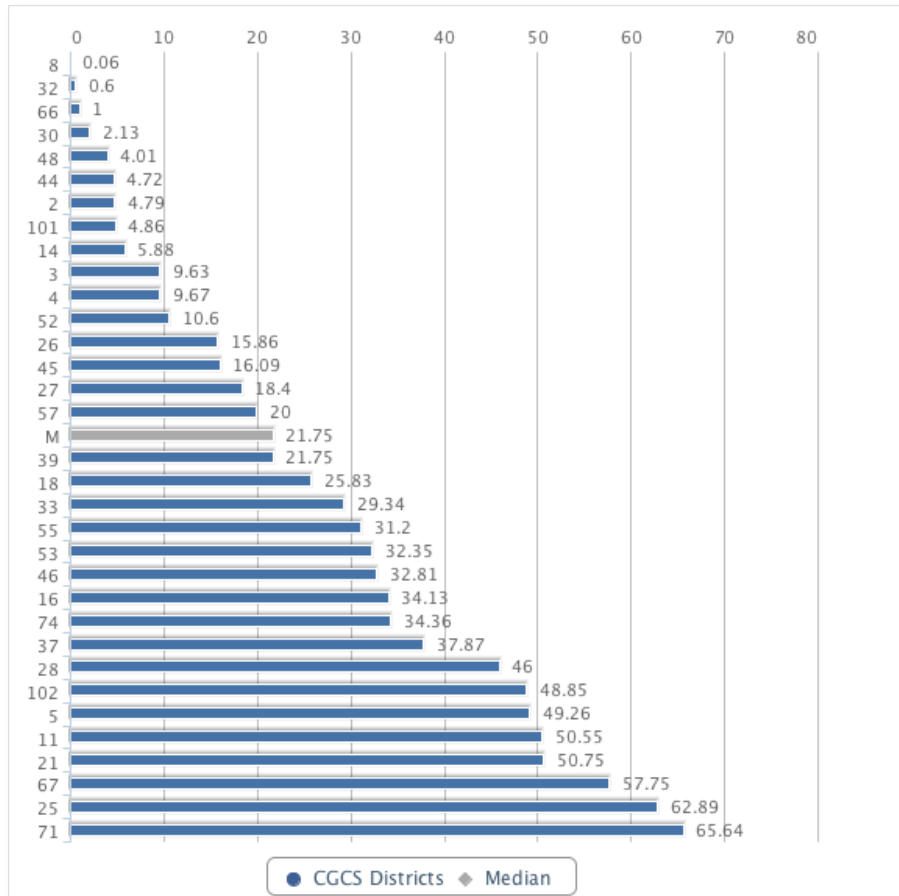
Total number of overtime hours submitted by payroll staff divided by the total number of payroll staff (FTEs).

Importance of Measure

This measures the efficiency and effectiveness of the payroll department. Excessive overtime can be an indication that staffing levels are inadequate or that processes and procedures need to be revised and streamlined to make the work more efficient. An absence of any overtime may indicate staffing levels that are too high for the volume of work the department is processing.

FINANCE

Compensation



Payroll-To-District Staffing Ratio

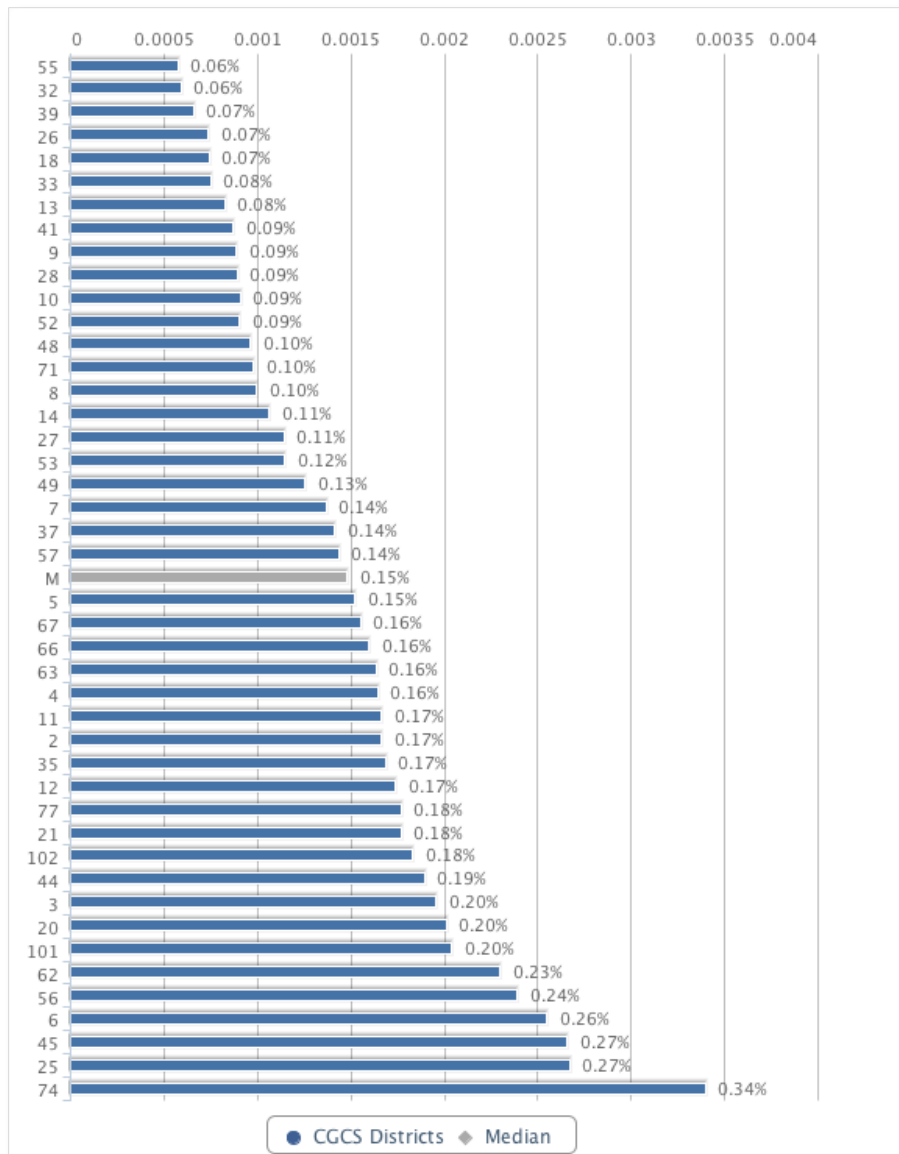
Essential Few

Description

Total number of full-time equivalent (FTE) payroll staff divided by the total number of district FTEs.

Importance of Measure

This indicator evaluates the efficiency of the payroll operation and workload of each member of the payroll staff. Comparison with peer districts may produce opportunities to restructure the department or introduce time-saving practices.



Payroll Managerial Cost per \$1m of Payroll Dollars Spent

Essential Few

Description

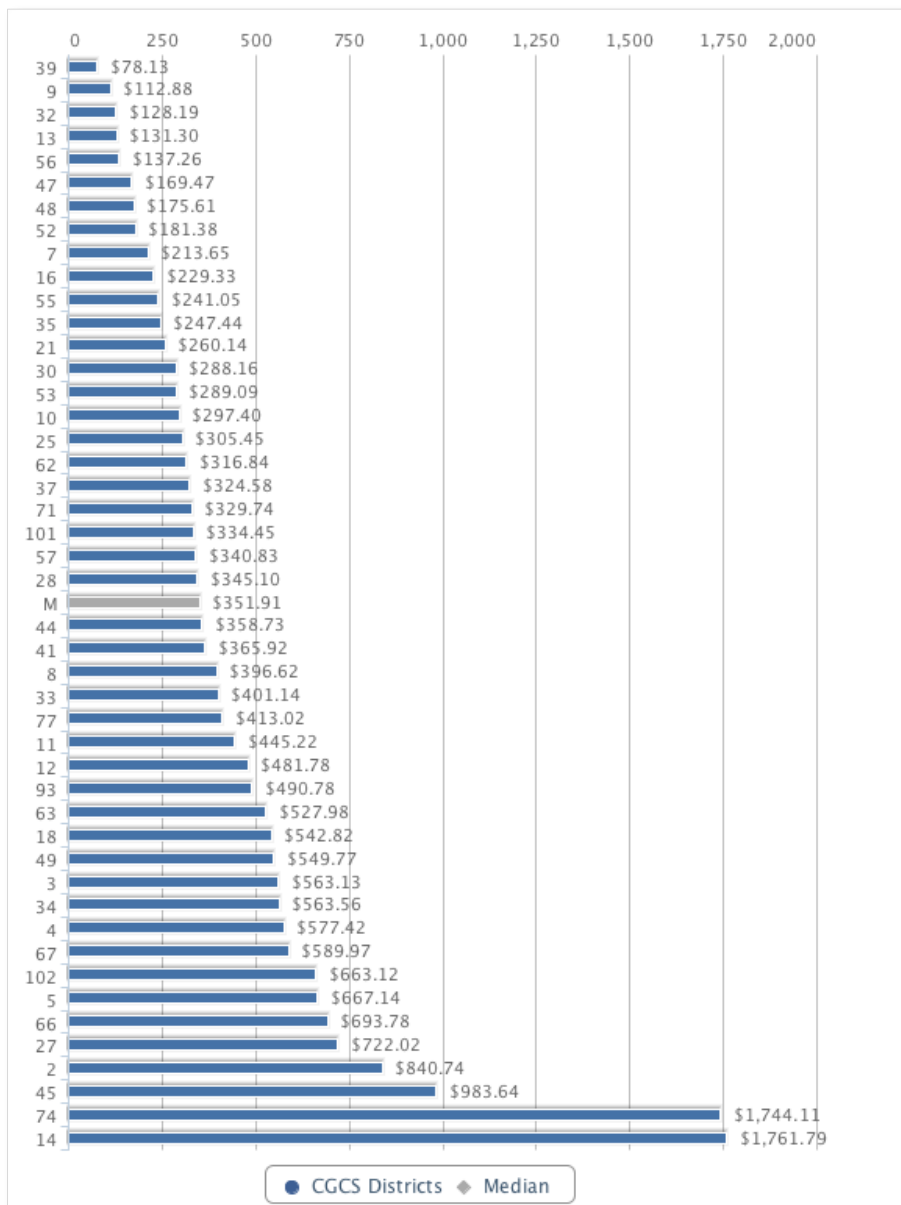
The total cost of managing the payroll department divided by the total district compensation expenditures (expressed in millions of dollars).

Importance of Measure

This assesses the efficiency of the payroll operation by measuring the workload of each member of the payroll staff and, by comparisons with other districts, indicates opportunities to restructure the department or introduce time- and labor-saving procedures to gain efficiencies.

FINANCE

Compensation



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Personnel Record Self-Service Usage (All Types)

Essential Few

Description

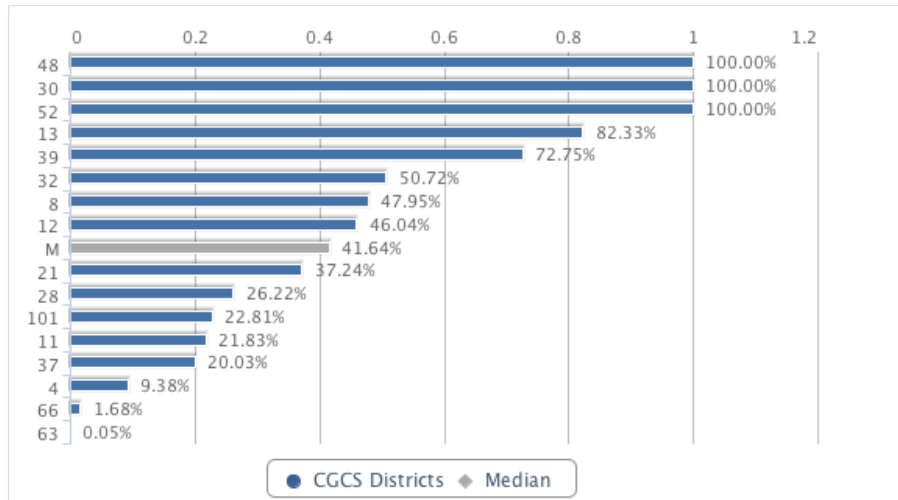
Total number of self-service changes (addresses, W-4s, or direct deposit), divided by the total number of changes in employee records.

Importance of Measure

This measures the level of automation of the payroll department, which can reduce error rates and processing costs.

Influencing Factors

- Software used may not provide employee self service
- Employee self-service modules of the software may not be in use
- Implementation of these modules may be too costly
- Support/help desk services for the employee self-serve modules may not be available





Financial Management

Performance metrics in financial management evaluate the overall financial health of a district, as measured by its **General Fund Balance Ratio** and its **Debt Service Burden per \$1,000 Revenue**. They also measure a district's *practices in effective budgeting*. These practices are broadly represented by a district's **General Fund Revenues Efficiency** and **General Fund Expenditures Efficiency**, which compare budgeted levels—in the adopted budget or final budget—to actual levels of income and spending. A value close to 100% shows highly accurate *budget forecasting*.

Generally, *leadership and governance factors* are the starting point of good financial health:

- School board and administrative policies and procedures
- Budget development and management processes
- Unreserved fund balance use policies and procedures
- Operating funds definition

Additionally, other conditions and factors should be considered as a district evaluates its financial health and forecast for the future:

- Revenue experience, variability, and forecasts
- Expenditure trends, volatility, and projections
- Per capita income levels
- Real-property values
- Local retail sales and business receipts
- Commercial acreage and business property market value
- Changes in local employment base
- Changes in residential development trends
- Restrictions on legal reserves
- Age of district infrastructure
- Monitoring and reporting systems

General Fund Balance Ratio – Unrestricted (GASB 54)*

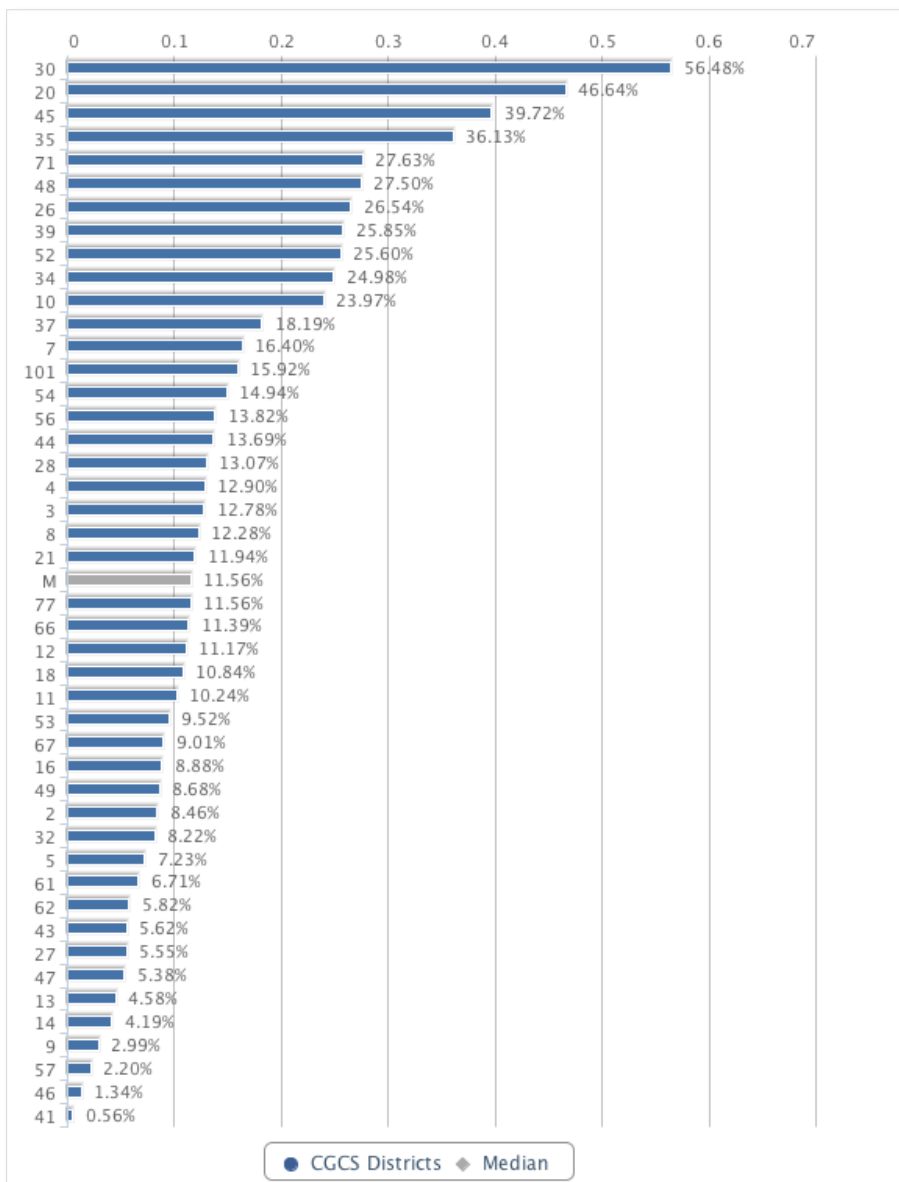
Power Indicator

Description

Total actual unrestricted general fund balance (including amounts assigned or committed within the unrestricted fund balance total) divided by total district General Fund expenditures.

Importance of Measure

This measures the fiscal health of the district as supported by the General Fund, and the capacity of the district to meet unexpected or future needs. A high percentage indicates greater fiscal health and financial capacity to meet unexpected or future needs. Districts with a low percentage are at risk of being unable to meet unexpected changes in revenues or expenses.



* In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), which phased out the “reserved” classification of funds, replacing it with the classification “restricted”. During the period of transition, measures for both systems of classification are reported here.

*General Fund Balance Ratio – Unreserved**

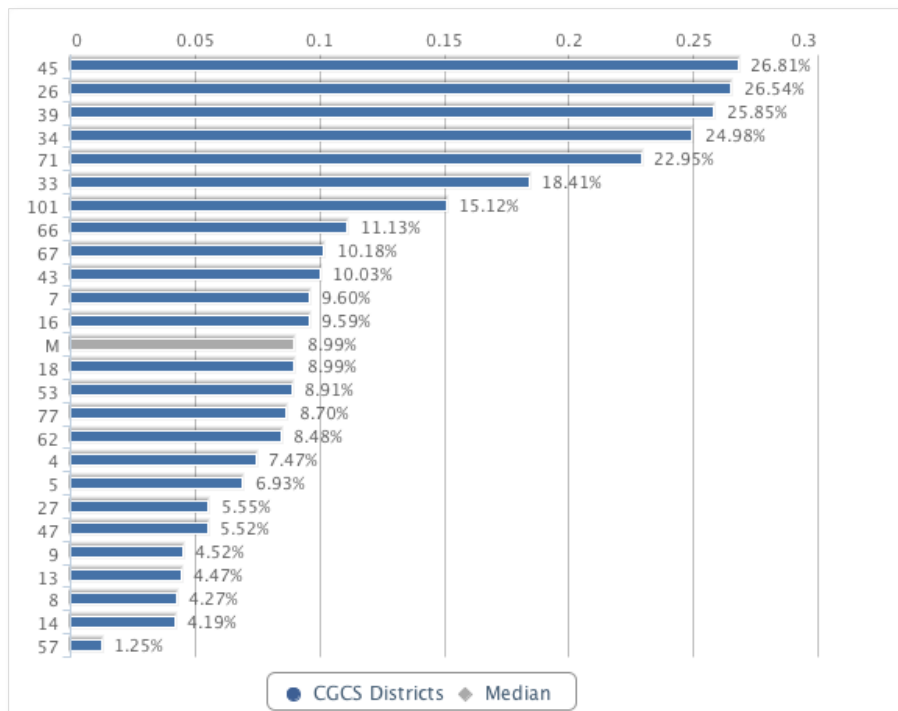
Power Indicator

Description

Total actual unreserved general fund balance (including amounts designated within the unreserved fund balance total) divided by total district General Fund expenditures.

Importance of Measure

This measures the fiscal health of a district as supported by the General Fund, and the capacity of the district to meet unexpected or future needs. A high percentage indicates greater fiscal health and financial capacity to meet unexpected or future needs. Districts with a low percentage are at risk of being unable to meet unexpected changes in revenues or expenses.



* In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), which phased out the “reserved” classification of funds, replacing it with the classification “restricted”. During the period of transition, measures for both systems of classification are reported here.

*General Fund Balance Ratio – Unreserved, Undesignated**

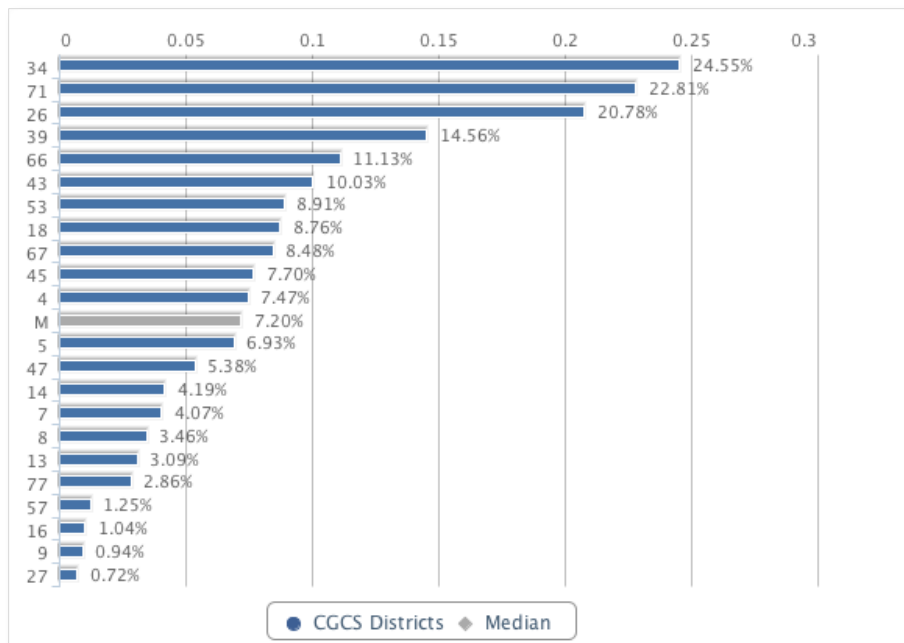
Power Indicator

Description

Total actual unreserved, undesignated general fund balance (excluding amounts designated within the unreserved fund balance total) divided by total general fund expenditures.[†]

Importance of Measure

This measures the fiscal health of the district as supported by the General Fund, and the capacity to meet unexpected or future needs. A high percentage indicates greater fiscal health and financial capacity to meet unexpected or future needs. Districts with a low percentage are at risk of being unable to meet unexpected changes in revenues or expenses.



* In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), which phased out the “reserved” classification of funds, replacing it with the classification “restricted”. During the period of transition, measures for both systems of classification are reported here.

[†] This measurement excludes fund balances that may be designated for a possible future event, that are not held in legal reserves.

Debt Service Burden per \$1,000 Revenue

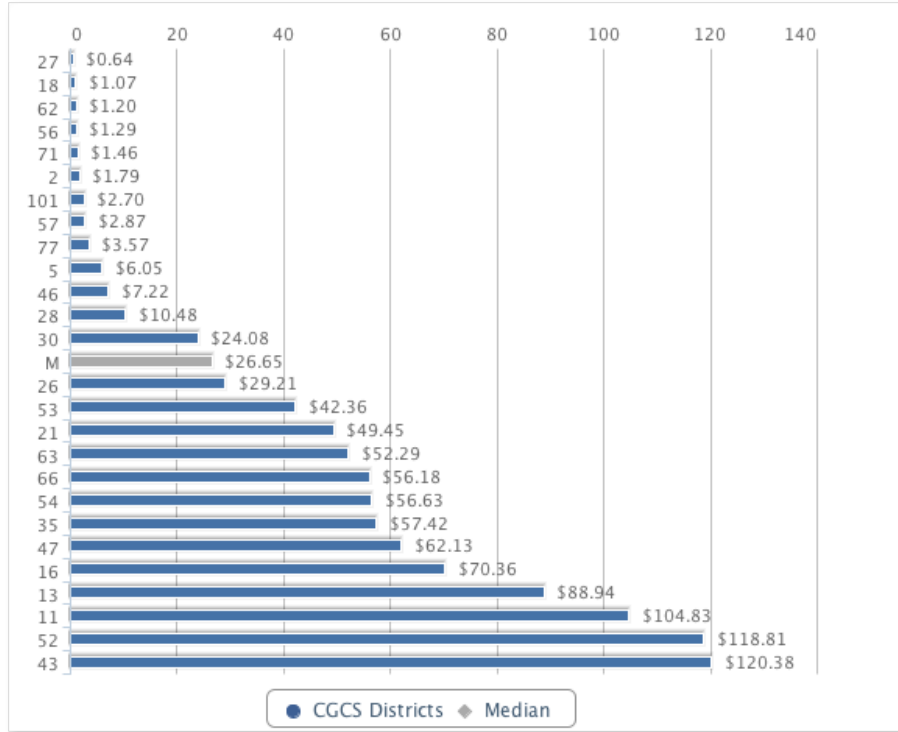
Power Indicator

Description

The total amount of debt service payments required to pay long-term debt obligations during the fiscal year divided by total district General Fund revenues (expressed in thousands of dollars).

Importance of Measure

This measures the annual cost of debt relative to the total district operating revenue.



General Fund Revenues Efficiency (Final Amended Budget as a Percent of Actual)

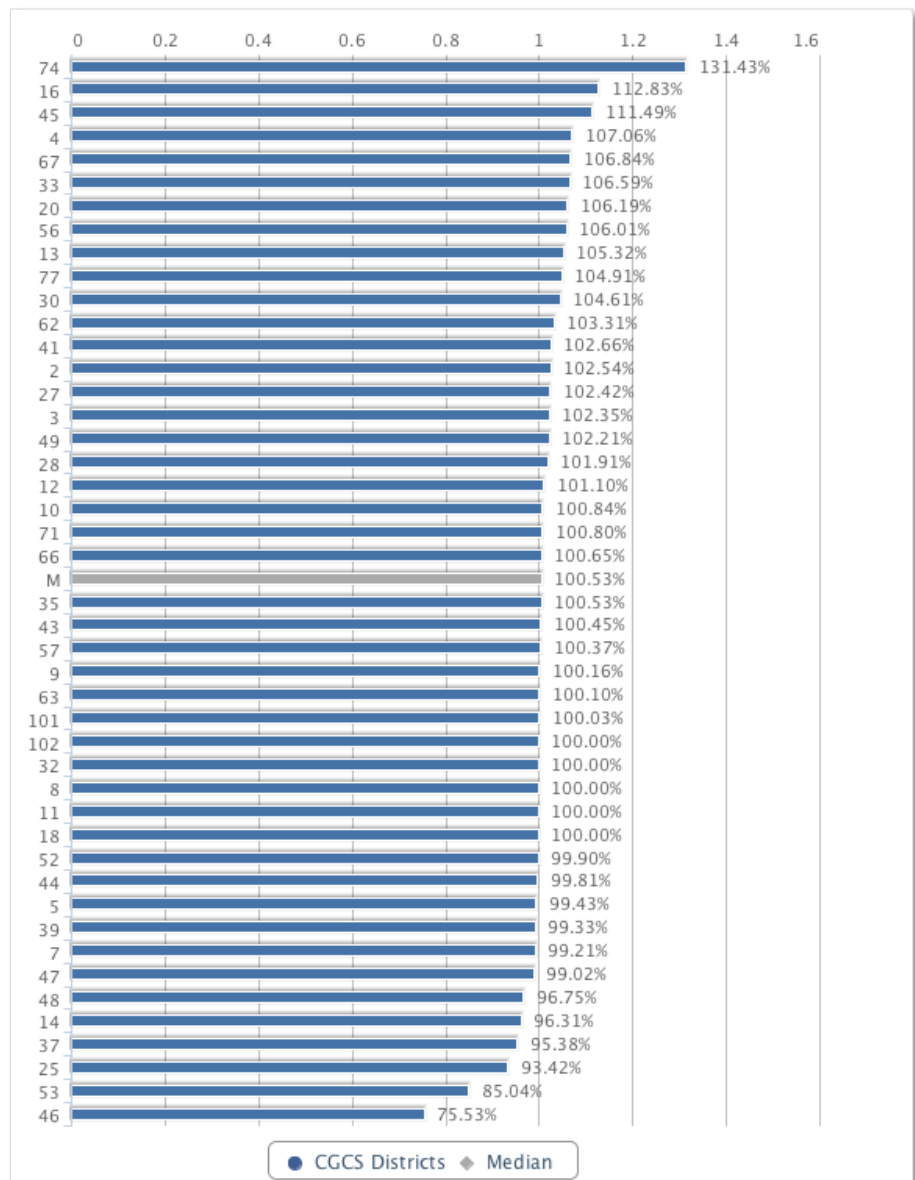
Power Indicator

Description

Percentage of the final amended general funds budget that is supported by recognized revenues (received and accrued). Amount appropriated for General Fund revenues (final amended budget) divided by total district General Fund revenues.

Importance of Measure

This measure assesses efficiency in obtaining revenues supporting the final amended general fund budget. A ratio significantly above or below 100% indicates major variance from the final approved budget, suggesting that the budget may have been inaccurate, misaligned with the actual expectations, significantly impacted by unforeseen factors, and/or potentially mismanaged.*



* Districts achieving budget efficiency relative to the final amended budget, but not the original adopted budget, may be adjusting their budgets during the year to meet changing conditions. Such districts should consider reevaluating their budget development and management processes to improve accuracy and alignment.

General Fund Expenditures Efficiency (Final Amended Budget as a Percent of Actual)

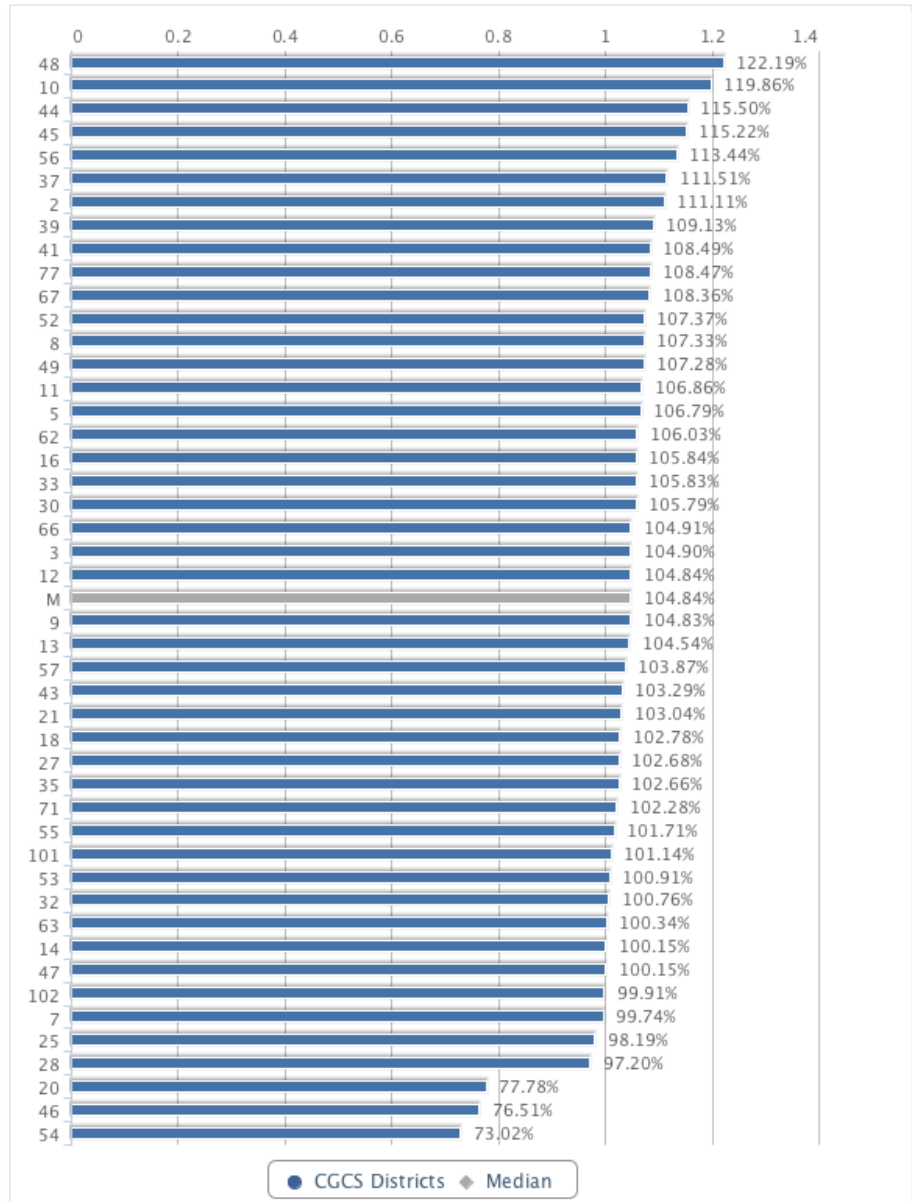
Power Indicator

Description

Percentage of the final amended general fund budget that is expended (expensed, disbursed and committed through encumbrances). Total amount appropriated in the Final Amended Budget for general fund expenditures and encumbrances divided by the total district General Fund expenditures.

Importance of Measure

This measure assesses efficiency in spending against the final approved general fund expenditure budget. A ratio significantly above or below 100% indicates major variance from the final approved budget, suggesting that the budget may have been inaccurate, misaligned with the actual needs of the school system, significantly impacted by unforeseen factors, and/or potentially mismanaged.*



* Districts achieving budget efficiency relative to the final amended budget, but not the original adopted budget, may be adjusting their budgets during the year to meet changing conditions. Such districts should consider reevaluating their budget development and management processes to improve accuracy and alignment.

General Fund Revenues Efficiency (Adopted/Approved Budget as a Percent of Actual)

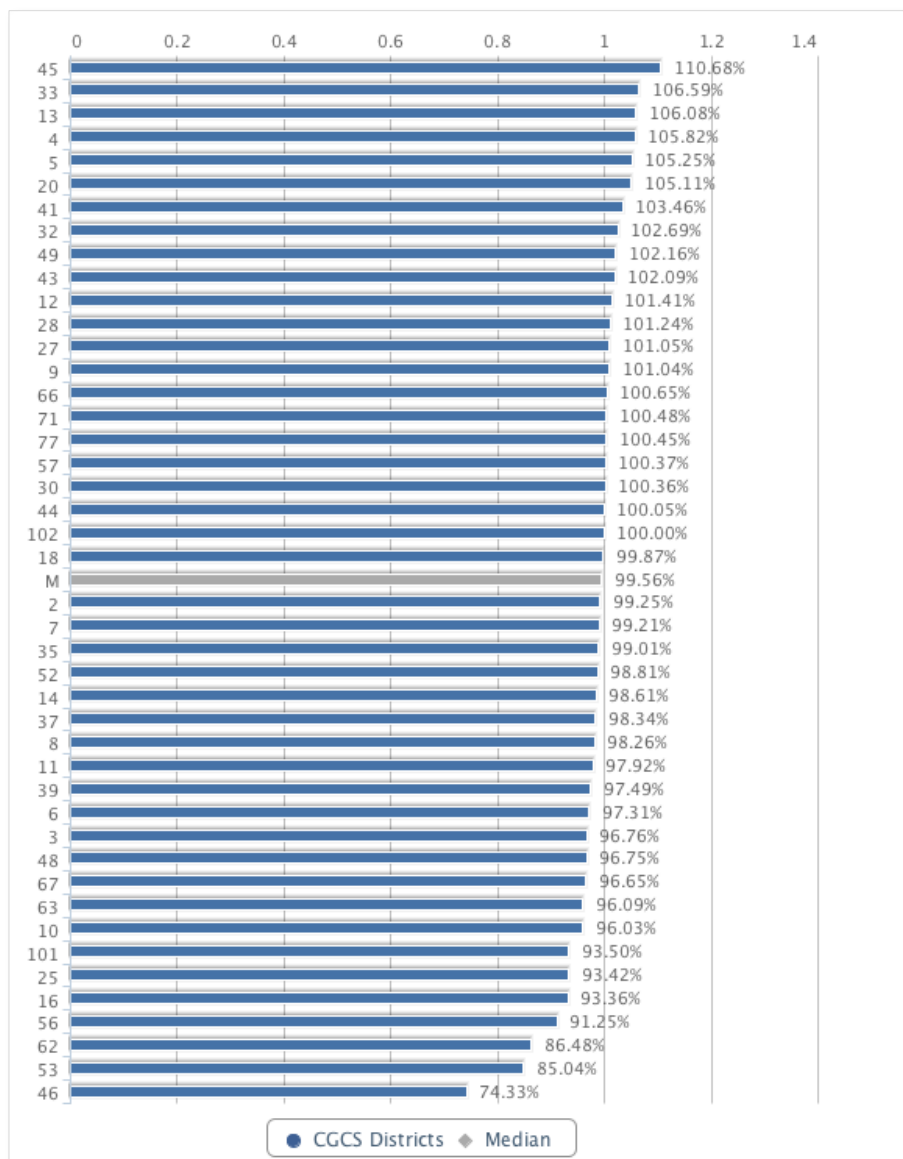
Essential Few

Description

Percentage of the adopted (approved) general fund budget that is supported by recognized revenues (received and accrued). Amount appropriated for general fund revenues (adopted/approved budget) divided by total district General Fund revenues.

Importance of Measure

This measurement assesses efficiency in creating the original approved general fund revenue budget. A ratio significantly above or below 100% indicates major variance from the original approved budget, and suggests that the original budget may have been inaccurate, misaligned with the actual expectations of the district, significantly impacted by unforeseen factors, and/or potentially mismanaged.*



* Districts experiencing a low percentage or a significantly high percentage should thoroughly investigate the causes for the variances and reevaluate their budget development and management processes to improve accuracy and alignment.

General Fund Expenditures Efficiency (Adopted/Approved Budget as a Percent of Actual)

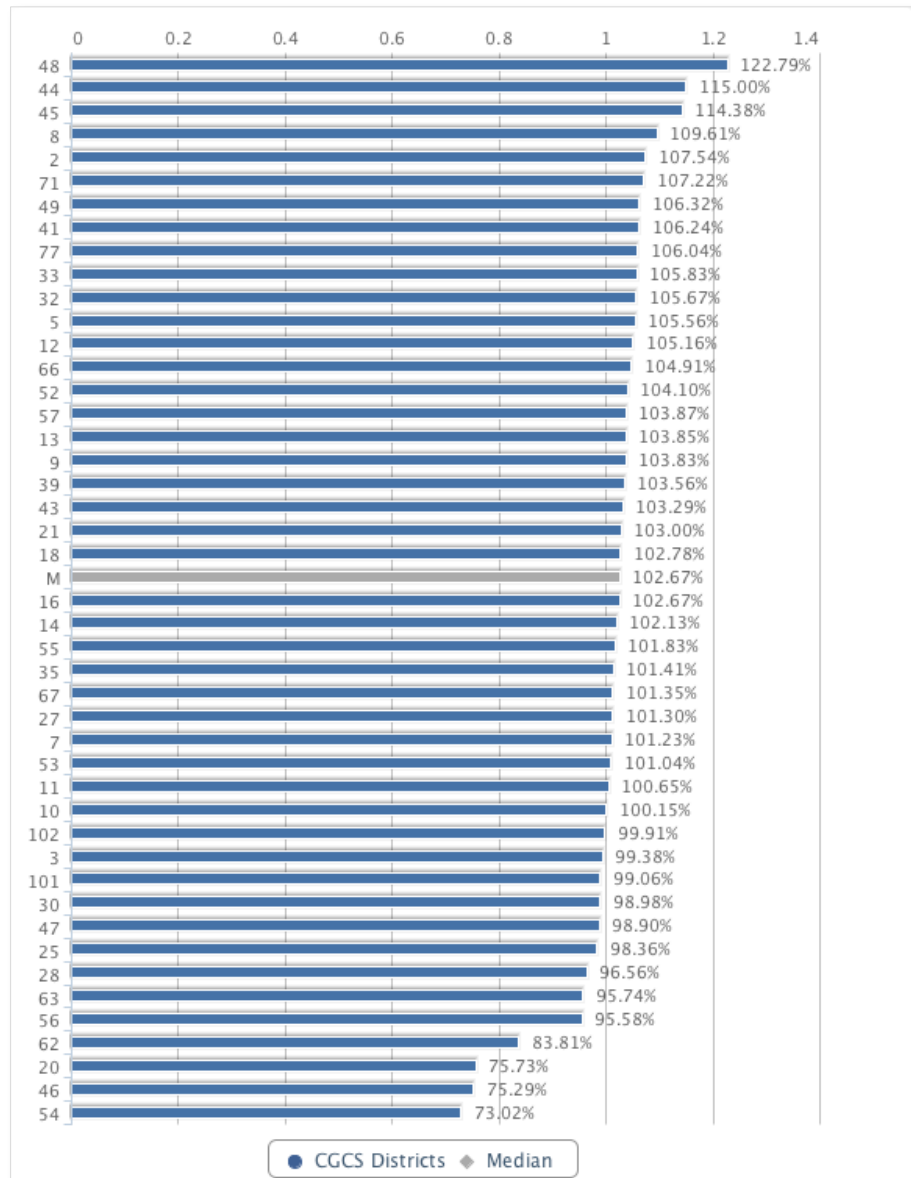
Essential Few

Description

Total adopted (approved) budget for general funds expenditures and encumbrances divided by total district General Fund expenditures.

Importance of Measure

This measurement assesses efficiency in creating the original approved general fund expenditure budget. A ratio significantly above or below 100% indicates major variance from the original approved budget, and suggests that the original budget may have been inaccurate, misaligned with the actual expectations of the district, significantly impacted by unforeseen factors, and/or potentially mismanaged.*



* Districts experiencing a low percentage or a significantly high percentage should thoroughly investigate the causes for the variances and reevaluate their budget development and management processes to improve accuracy and alignment.



Grants Management

Good performance in grants management is reflected in a few basic performance indicators. Cash flow and availability of grant funds are primary concerns: Does the district spend all its grant funds in the grant period? How quickly does the district process reimbursements? These are addressed, in part, using the metrics **Lost Grant Funds per \$1m Grant Revenue** and **Aging of Grants Receivables**.

Grant-funded programming should also be considered an exposure to risk. Looking at levels of **Grant Funded FTE Dependence** can guide a district to either:

- a) Allocate enough fund reserves to insure themselves against possible shifts in funding sources, or
- b) Have an evaluation system in place that helps determine whether positions should be continued beyond the term of a grant.

These metrics should give a basic sense of where a district might improve its performance in grants management. Areas of improvement may include:

- Monitoring and reporting systems
- Escalation procedures to address timeliness
- Administrative leadership style, decision-making process, and distribution of organizational authority
- School board, and administrative policies and management processes
- Procurement regulations and policies
- Reserve funds to supplant the risks of high grant dependency

Aging of Grants Receivables (Weighted Average)

Essential Few

Description

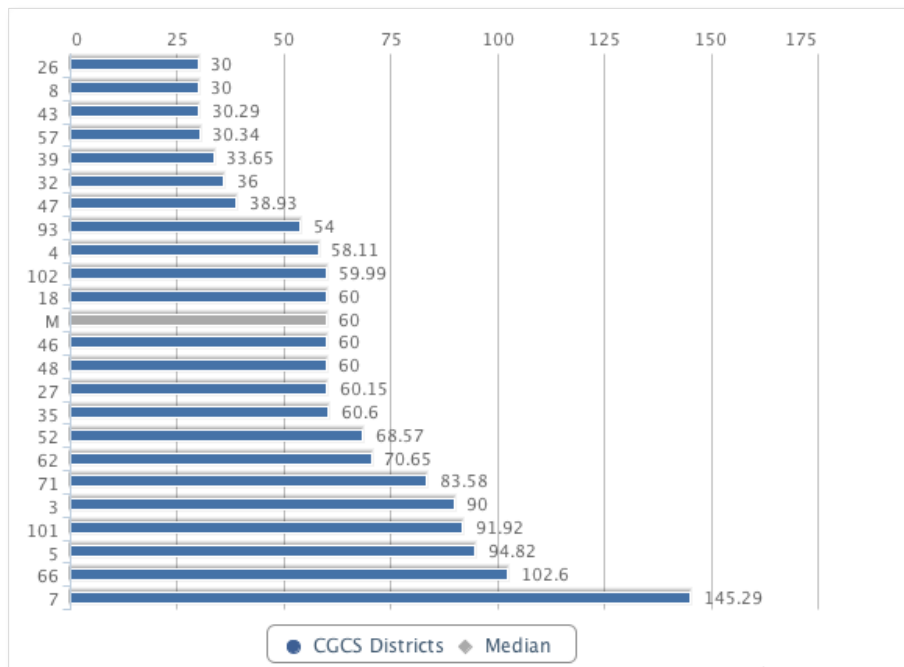
Percent of grant reimbursements aged 0–30 days *times 30*, plus percent of grant reimbursements aged 31–60 days *times 60*, plus percent of grant reimbursements aged 61–90 days *times 90*, plus percent of grant reimbursements aged 91–120 days *times 120*, plus percent of grant reimbursements aged more than 120 days *times 150*.

Importance of Measure

Aging greater than 30 days may indicate that expenditures have not been submitted in a timely manner to the funding agency, or the funding agency is slow in sending reimbursements, thereby requiring follow-up.

FINANCE

Grants Management



Grant Funded FTE Dependence

Essential Few

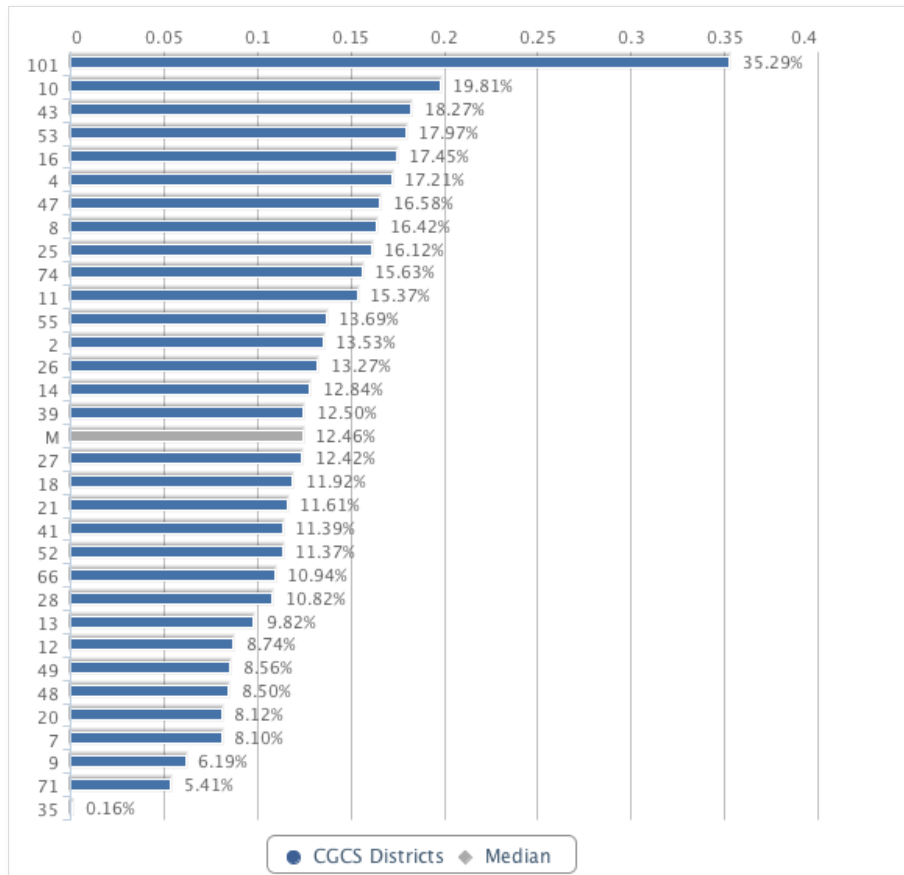
Description

Total number of full-time equivalent employees (FTEs) funded by grant resources, divided by the total number of FTEs funded by all sources.

Importance of Measure

The proportion of district positions that are dependent on grant funding indicates the degree to which a district must plan for potential funding shifts in order to ensure program continuity. A high ratio may call for some degree of hedging through additional fund reserves to insure against possible shifts in funding sources.

The use of monitoring and evaluation systems to determine value and effectiveness can assist in determining whether a position should be extended beyond the term of the grant.



Lost Grant Funds per \$1m Grant Revenue

Essential Few

Description

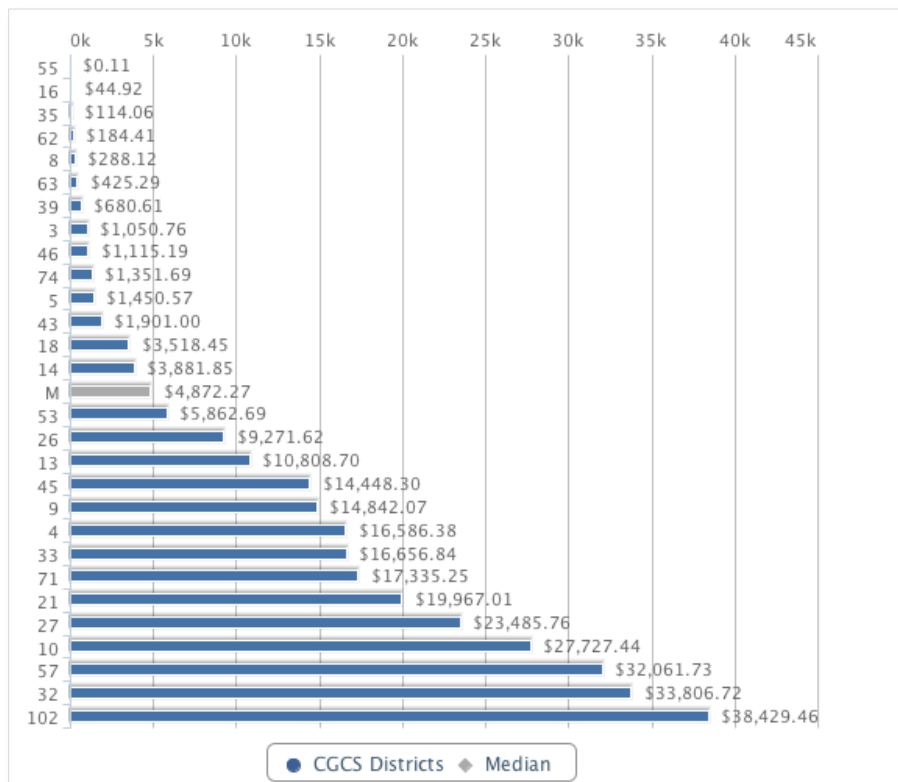
Grant awards that must be spent in a fiscal year (are inflexible) minus total expenditures of inflexible grants divided by total amount of grant revenue (expressed in millions of dollars).

Importance of Measure

This measure assesses efficiency in spending appropriated grant funds.

FINANCE

Grants Management



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.



Human Resources

The overall performance of a district's human-capital management can be broadly represented with two basic measures: **Turnover Rate** and **Average Days to Fill Vacancy**. The factors that influence these measures, and that can guide improvement strategies, may include:

- Identification of positions to be filled
- Diverse pool of qualified applicants
- Use of technology for application-approval process
- Site-based hiring vs. central-office hiring process
- Availability of interview team members
- Effectiveness of recruiting efforts
- Salary and benefits offered
- Employee satisfaction and workplace environment
- Availability of skills in local labor market
- Personnel policies and practices

Average Days to Fill Vacancy – Classroom Teachers

Power Indicator

Description

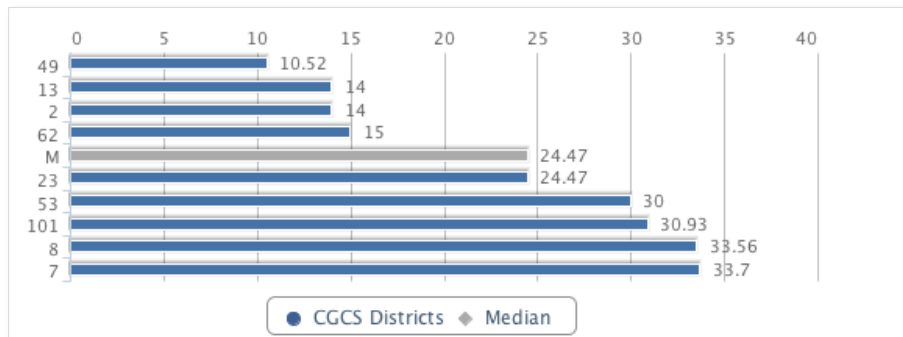
Total number of calendar days that all teacher vacancies were open divided by the number of teachers hired.

Importance of Measure

This measure indicates hiring process efficiency and the effectiveness of sourcing methods and recruitment strategies to quickly produce the most qualified candidates.

FINANCE

Human Resources



Average Days to Fill Vacancy – Non-Teacher Non-Salaried Employees

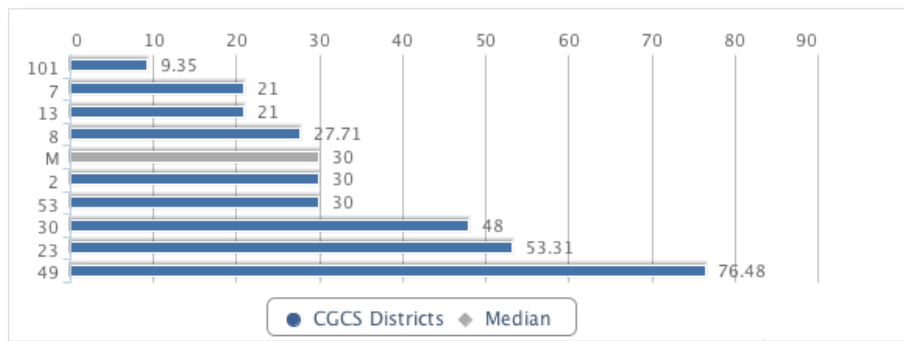
Power Indicator

Description

Total number of calendar days that all classified staff vacancies were open divided by the number of classified staff hired.

Importance of Measure

This measure indicates hiring process efficiency and the effectiveness of sourcing methods and recruitment strategies to quickly produce the most qualified candidates.



Average Days to Fill Vacancy – Non-Teacher Salaried Employees

Power Indicator

Description

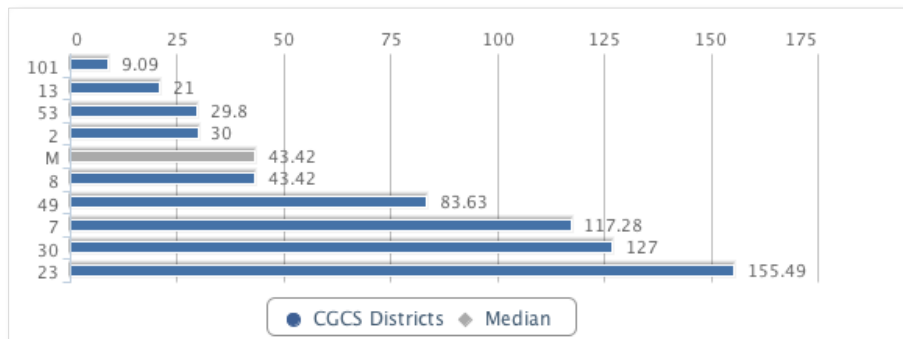
Total number of calendar days that all administrative employee positions were open divided by the number of administrative employees hired.

Importance of Measure

This measure is an indicator of hiring process efficiency and the effectiveness of sourcing methods and recruitment strategies to quickly produce the most qualified candidates.

FINANCE

Human Resources



Turnover Rate – Classroom Teachers (Full-Time)

Essential Few

Description

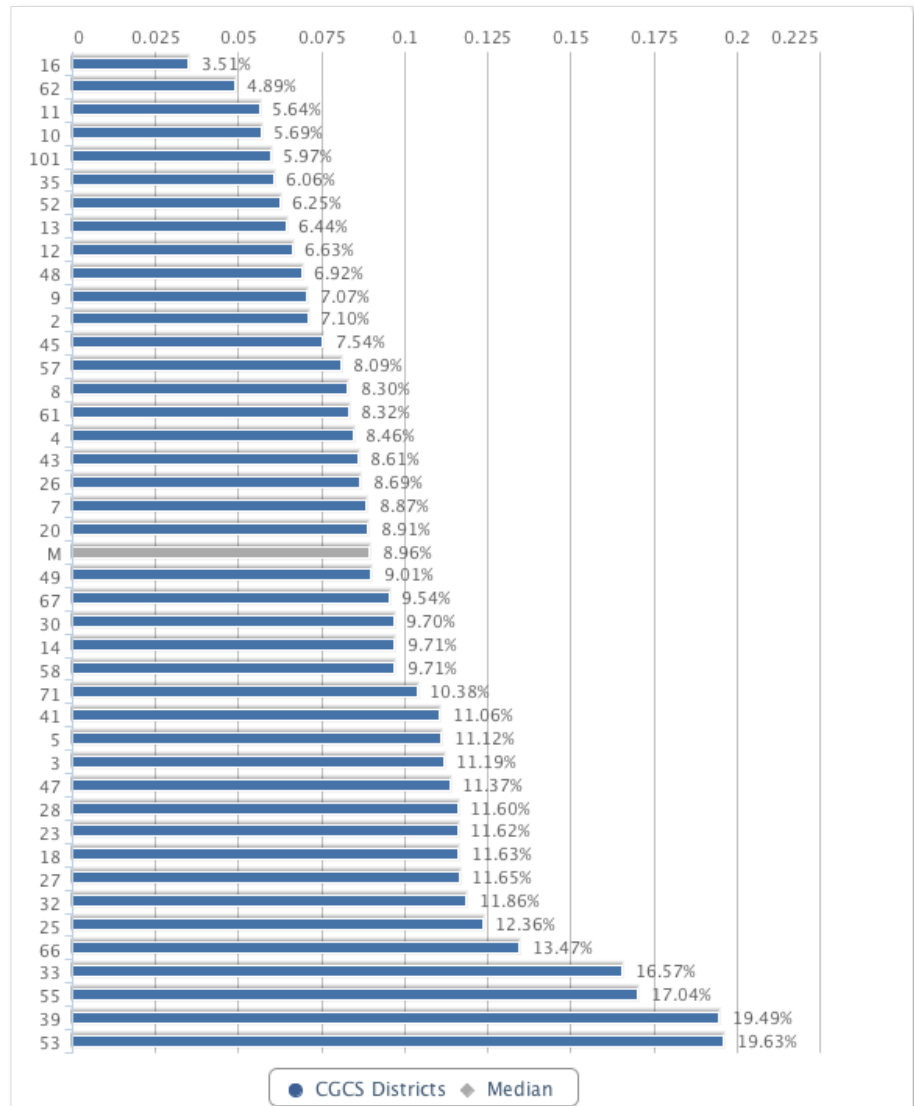
Number of full-time teachers who left the district for reasons of retirement, death, resignation or involuntary termination divided by the number of full-time teacher positions.

Importance of Measure

This measure is an indicator of several metrics such as work place environment and competitiveness of salaries, etc. In general, high turnover rates indicate potential problems in these areas.

Influencing Factors

- Placement of qualified personnel
- Effectiveness of recruiting efforts
- Reliance on substitutes
- Work place environment
- Competitiveness of salaries



Turnover Rate – Classroom Teachers (Part-Time)

Essential Few

Description

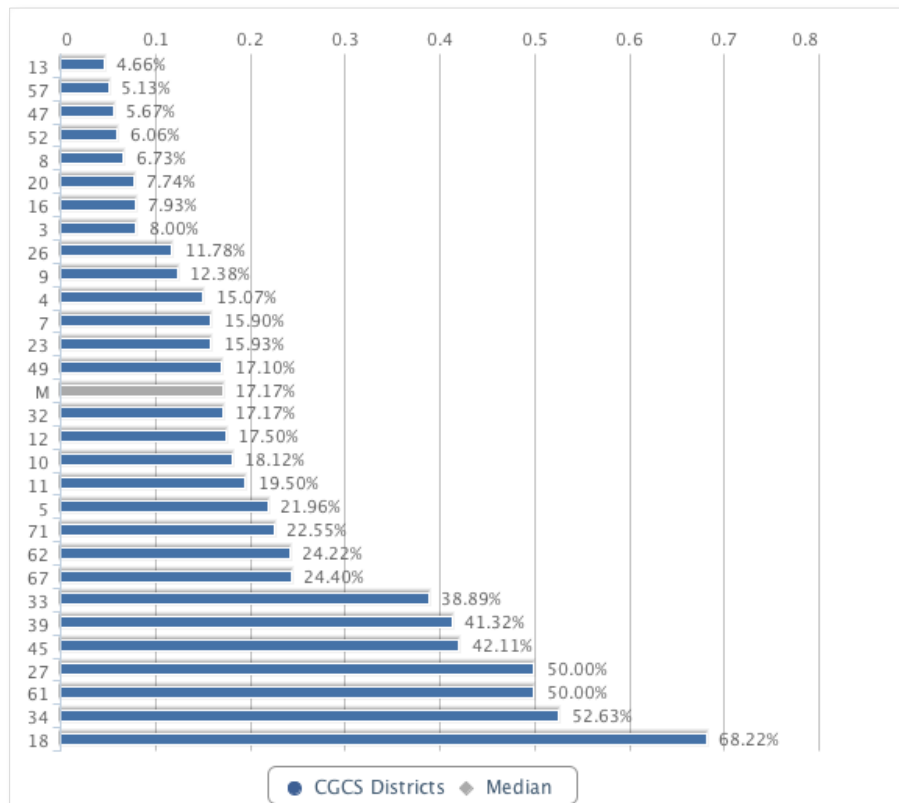
Number of part-time teachers who left the district for reasons of retirement, death, resignation, or involuntary termination divided by the number of part-time teacher positions.

Importance of Measure

This measure is an indicator of several metrics such as work place environment and competitiveness of salaries, etc. In general, high turnover rates indicate potential problems in these areas.

Influencing Factors

- Placement of qualified personnel
- Effectiveness of recruiting efforts
- Reliance on substitutes
- Work place environment
- Competitiveness of salaries



Turnover Rate – Non-Teacher Non-Salaried Employees

Essential Few

Description

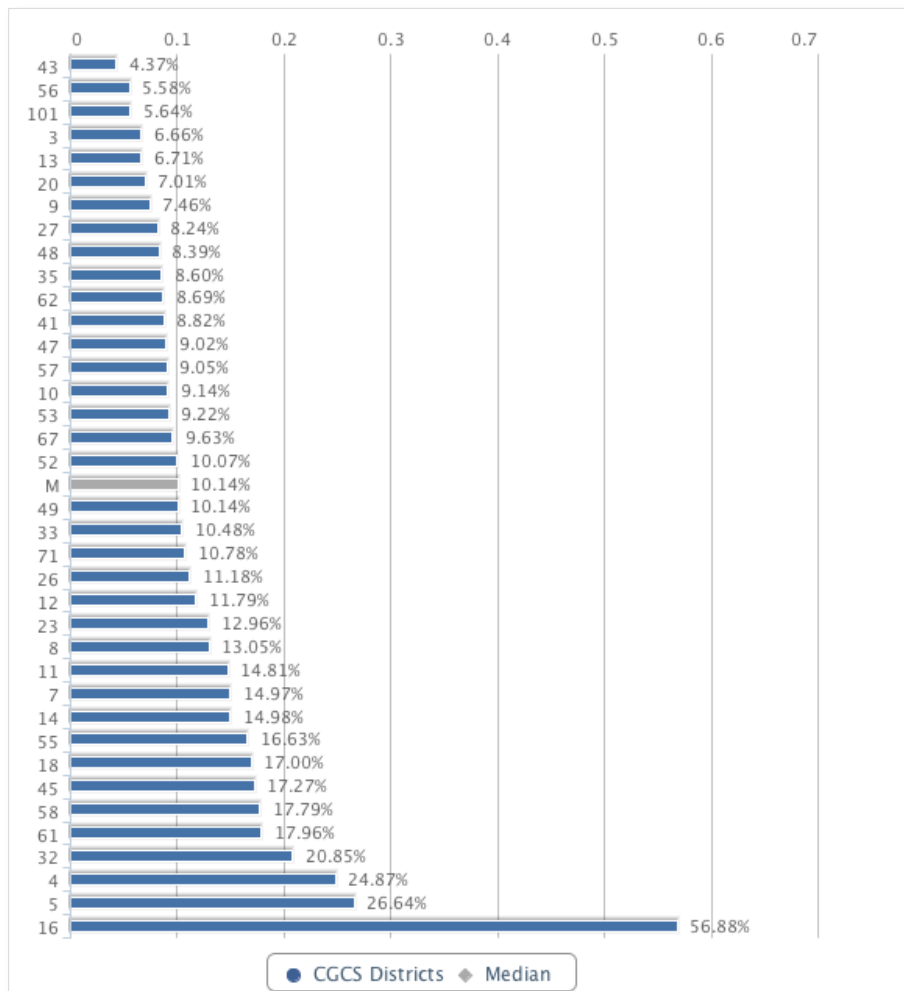
Number of classified employees who left the district for reasons of retirement, death, resignation, or involuntary termination divided by the number of classified employee positions.

Importance of Measure

This measure is an indicator of several metrics such as work place environment and competitiveness of salaries, etc. In general, high turnover rates indicate potential problems in these areas.

Influencing Factors

- Placement of qualified personnel
- Effectiveness of recruiting efforts
- Reliance on substitutes
- Work place environment
- Competitiveness of salaries



Turnover Rate – Non-Teacher Salaried Employees

Essential Few

Description

Number of administrative employees who left the district for reasons of retirement, death, resignation, or involuntary termination divided by the number of non-teacher salaried positions.

Importance of Measure

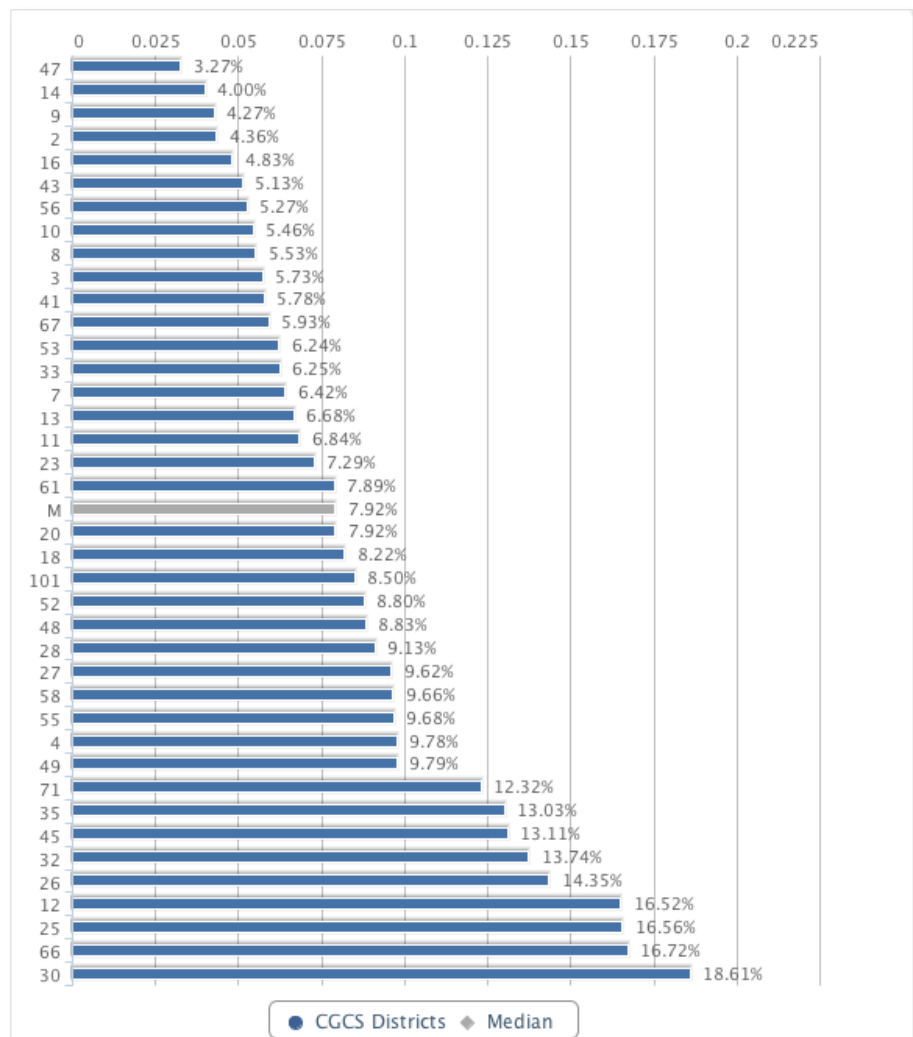
This measure is an indicator of several metrics such as work place environment and competitiveness of salaries, etc. In general, high turnover rates indicate potential problems in these areas.

Influencing Factors

- Placement of qualified personnel
- Effectiveness of recruiting efforts
- Reliance on substitutes
- Work place environment
- Competitiveness of salaries

FINANCE

Human Resources





Procurement

Procurement improvement strategies generally fall into two goal categories:

1. Increasing the level of cost savings, represented broadly by the **Procurement Savings Ratio**.
2. Improving efficiency and decreasing costs of the Purchasing Department, represented broadly by **Cost per Purchase Order** and **Purchasing Department Costs per Procurement Dollars Spent**.

Measures that track progress toward the first goal include **Competitive Procurements Ratio**, **Strategic Sourcing Ratio**, and **Cooperative Purchasing Agreements Ratio**. These measures reflect practices that are generally shown to increase savings, and should be utilized to the fullest extent practicable.

And Purchasing Department cost efficiency is generally improved through *the effective automation of procurement spending*. This is largely represented by the **P-Card Transactions Ratio** and the **Electronic Procurement Transactions Ratio**.

Finally, metrics of a Procurement Department's service levels, such as **Procurement Administrative Lead Time**, should also be considered.

These metrics of procurement practices should provide district leaders with good baseline information on how their district can improve its procurement function. The general *influencing factors* that can guide improvement strategies include:

- Procurement policies, particularly those delegating purchase authority and P-Card usage
- Utilization of technology to manage a high volume of low dollar transactions
- e-Procurement and e-Catalog processes utilized by district
- P-Card reconciliation software and P-Card database interface with a district's ERP system
- Budget, purchasing, and audit controls, including P-card credit-limit controls on single transactions and monthly limits
- Utilization of blanket purchase agreements (BPAs)
- Degree of requirement consolidation and standardization
- Use of P-Cards on construction projects and paying large dollar vendors, e.g., utilities, textbook publishers, food, technology projects
- Number of highly complex procurements, especially construction

Purchasing Department Costs per Procurement Dollar Spent

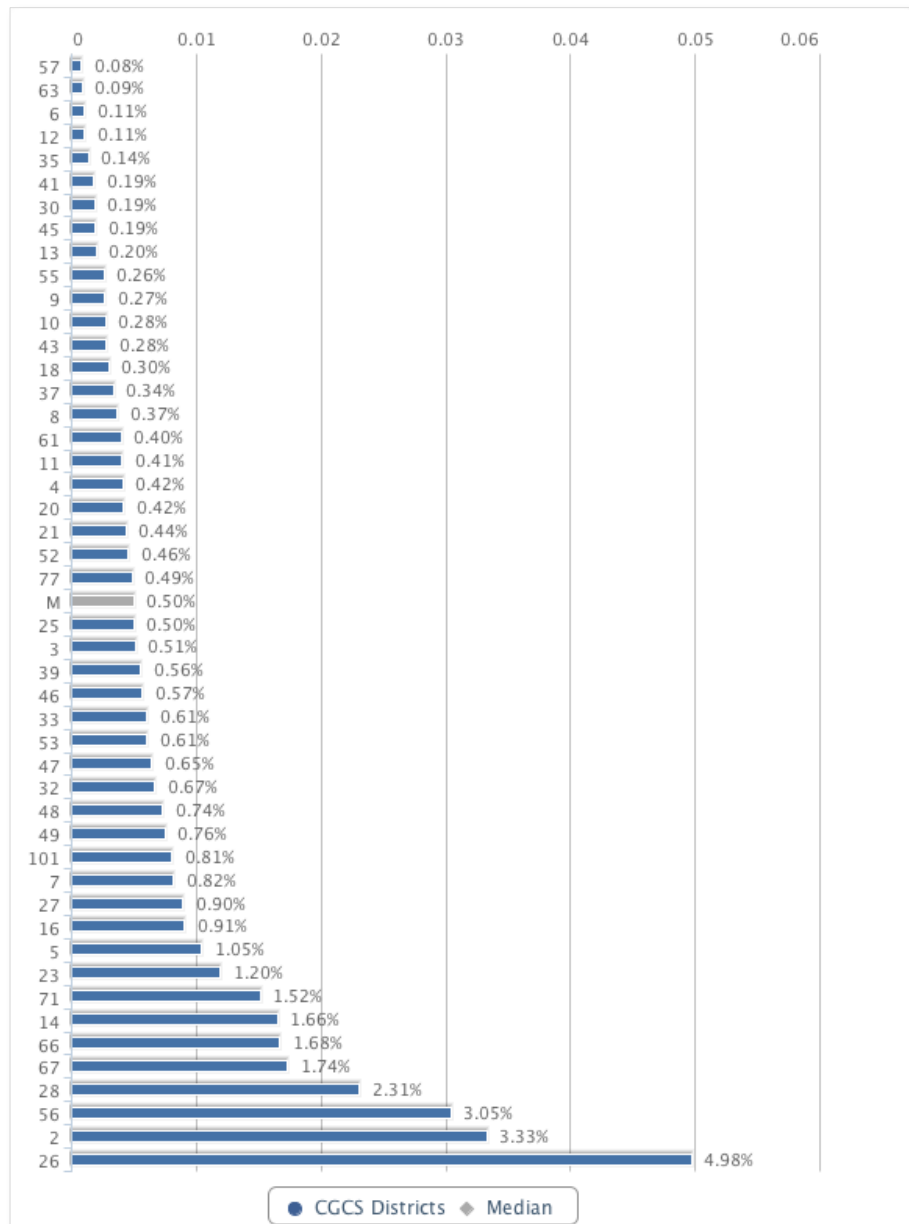
Essential Few

Description

Total Procurement Department (personnel and non-personnel) expenditures, excluding warehouse operations divided by total procurement dollars spent by district including P-Card (excluding construction).*

Importance of Measure

This measure indicates the cost efficiency of a district's procurement function. It represents the purchasing department costs relative to its total procurement responsibility.



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Cost Per Purchase Order

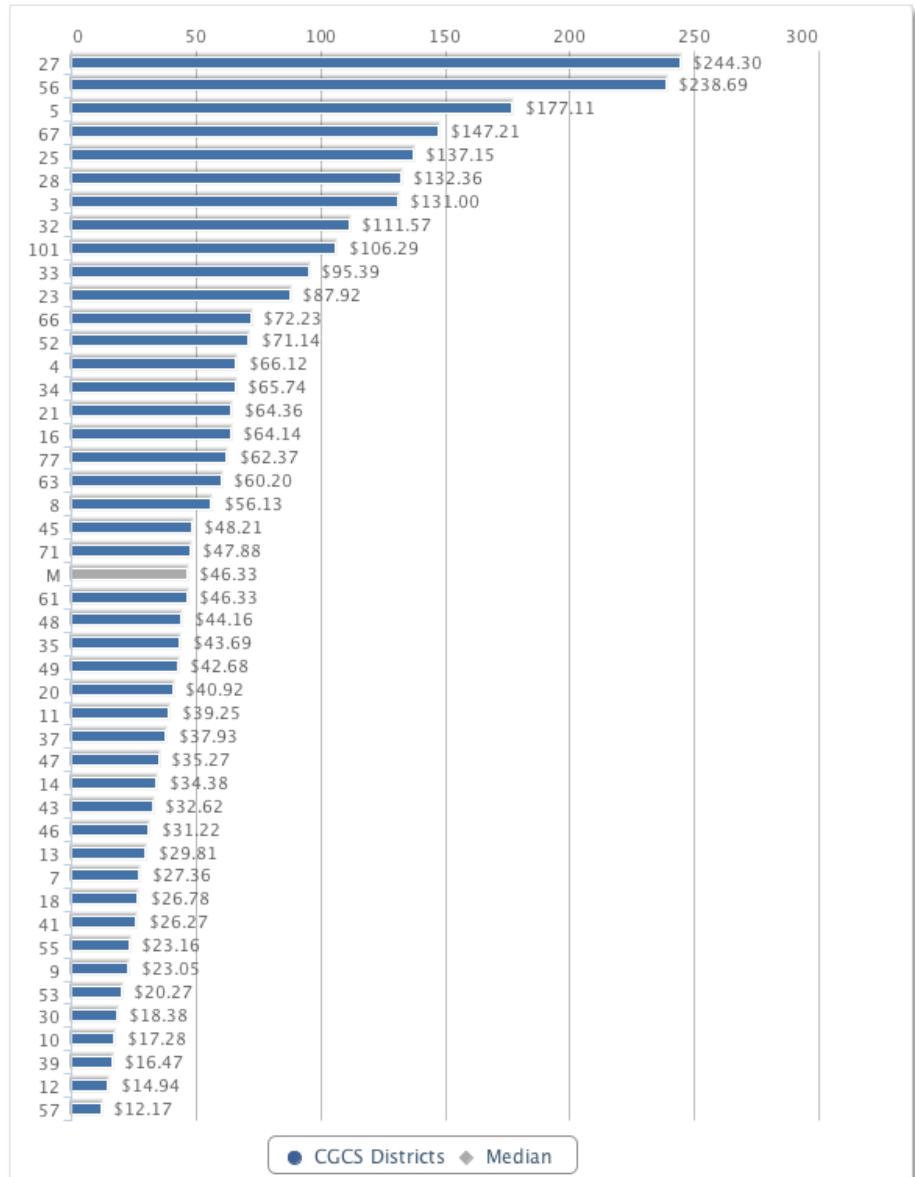
Essential Few

Description:

Purchasing Department expenditures *divided* by number of total procurement transactions (# of POs and contracts, not line items) *plus* number of construction transactions.

Importance of Measure

This measure, along with other indicators, provides an opportunity for districts to assess the cost/benefits that might result from other means of procurement (e.g., P-Card program, ordering agreements, and leveraging the consolidating requirement).



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Procurement Savings Ratio

Power Indicator

Definition

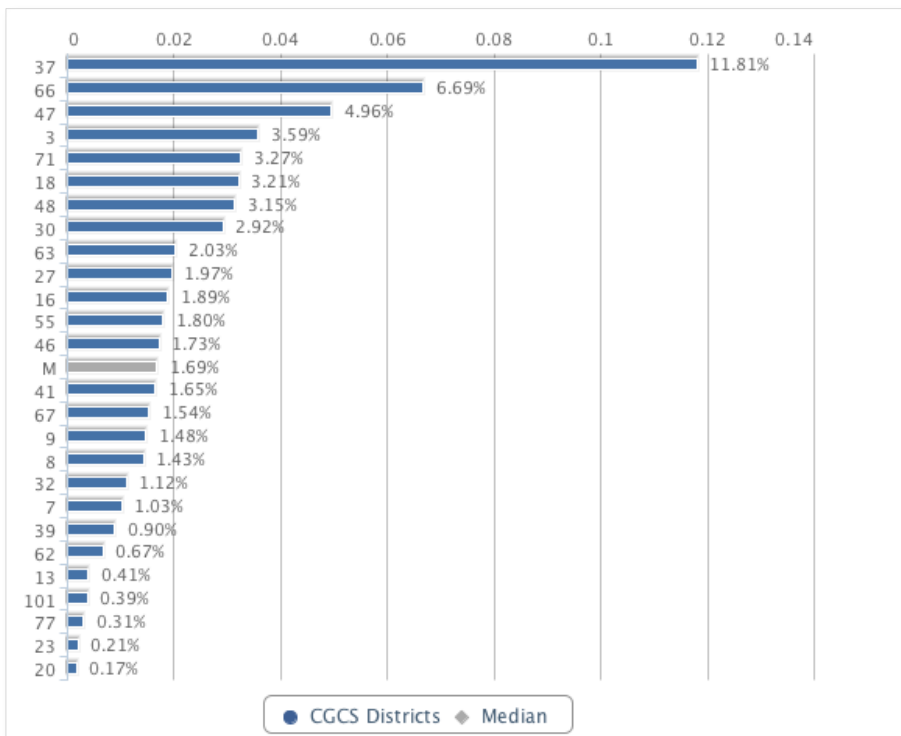
The sum of savings or cost avoidance for formal bids, formal proposals, and informal quotes divided by the sum of total procurement dollars, including construction, but excluding P-Card spending.

Importance of Measure

This measure compares a district's savings or "cost avoidance" that result from centralized purchasing to the total procurement spend (less P-Card spending). It is an important indicator of return-on-investment as a district considers the degree of delegated purchasing authority as compared to resources devoted to a professional procurement staff and other factors, like cycle time.

Influencing Factors

- Procurement policies, e.g., delegated purchase authority level, procurements exempted from competition, minimum quote requirements, sole source policies, vendor registration/solicitation procedures (may determine magnitude of competition)
- Utilization of technology and e-procurement tools
- Use of national or regional vendor databases (versus district only) to maximize competition, use of on-line comparative price analysis tools (comparing e-catalog prices), etc.
- Identification of alternative products/methodology of providing services
- Degree of leveraging requirement volumes through standardization and utilization of cooperative contracting



* This measure only captures savings/cost avoidance in a limited form since districts may realize other procurement savings that are not captured by this measure (e.g., make-buy, certain life cycle savings, service quality, reliability, and other best value "savings" to the district).

Competitive Procurements Ratio

Power Indicator

Definition

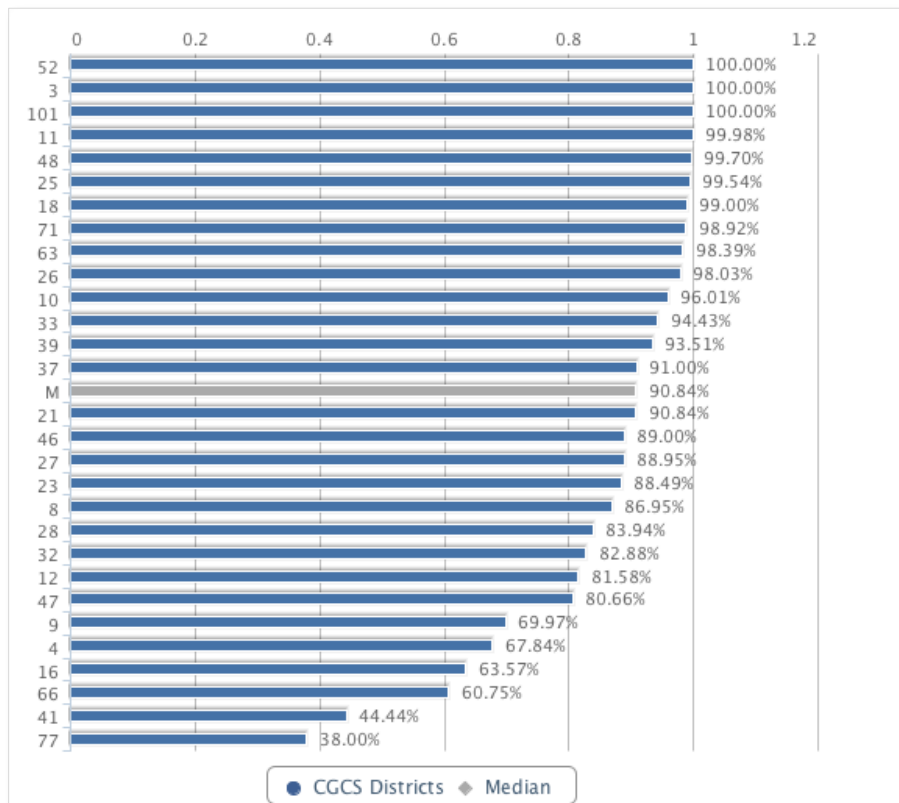
Total dollars for purchases above the single quote limit that were fully competitive divided by total dollars for purchases above the single quote limit, both competitive and non-competitive.

Importance of Measure

This measure is important because competition maximizes procurement savings to the district, provides opportunities for vendors, assures integrity, and builds school board and taxpayer confidence in the process—all of which are the cornerstones of public procurement.

Influencing Factors

- Procurement policies governing purchases that are exempted from competition, emergency or urgent requirement procurements, direct payments (purchases without contracts or POs), minimum quote levels and requirements, and sole sourcing
- Degree of shared services that may be included in purchase dollars with other public agencies
- Vendor registration/solicitation procedures, which may determine magnitude of competition
- Professional services competition, which may be exempted from competition
- In some instances, districts may have selection criteria for certain programs, such as local preference, environmental procurement, M/WBE, etc., that result in less competition
- Market availability for competition, e.g., utilities



Strategic Sourcing Ratio

Power Indicator

Definition

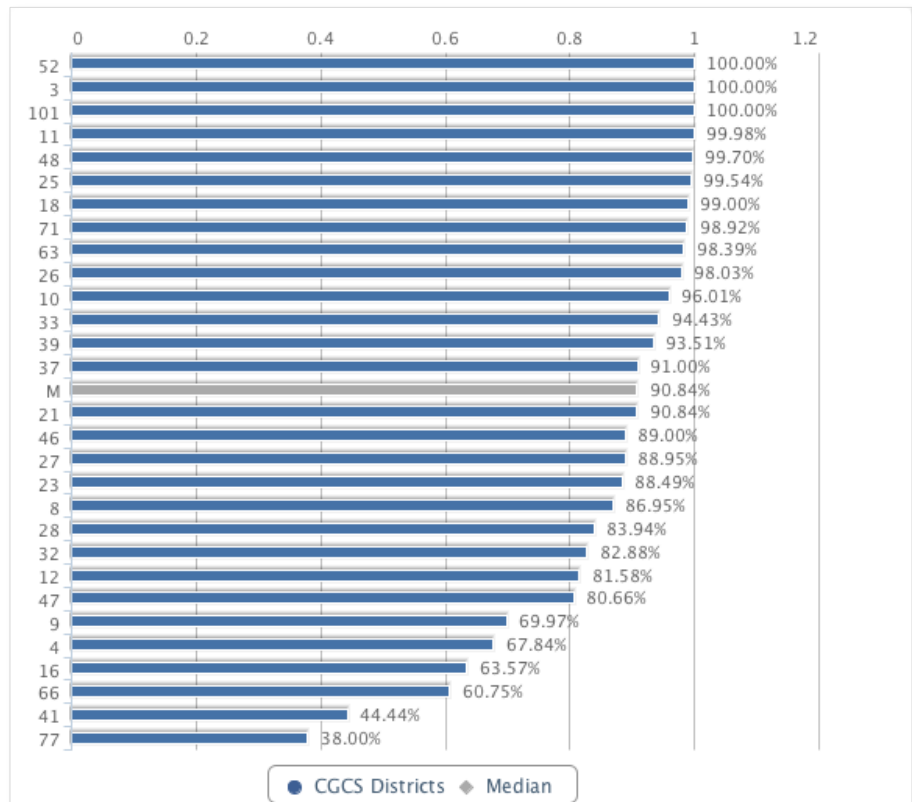
Total amount spent for strategically sourced goods and services divided by total procurement dollars spent, excluding construction.

Importance of Measure

This measures the potential cost savings that can result from leveraging consolidated requirements with competitive procurements and minimizing spot buying and maverick spending. Strategic sourcing is a systemic process of organized agency buying, including practices that identify, qualify, specify, negotiate, and select suppliers for categories of similar spend. The practice includes identifying competitive suppliers for longer-term agreements to buy materials and services, so that items under contract are readily accessible.

Influencing Factors

- Technical training of professional procurement staff
- Effectiveness of spend analysis regarding frequently purchased items
- Policies on centralization of procurement
- Balance between choice and cost savings
- Dollar approval limits without competitive bids



* The National Purchasing Institute (NPI) Achievement of Excellence in Procurement Award cites an agency's use of term (annual or requirements) contracts for at least 25% of total dollar commodity and services purchases as a reasonable benchmark.

P-Card Purchasing Ratio

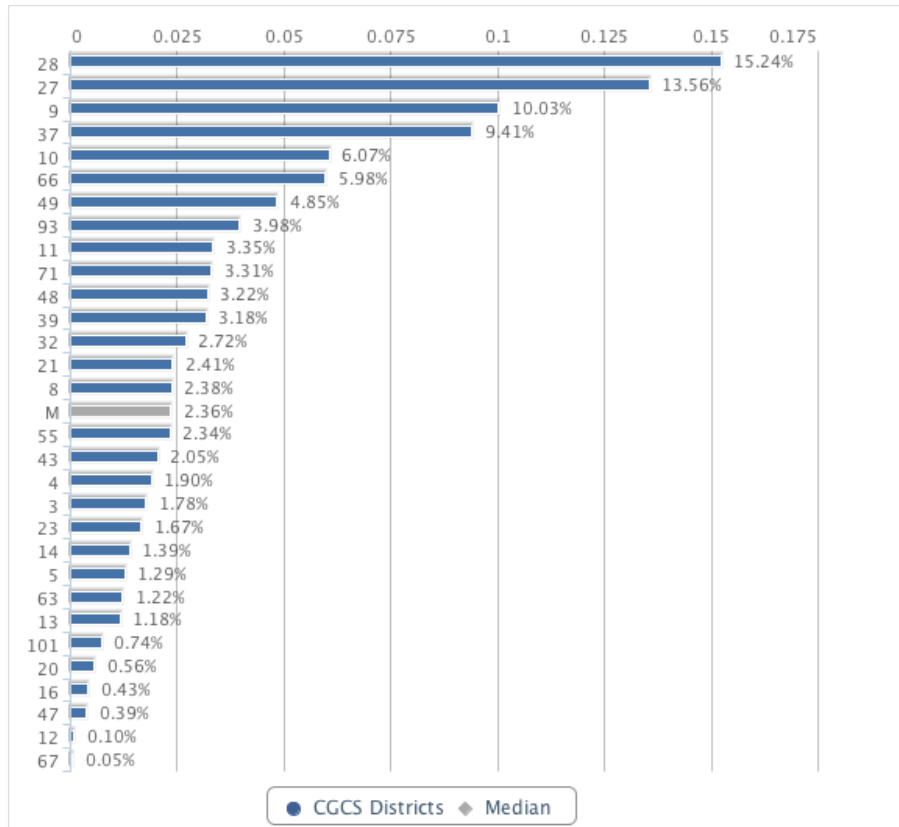
Power Indicator

Description:

Total dollars spent by the district using P-Cards *divided by* total procurement dollars spent by the district including P-Card.

Importance of Measure

This measures the degree to which districts are utilizing this procurement method for savings, cost avoidance, decreasing cycle time, and improving overall procurement effectiveness and efficiency. It complements the P-Card indicator showing the percentage of a district's procurement transactions that are from P-Cards. In this measure, the dollar value (versus the number of transactions) percentage is shown.



P-Card Transactions Ratio

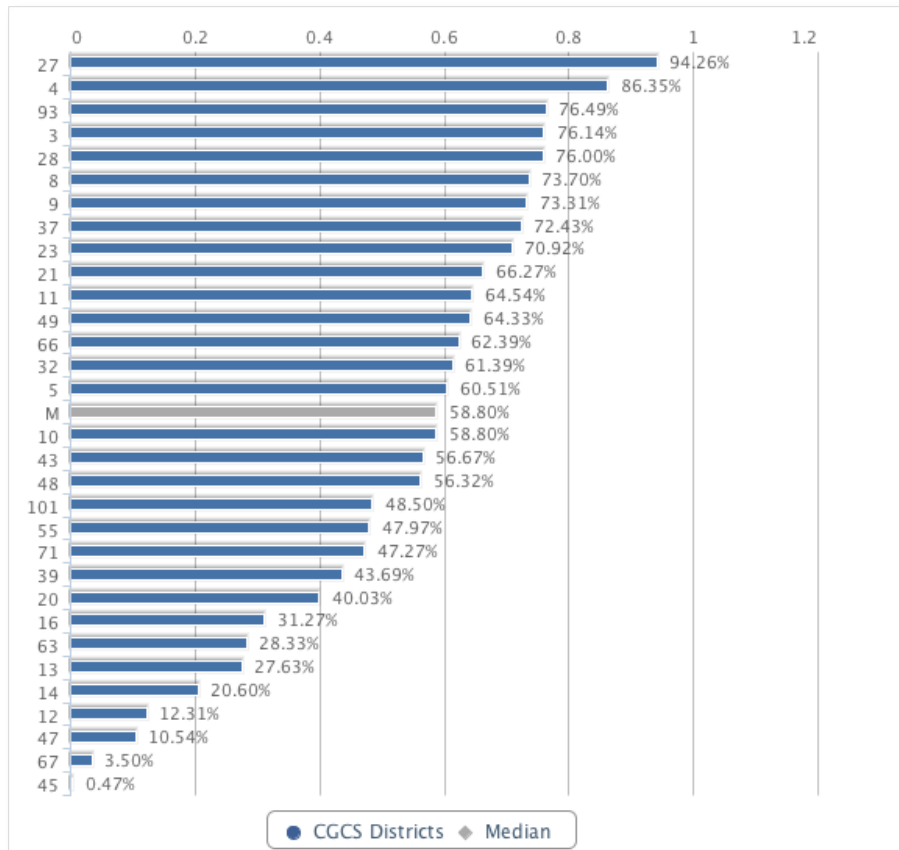
Power Indicator

Definition

Total number of P-Card transactions divided by the sum of the total number of procurement transactions plus the number of P-Card transactions plus the number of construction contracts awarded.

Importance of Measure

This is an important measure because P-Card utilization can significantly improve cycle times for schools, decrease procurement transaction costs as compared to a purchase order,* and provide for more localized flexibility. It allows procurement professionals to concentrate efforts on more complex purchases, significantly reduces Accounts Payable workload, and gives schools a shorter cycle time for purchased items. Increased P-Card spending can provide higher rebate revenues, which in turn can pay for the management of the program. There are trade-offs, however. The decentralized nature of these purchases may result in lost opportunities for savings—therefore, a spend analysis should be conducted to identify contract savings opportunities. A P-Card program also requires diligent oversight to prevent inappropriate use.



* In 2010, RPMG Research Corp estimated that the average cost per purchase order transaction from requisition to check is \$93, and the average per-transaction cost for P-cards is \$22.

Electronic Procurement Transactions Ratio

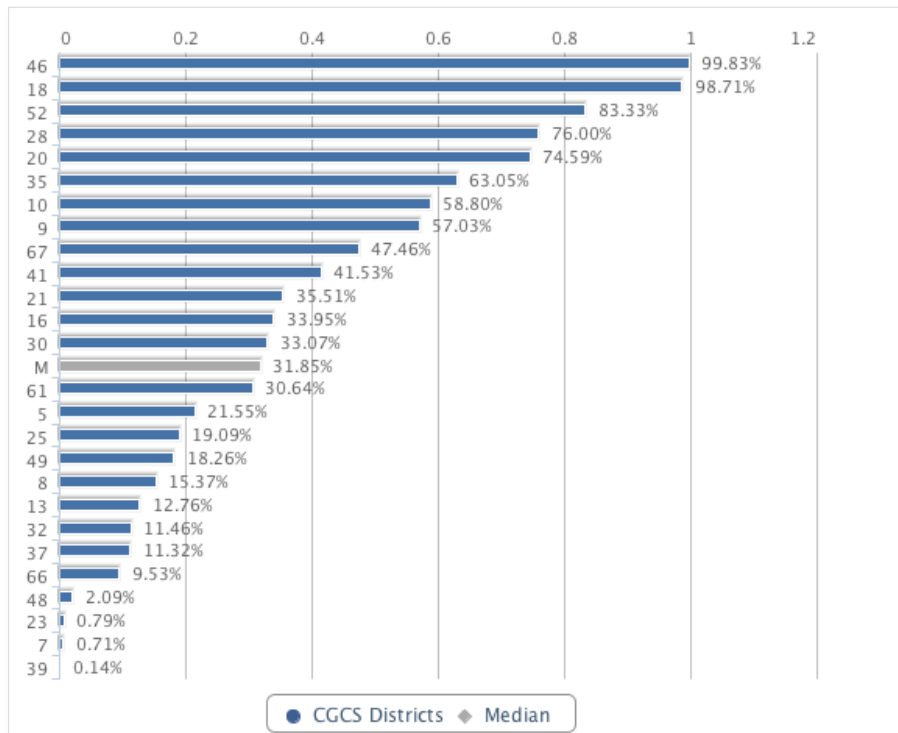
Essential Few

Description

Total number of electronic procurement transactions divided by total number of procurement transactions, including P-Card transactions and the number of construction contracts awarded.

Importance of Measure

This measures the proportion of procurement requirements that are filled using an electronic shopping cart.* These tools can increase purchasing efficiency, decrease maverick spending or inefficient spot buys, and expedite delivery of goods and services.



* Typical shopping carts allow end-users to select items and fill a shopping cart from either a punch-out catalog at a vendor's web catalog or an electronic agency catalog. These catalogs have set contract pricing with billing by PO or P-Card. Consider a spend analysis to determine catalog selection.

Procurement Administrative Lead Time – Formal Proposals (Days)

Essential Few

Description

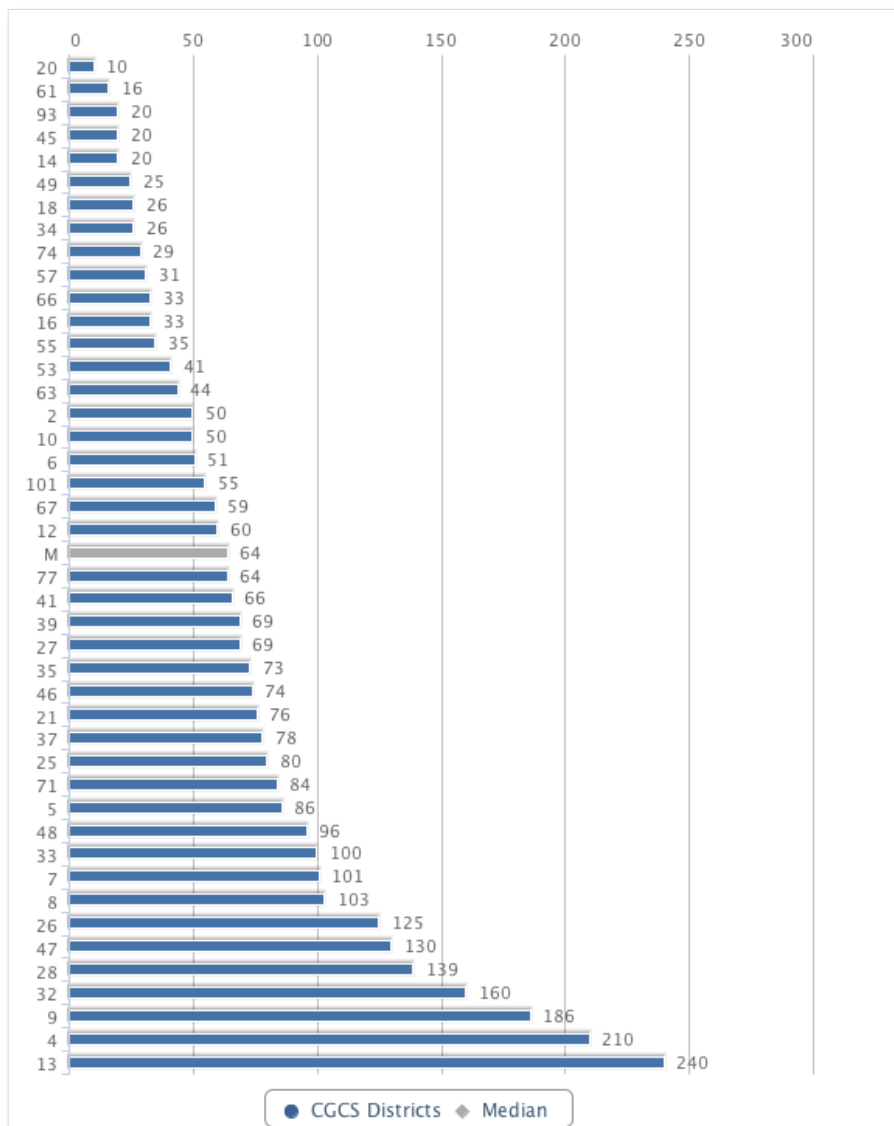
The average time (in days) from receipt of requisition to issuance of formal request for proposal (RFP) solicitation, plus the average RFP advertising time (in days), plus the average time (in days) to award after proposals were closed (received).

Importance of Measure

This KPI measures the “cycle time” of the acquisition process for formal Requests for Proposal (RFPs). It broadly represents the purchasing department’s ability to balance factors such as competition, procedural compliance using “best value” criteria, and the need to get products/services in place in a timely manner to meet customer requirements.

Influencing Factors

- Federal, state and local school board procurement policies and laws, including formal solicitation requirements, minimum advertising times and procurement dollar limits
- Frequency of school board meetings
- Budget/FTE allocation for professional procurement staff
- Training on scope of work and specification development for contract sponsors
- The award process including RFP proposal evaluation, vendor presentations, number of proposals, negotiations, pre-proposal conferences, site visits, and vendor reference checks
- Use of standard boilerplate bid and contract documents
- Use of current ERP and e-procurement technology to streamline internal procurement processes and external solicitation process with vendors
- Frequency of vendor protests
- Complexity and size of procurement
- Degree of commodity standardization within the district



Procurement Administrative Lead Time – Formal Sealed Bids (Days)

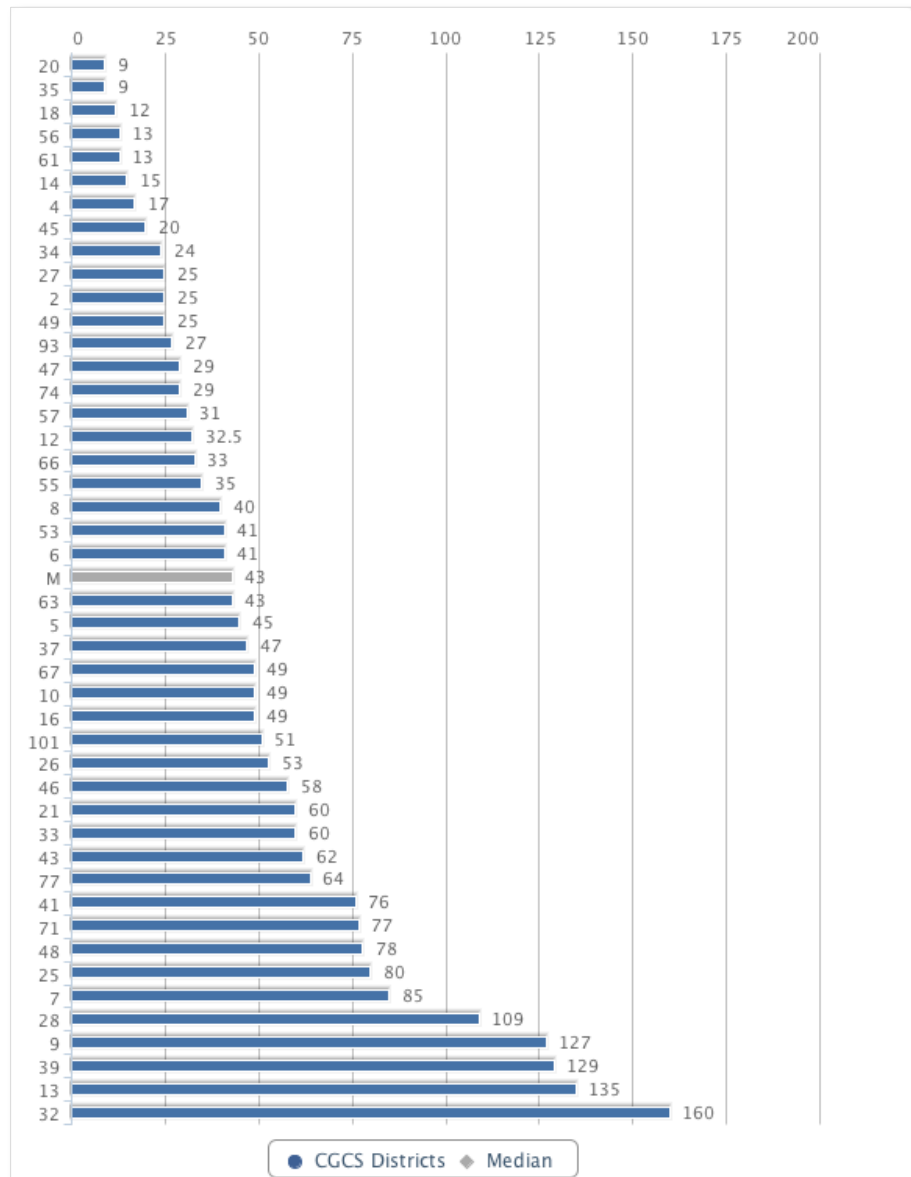
Essential Few

Description

The average time (in days) from receipt of requisition to issuance of formal Invitation for bid (IFB), plus the average IFB advertising time (in days), plus the average time (in days) to award after bid opening.

Importance of Measure

This measures the “cycle time” of the acquisition process for formal Invitations for bids (IFBs). It broadly represents the purchasing department’s ability to balance factors such as competition, procedural compliance, and the need to get products/services in place in a timely manner to meet customer requirements.



Procurement Administrative Lead Time – Informal Proposals (Days)

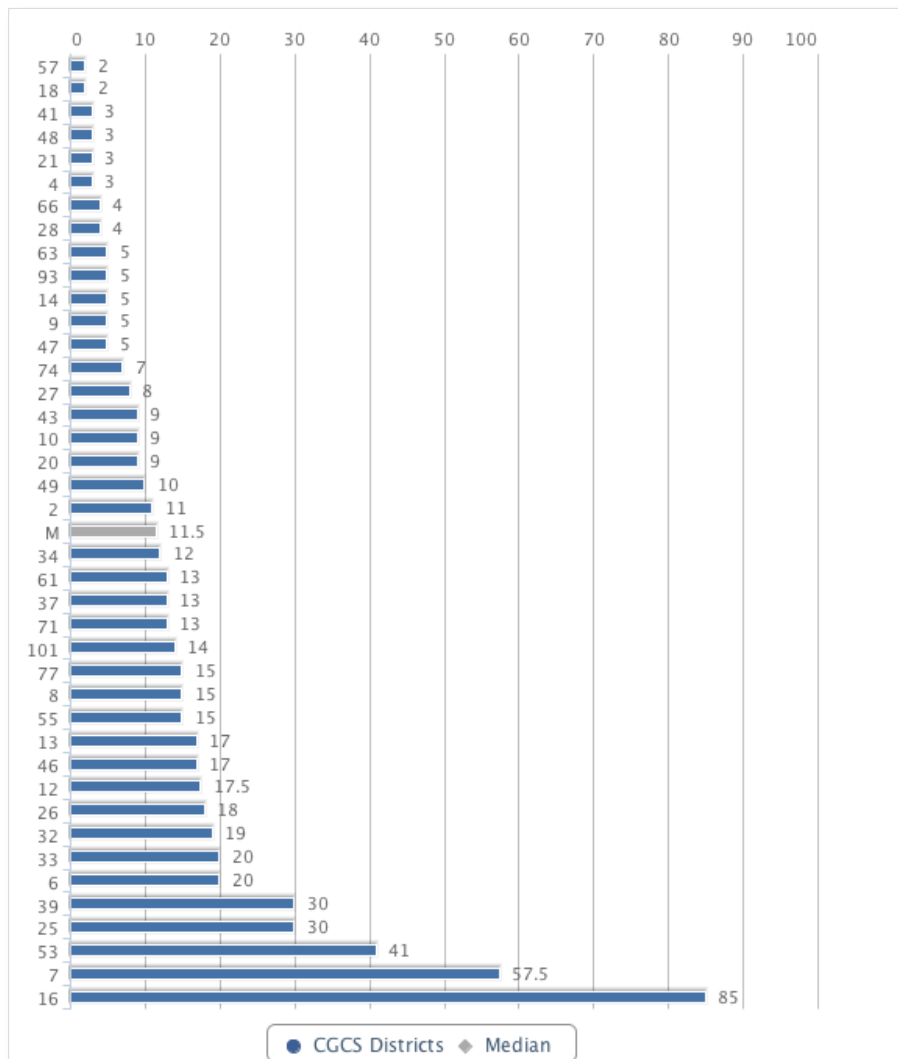
Essential Few

Description

The average time (in days) from receipt of requisition to issuance of an informal solicitation, plus the average informal solicitation advertising time (in days), plus the average time (in days) to award after the closing date for quotes or other informal responses.

Importance of Measure

This measures the “cycle time” of the acquisition process for informal bids or quotes. It broadly represents the purchasing department’s ability to balance factors such as competition, procedural compliance, and the need to get products/services in place in a timely manner to meet customer requirements. Informal bids/quotes are usually for small purchases less than the formal bid or formal proposal threshold where quotes can be obtained in writing, including electronically using e-commerce tools, via telephone, etc., and can be processed without school board approval using more efficient small purchase procedures.



Certified Professional Procurement Staff Ratio

Essential Few

Definition

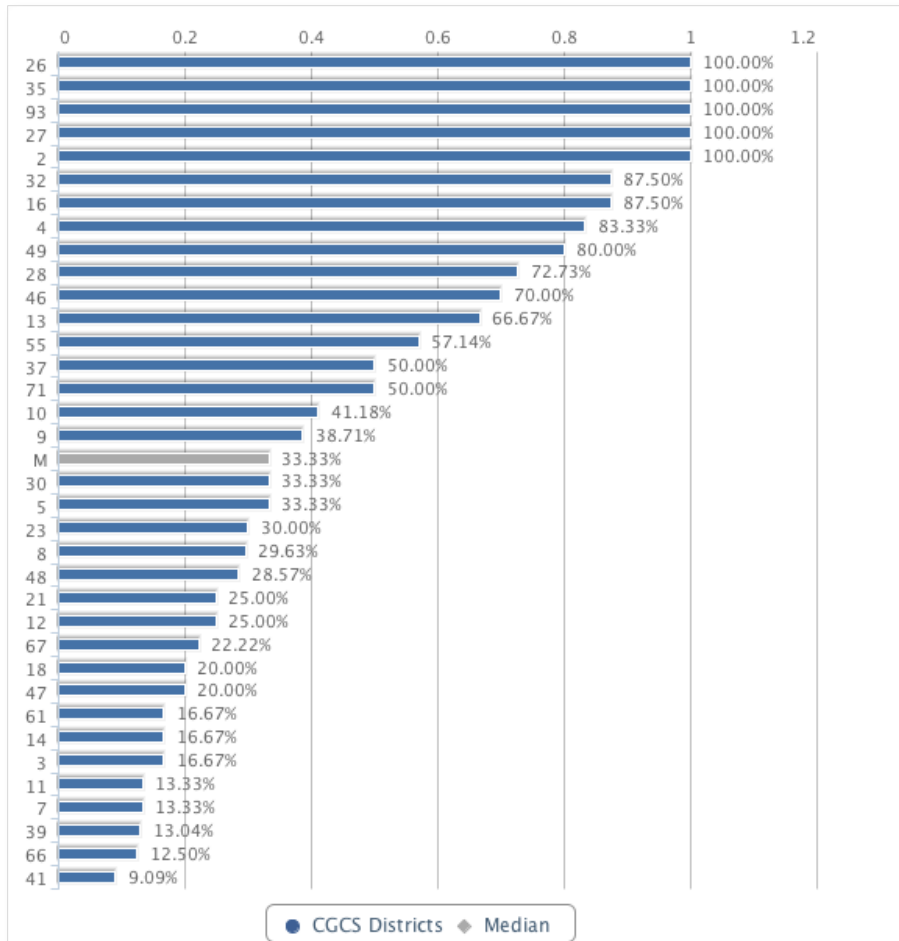
Number of professional procurement staff members and supervisors with certification divided by the total number of professional procurement staff members and supervisors (excluding support and clerical staff).

Importance of Measure

This measures the technical knowledge of procurement staff members who can directly affect processing time, negotiation outcomes, procedural controls, and levels of strategic planning. Certified personnel are likely to have advanced business skills covering agency supply chain, logistics optimization, total cost of ownership evaluations, make-versus-buy analysis, leveraging of cooperative procurements, complex negotiations focusing on cost and other value-added factors, and agency spend analyses.

Influencing Factors

- Budget/FTE allocations to central procurement functions and employee professional development
- Value that an organization places on its procurement functions and procedures
- Policies favoring internal promotion over technical recruitment
- Incentive pay



FINANCE

Procurement



Risk Management

Performance metrics in risk management evaluate the rate of incidents that could lead to claims against the district, as well as the total cost of claims and insurance. The total cost is broadly considered by looking at the **Cost of Risk per Student** and **Employee Incident Rate** (expressed per employee or per work hour). Together, they suggest the general risk levels of a district.

Broad measures of *relative costs* and *levels of claims* for both Workers' Compensation and liability will help district leaders understand their performance in risk management, which may give cause for improvement strategies such as:

- Searching for better medical management programs
- Improving access to quality medical care
- Providing benefits in a timely fashion
- Conducting risk-factor analysis and prevention
- Adopting policies that avoid litigation
- Improving the reporting and tracking process for correcting hazardous conditions
- Revising safety protocols/guidelines/employer policies
- Improving injury investigations used to determine cause of injury

Cost of Risk per Student

Power Indicator

Description

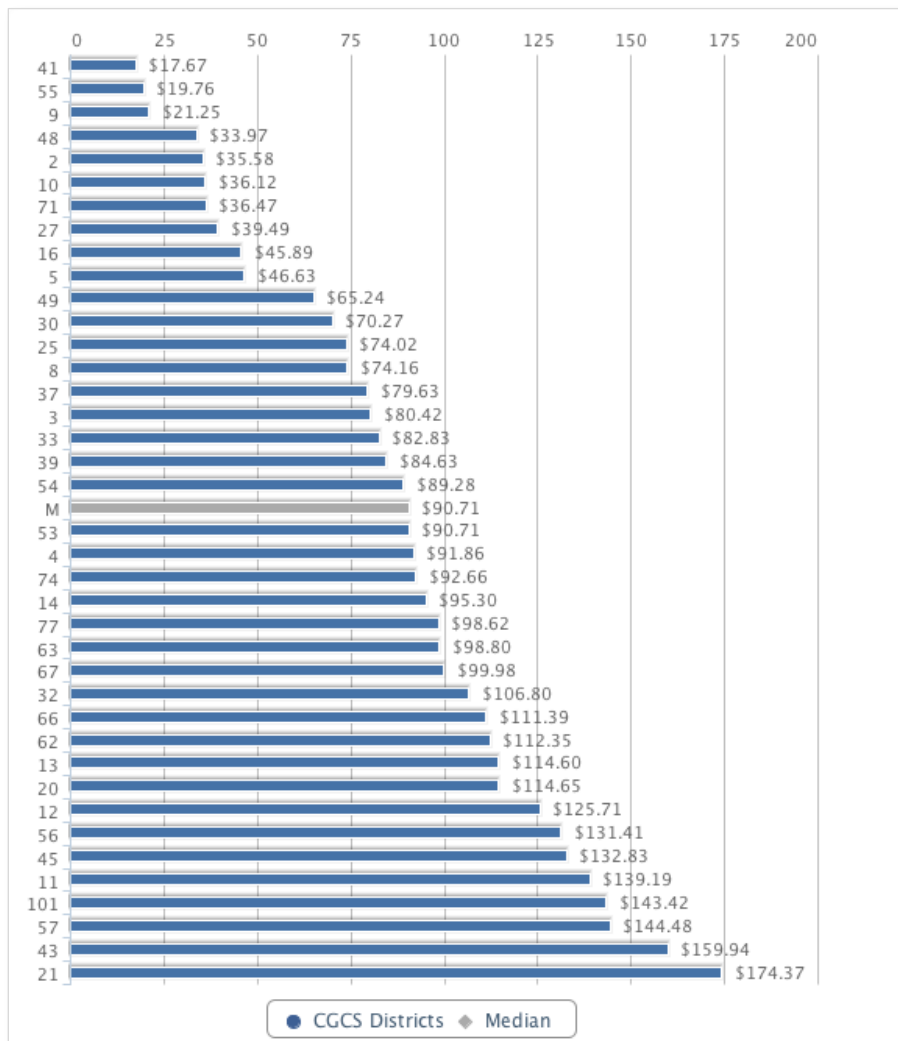
Total cost of liability insurance, claims and administration, plus total costs of Workers' Compensation insurance, claims and administration divided by total student enrollment.*

Importance of Measure

This measure indicates the incurred cost of risk within a single year. It is narrowly construed to include only the insurance, claims and administration costs for Liability and Workers' Compensation.

FINANCE

Risk Management



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Annual Workers' Compensation Cost per Employee

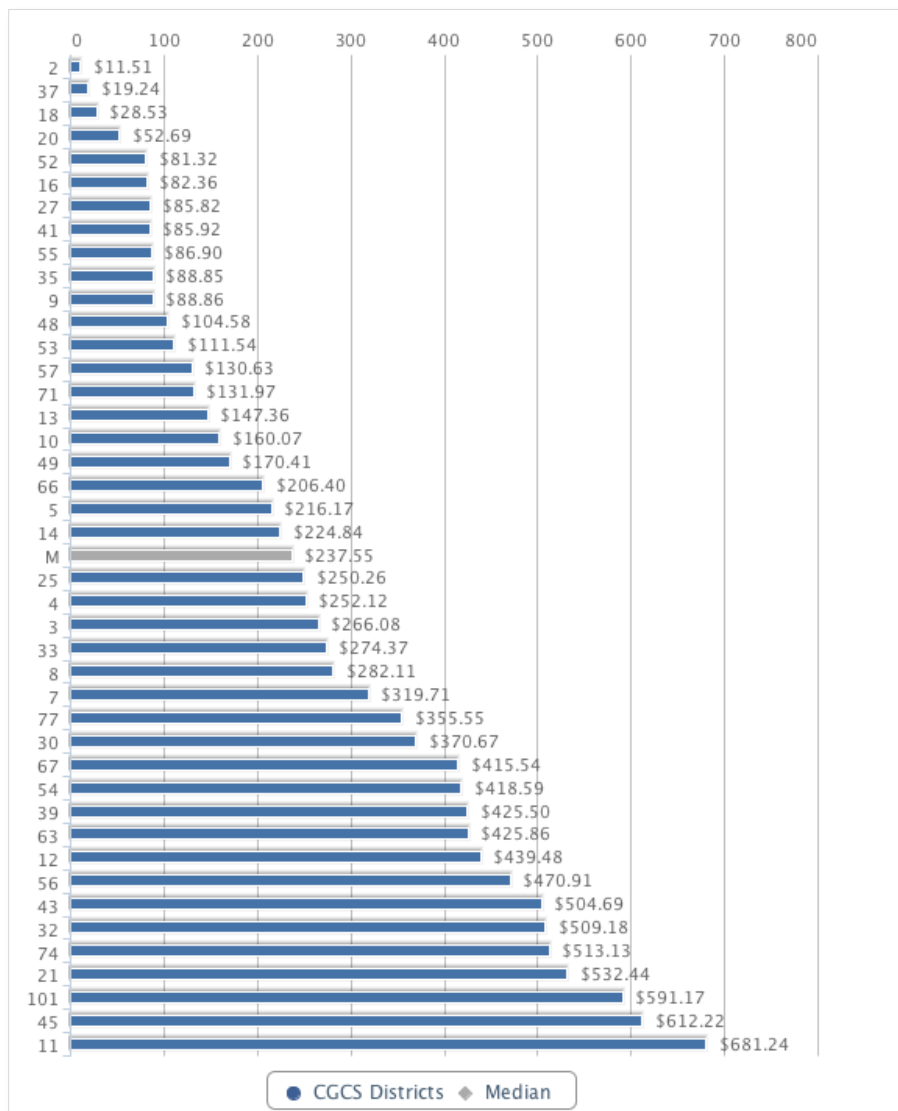
Power Indicator

Description

Total dollar amount of annual claims paid divided by number of W-2s issued for the fiscal year.*

Importance of Measure

This measures the total incurred cost per employee of Workers' Compensation in a single year.



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Average Cost per Workers' Compensation Claim

Power Indicator

Description

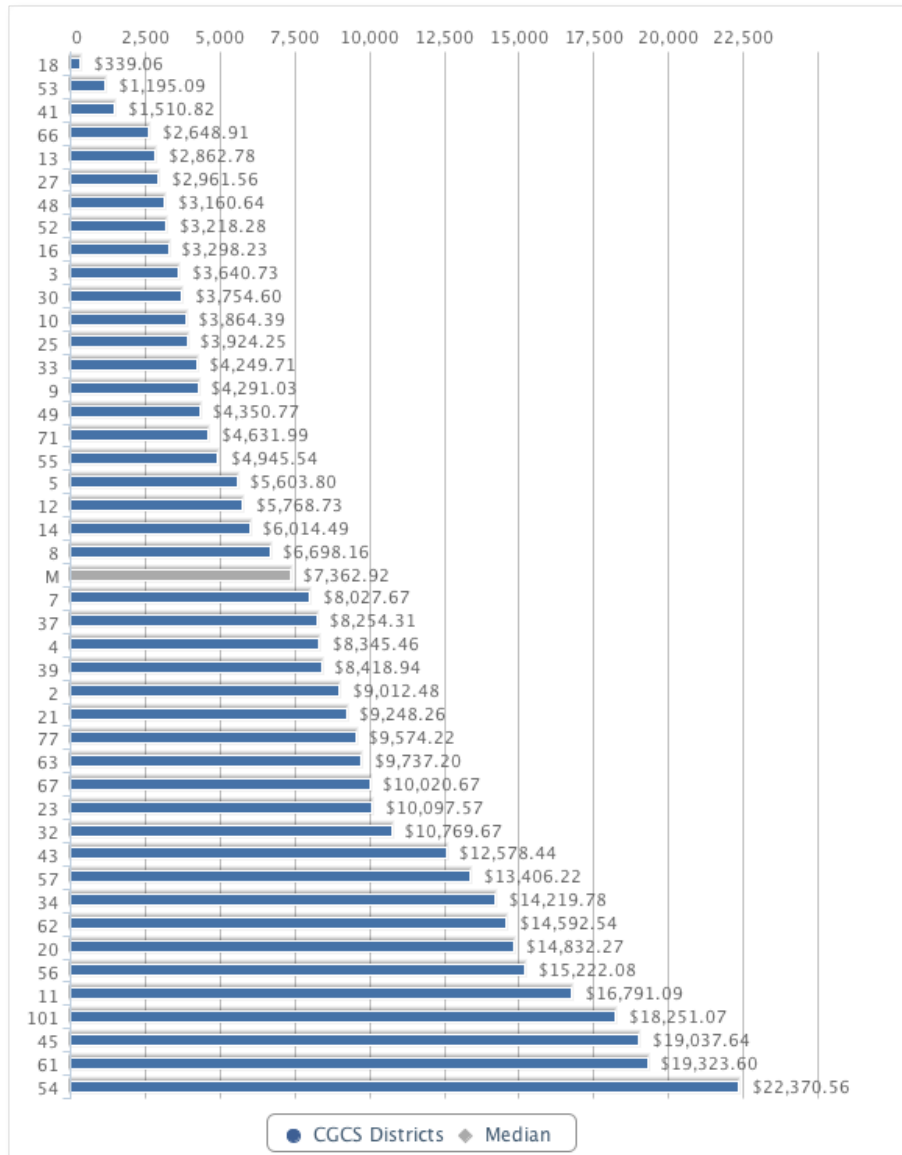
Total cost of Workers' Compensation claims (all claims) divided by the number of Workers' Compensation claims filed.*

Importance of Measure

This measures the average cost of Workers' Compensation claims and reflects efforts to reduce levels of incidents and claims.

FINANCE

Risk Management



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Workers' Compensation Lost Work Days per 1,000 Employees

Power Indicator

Description

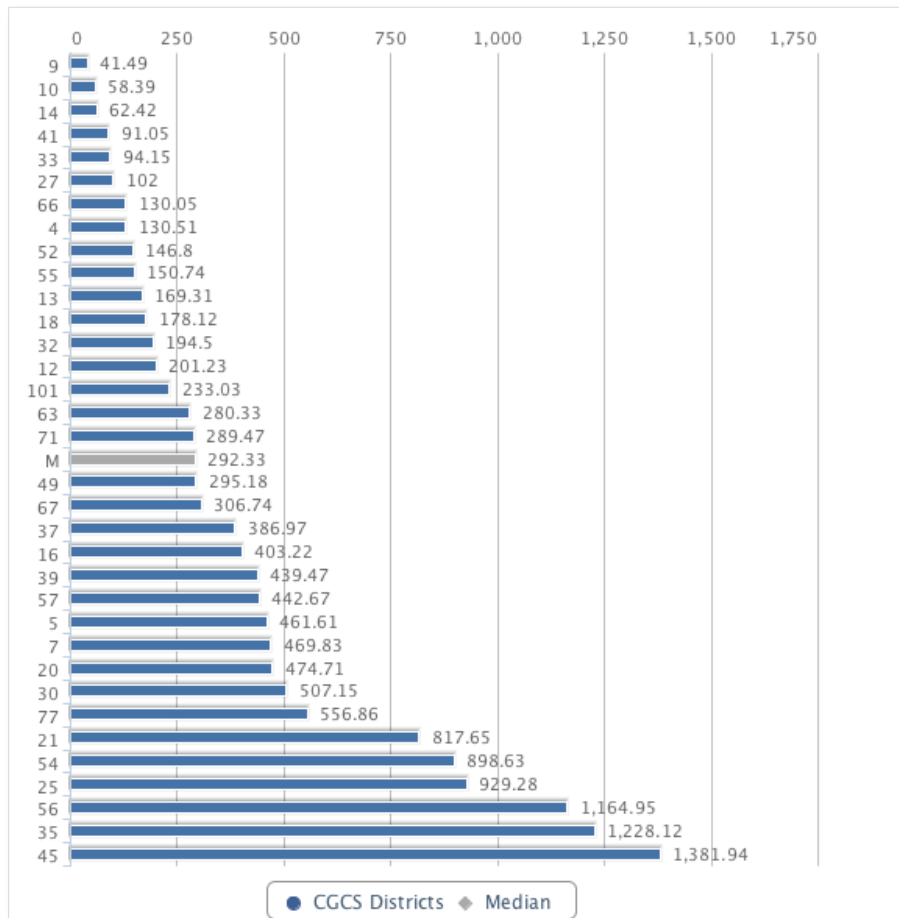
Total number of lost workdays for all Workers' Compensation claims divided by the number of W-2s issued during the year (expressed in thousands of employees).

Importance of Measure

This measure reflects the effectiveness of medical treatment and Return-to-Work programs.

Influencing Factors

- Quality of medical care (Medical Provider Networks)
- Type of injury
- Use of nurse case managers
- Litigation
- Availability of modified or alternative work on both a temporary and permanent basis
- Motivation of employees



Workers' Compensation Costs as Percentage of Payroll

Essential Few

Description

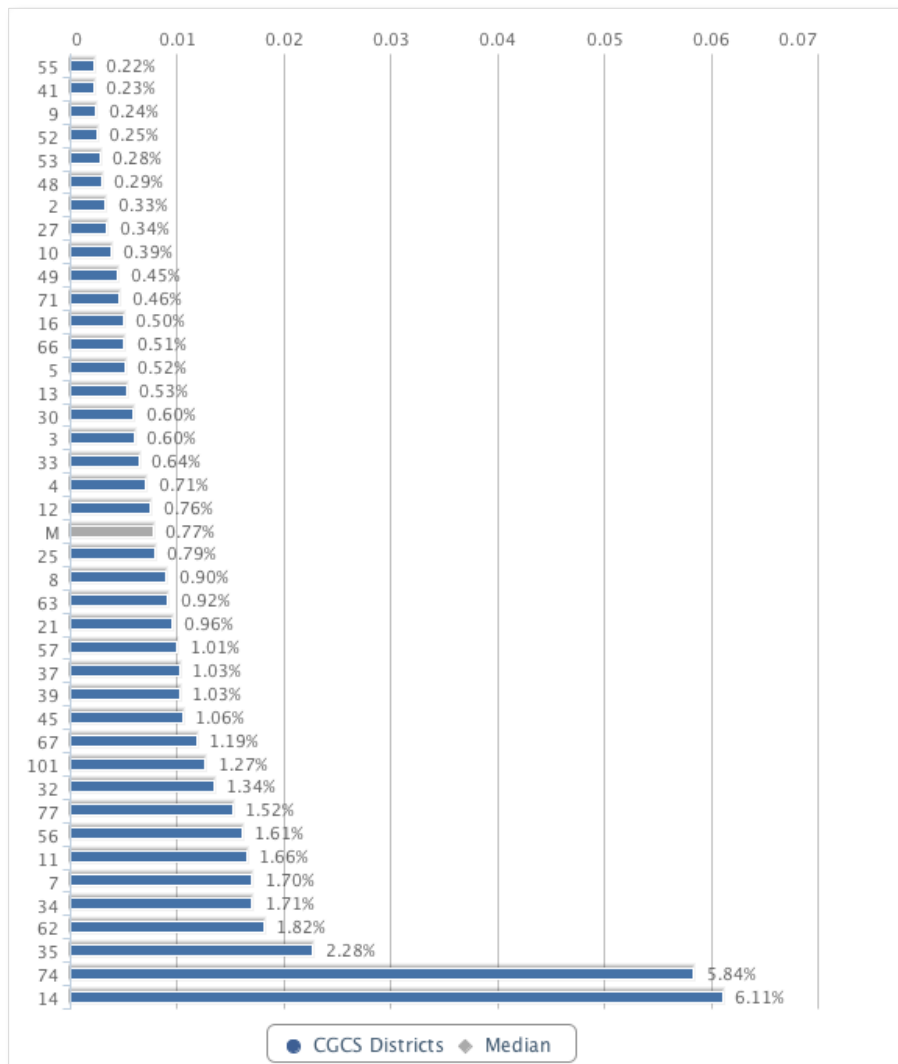
Total costs of district Workers' Compensation program divided by the total payroll cost of the district (includes salaries, benefits, and overtime).*

Importance of Measure

This measures the total incurred cost of Workers' Compensation in a single year relative to the total personnel costs of the district.

FINANCE

Risk Management



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Average Cost per Liability Claim

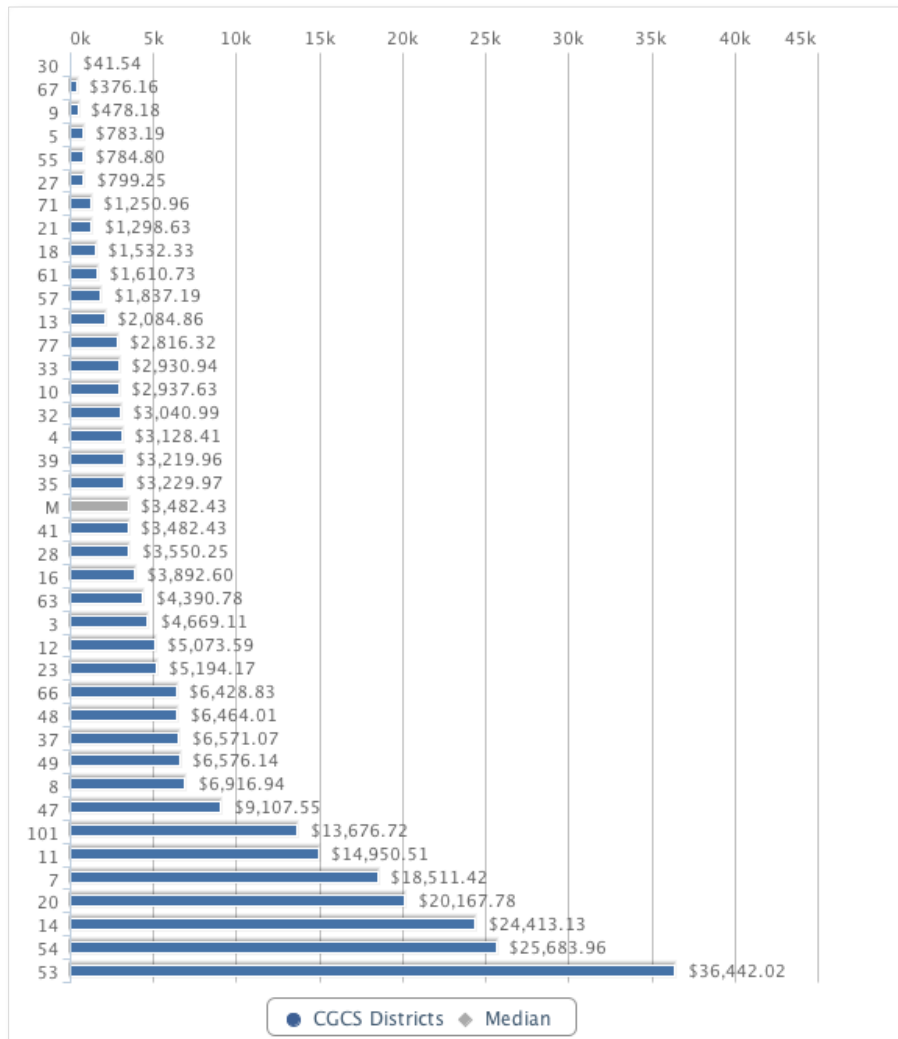
Essential Few

Description

Total cost of all liability claims divided by the number of liability claims filed.*

Importance of Measure

This measures the average cost of liability claims and reflects efforts to reduce levels of incidents and claims.



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Liability Claims per 1,000 Students

Essential Few

Description

Total number of liability claims filed during the year divided by Average Daily Attendance (ADA) (expressed in thousands of students).

Importance of Measure

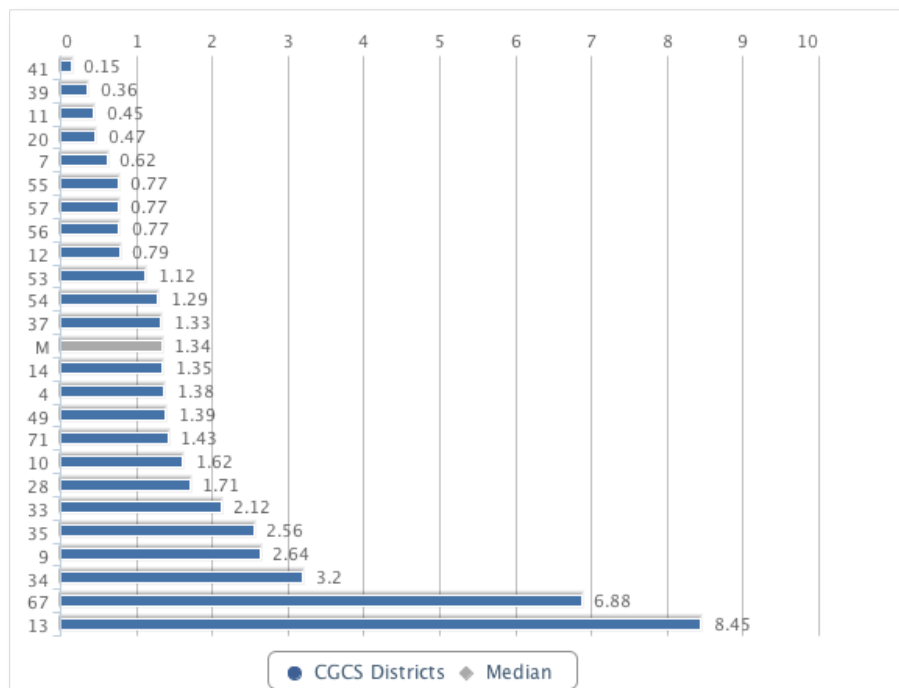
This measures the rate of liability claims relative to student enrollment.

Influencing Factors

- Frequency of claims
- Type of claims
- Severity of injuries

FINANCE

Risk Management



Percent of Liability Claims Litigated

Essential Few

Description

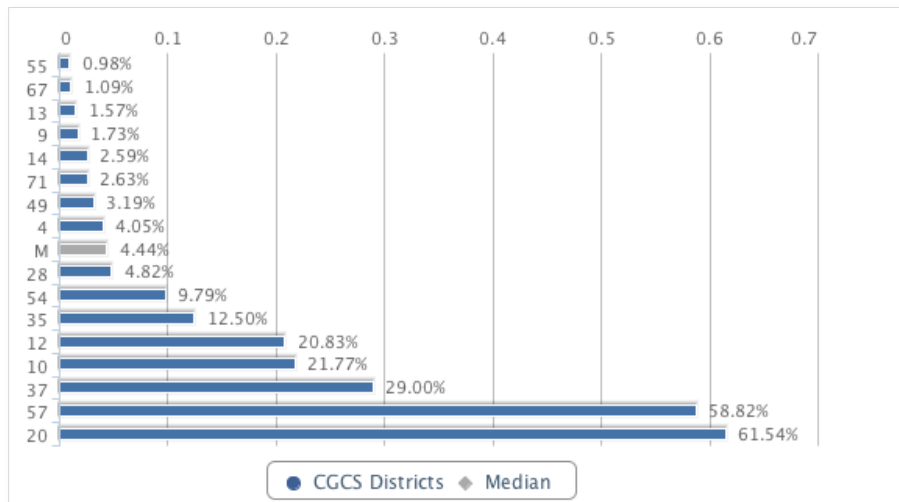
Total number of liability claims litigated divided by the total number of liability claims filed.

Importance of Measure

This is an important measure because the percent of litigated claims is a cost driver to districts.

Influencing Factors

- Severity of injuries
- Settlement rate
- Motivation of plaintiffs



Employee Incident Rate (Incidents/1,000 Employees)

Essential Few

Description

The total number of annual employee workplace incidents/accidents reported divided by the total number of district FTEs (expressed in thousands of employees).

Importance of Measure

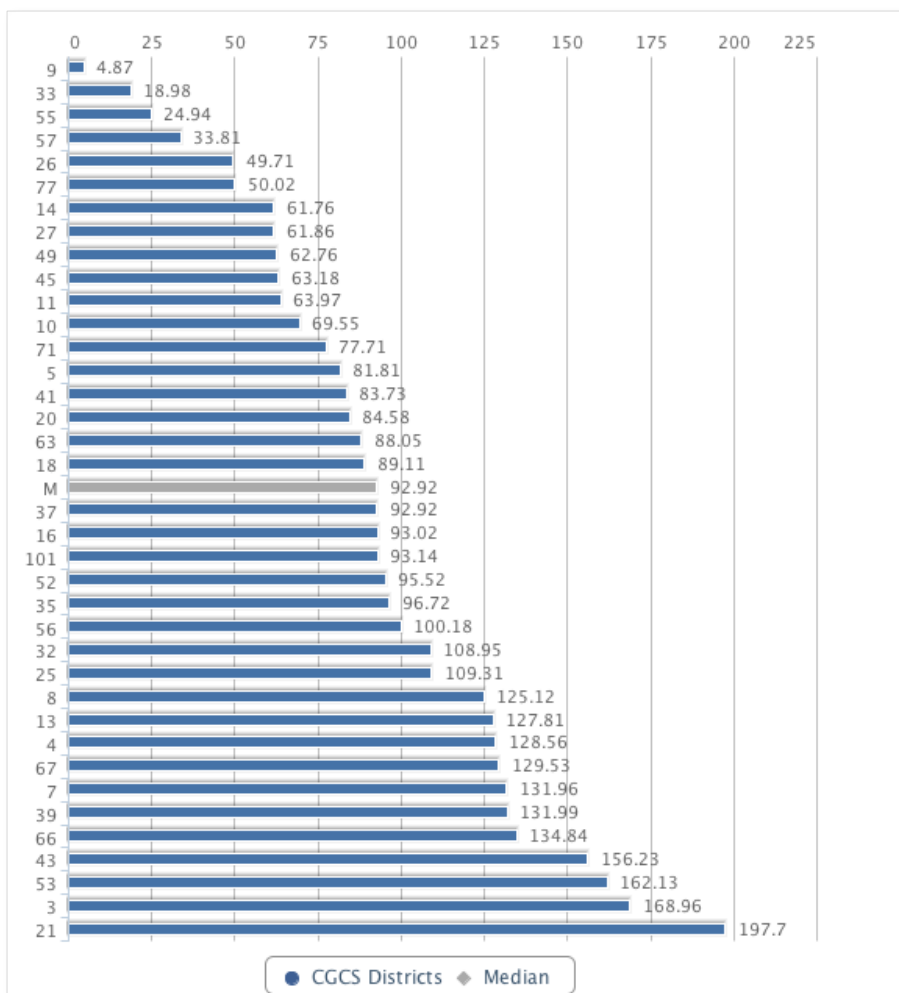
This measures the success of programs and initiatives aimed at reducing workplace injuries/incidents. The rate of employee incidents is generally correlated with high levels of claims and an increased total cost of risk.

Influencing Factors

- Disciplinary actions
- RIF notices
- Management support
- Effectiveness of safety programs
- Safety training
- Injury investigations used to determine cause of injury
- Maintenance of facilities
- Established safety protocols / guidelines / employer policies

FINANCE

Risk Management



Employee Incident Rate (Incidents per 100,000 Work Hours)

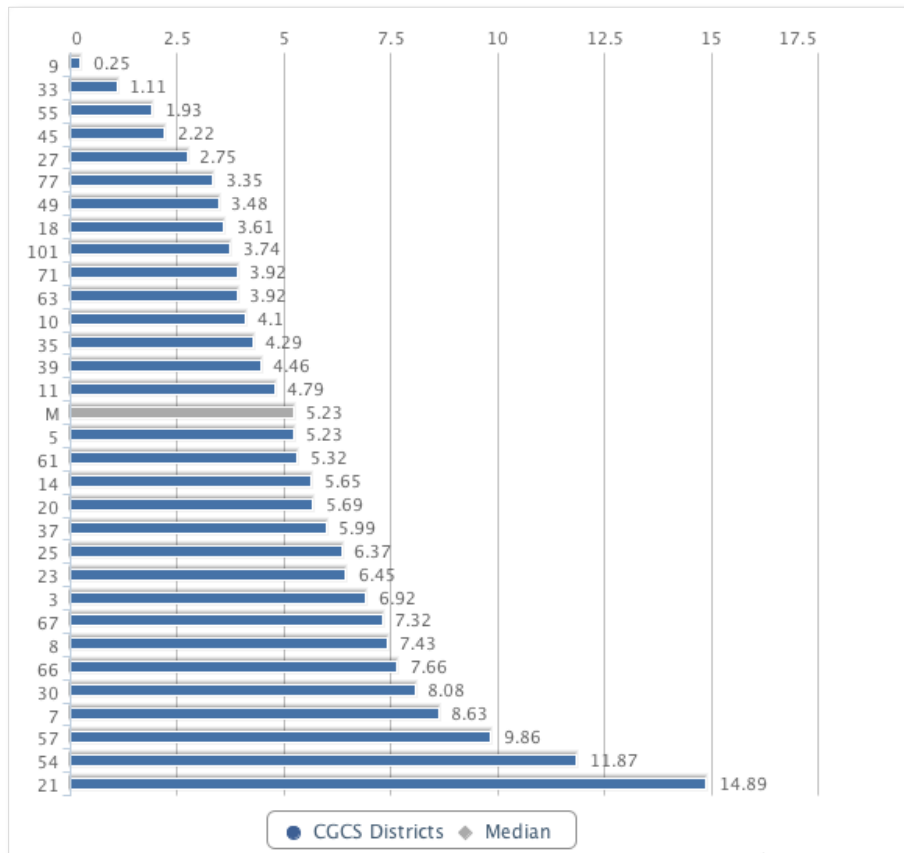
Essential Few

Description

Number of annual employee workplace accidents/incidents reported divided by the total number of hours all employees actually worked (expressed in hundred thousand work hours).

Importance of Measure

This measures the success of programs and initiatives aimed at reducing workplace injuries/incidents. The rate of employee incidents is generally correlated with high levels of claims and an increased total cost of risk.





OPERATIONS





Food Services

Performance metrics in food services measure the productivity, cost efficiency, and service levels of a district's nutritional services. Productivity is broadly represented by **Meals per Labor Hour**, a standard measure of the industry. Cost efficiency can be determined by looking at **Food Cost per Revenue** and **Labor Cost per Revenue**. Finally, a basic measure of service levels includes meal participation rate (measured by **Breakfast Participation Rate** and **Lunch Participation Rate**, and is further measured by looking at rates by grade spans.).

These measures should serve as diagnostic tools to gauge performance, as well as a guide for improvement. The importance and usefulness of each KPI is described under the "Importance of Measure" and "Factors that Influence" sections of each indicator.

Total Costs per Revenue

Power Indicator

Description

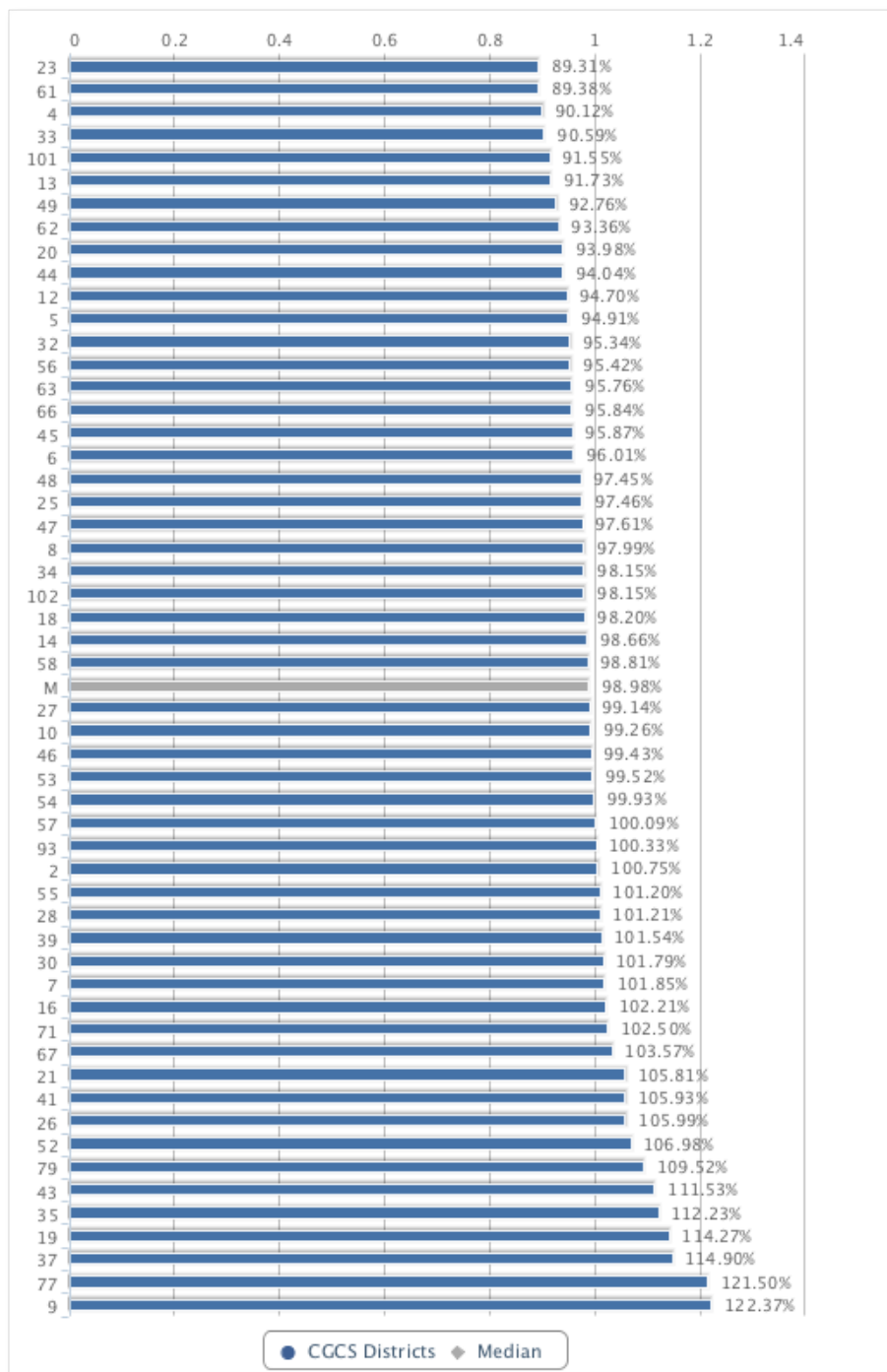
Total direct plus total indirect costs divided by total revenue for food service programs.*

Importance of Measure

This measures the financial status of the food service program, including management company fees. Districts that keep expenses lower than revenues are able to build a surplus for reinvestment back into the program for capital replacement, technology, and other improvements. Districts that report expenses higher than revenues may either be drawing from their fund balance, or may be subsidizing the program from the district's general fund.

Influencing Factors

- The "chargebacks" to food service programs such as energy costs, custodial, non-food service administrative staff, trash removal, dining room supervisory staff
- Direct costs such as food, labor, supplies, equipment, etc.
- Meal quality
- Participation rates
- Purchasing practices
- Marketing
- Leadership expertise
- Meal prices
- Staffing formulas



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Fund Balance as Percent of Revenue

Power Indicator

Description

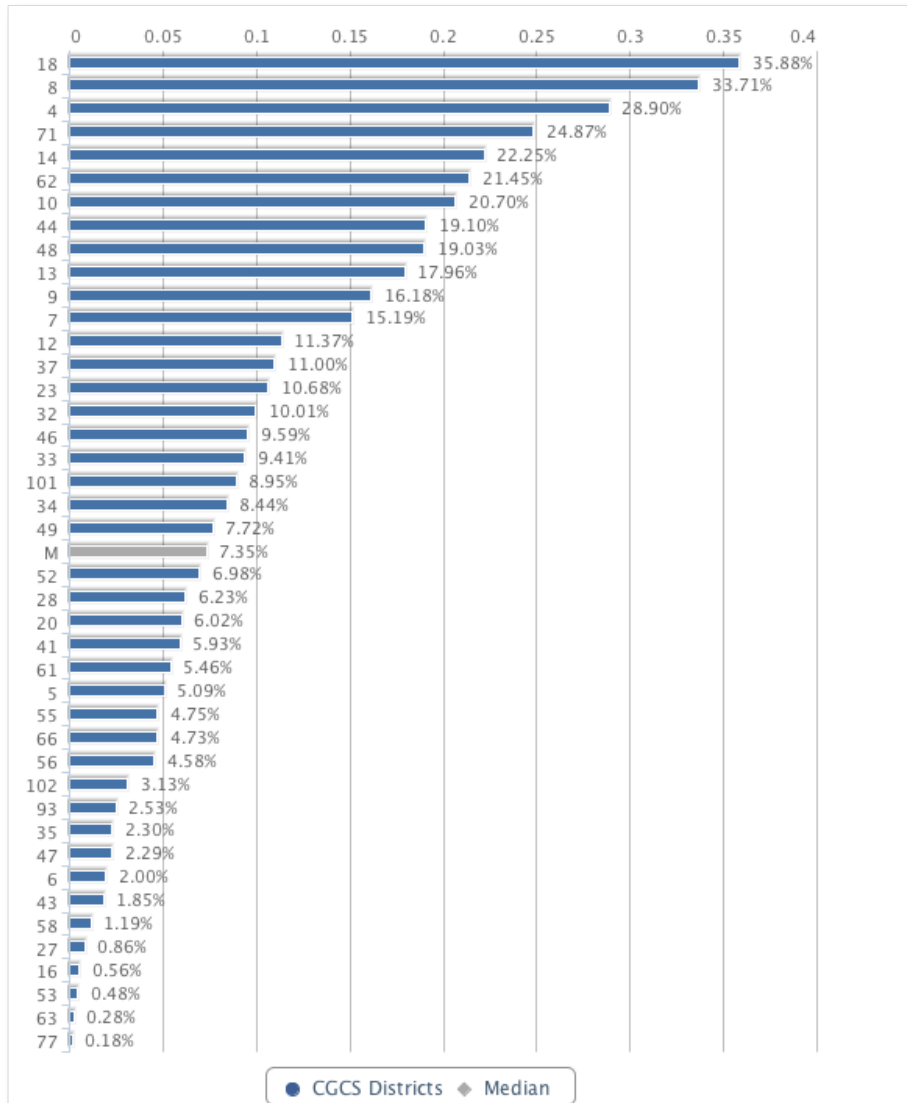
Fund balance divided by total revenue.

Importance of Measure

This is an important measure because a positive fund balance can provide a contingency fund for equipment purchases, technology upgrades, and emergency expenses. A "break-even" status, however, indicates that there is just enough revenue to cover program expenses, but none left over for program improvements.

Influencing Factors

- USDA allows a food service program to have no more than a three month operating expenses fund balance.
- Districts may have taken part or all of the food services fund balance for non-food service activities.
- Food services may have funded large kitchen remodeling projects, implemented new POS systems, and thereby reduced a fund balance with a large capital outlay project



Breakfast Participation Rate

Power Indicator

Description

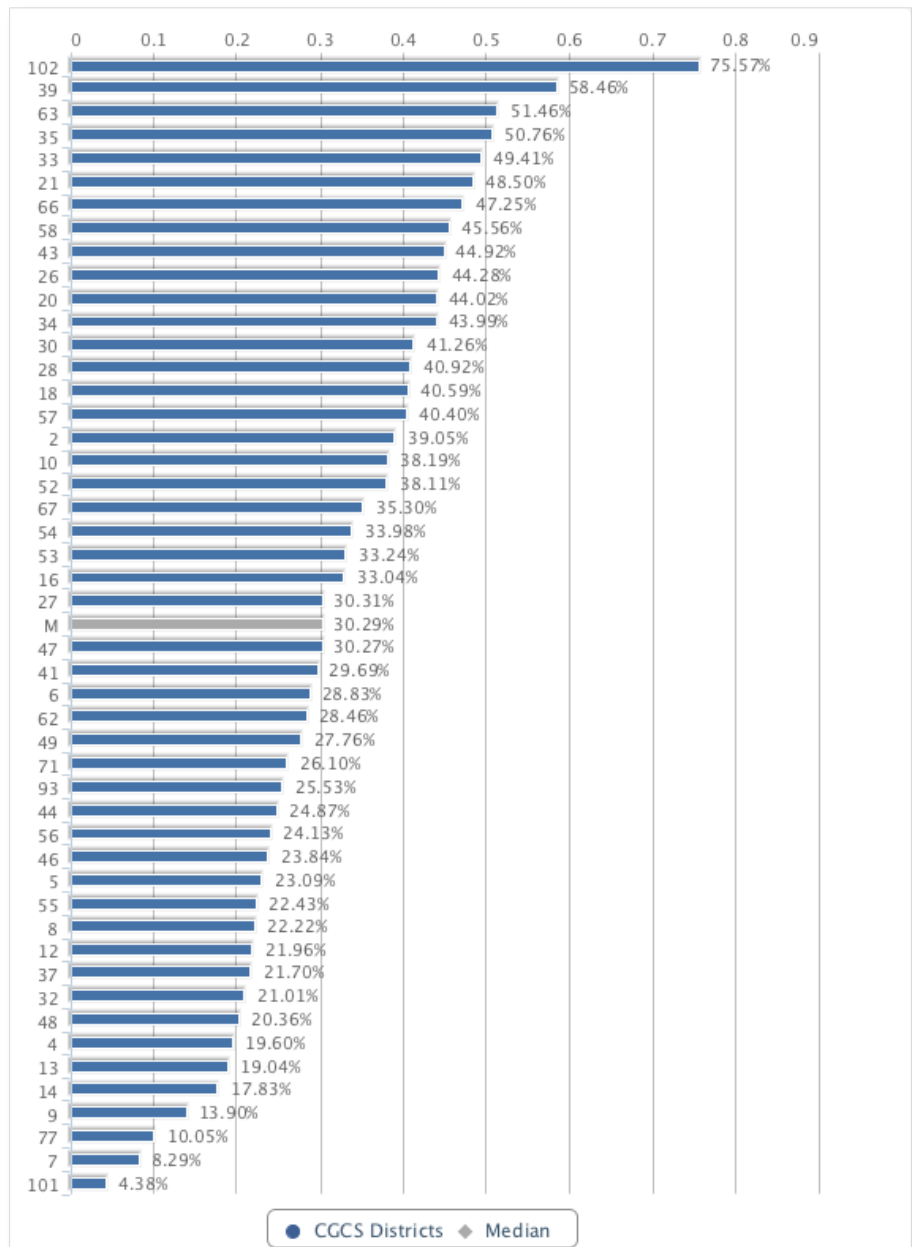
Total number of breakfasts served daily divided by average daily attendance for each required school day.

Importance of Measure

This is an important measure because high participation rates can indicate a high level of customer satisfaction with an appealing and economical school lunch program that significantly increases program revenue. It is also important because studies show a positive correlation between breakfast and school attendance, alertness, health, behavior and academic success. A strong breakfast program indicates a commitment by the food service program and the district's leadership to preparing students to be "ready to learn" in the classroom.

Influencing Factors

- Menu selections
- Provision II and III and Universal Free
- Free/reduced percentage
- Food preparation methods
- Attractiveness of dining areas
- Adequate time to eat



Lunch Participation Rate

Power Indicator

Description

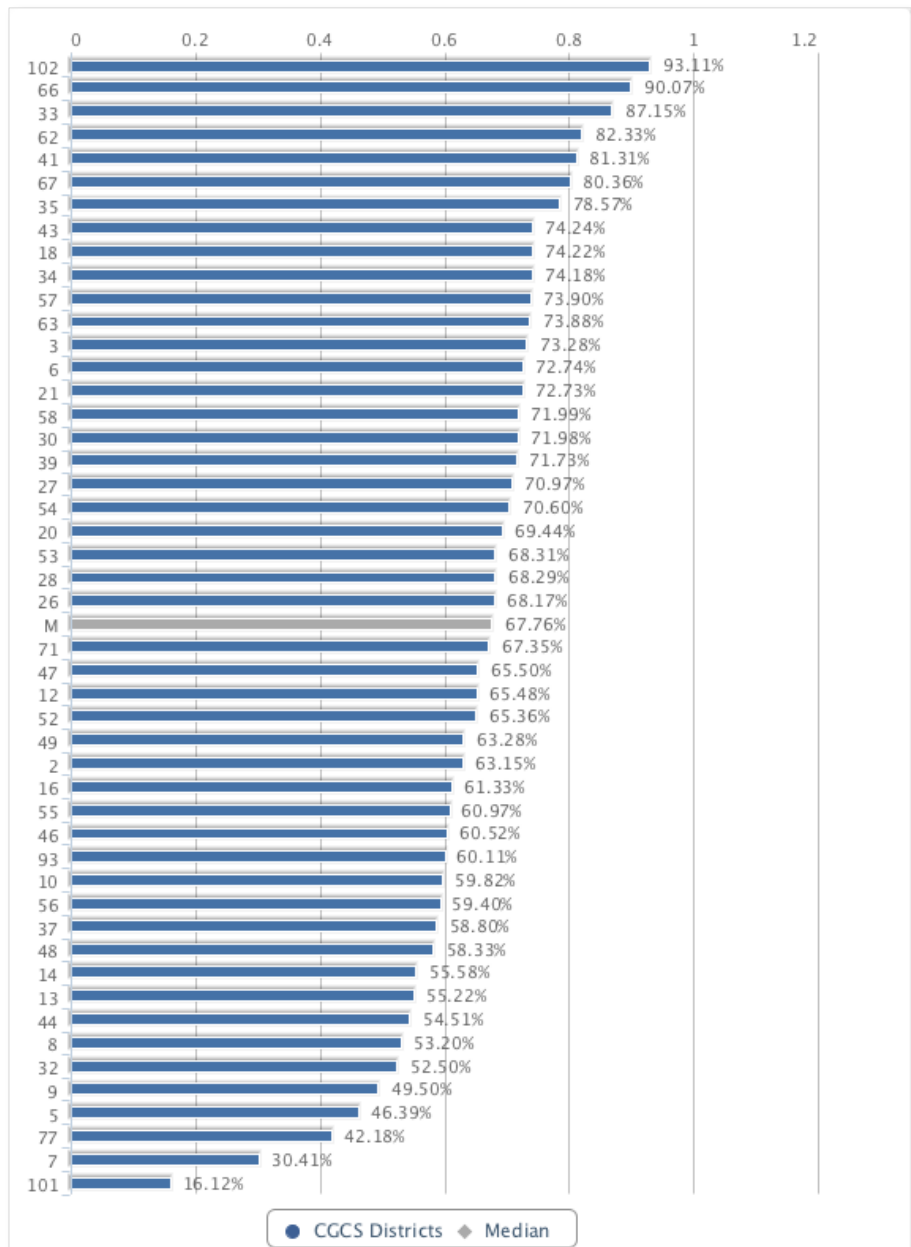
Total number of lunches served daily divided by average daily attendance for each required school day.

Importance of Measure

This is an important measure because high participation rates can indicate a high level of customer satisfaction with an appealing and economical school lunch program that significantly increases program revenue.

Influencing Factors

- Menu selections
- Dining areas that are clean, attractive, and "student-friendly"
- Adequate number of Point of Sale (POS) stations to help move lines quickly and efficiently
- A variety of menu selections
- Adequate time to eat
- Food preparation methods



Food Costs per Revenue

Essential Few

Description

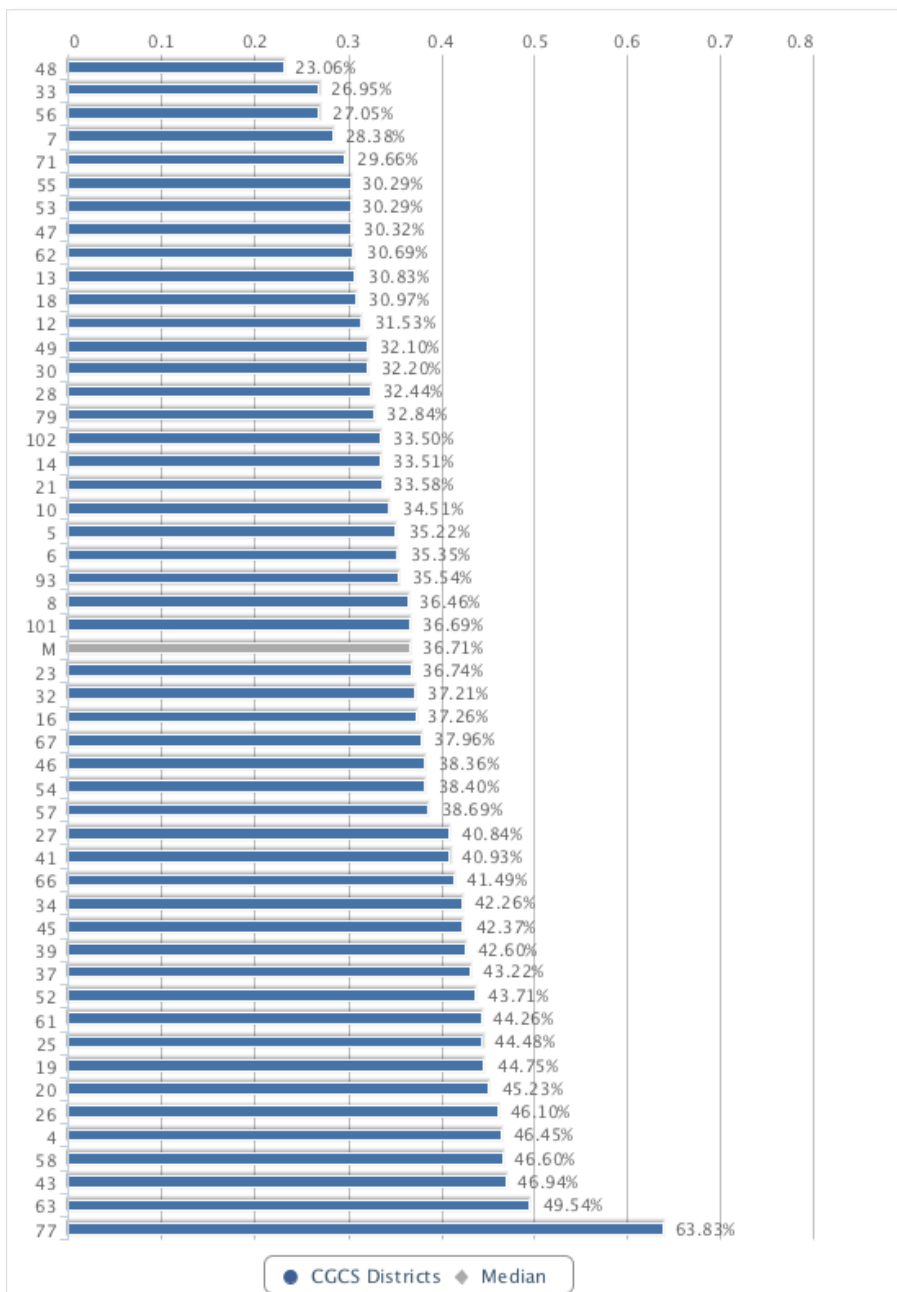
Total food costs divided by total revenue for food service programs.*

Importance of Measure

This measure is important because food costs (which is a program's second largest expenditure) as a percent of revenue can be controlled or reduced if participation revenue is high and there is careful menu planning practices, competitive bids for purchasing supplies, including commodity processing contracts, and consistent production practices.

Influencing Factors

- USDA menu and nutrient requirements
- A la carte items
- Convenience vs. scratch food items
- Purchasing and production practices
- Meal prices
- Participation rates
- Use of commodities
- Use of a warehouse or drop-ship deliveries
- Theft



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Labor Costs per Revenue

Essential Few

Description

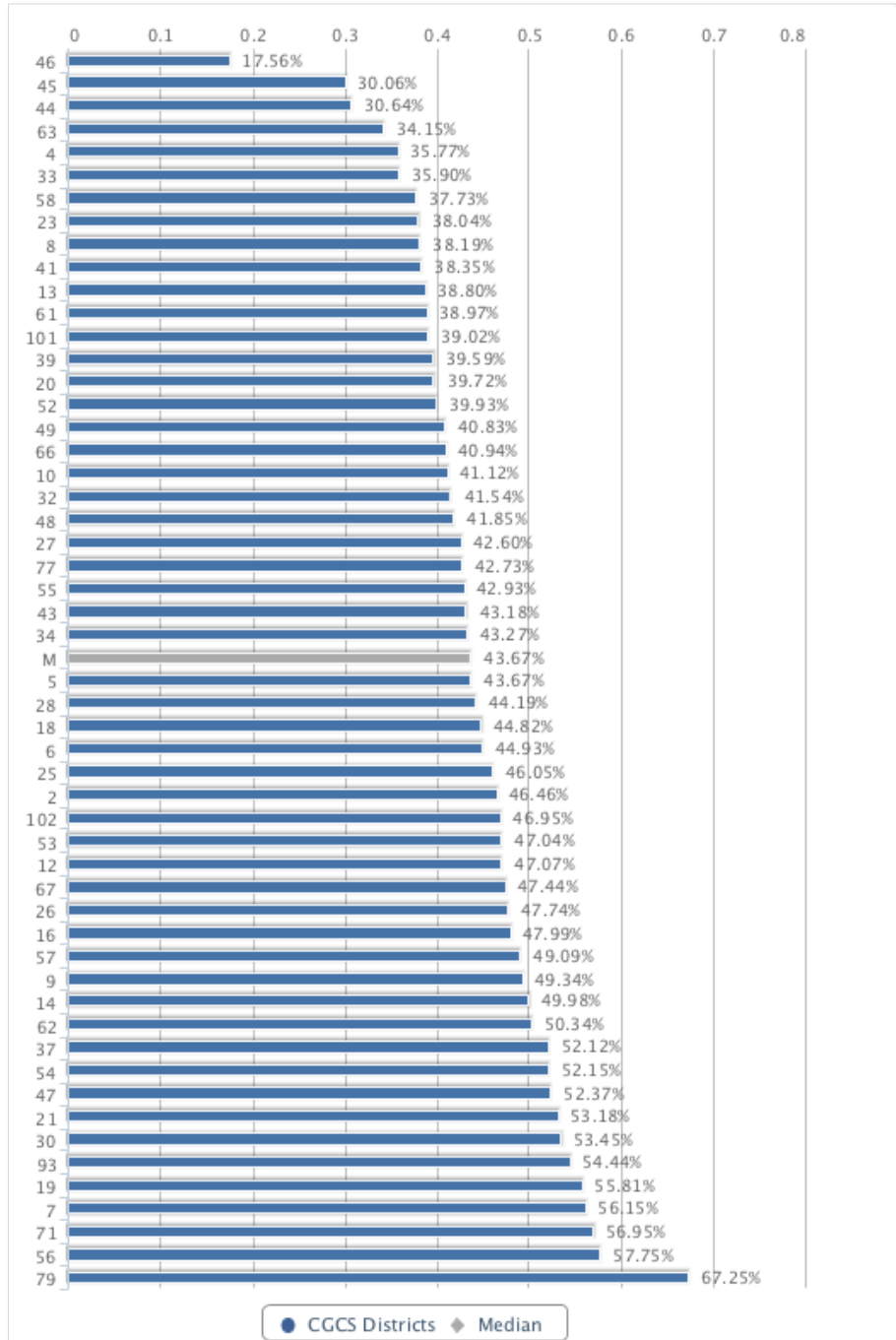
The sum of total department labor expenses, benefits and taxes, and Workers' Compensation costs divided by total revenue for food service programs.*

Importance of Measure

This measure is important because labor costs are the largest expenditure in a food services program, and can be affected by salary schedules, benefits plans, employee productivity and staffing formulas.

Influencing Factors

- Salary schedules and health and retirement benefits
- Number of annual work days and annual paid holidays
- Staffing formulas and productivity standards
- Union contracts
- Type of menu items



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Meals per Labor Hour

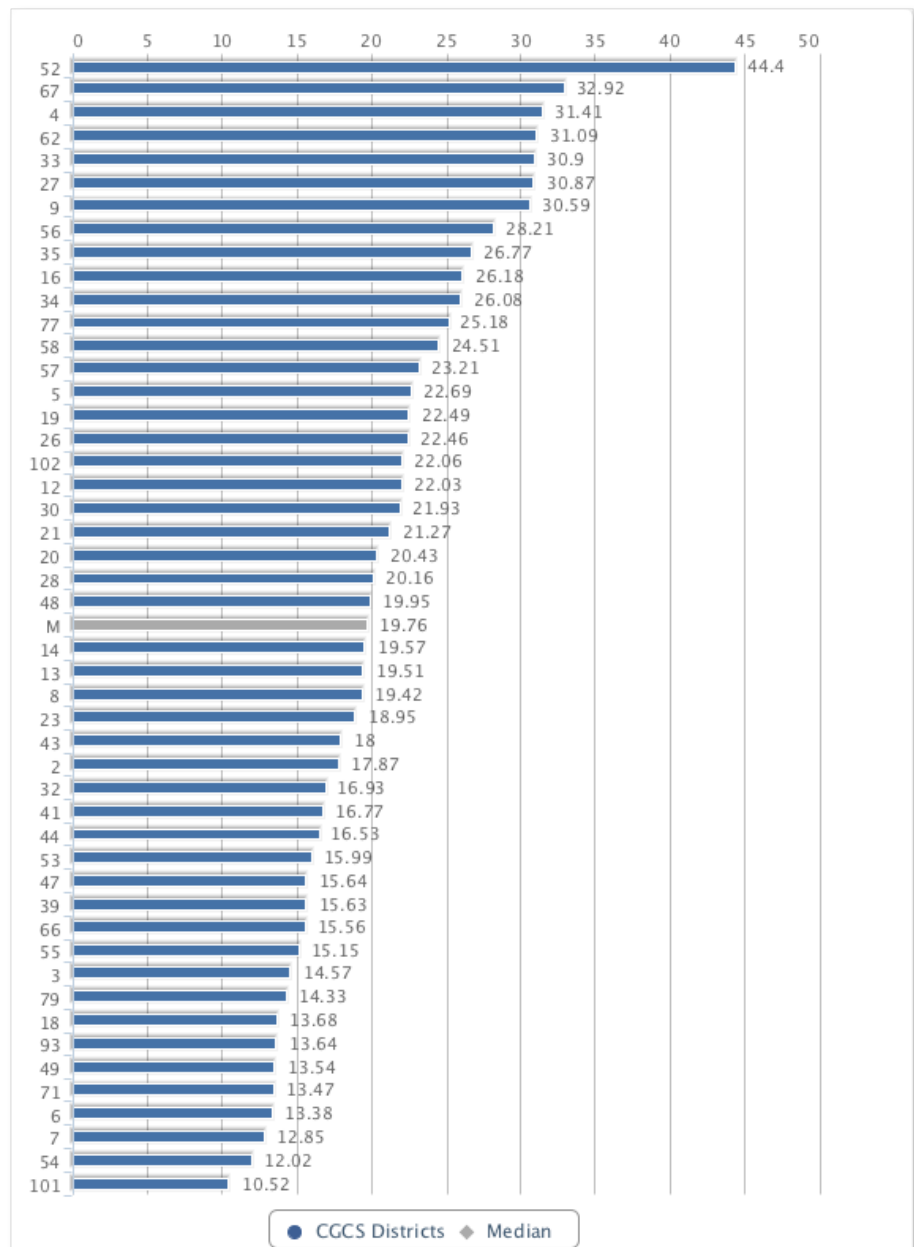
Essential Few

Description

[Multiplying each meal total by the meal equivalency factor:] Annual number of breakfasts (one-half meal equivalent) plus annual number of lunches (one meal equivalent) plus annual number of snacks (one-fourth meal equivalent) plus a la carte and vending revenue (meal equivalency equal to one over the sum of the current federal reimbursement and the commodity value per meal) all divided by the number of labor hours of cafeteria assigned staff.

Importance of Measure

This is an efficiency measure that reflects the number of program meals (breakfasts, lunches, snacks, a la carte) generated per hour of labor.



Elementary Breakfast Participation Rate

Essential Few

Description

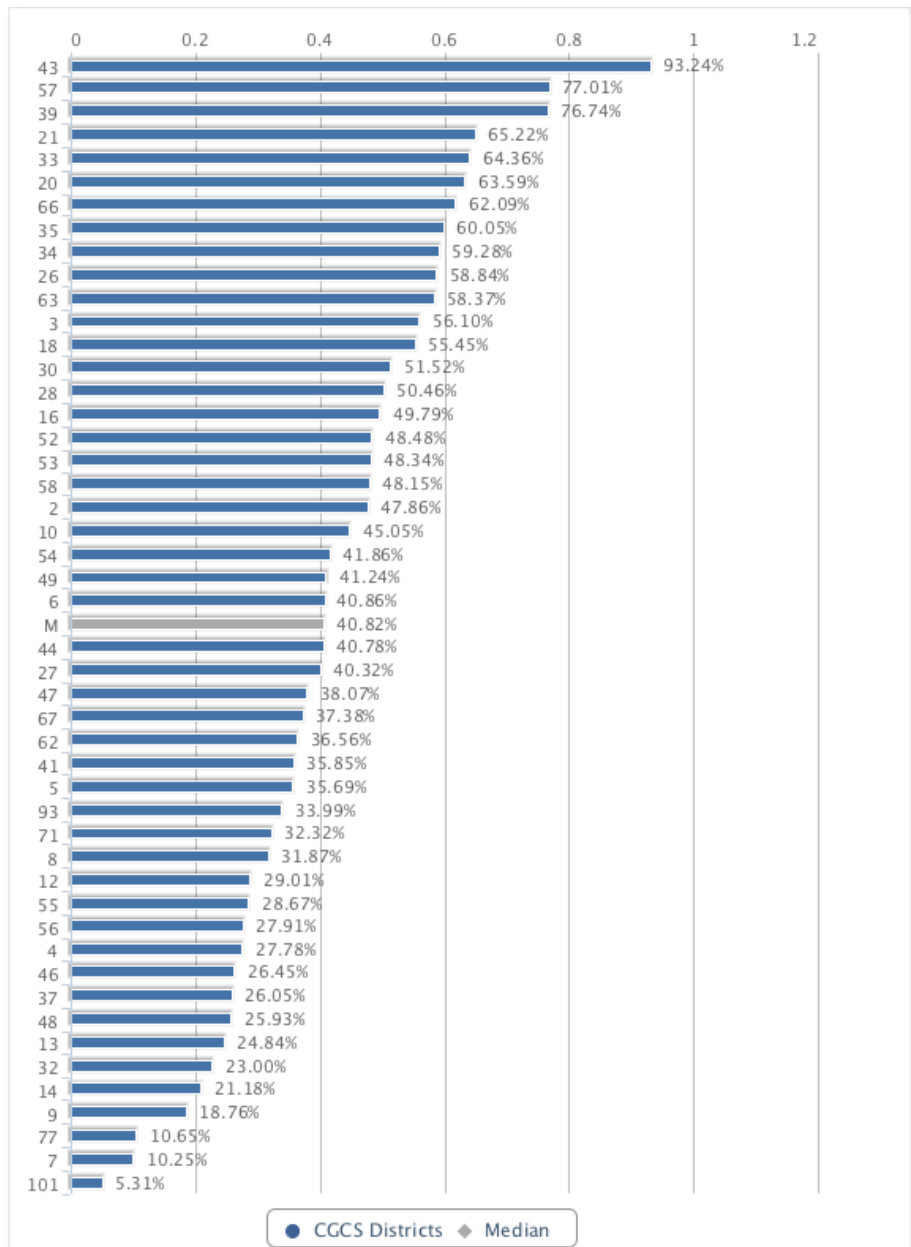
Total number of breakfasts served daily in grades Pre-Kindergarten through six divided by average daily attendance in grades Pre-Kindergarten through six.

Importance of Measure

This measure is important because studies show a positive correlation between breakfast and school attendance, alertness, health, behavior, and academic success. A strong breakfast program indicates a commitment to helping students be “ready to learn” in the classroom.

Influencing Factors

- Menu selections
- Provision II and III and Universal Free
- Free/reduced percentage
- Food preparation methods
- Attractiveness of dining areas
- Adequate time to eat



Elementary Lunch Participation Rate

Essential Few

Description

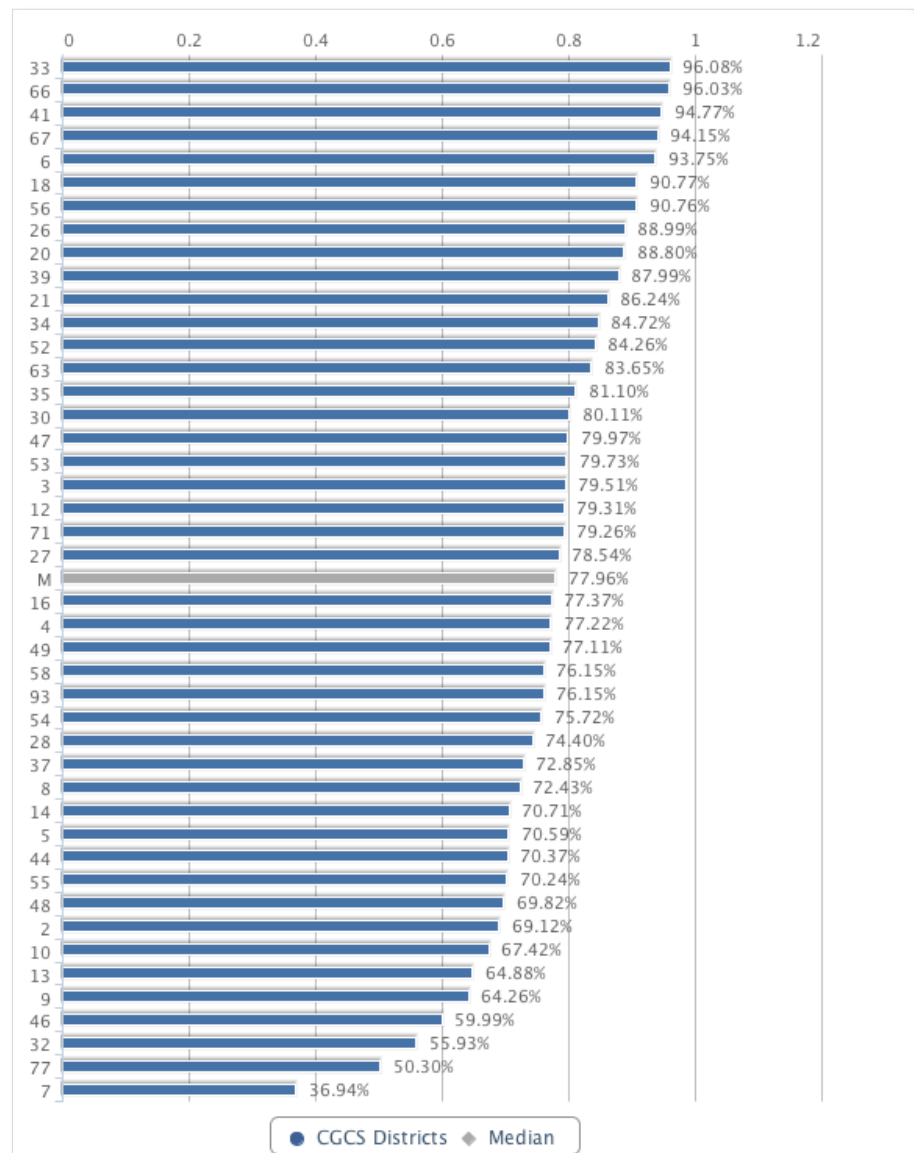
Total number of lunches served daily in grades Pre-Kindergarten through six divided by average daily attendance in grades Pre-Kindergarten through six.

Importance of Measure

This measure is important because high participation rates, including the participation of free and reduced-price students, reflect customer satisfaction with food selections that are appealing, quick to eat, and economical and contribute significantly to program revenue.

Influencing Factors

- Menu selections
- Dining areas that are clean, attractive, and "student-friendly"
- Adequate number of Point of Sale (POS) stations to help move lines quickly and efficiently
- A variety of menu selections
- Adequate time to eat
- Food preparation methods



Secondary Breakfast Participation Rate

Essential Few

Description

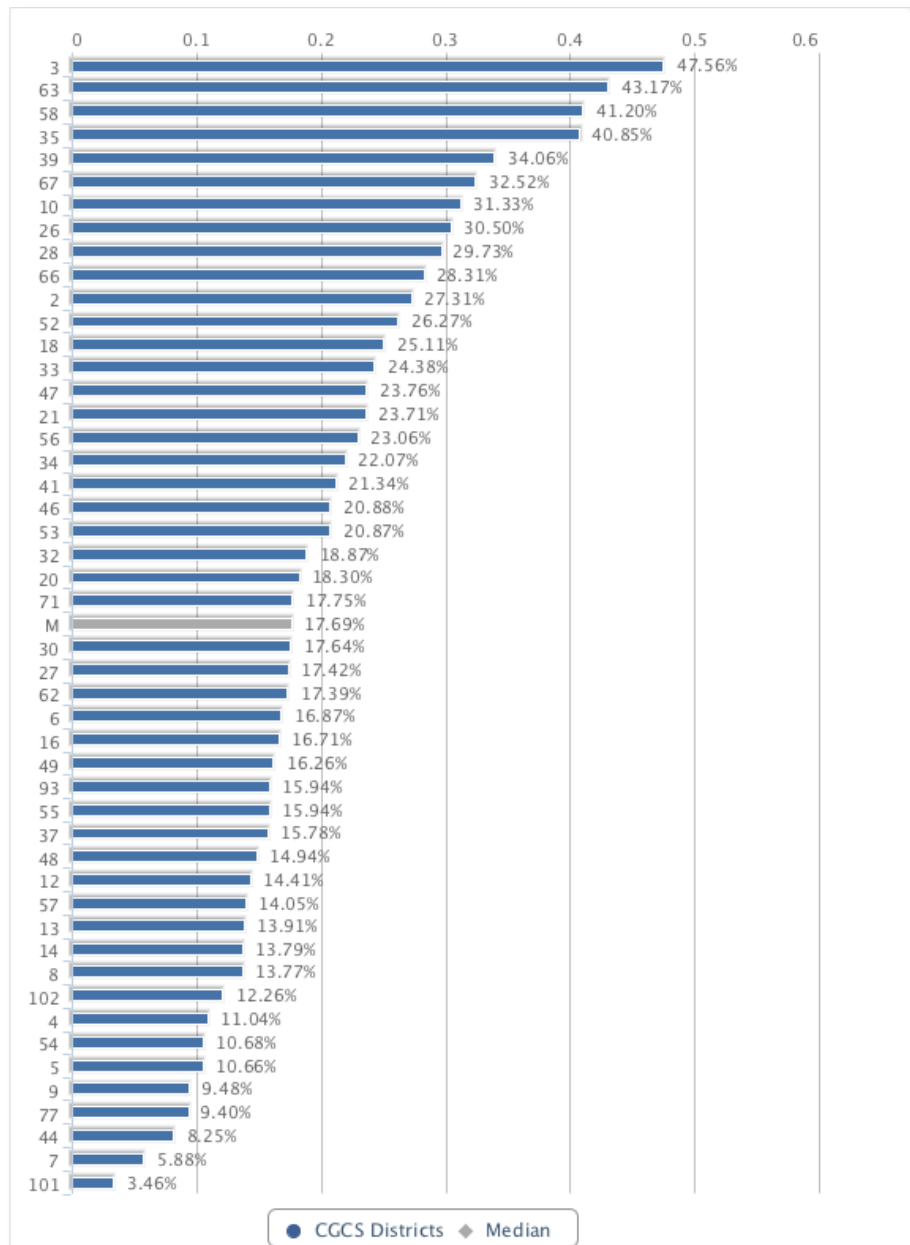
Total number of breakfasts served in grades seven through 12 divided by average daily attendance in grades seven through 12.

Importance of Measure

This measure is important because studies show a positive correlation between breakfast and school attendance, alertness, health, behavior, and academic success.

Influencing Factors

- Menu selections
- Provision II and III and Universal Free
- Free/reduced percentage
- Food preparation methods
- Attractiveness of dining areas
- Adequate time to eat



Secondary Lunch Participation Rate

Essential Few

Description

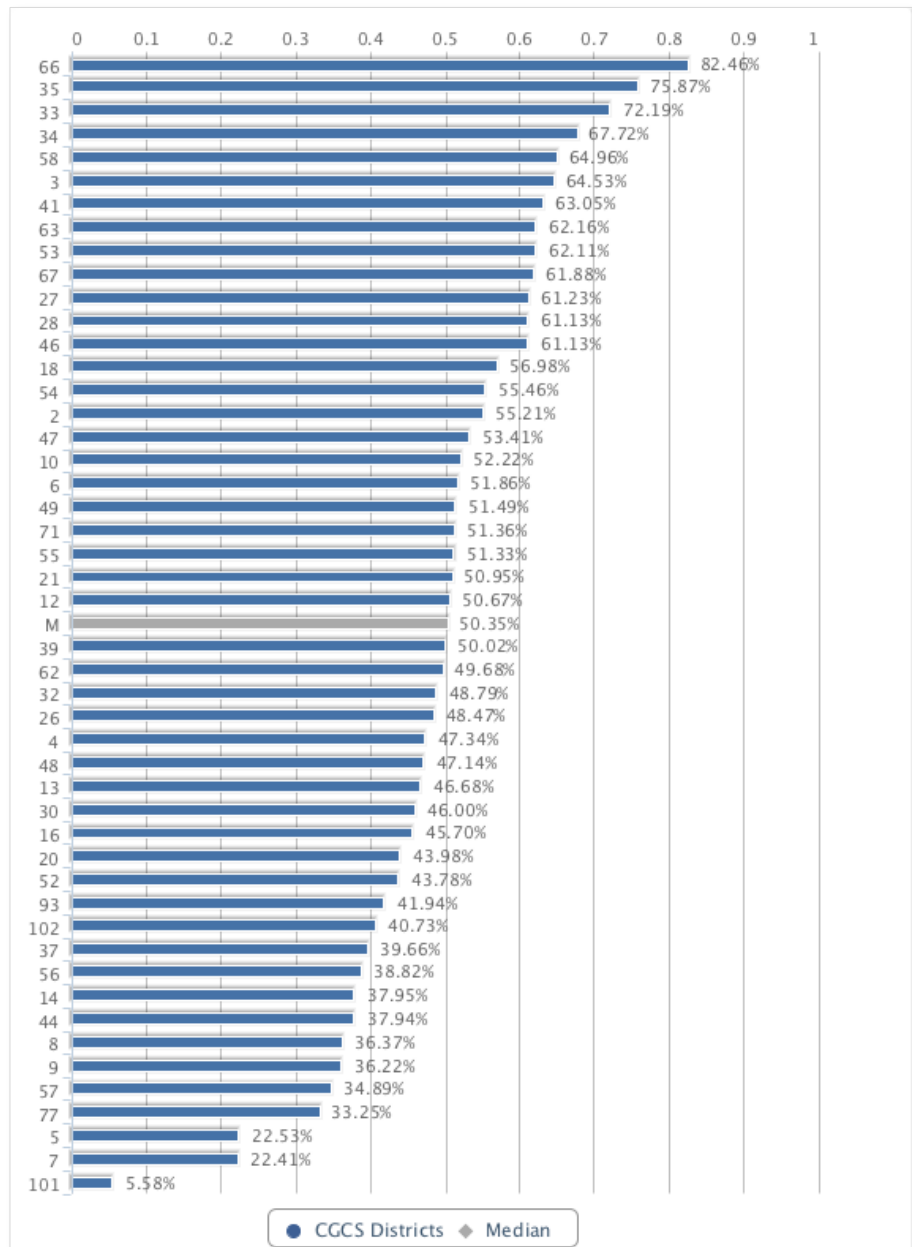
Total number of lunches served daily in grades seven through twelve divided by average daily attendance in grades seven through twelve.

Importance of Measure

This measure is important because high participation rates, including participation of free and reduced-price students, reflect customer satisfaction with food selections that are appealing, quick to eat, and economical and contribute significantly to program revenue.

Influencing Factors

- Menu selections
- Dining areas that are clean, attractive, and "student-friendly"
- Adequate number of Point of Sale (POS) stations to help move lines quickly and efficiently
- A variety of menu selections
- Adequate time to eat
- Food preparation methods





Maintenance and Operations

Performance metrics in maintenance and operations (M&O) assess the cost efficiency and service levels of a district's facilities management and labor. The areas of focus include *custodial work, maintenance work, utility usage, and environmental stewardship*.

The overall service level of the maintenance and operations department is represented, in part, by **Work Order Completion Time (Days)**, which reflects the workflow management processes in place; and overall cost efficiency is reflected by **M&O Expenditures as Percent of General Fund**.

The cost efficiency of custodial work is represented broadly by **Custodial Workload** and **Custodial Cost per Square Foot**, where low workload combined with high cost per square feet would indicate that cost savings can be realized by reducing the number of custodians. Additionally, the relative cost of supplies can be considered by looking at **Custodial Supply Cost per Square Foot**.

Finally, the relative cost of utilities is represented by **Utility Usage per Square Foot** and **Water Usage per Square Foot**.

These KPIs should give district leaders a general sense of where they are doing well and where they can improve. The importance and usefulness of each KPI is described in the "Importance of Measure" and "Factors that Influence" headings, which can be used to guide improvement strategies.

Custodial Cost per Square Foot

Power Indicator

Description

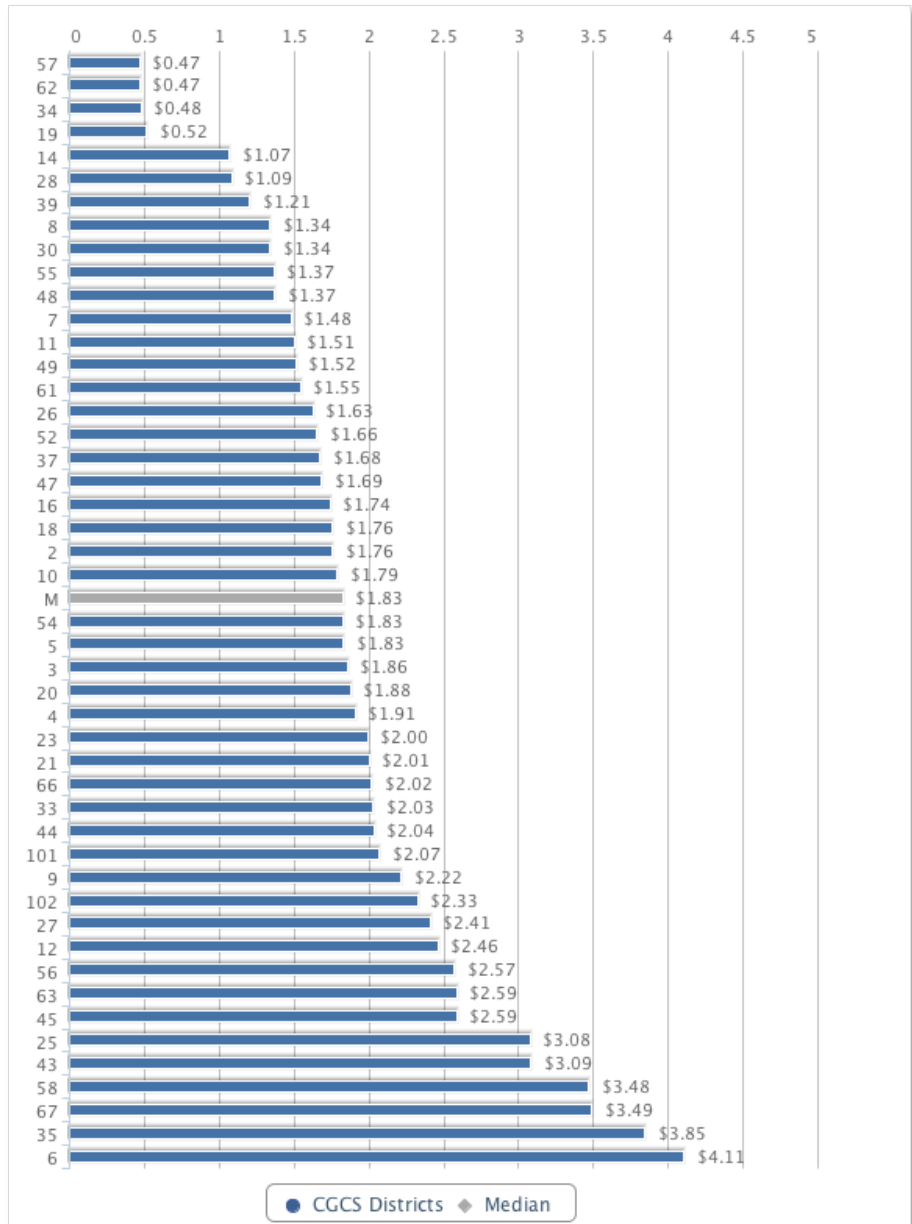
Total custodial expenditures including labor, benefits, supplies and other expenditures divided by total district square footage.*

Importance of Measure

This measures the efficiency of custodial operations, which are affected not only by operational effectiveness, but also by labor costs, material and supply costs, supervisory overhead costs, and other factors.

Influencing Factors

- Cost of labor
- Cost of supplies and materials
- Scope of duties assigned to custodians
- Collective bargaining agreements
- Size of schools



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Custodial Cost per Student

Power Indicator

Description

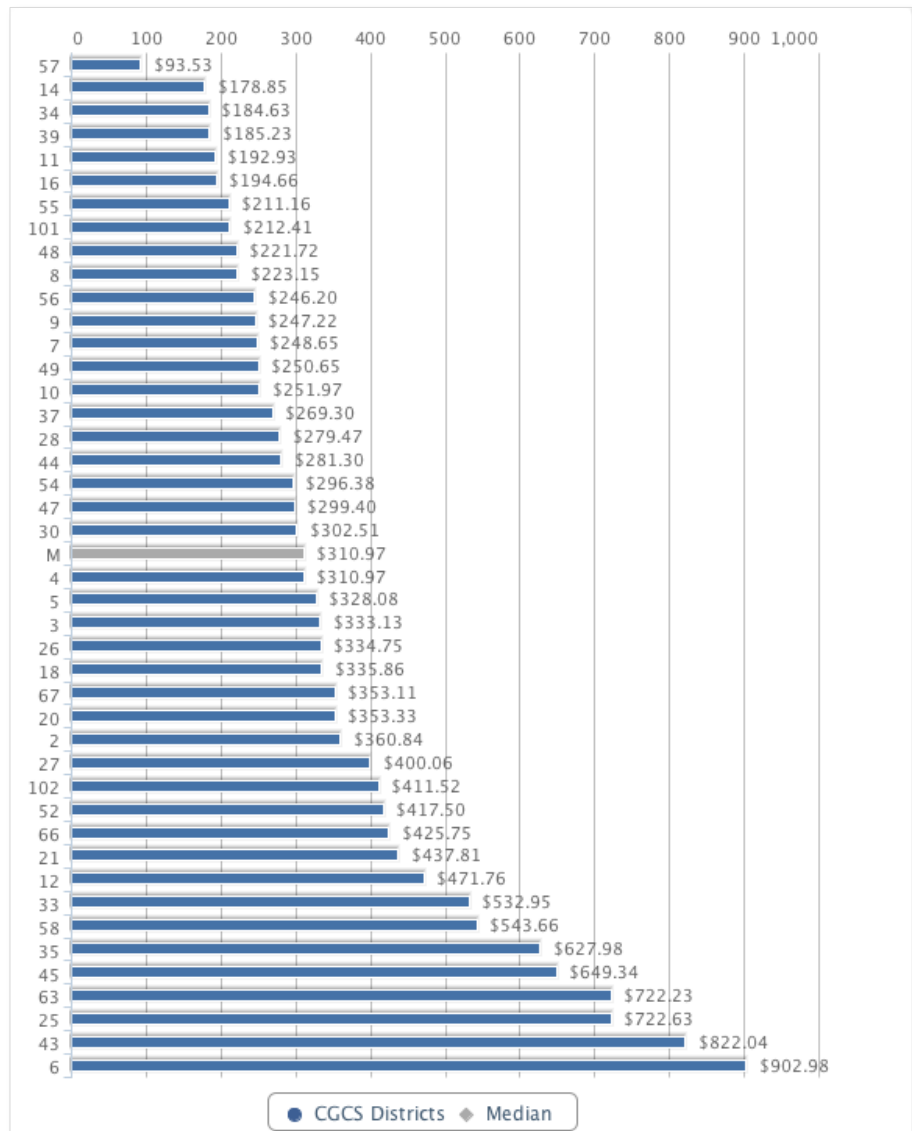
Total custodial work expenditures, including salary, benefits, materials, supplies and contracted services divided by total district student enrollment.*

Importance of Measure

This measures the efficiency of custodial operations, which are affected not only by operational effectiveness, but also by labor costs, material and supply costs, supervisory overhead costs, and other factors.

Influencing Factors

- Cost of labor
- Cost of supplies and materials
- Scope of duties assigned to custodians
- Collective bargaining agreements
- Size of schools



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Custodial Workload

Power Indicator

Description

Total district square footage divided by total number of custodians.

Importance of Measure

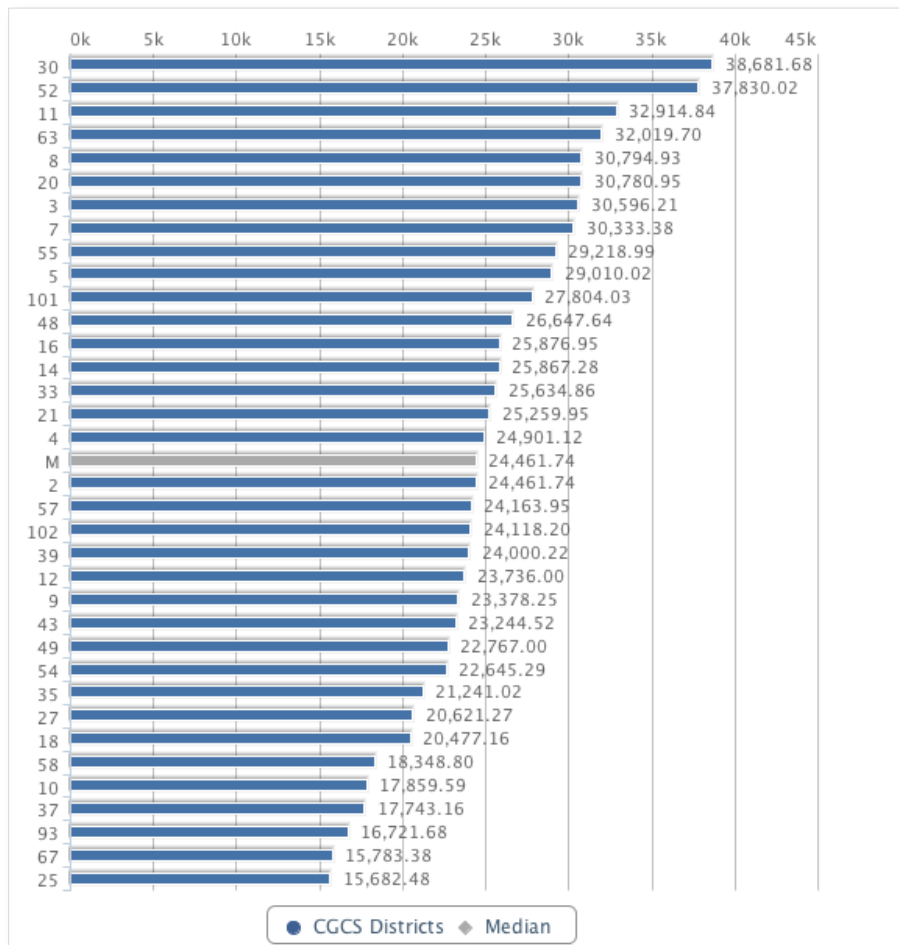
This measures the workload of each custodian. A low value could indicate that custodians may have additional assigned duties, or have opportunities for efficiencies as compared to districts with a higher ratio. A higher value could indicate a well-managed custodial program or that some housekeeping operations are assigned to other employee classifications.

Influencing Factors

- Assigned duties for custodians
- Management effectiveness
- Labor agreements

OPERATIONS

Maintenance and Operations



Maintenance Cost per Square Foot

Power Indicator

Description

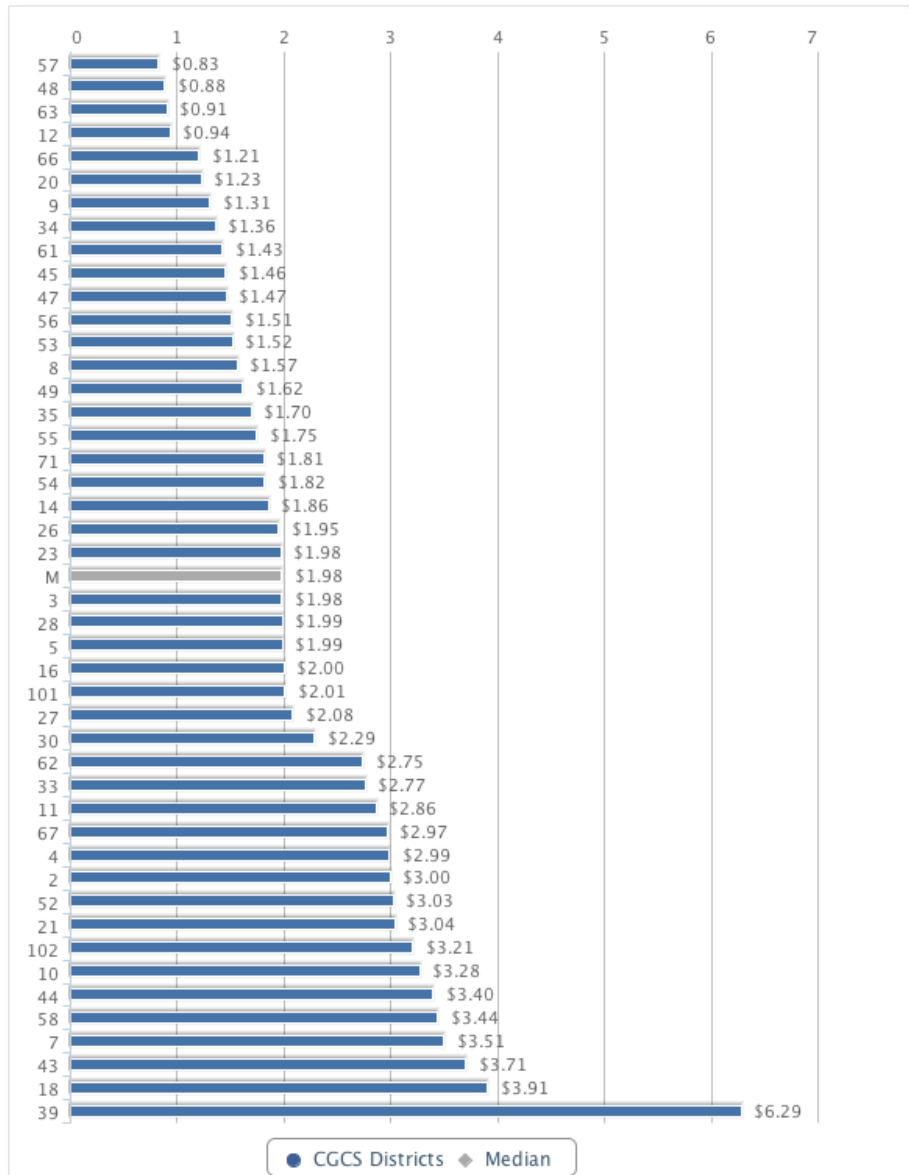
Total maintenance expenditures—major and routine—including labor, benefits, supply and other expenditures divided by total district square footage.*

Importance of Measure

This measures the relative cost (which is influenced by regional labor and material cost differences) for a district to maintain its buildings. A high relative cost may indicate a large amount of deferred maintenance, while a lower number could reflect newer buildings in a district

Influencing Factors

- Age of buildings
- Amount of deferred maintenance
- Labor costs
- Material costs and purchasing practices
- Layout of buildings



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Maintenance Cost per Student

Power Indicator

Description

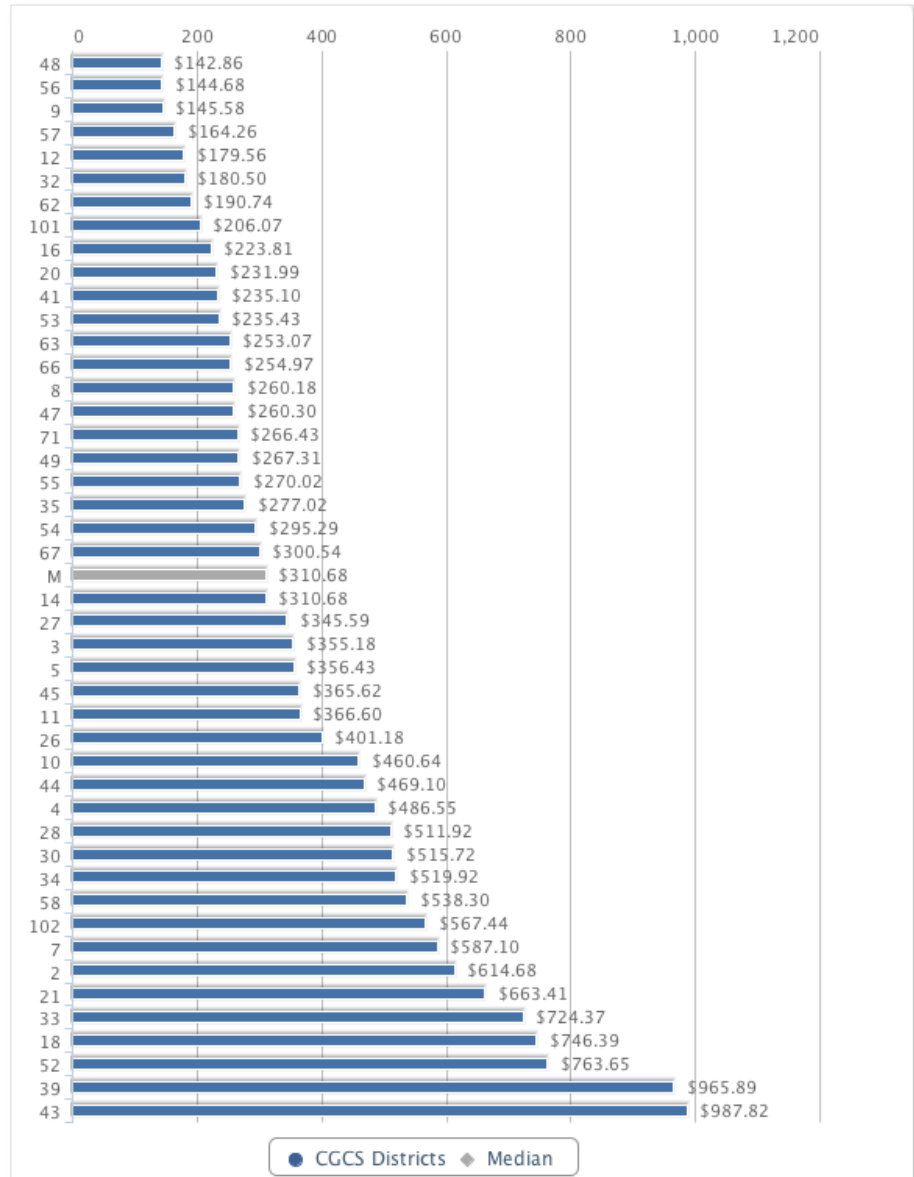
Total cost of routine and major maintenance work divided by total student enrollment.*

Importance of Measure

This measures the relative efficiency of maintenance operations, which is affected not only by operational effectiveness, but also by labor costs, material and supply costs, supervisory overhead costs, and other factors.

Influencing Factors

- Age of buildings
- Amount of deferred maintenance
- Labor costs
- Material costs and purchasing practices
- Layout of buildings



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Work Order Completion Time (Days)

Power Indicator

Description

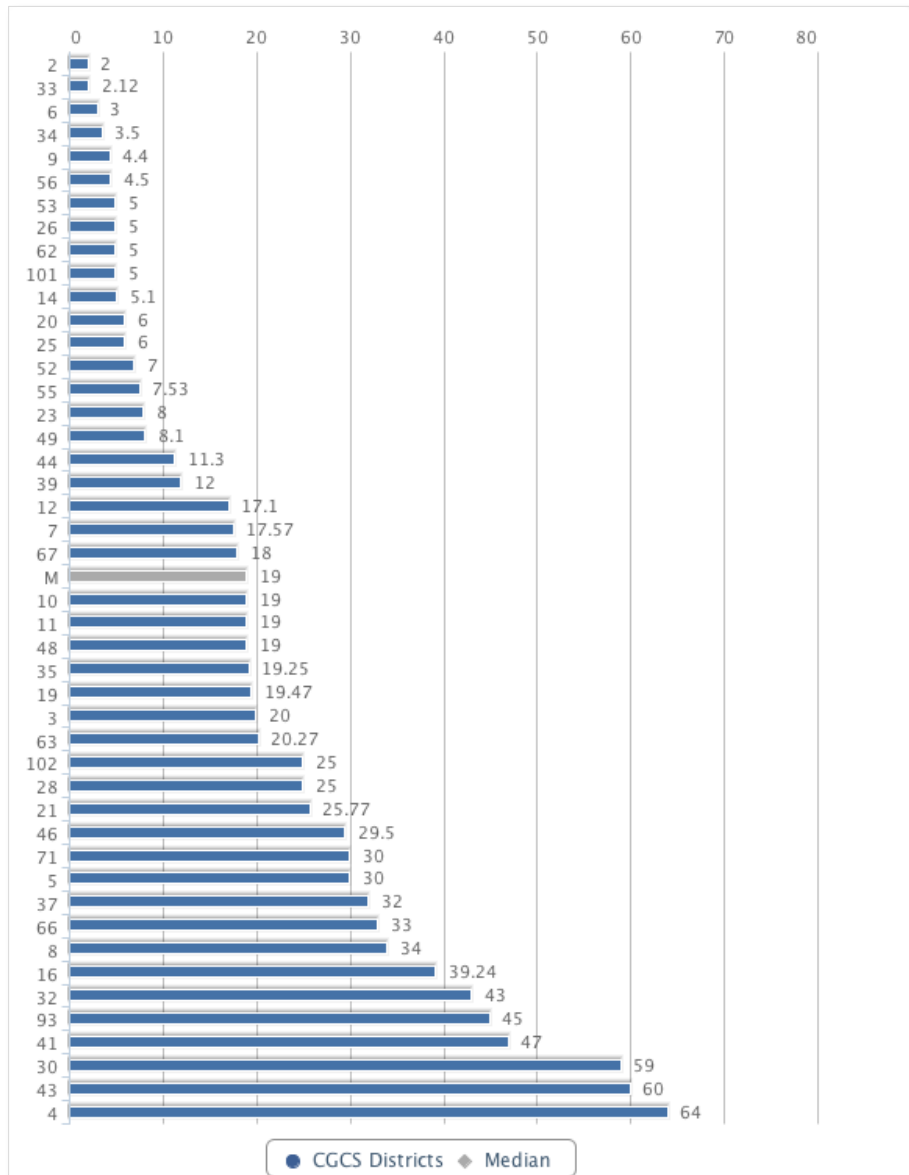
Average number of days to complete a work order.

Importance of Measure

This measures a district's timeliness in completing work orders. Districts with lower completion times are more likely to have a management system in place with funding to address repairs.

Influencing Factors

- Number of maintenance employees
- Management effectiveness
- Automated work-order tracking
- Funding to address needed repairs
- Existence of workflow management process



Utility Usage per Square Foot

Power Indicator

Description

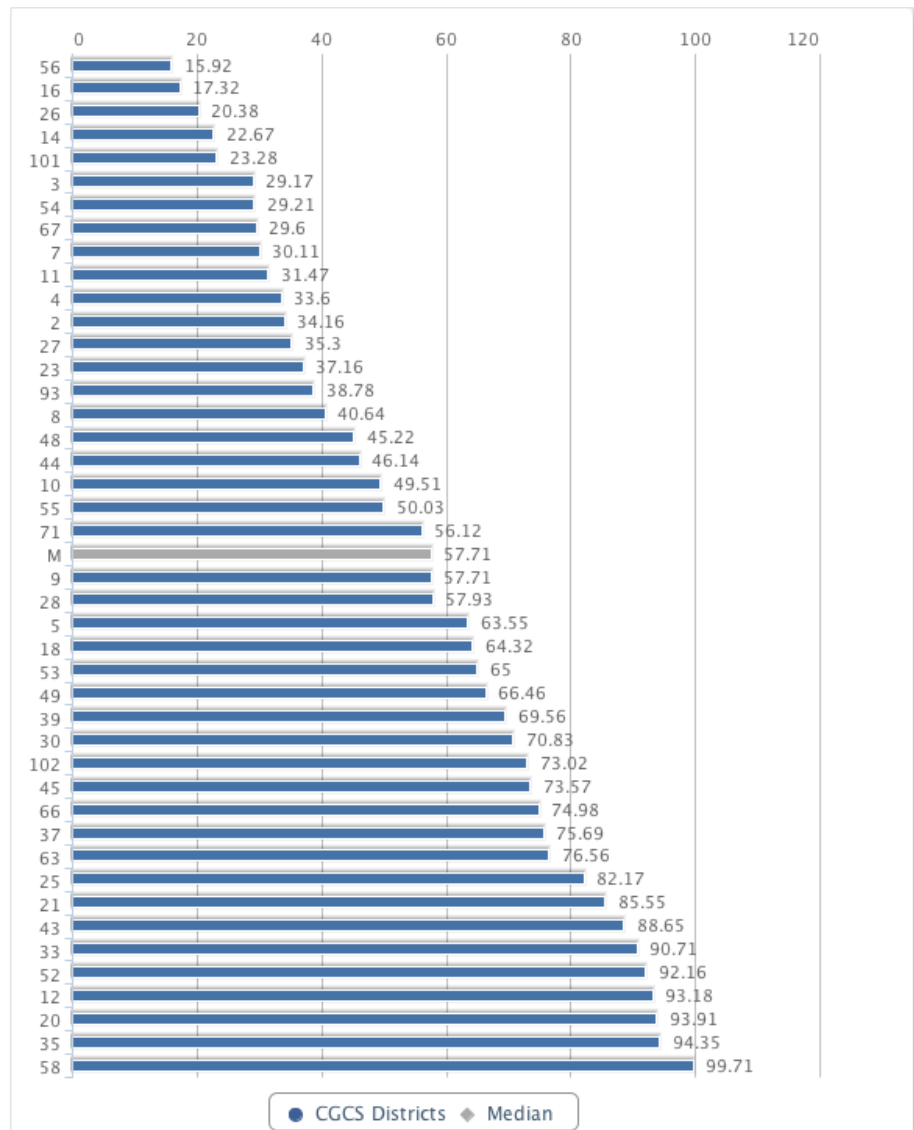
Annual electricity kWh usage times 3.412 (to convert unit of measure to kBtUs), plus annual heating fuel kBtU usage divided by total district square footage.

Importance of Measure

This measures the efficiency of a district's heating and cooling operations. It may also reflect a district's effort to reduce energy consumption through conservation measures being implemented by building occupants as well as maintenance and operations personnel. Higher numbers signal an opportunity to evaluate fixed and variable cost factors and identify those factors that can be modified for greater efficiency.

Influencing Factors

- Age of buildings and physical plants
- Amount of air-conditioned space
- Regional climate differences
- Customer support of conservation efforts to upgrade lighting and HVAC systems
- Energy conservation policies and management practices



M&O Expenditures as a Percent of General Fund Expenditures

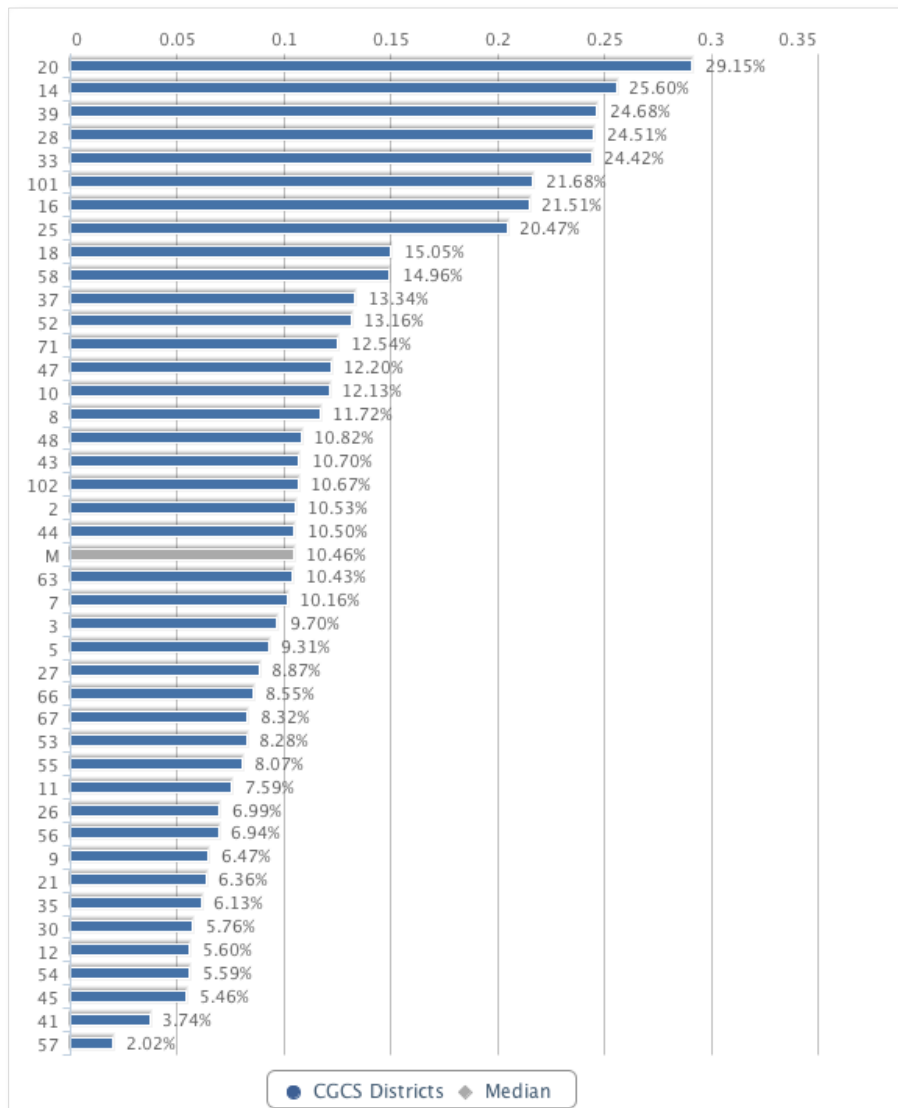
Essential Few

Description

Total Maintenance and Operations Department expenditures divided by total district General Fund expenditures.

Importance of Measure

This measures the level of support for maintenance operations being provided by the General Fund. A lower percentage may indicate that other sources of funds must be provided to meet maintenance needs. A low percentage could also be an indication that not all of the required maintenance is being performed, resulting in a large amount of deferred maintenance.



Custodial Supply Cost per Square Foot

Essential Few

Description

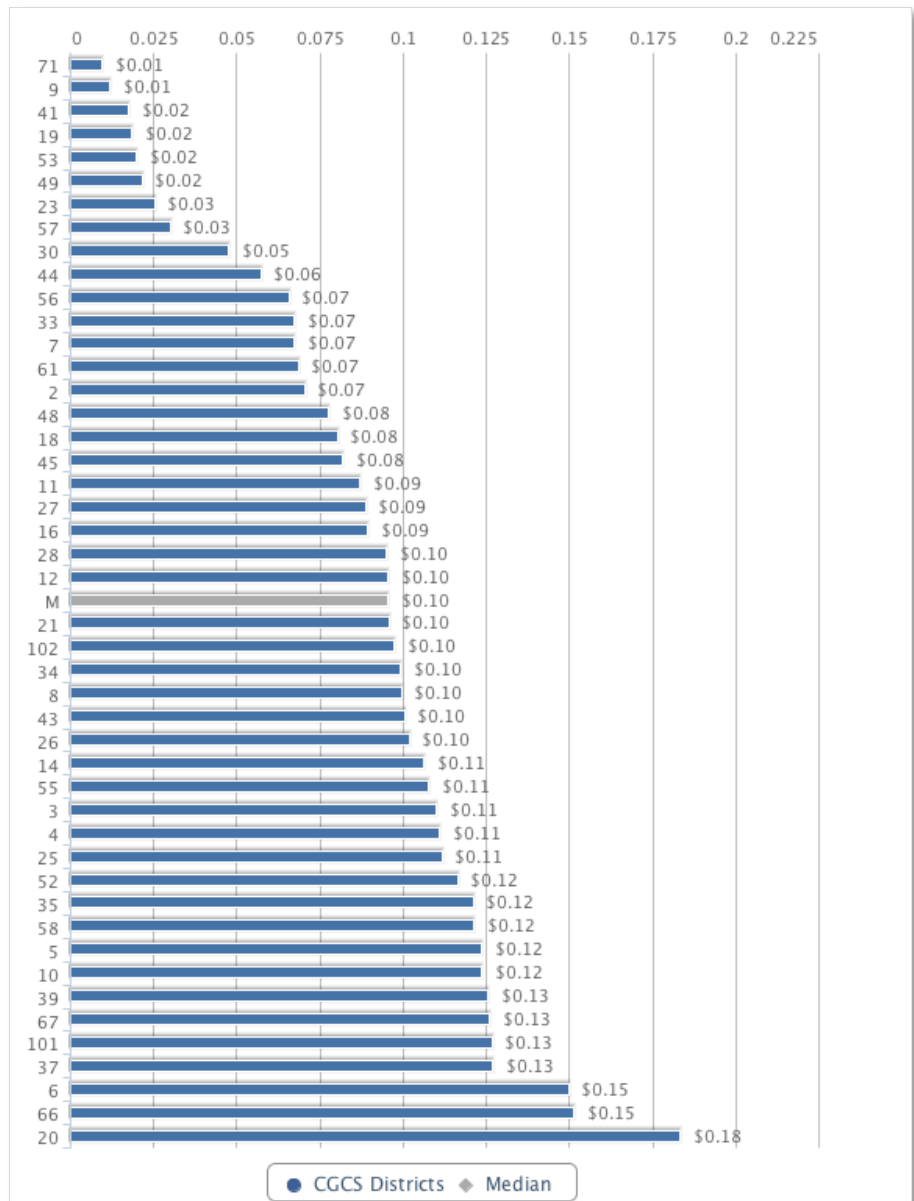
Total custodial supply and equipment expenditures divided by total district square footage.*

Importance of Measure

This measures the relative effectiveness of a district's use of custodial supplies and materials. A higher value may indicate cost savings opportunities that can be gained by changes in policies or procedures.

Influencing Factors

- Regional price differences for supplies and materials
- Purchasing practices
- Student density in a building (more students per sq. ft.)
- Number of after-hours and community events in the building



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Water Usage per Square Foot

Essential Few

Description

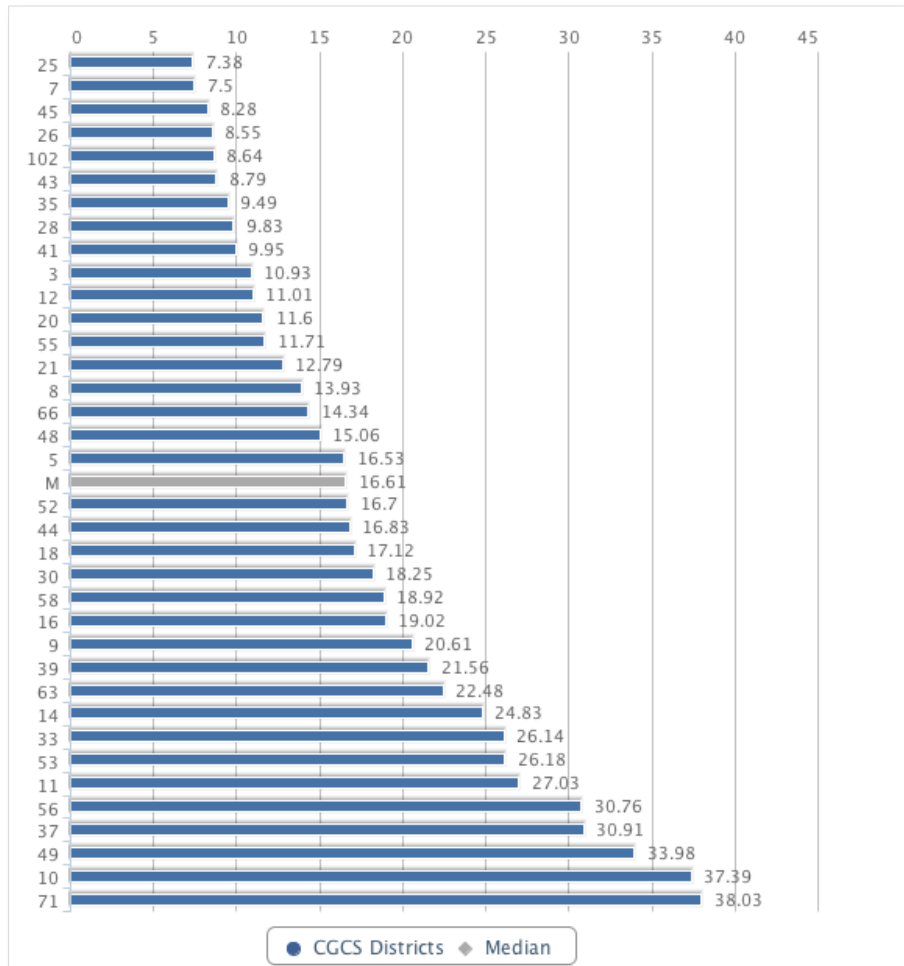
Total annual water usage (in gallons) divided by total district square footage.

Importance of Measure

This measures the total water use to support the district's facilities. A higher number might indicate a significant amount of exterior irrigation for grounds and sports facilities. A higher value might also be an indication of a hot, arid environment requiring more water for irrigation or support of air conditioning systems. A lower number could indicate the district has a very effective water conservation program.

Influencing Factors

- Water conservation measures being implemented
- Geographic location
- District policy on watering grounds
- State and local laws



Percentage of District Buildings That Recycle

Essential Few

Description

Number of buildings participating in a recycling program divided by the total number of buildings in the district.

Importance of Measure

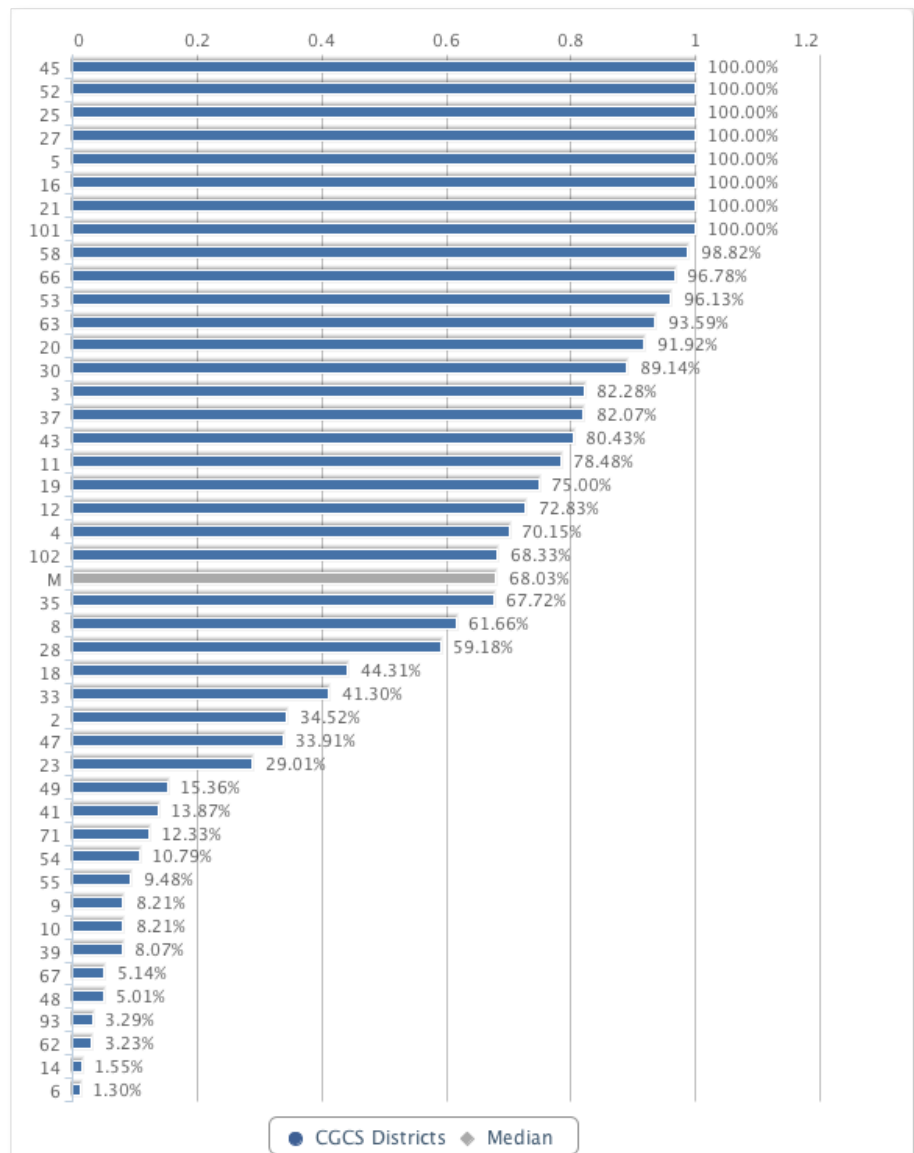
This measures the participation of school staff and students in a recycling program.

Influencing Factors

- Interest in conserving natural resources from staff and students
- Amount and level of training about benefits of recycling
- Availability of recycle bins
- School board policy

OPERATIONS

Maintenance and Operations



Percentage of LEED Designed Buildings

Essential Few

Description

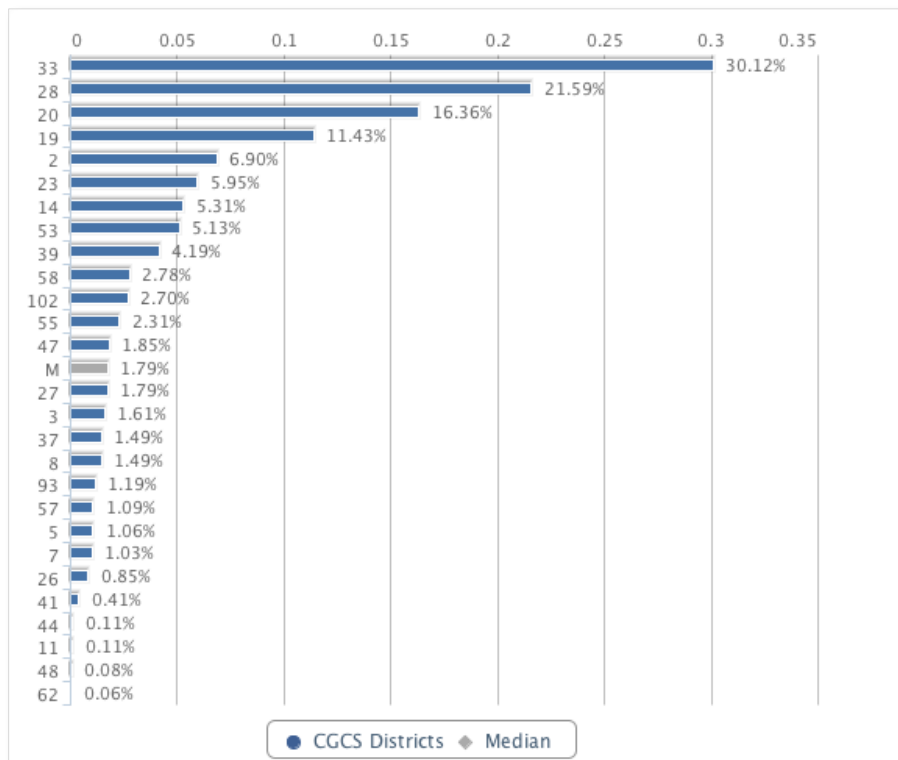
Percentage of all district buildings in use that have been renovated or constructed to meet the requirements of LEED or comparable certifications.

Importance of Measure

This is an important measure because LEED certification* provides independent, third-party verification that a building, home or community was designed and built using strategies aimed at achieving high performance in key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

Influencing Factors

- School board policies
- Community support for environmental stewardship
- Fundraising capacity
- Interest and motivation of students and staff to participate



* Leadership in Energy and Environmental Design (LEED) is a certification program provided by the U.S. Green Building Council.



Safety and Security

There are a number of performance metrics that can be used to determine a district's relative performance in the area of school safety. For instance, the *use of ID badges* and other *methods of access control* are important parts of security, as are measures of *use of alarm systems and Expenditures as a Percent of General Fund*. Additionally, personnel preparedness and capacity is measured by looking at **Hours of Training per District Security and Law Enforcement Member and District Uniformed Personnel**

Finally, **Arrests on School Sites per 1,000 Students** is a baseline measure of incidents in a district.

The following influencing factors are likely to apply to these measures:

- Level of crime in the surrounding neighborhoods
- Configuration of school (office, front desk, etc.) to make access control a possibility
- Inclusion of security systems in a district's construction and modernization program
- Utilization of technology such as security cameras to offset the need for more staff
- Documented need for additional safety and security staff—for example, documented crime statistics and trends.

Safety and Security Expenditures as Percent of District General Fund Expenditures

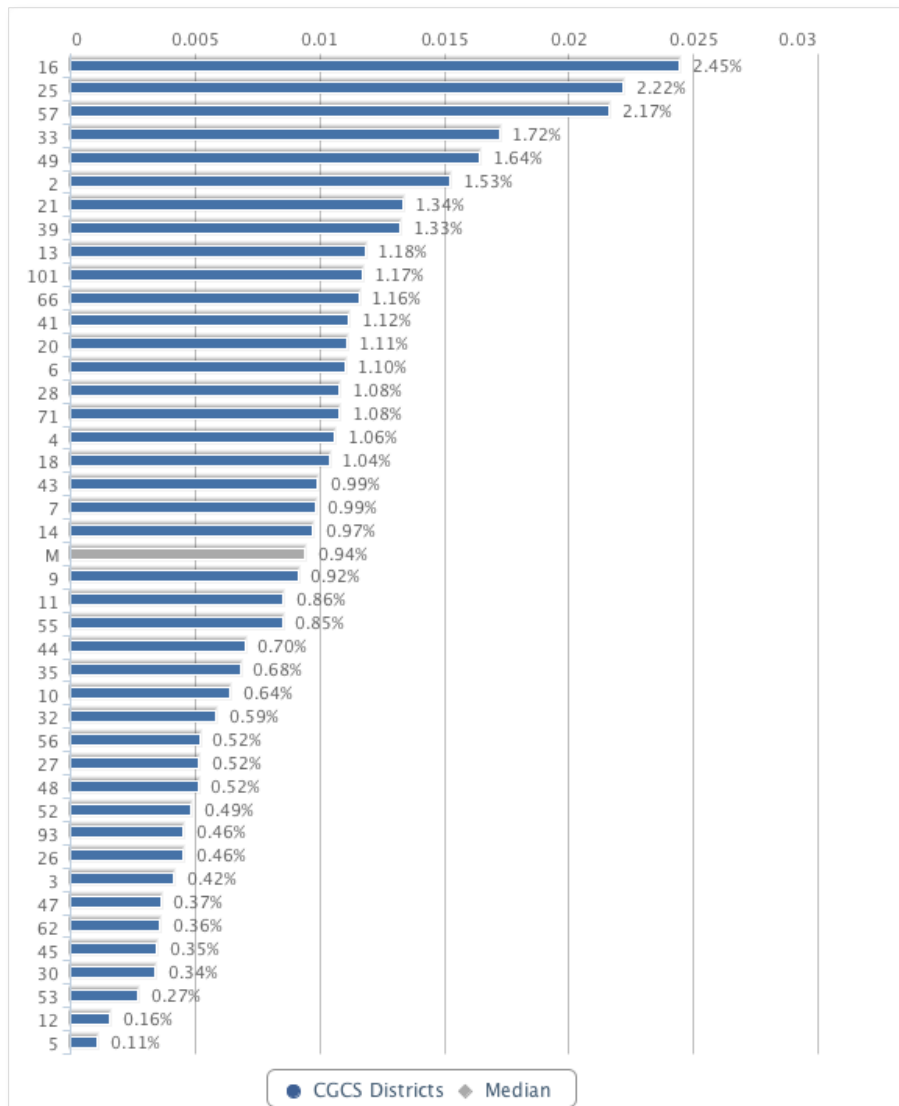
Power Indicator

Description

Total annual expenditures of district security and/or district law enforcement services (includes salaries, benefits, contracted services and local law enforcement SROs) divided by the total district General Fund expenditures.

Importance of Measure

This measures the level of support for safety and security operations as a percent of all district expenditures. A low percentage could be an indication that security needs are not being met by the district.



Percent of School Sites Requiring Employee ID Badges

Power Indicator

Description

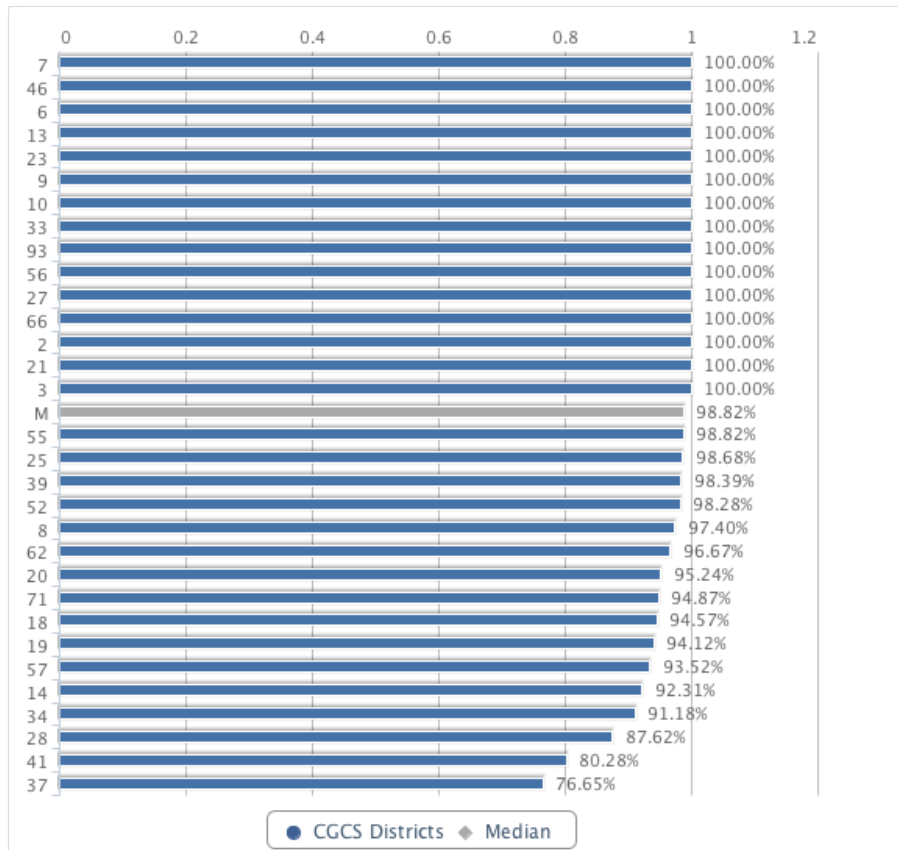
The number of school sites where employees are required to wear identification badges on a daily basis divided by the total number of school sites in the district.

Importance of Measure

This measure reflects the emphasis districts put on access control as a deterrent.

Influencing Factors

- District policy for security
- Level of crime in surrounding neighborhoods
- Configuration of school (office, front desk, etc.) to make access control a possibility
- Budget allocations



Percent of Non-School Sites Requiring Employee ID Badges

Power Indicator

Description

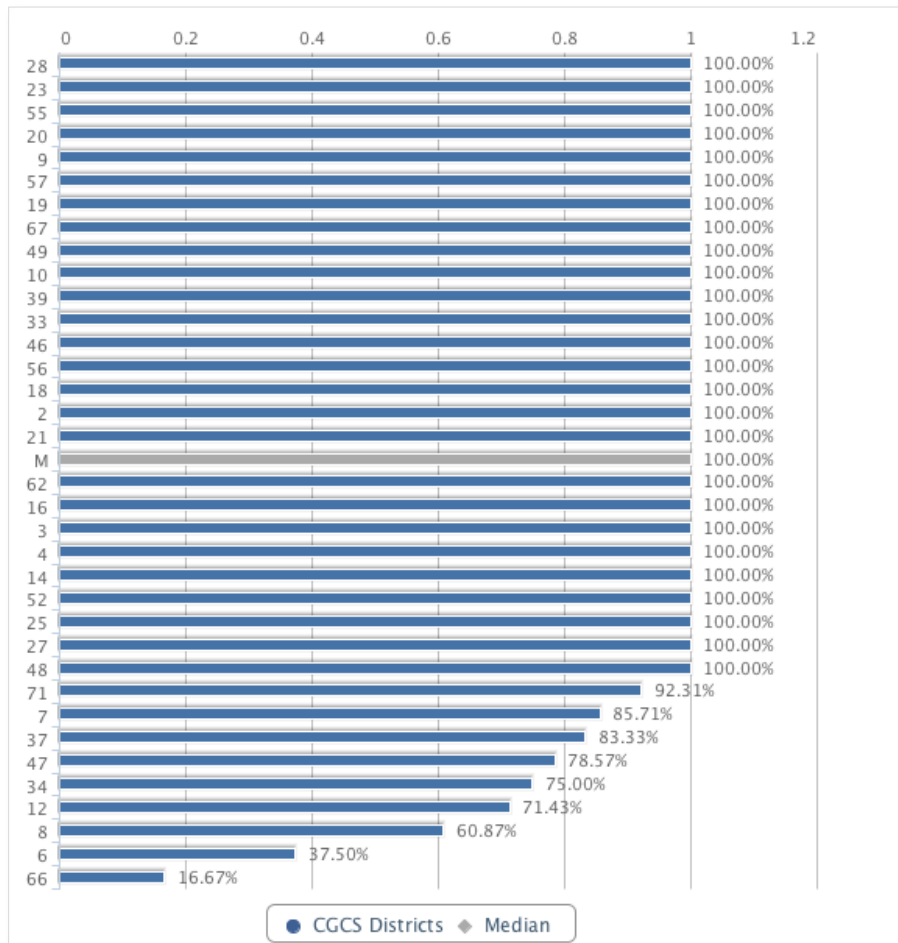
Number of non-school sites where employees are required to wear identification badges on a daily basis divided by the number of non-school sites in the district.

Importance of Measure

This measure reflects the emphasis districts put on access control as a deterrent.

Influencing Factors

- District policy for security
- Level of crime in surrounding neighborhoods
- Configuration of school (office, front desk, etc.) to make access control a possibility
- Budget allocations



Percent of School Sites Requiring Visitor ID Badges

Power Indicator

Description

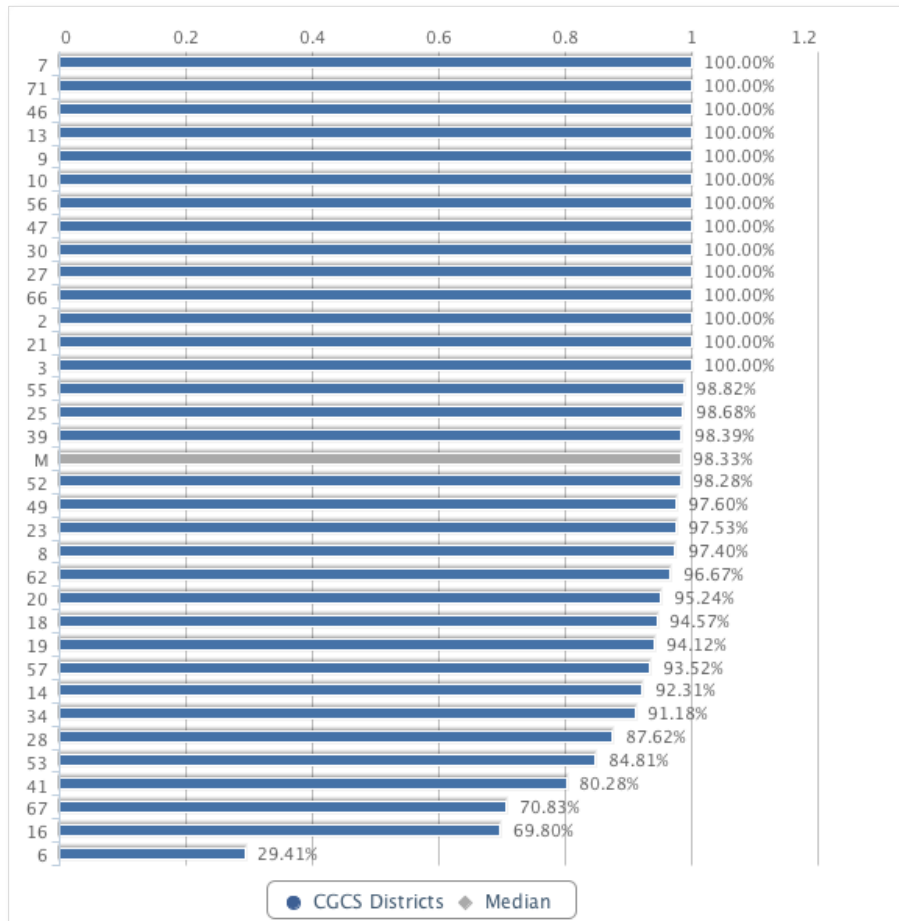
The number of school sites where visitors are required to wear identification badges on a daily basis divided by the total number of school sites in the district.

Importance of Measure

This measure reflects the emphasis districts put on access control as a deterrent.

Influencing Factors

- District policy for security
- Level of crime in surrounding neighborhoods
- Configuration of school (office, front desk, etc.) to make access control a possibility
- Budget allocations



Percent of Non-School Sites Requiring Visitor ID Badges

Power Indicator

Description

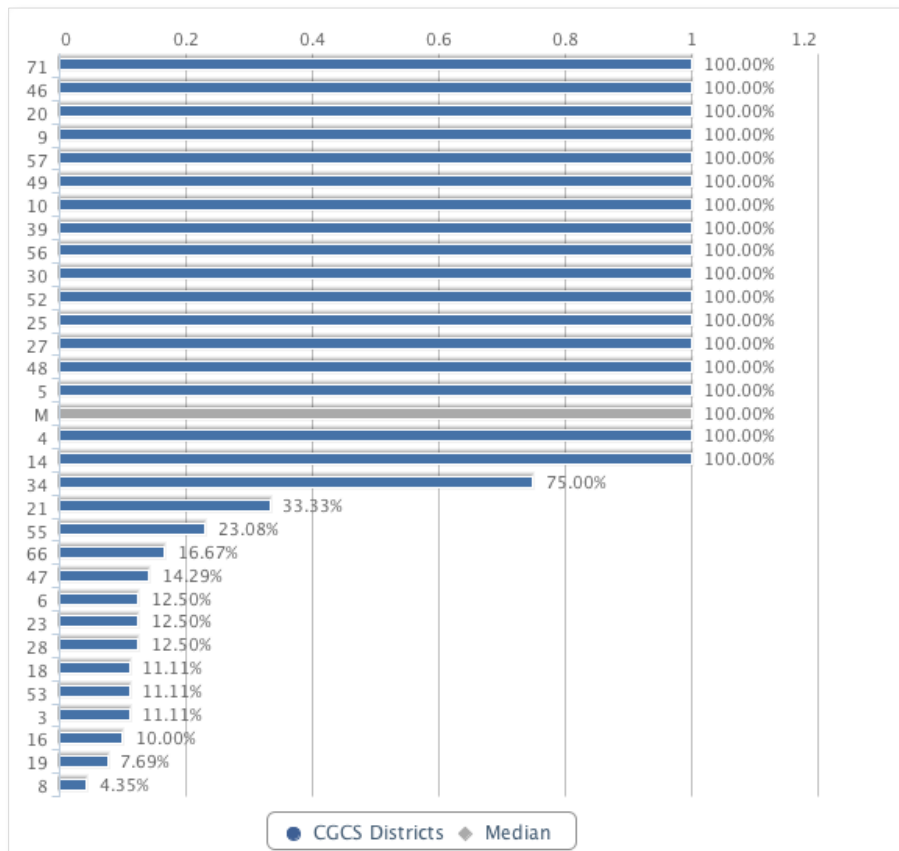
Number of non-school sites requiring visitor ID badges on a daily basis divided by number of non-school sites in the district.

Importance of Measure

This measure reflects the emphasis the district puts on using visitor identification badges as a deterrent to having unauthorized strangers in non-school buildings.

Influencing Factors

- District policy for security
- Level of crime in surrounding neighborhoods
- Configuration of school (office, front desk, etc.) to make access control a possibility
- Budget allocations



Hours of Training per District Security and Law Enforcement Member

Power Indicator

Description

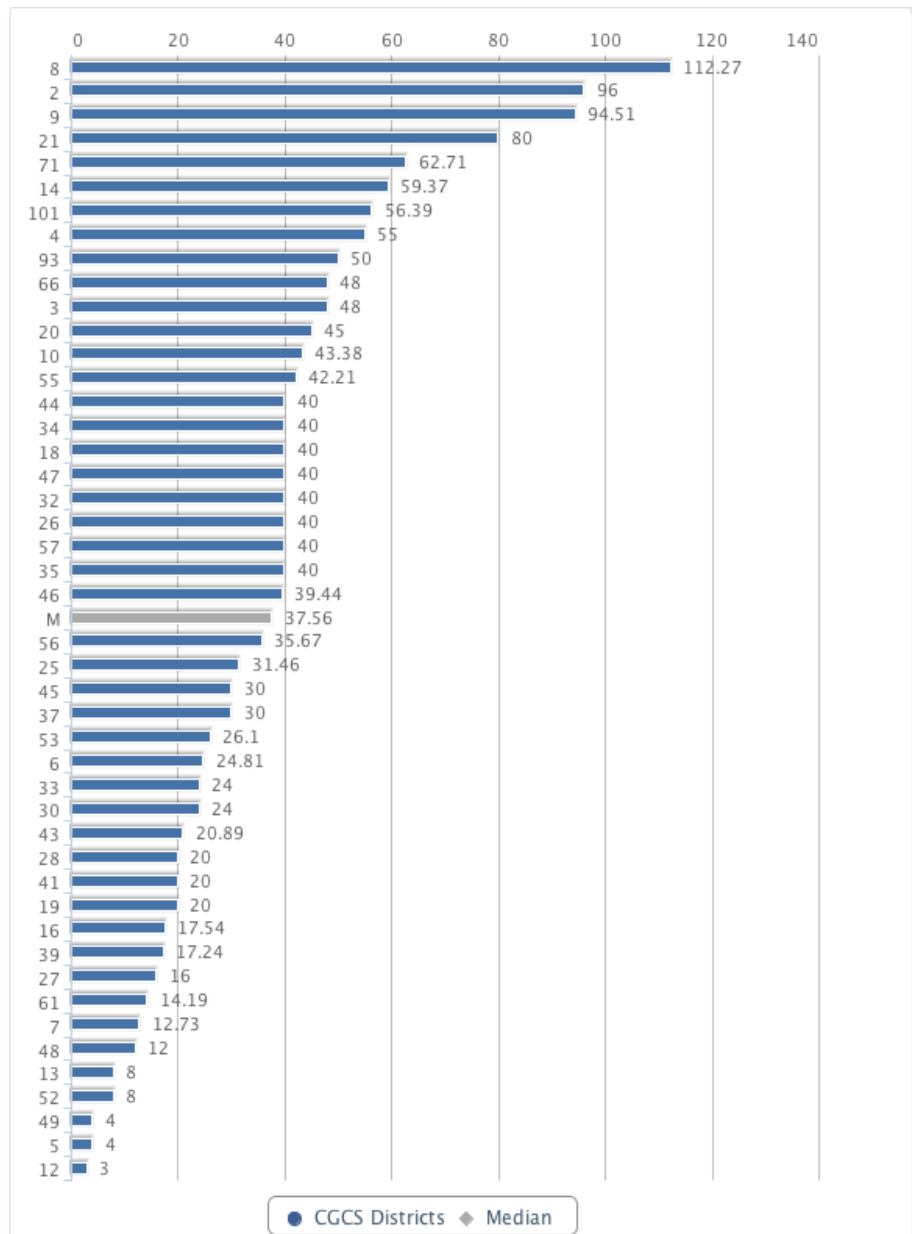
Annual number of hours of training per district security staff member times the sum of the number of armed and unarmed security FTEs plus the annual number of hours training per district law enforcement staff times the number of district law enforcement FTEs divided by the sum of the number of armed and unarmed security FTEs and number of district law enforcement FTEs.

Importance of Measure

This measure reflects the emphasis districts place on the training of district and/or contracted security and law enforcement officers.

Influencing Factors

- School board policy
- State standards
- Federal policy (Title VI)
- Number of hours per week district security and/or law enforcement officers work
- Availability of certified instructors



Hours of Training per District Security Member

Essential Few

Description

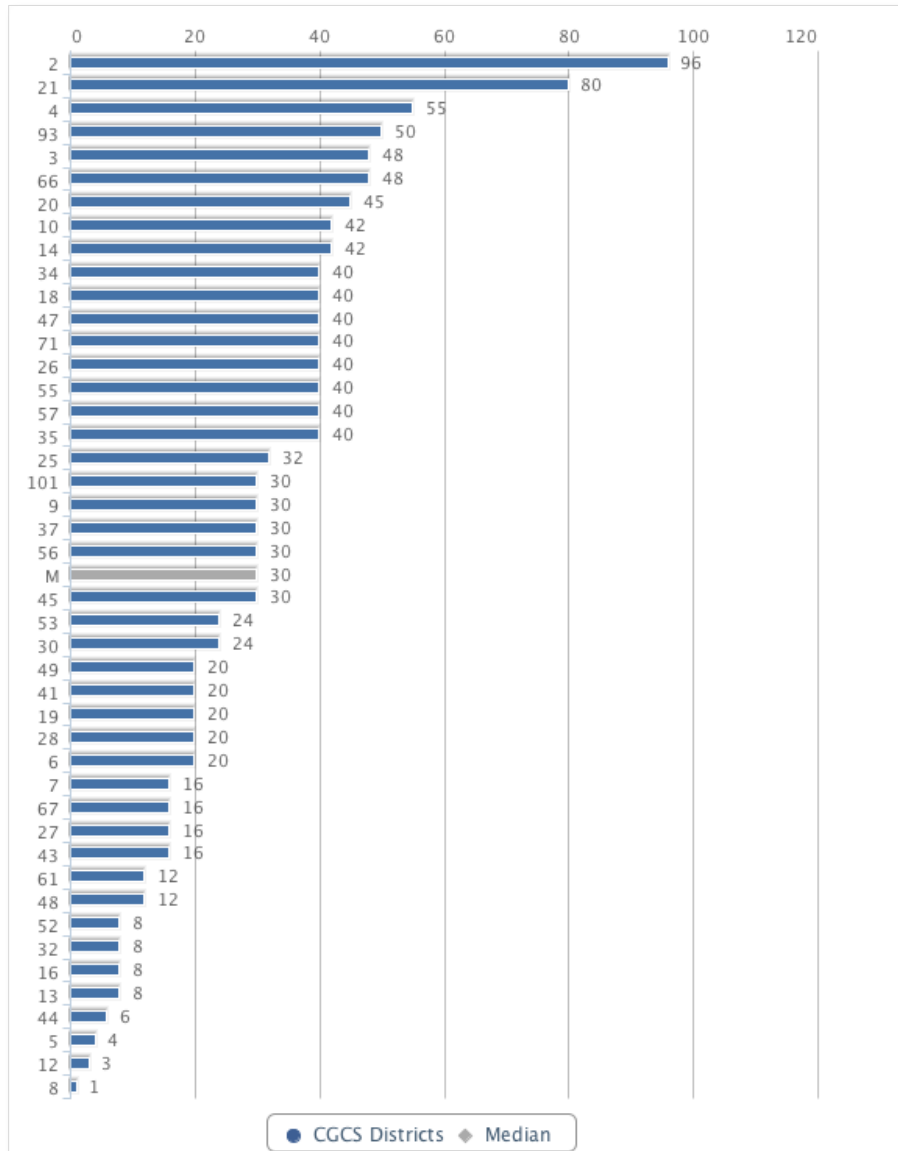
Annual number of hours per year, on average, that district security members are required to attend training. Training includes any professional development required according to school board policy.

Importance of Measure

This measure reflects the emphasis districts place on the training of district and/or contracted security and law enforcement officers.

OPERATIONS

Safety and Security



Hours of Training per District Law Enforcement Member

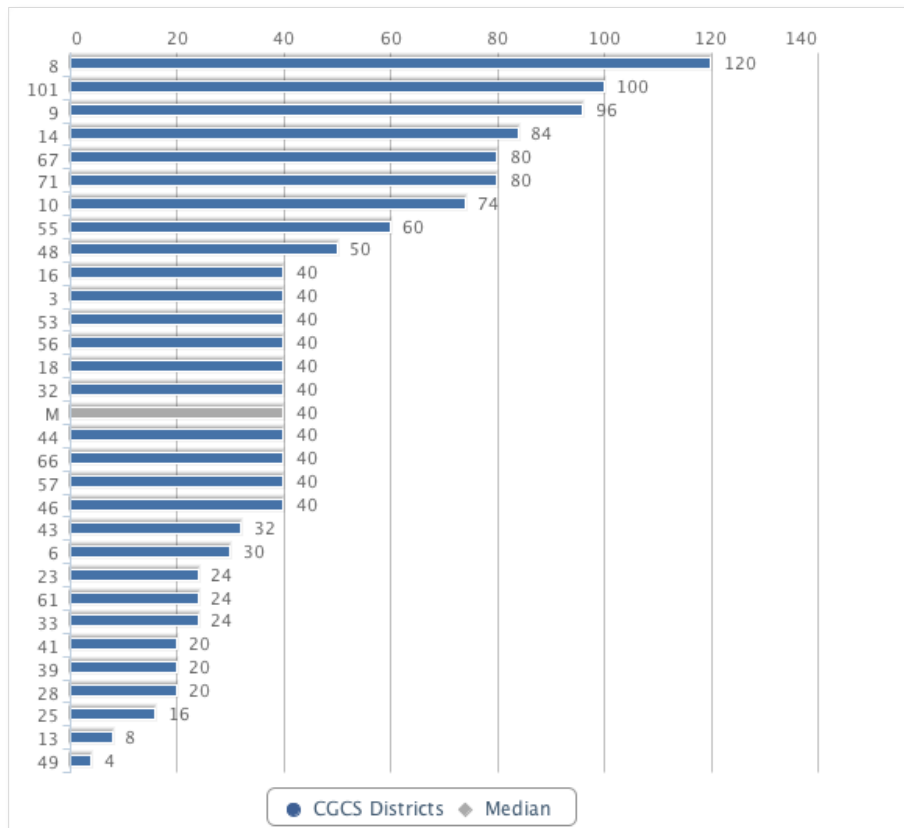
Essential Few

Description

Annual number of hours per year, on average, that district law enforcement personnel are required to attend training. Training includes any professional development required according to school board policy.

Importance of Measure

This measure reflects the emphasis districts place on the training of district and/or contracted security and law enforcement officers.



Arrests on School Sites per 1,000 Students

Essential Few

Description

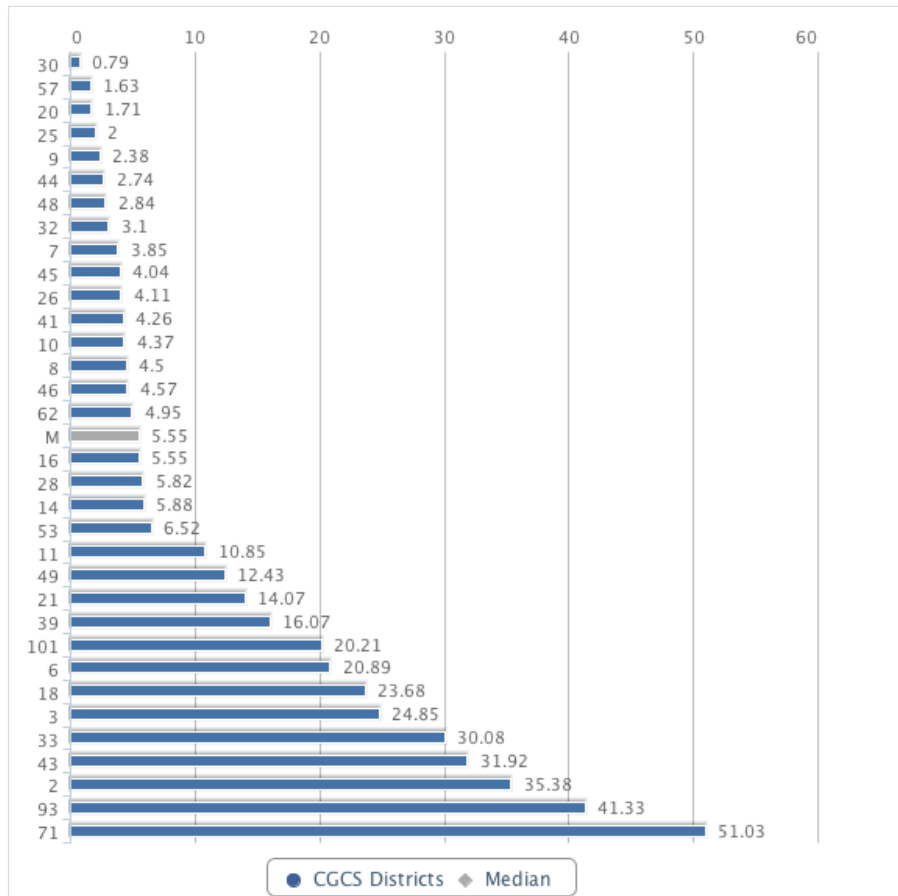
Total number of arrests on school sites divided by total Pre-K-12 enrollment multiplied by 1,000.

Importance of Measure

This measures the relative rate of arrests on school sites.

OPERATIONS

Safety and Security



District Uniformed Personnel per 1,000 Students

Essential Few

Description

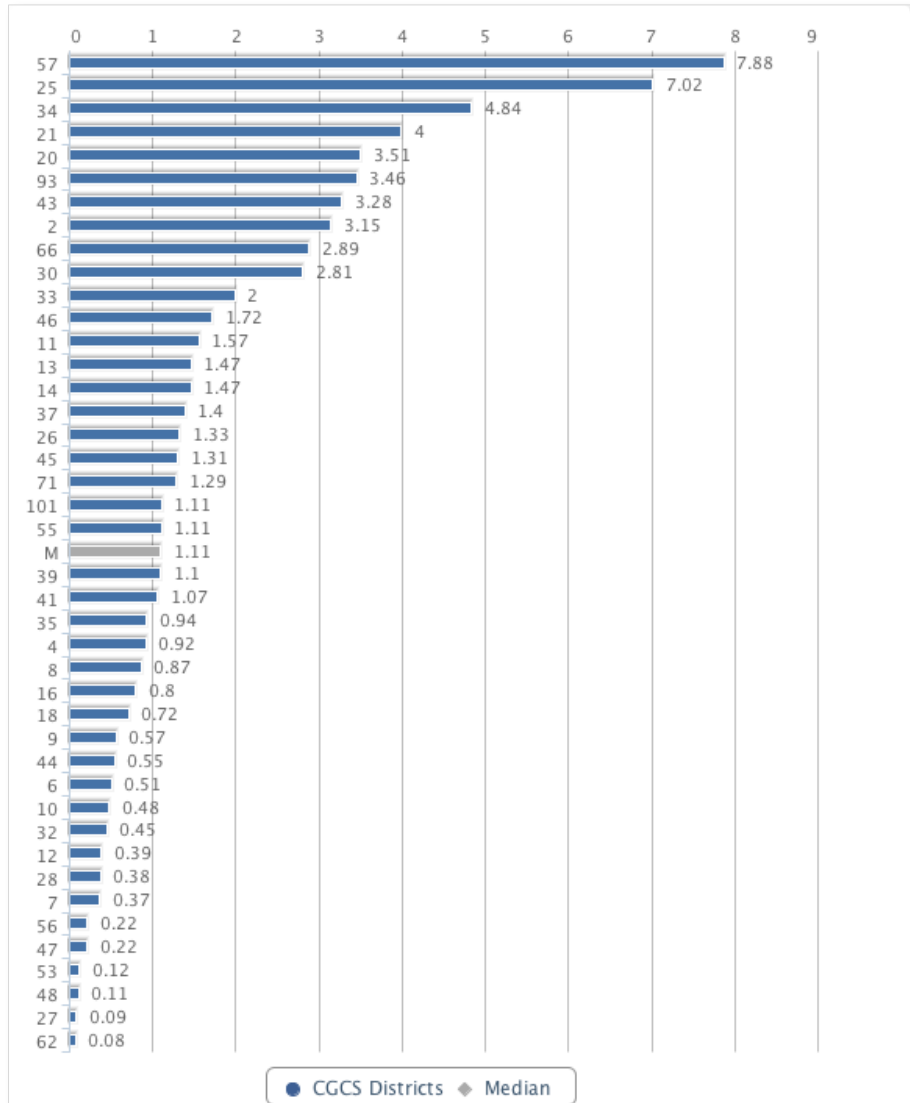
Number of uniformed armed and unarmed security and law enforcement personnel divided by total enrollment (expressed in thousands of students).

Importance of Measure

This measures the "coverage" or concentration of safety officers across the student population in each district, adjusted for the size of the district in terms of enrollment, and plays a large role in the effectiveness of security efforts.

Influencing Factors

- Available resources allocated to safety and security
- Staffing formulas
- Documentation of need (e.g., crime statistics) for additional safety and security staff
- Utilization of technology such as security cameras to offset the need for more staff



Percent of School Sites with Alarm Systems

Essential Few

Description

The sum of all school sites (elementary, middle, high school, and other school sites) with alarm systems divided by the total number of school sites in the district.

Importance of Measure

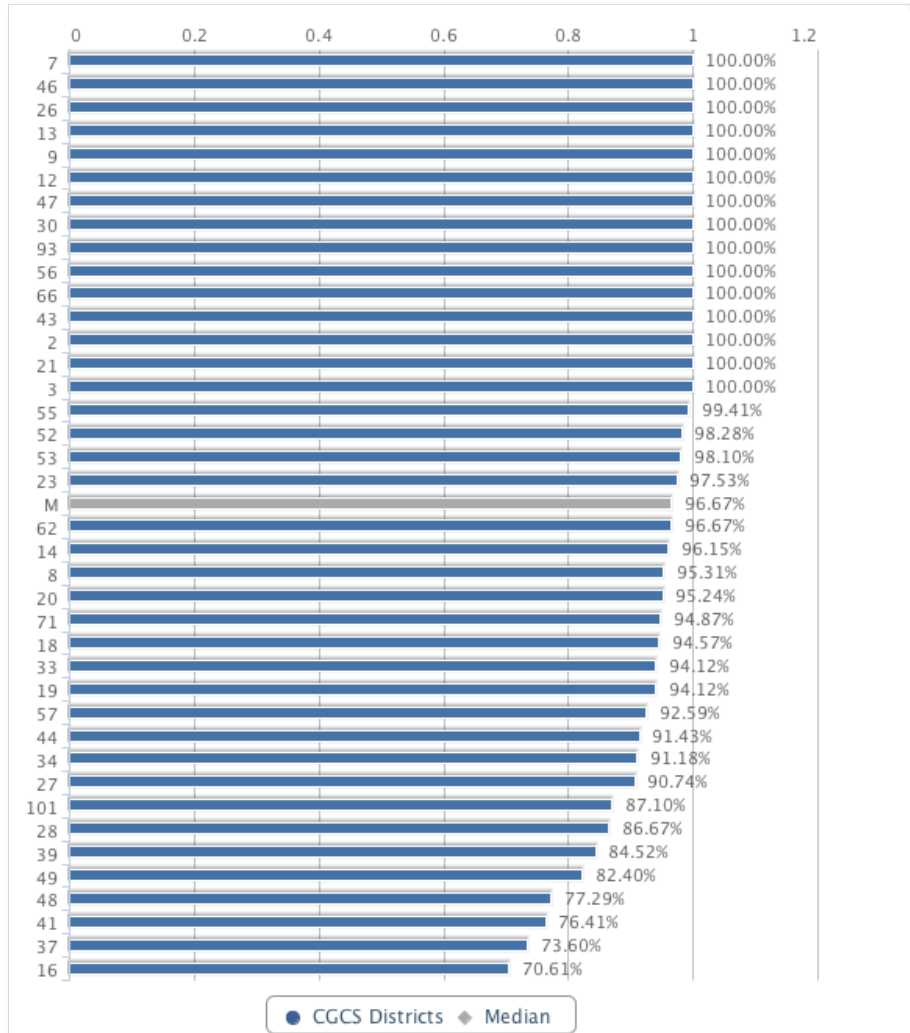
This measures the number of schools and other buildings that have an intrusion alarm system to safeguard district assets.

Influencing Factors

- Historical crime rates for physical property
- Reliability of alarm system
- Response time of monitors (if applicable)
- Configuration of the alarm system
- Budget allocation
- Inclusion of security systems in a district's construction and modernization program

OPERATIONS

Safety and Security



Percent of Non-School Sites with Alarm Systems

Essential Few

Description

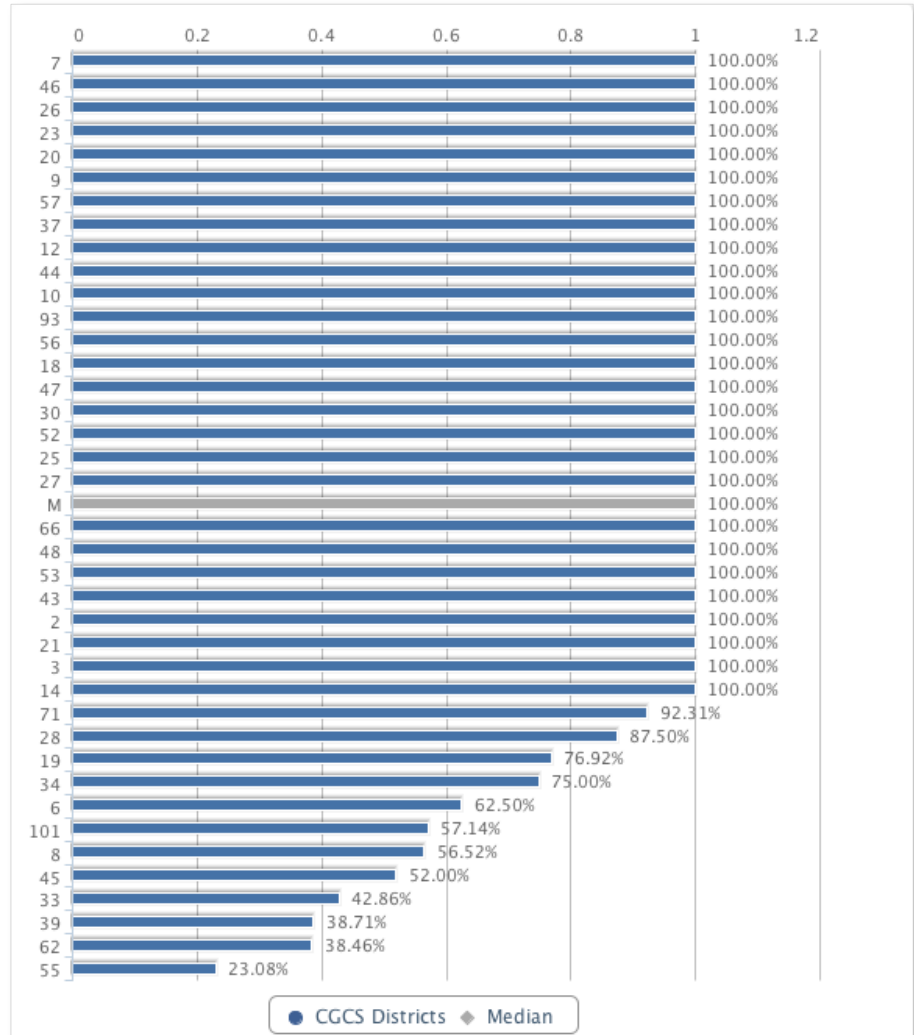
Number of alternative (non-traditional program for students with behavioral issues) school sites divided by the total number of non-school sites in the district.

Importance of Measure

This measures the number of non-school sites that have an intrusion alarm system to safeguard district assets.

Influencing Factors

- Historical crime rates for physical property
- Reliability of alarm system
- Response time of monitors (if applicable)
- Configuration of the alarm system
- Budget allocation
- Inclusion of security systems in a district's construction and modernization program





Transportation

Performance metrics in transportation cover a broad range of factors that affect service levels and cost efficiency. The broad summative measures are **Cost per Total Mile Operated** and **Transportation Cost per Rider**, and the other measures include diagnostic tools to weed out inefficiencies and excessive expenses. A key measure of efficiency is **Daily Runs per Bus**, which reflects the daily reuse of buses; and important service-level measures include **On-Time Performance** and **Turn Time to Place New Students**.

Careful consideration of each measure and its impact on a district's transportation services is vital to the improvement of performance.

General factors that influence transportation measures and improvement strategies include:

- Types of transported programs served
- Bell schedule
- Effectiveness of the routing plan
- Spare bus factor needed
- Age of fleet
- Driver wage and benefit structure and labor contracts
- Maximum riding time allowed and earliest pickup time allowed
- Enrollment projections and their impact on transported programs

Transportation Cost per Rider

Power Indicator

Description

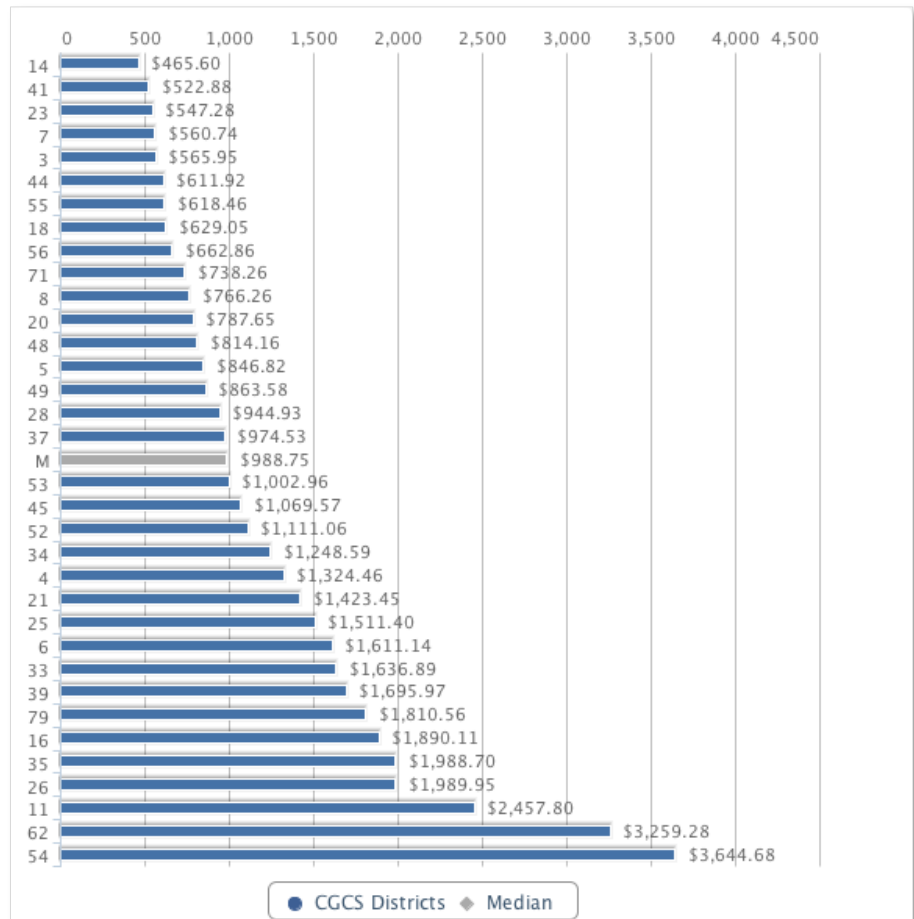
All transportation expenditures—direct salaries, fuel, liability insurance, Workers’ Compensation insurance, facility costs, capital/debt service, and transportation contract costs—divided by total of all levels of student riders, including general, special education (SPED), and other categories of students transported.*

Importance of Measure

This measures the cost efficiency of a pupil transportation program and provides a baseline of comparison across districts. A greater than average cost per student may be appropriate based on specific conditions or program requirements in a particular district. A less than average cost per student may indicate a well-run program, or favorable conditions in a district.

Influencing Factors

- Driver wage and benefit structure and labor contracts
- Cost of the fleet, including fleet replacement plan, facilities, insurance and maintenance also play a role in the basic cost
- Effectiveness of the routing plan
- Ability to use each bus for more than one route or run each morning and each afternoon
- Bell schedule
- Transportation department input in proposed bell schedule changes
- Maximum riding time allowed and earliest pickup time allowed
- Contracted service costs
- Types of transported programs served



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Cost per Total Mile Operated – All Buses

Power Indicator

Description

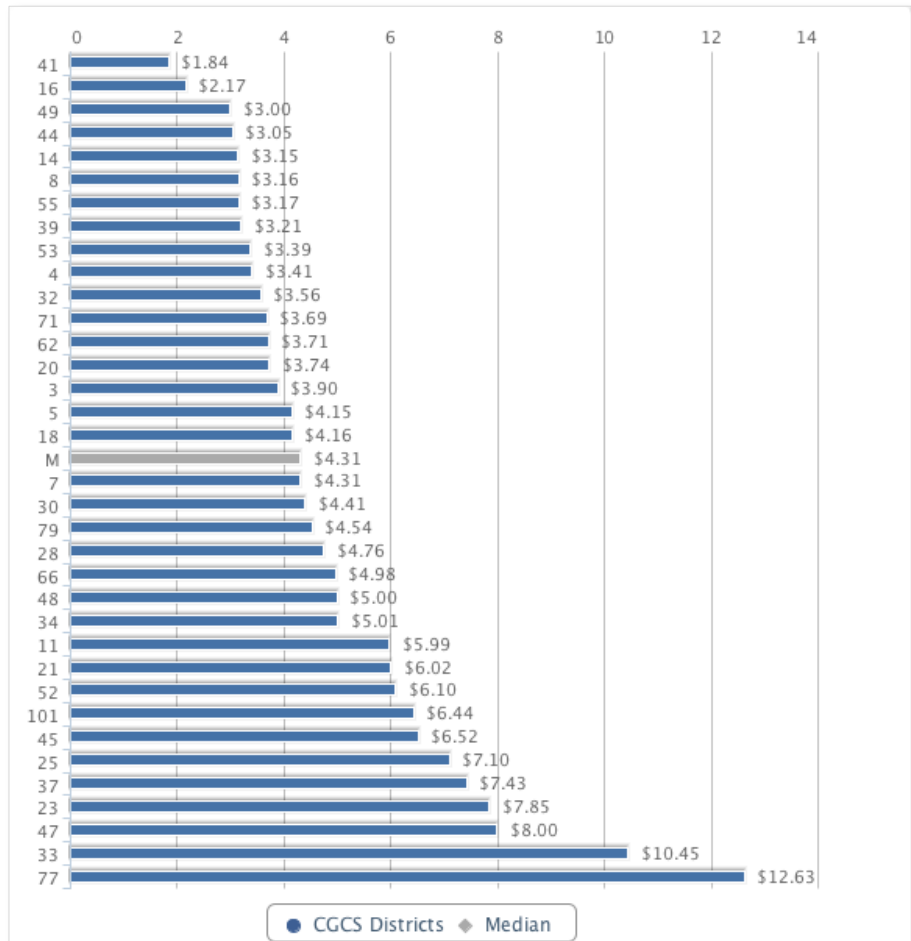
Total expenditures for the transportation program divided by total annual miles for both district and contracted services.

Importance of Measure

This measures the cost efficiency of a pupil transportation program and provides a baseline comparison across districts. A greater than average cost per mile may be appropriate based on specific conditions or program requirements in a particular district. A less than average cost per mile may indicate a well-run program, or favorable conditions in a district.

Influencing Factors

- Driver wage and benefit structure; labor contracts
- Cost of the fleet, including fleet replacement plan, facilities, fuel, insurance and maintenance also play a role in the basic cost
- Effectiveness of the routing plan
- Ability to use each bus for more than one route or run each morning and each afternoon
- Bell schedule
- Transportation department input in proposed bell schedule changes
- Maximum riding time allowed and earliest pickup time allowed
- Type of programs served will influence costs



On-Time Performance - All Buses - Using \leq 10 Minute Interval Power Indicator

Description

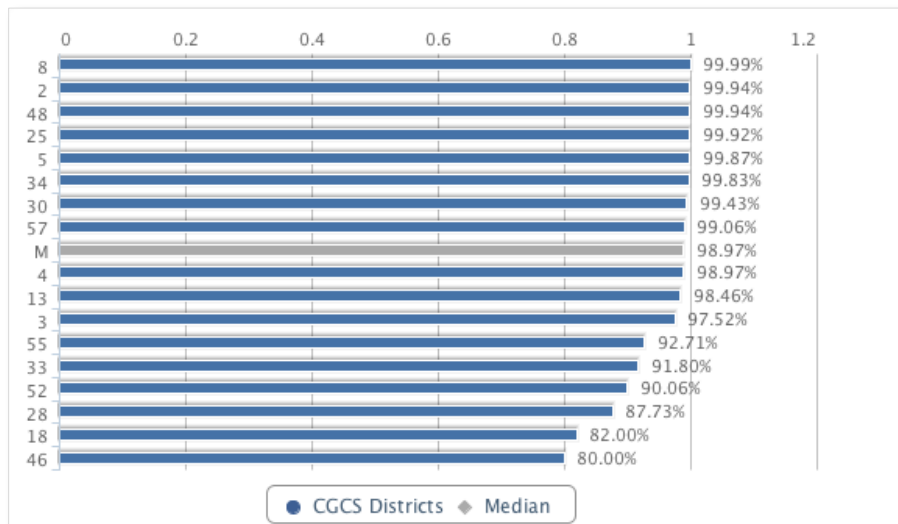
Total number of bus runs that did not arrive on-time—within ten minutes of the published time (including district and contracted bus services)—divided by the total number of annual runs (daily runs times number of school days).

Importance of Measure

This measures the level of success of the transportation service remaining on the published arrival schedule. Late arrival of students at schools causes disruption in classrooms and may preclude some students from having school-provided breakfast.

Influencing Factors

- Automobile traffic
- Accidents
- Detours
- Weather
- Increased ridership
- Mechanical breakdown
- Unrealistic scheduling



Daily Buses as Percent of Total Buses

Essential Few

Description

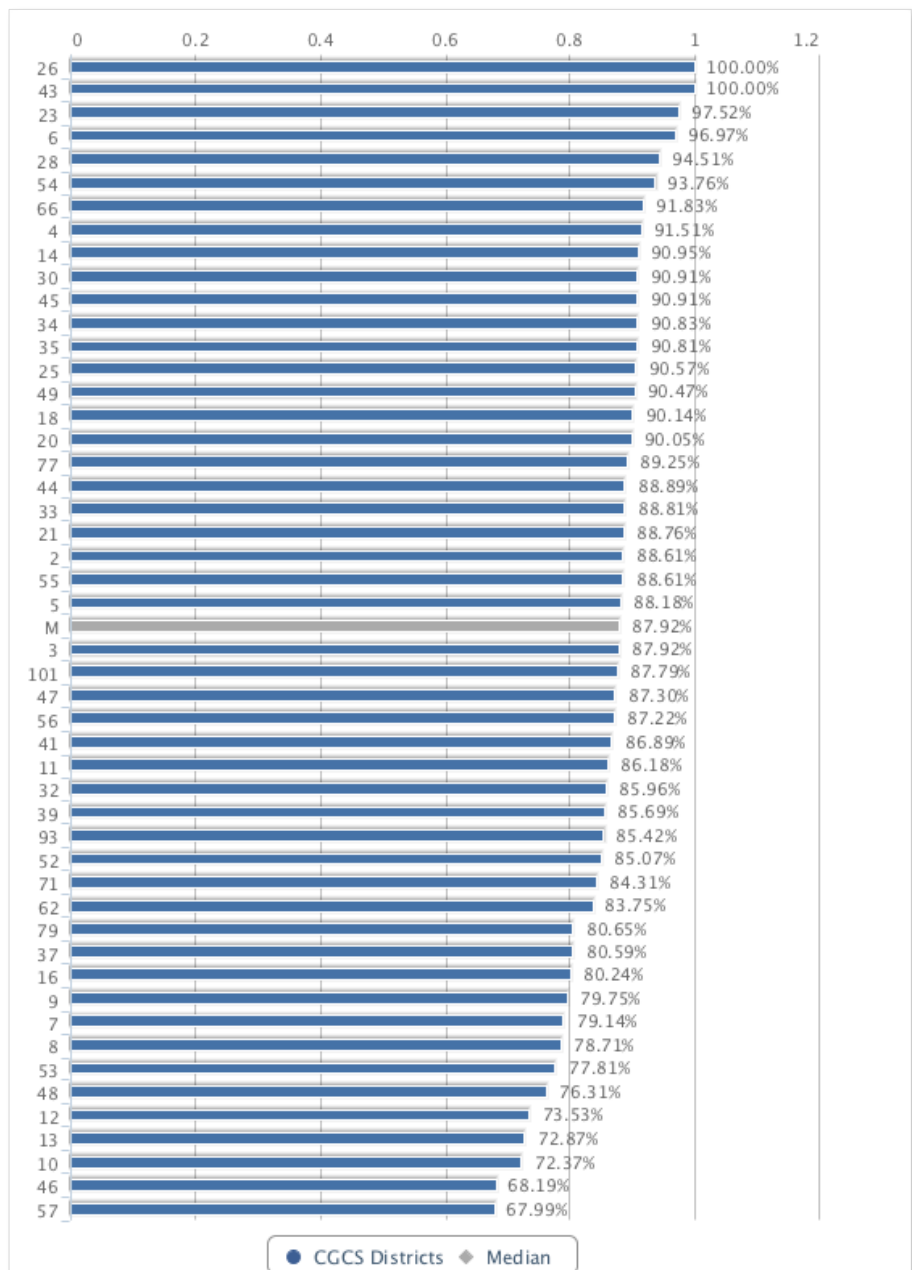
Number of daily buses (district and contractor-operated) divided by total number of buses.

Importance of Measure

This measures the ability of a district to control costs by procuring and maintaining only the number of buses actually needed on a daily basis, plus an appropriate spare-bus ratio.

Influencing Factors

- Historical trends of the number of students transported
- Enrollment projections and their impact on transported programs
- Changes in transportation eligibility policies
- Spare-bus factor needed
- Age of fleet



Average Age of Fleet (Years)

Essential Few

Description

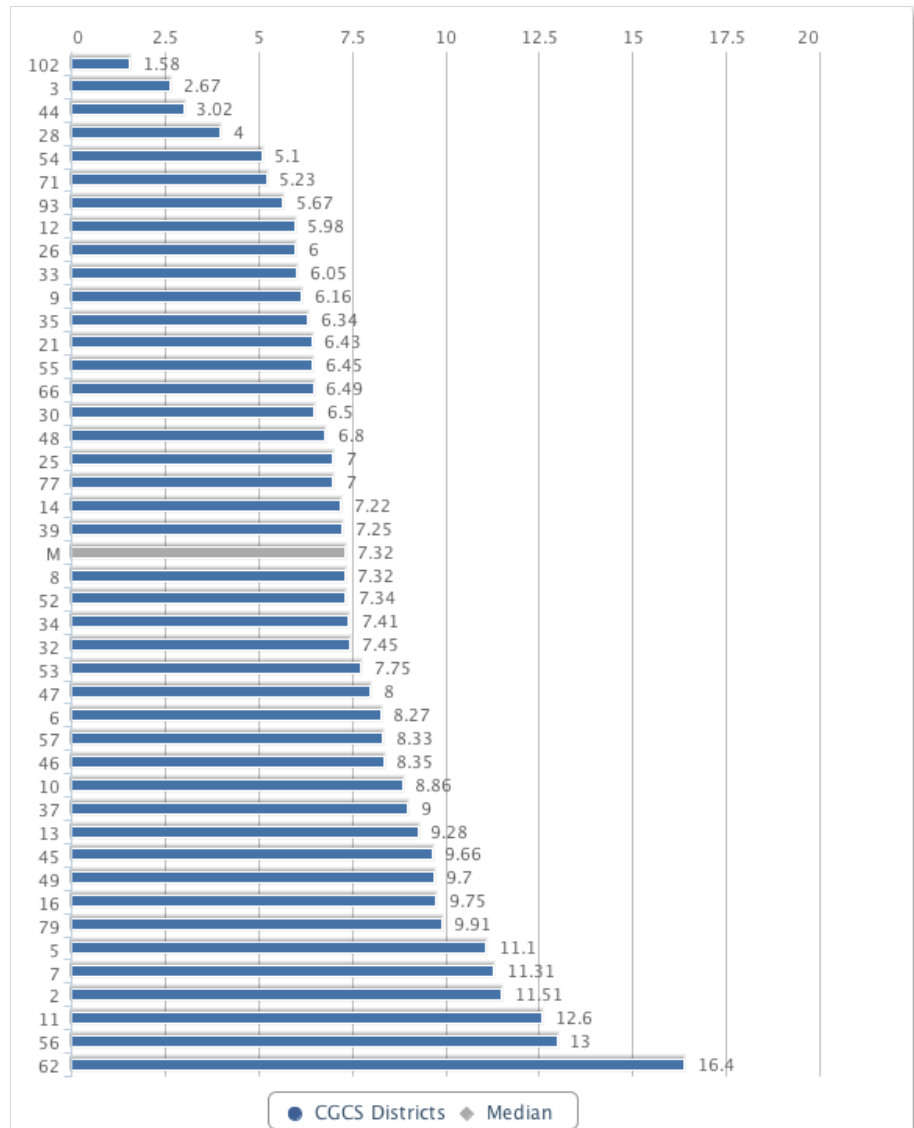
Weighted average age of fleet using a weighted average method.

Importance of Measure

This is an important measure because fleet replacement plans drive capital expenditures and ongoing maintenance costs. Younger fleets require greater capital expenditures but reduced maintenance costs, and a younger fleet will result in greater reliability and service levels. An older fleet, on the other hand, requires more maintenance expenditure but reduces capital expenses.

Influencing Factors

- Formal districtwide capital replacement budgets and standards
- Some districts may operate in climates that reduce bus longevity
- Some districts may be required to purchase cleaner burning or expensive alternative-fueled buses
- Availability of state or local bond funding for school bus replacement



Fleet in Service

Essential Few

Description

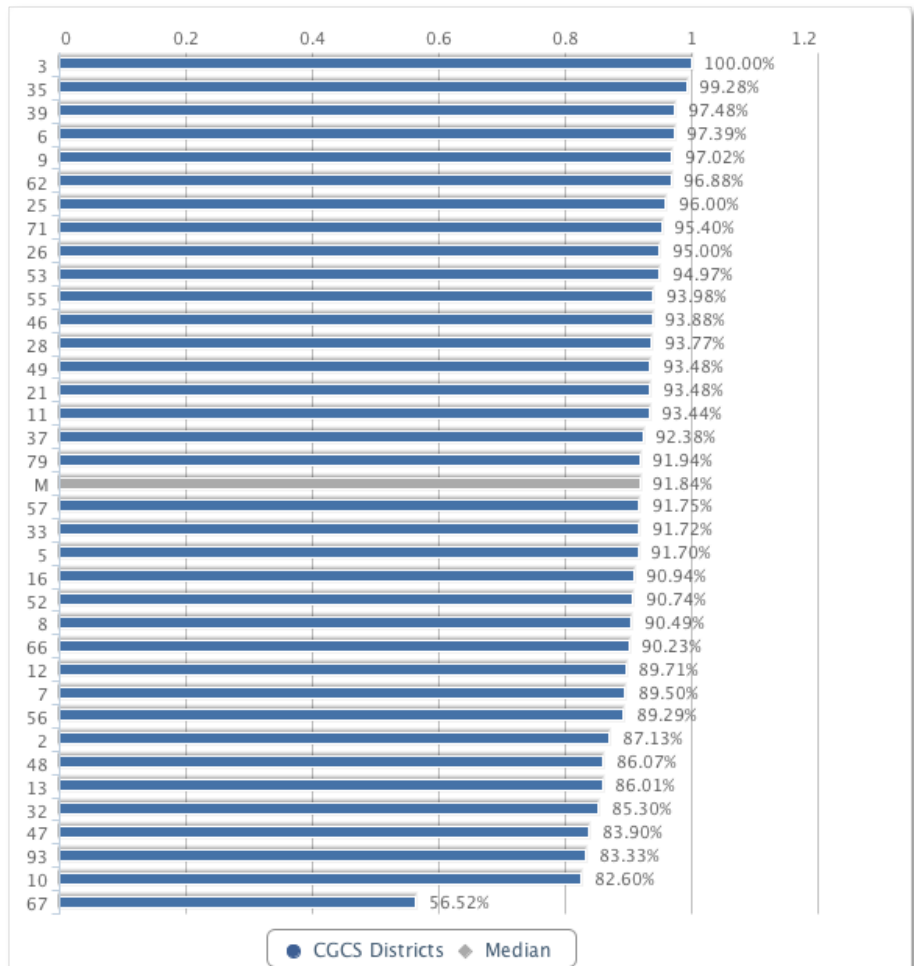
Number of buses in service on a daily basis divided by total number of buses – district and contract.

Importance of Measure

This measures the health of a district's transportation maintenance program, which tends to impact on-time performance, as in-service buses have a significantly greater opportunity to leave the depot on-time and pickup and deliver students on-time. Out-of-service buses require the driver to wait for repairs or delay departure due to inspecting/using a spare bus. Moreover, a lower in-service percentage can lead to higher spare-bus ratios and higher mechanic-to-bus ratios, which adds additional operating costs.

Influencing Factors

- District vehicle maintenance program
- Mechanic to bus ratio
- District managed vs. contractor operated
- Age of fleet
- Contract language requiring vendors to maintain minimum in-service ratios



Daily Runs per Bus

Essential Few

Description

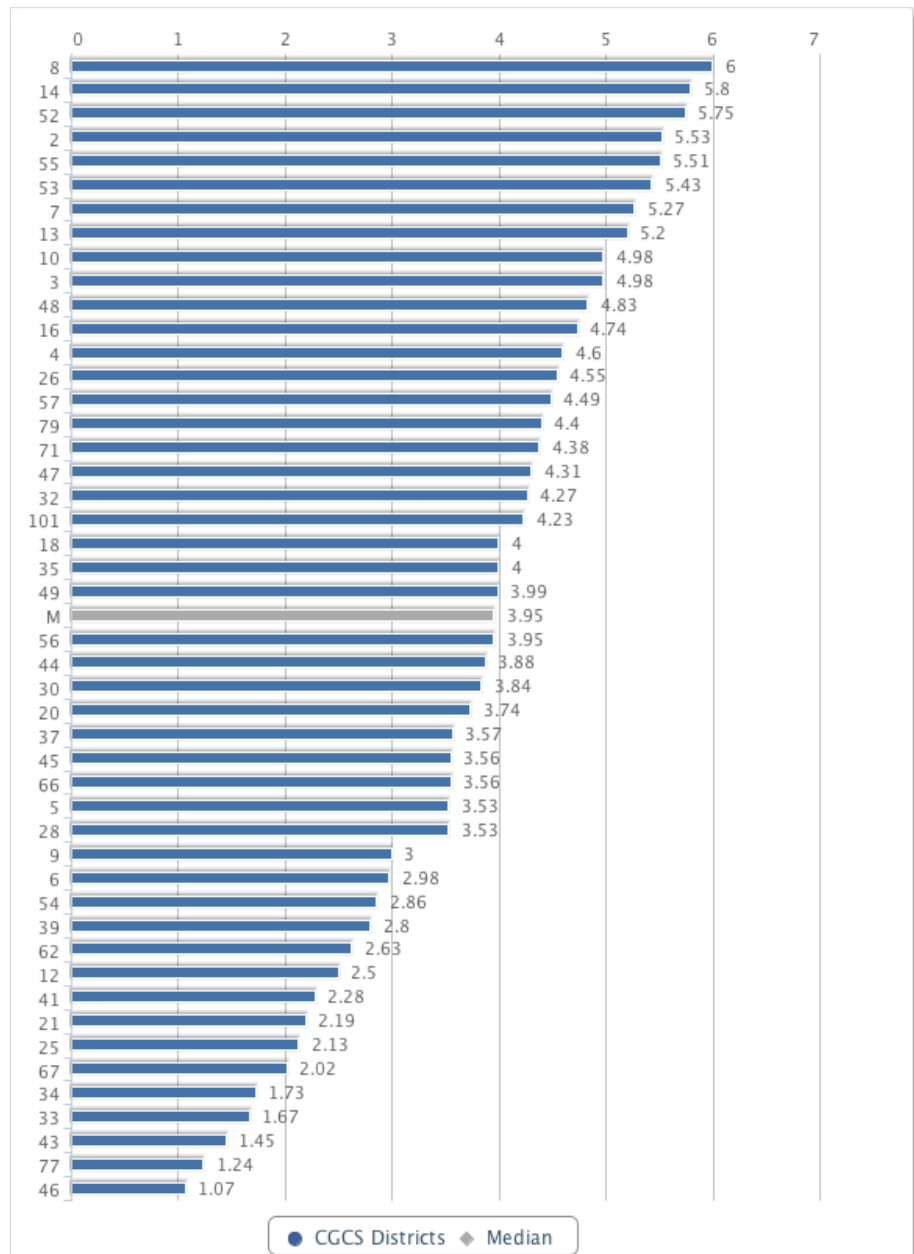
Total number of daily scheduled runs divided by total number of buses, both district and contract.

Importance of Measure

This an important measure because there is a positive correlation between the number of daily runs a bus makes and operating costs. Efficiencies are gained when one bus is used multiple times in the morning and again in the afternoon. Using one bus to do the work of two buses saves dollars.

Influencing Factors

- Tiered school bell times
- Bus capacities
- District guidelines on maximum ride time
- District geography
- Minimum / shortened / staff development day scheduling
- Effectiveness of the routing plan
- Types of transported programs served



Cost Per District-Operated Bus

Essential Few

Description

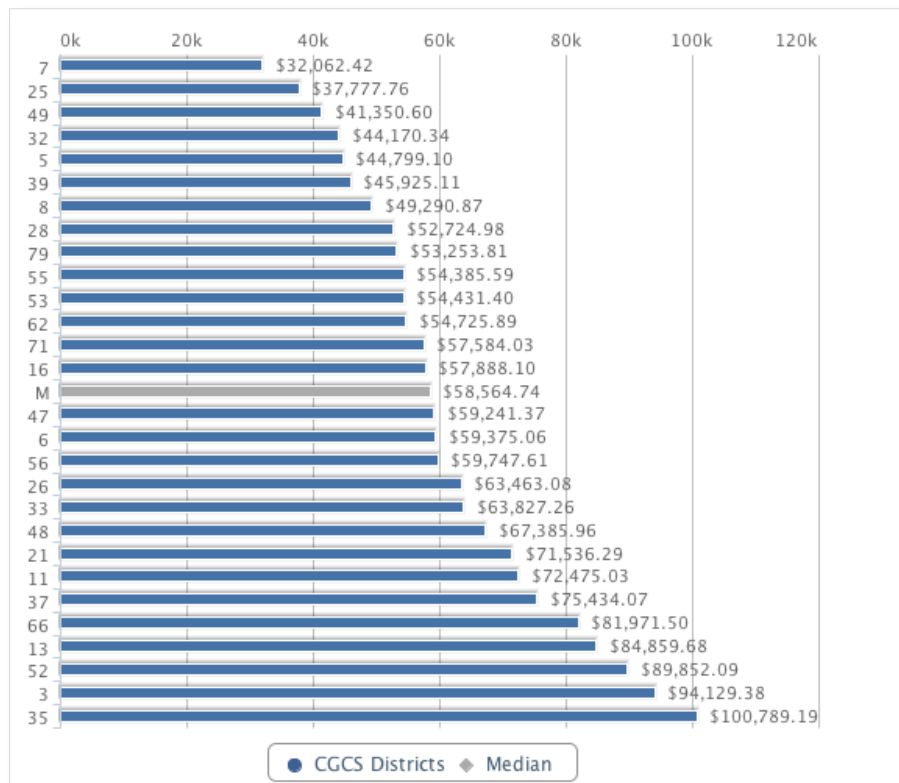
Total of all direct costs of the district-operated transportation program, including salaries and benefits of all Transportation Department staff members, fuel, and overhead divided by the total number of district-owned buses.*

Importance of Measure

This is an important measure because it provides a baseline to compare costs of district-operated buses to outsourced services—which may be perceived as less expensive. A decision to outsource transportation services should balance costs, contractor performance, and other factors.

Influencing Factors

- Local factors such as the availability of competition, land, drivers, and cost of living
- Competitiveness between contractor-operated and district-operated programs
- Contract requirements and performance standards
- Degree of priority for internal employment



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Cost Per Contractor-Operated Bus

Essential Few

Description

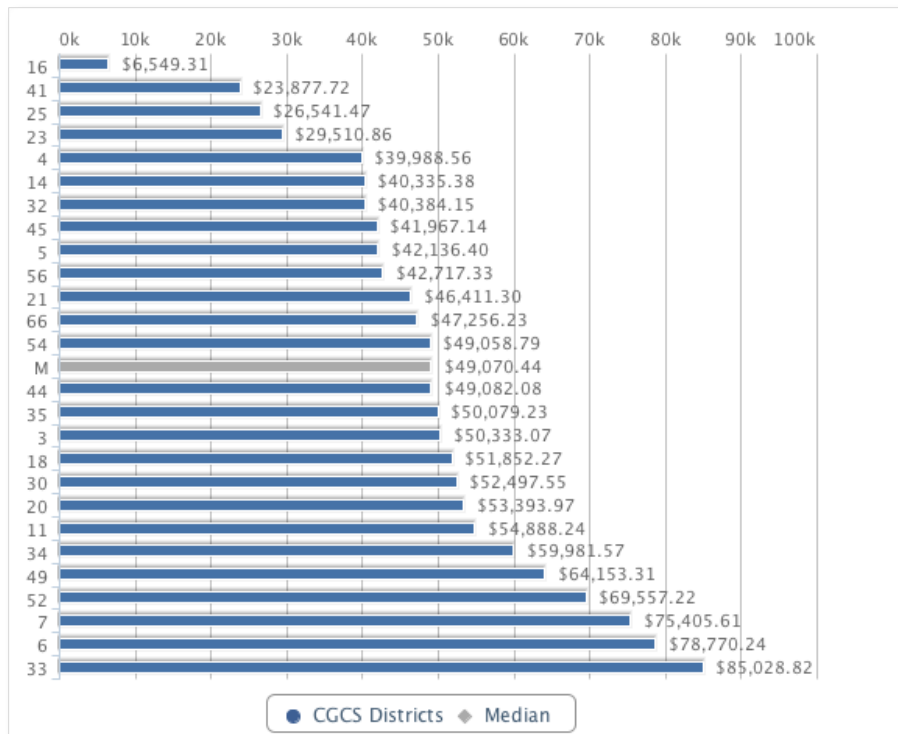
Total spent on the contracted service including oversight, supervision, and fuel divided by total number of contractor-operated buses.

Importance of Measure

This is an important measure because it provides a baseline to compare costs of district-operated buses to outsourced services—which may be perceived as less expensive. A decision to “insource” or outsource transportation services should balance costs, contractor performance, and other factors.

Influencing Factors

- Local factors such as the availability of competition, land, drivers, and cost of living
- Competitiveness between contractor-operated and district-operated programs
- Contract requirements and performance standards
- The history and status (recent bidding versus contract extensions) of existing contracts
- Degree of priority for internal employment



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Turn Time to Place New Student On Bus (Days) – Non-SPED

Essential Few

Description

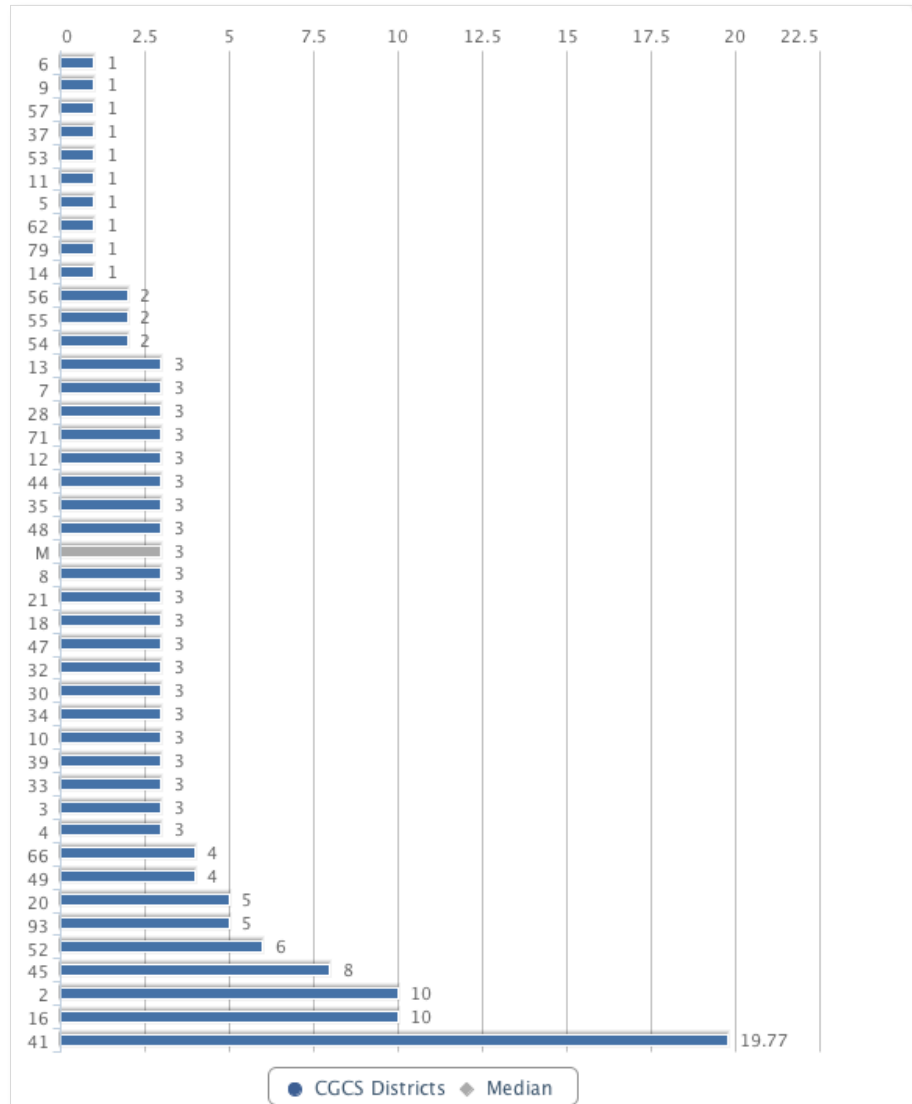
Number of school days from notification to assignment – Non-special education students.

Importance of Measure

This is both a measure of productivity and service level. The timely placement of students on buses is critical to students' education, and is often viewed as an indicator of department efficiency.

Influencing Factors

- Inter-department communication
- Space availability on buses
- Routing system used
- New stop safety review
- Efficiency of routing / planning / scheduling staff



Turn Time to Place New Student on Bus (Days) – SPED Student with IEP

Essential Few

Description

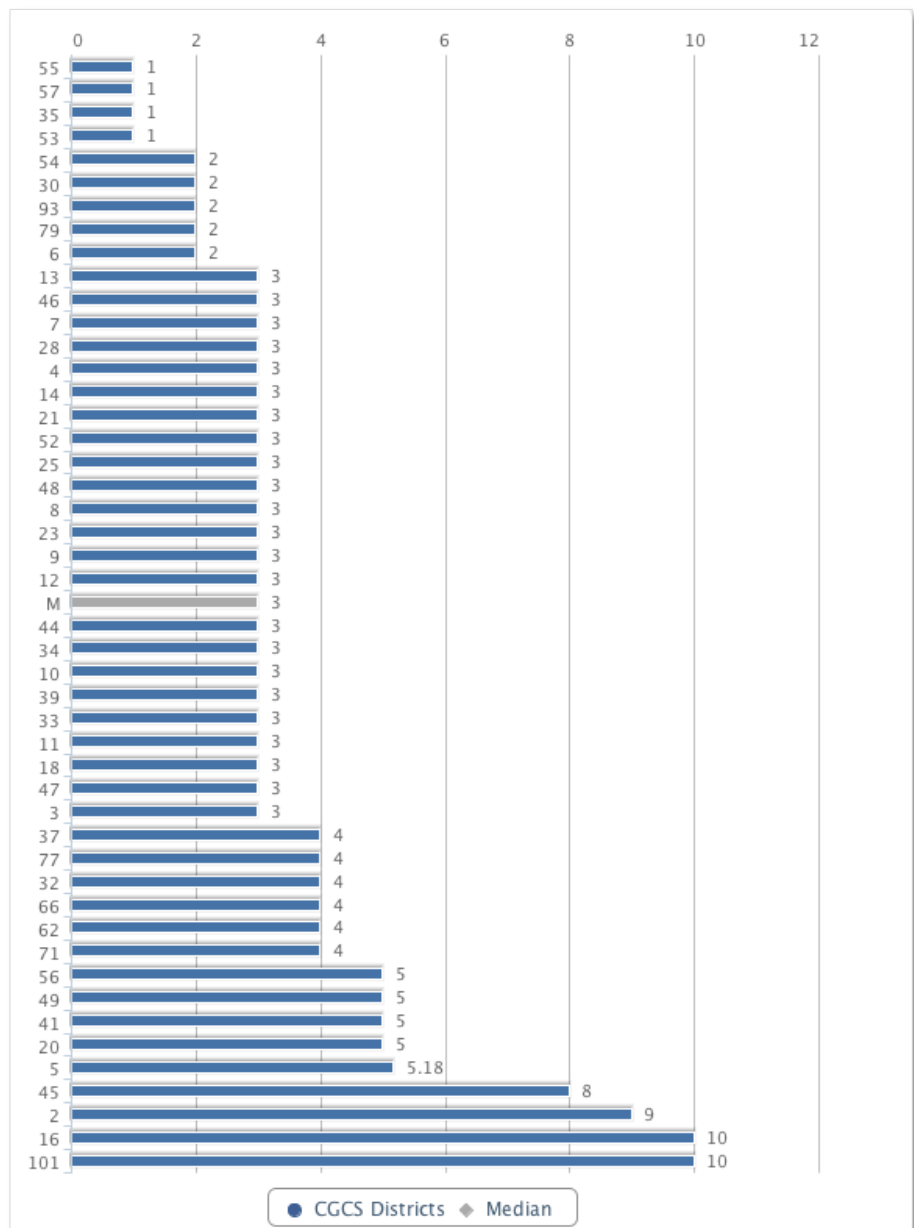
Number of school days from notification to assignment – SPED student with IEP.

Importance of Measure

This is both a measure of productivity and service level. The timely placement of students on buses is critical to students' education, and is often viewed as an indicator of department efficiency.

Influencing Factors

- Inter-department communication
- Space availability on buses
- Routing system used
- New stop safety review
- Efficiency of routing / planning / scheduling staff



Miles between Accidents

Essential Few

Description

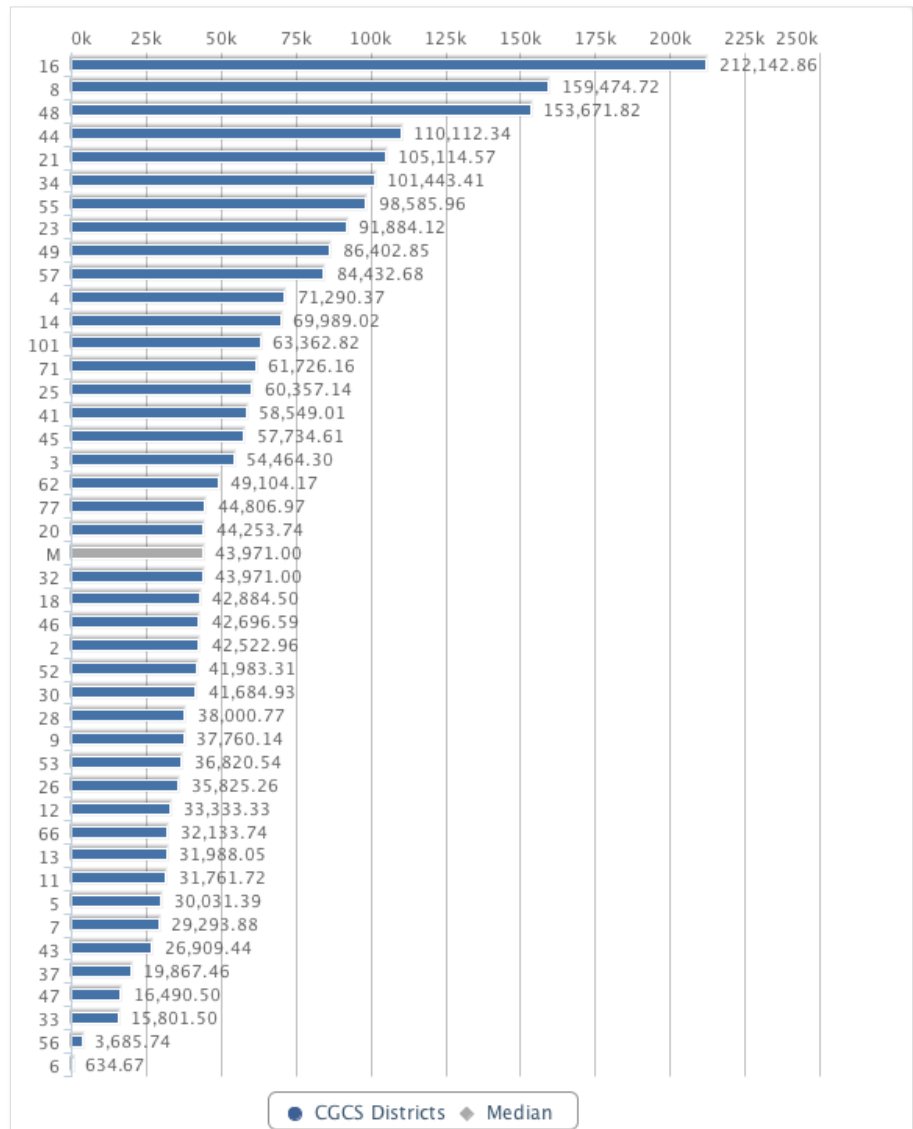
Total number of annual miles divided by number of annual accidents.

Importance of Measure

This measures the rate of bus accidents relative to miles driven. Tracking accidents—and breaking them down by accident type—will help with the targeted development of prevention programs and raise awareness, all of which can reduce liability exposure.

Influencing Factors

- Definition of accident and injury as defined by the survey vs. district definition
- Preventative accident training programs
- Experience of driving force



Miles between Preventable Accidents

Essential Few

Description

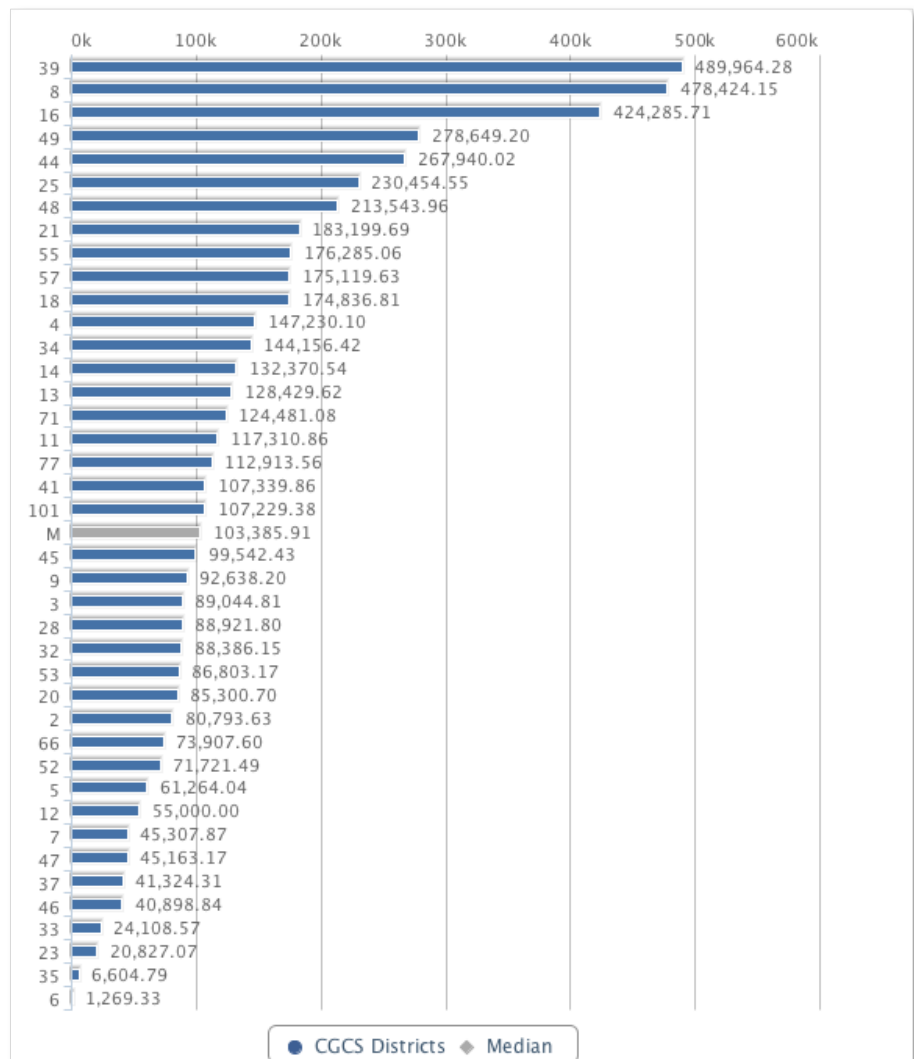
Total annual miles (district and contractor-operated buses) divided by number of preventable accidents.

Importance of Measure

This measures the rate of preventable bus accidents relative to miles driven. Tracking accidents—and breaking them down by accident type—will help with the targeted development of prevention programs and raise awareness, all of which can reduce liability exposure.

Influencing Factors

- Definition of accident and injury as defined by the survey vs. district definition
- Definition of a preventable accident
- Preventative accident training programs
- Experience of driving force



Bus Attendants/Monitors per Bus Run

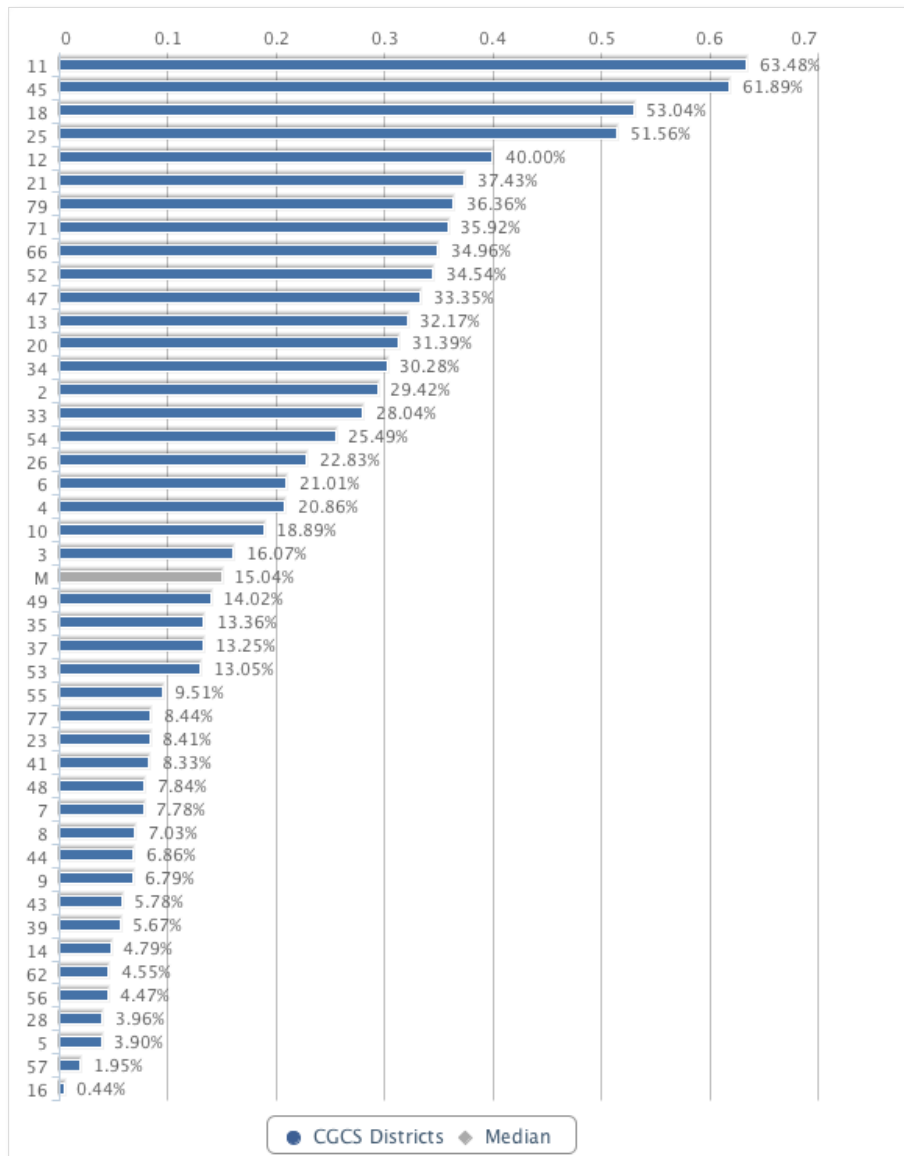
Essential Few

Description

Number of daily SPED and non-SPED bus runs staffed with attendants/monitors divided by the total number of daily bus runs.

Importance of Measure

This measures the levels of additional adult supervision/presence on buses. Bus attendants ensure higher levels of safety when deemed needed.



Buses per Mechanic

Essential Few

Description

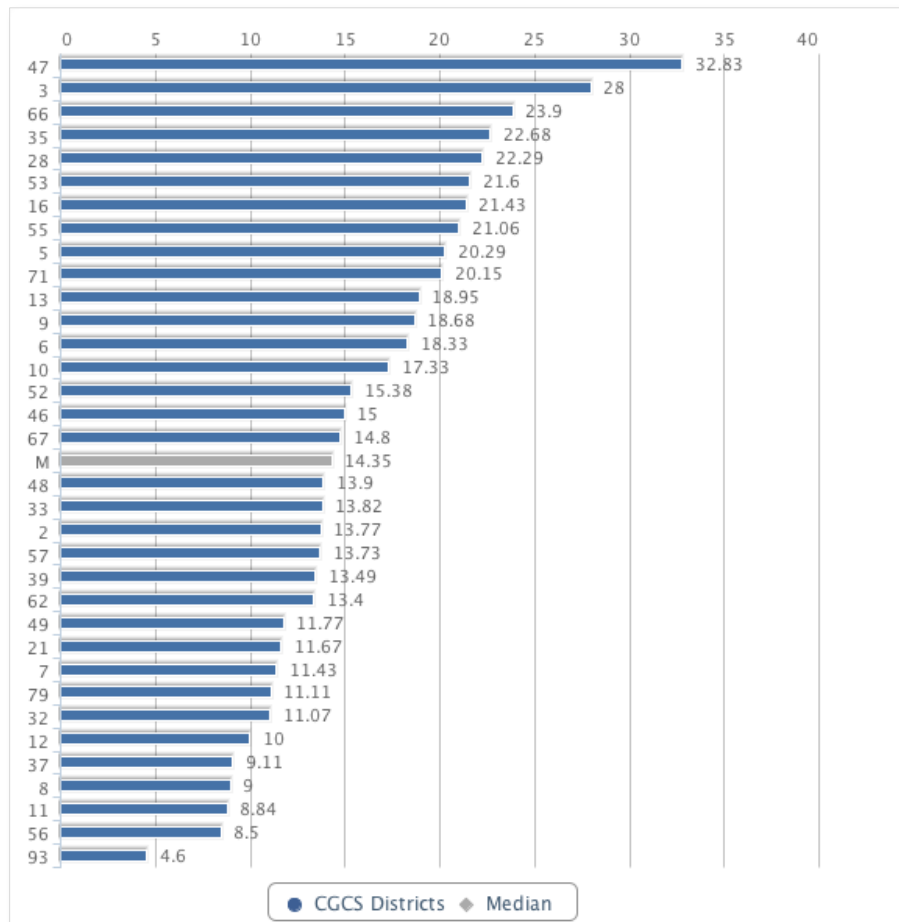
Total number of buses—district and contract—divided by total number of mechanics and mechanic helpers whose primary responsibility is to service the yellow bus fleet.

Importance of Measure

This measures the level of all staffing for bus maintenance.

Influencing Factors

- Funds available to staff bus maintenance
- Level of in-house vs. contract maintenance
- Classification of individuals who perform various maintenance functions
- State inspection regulations for school buses



Routes per Planner

Essential Few

Description

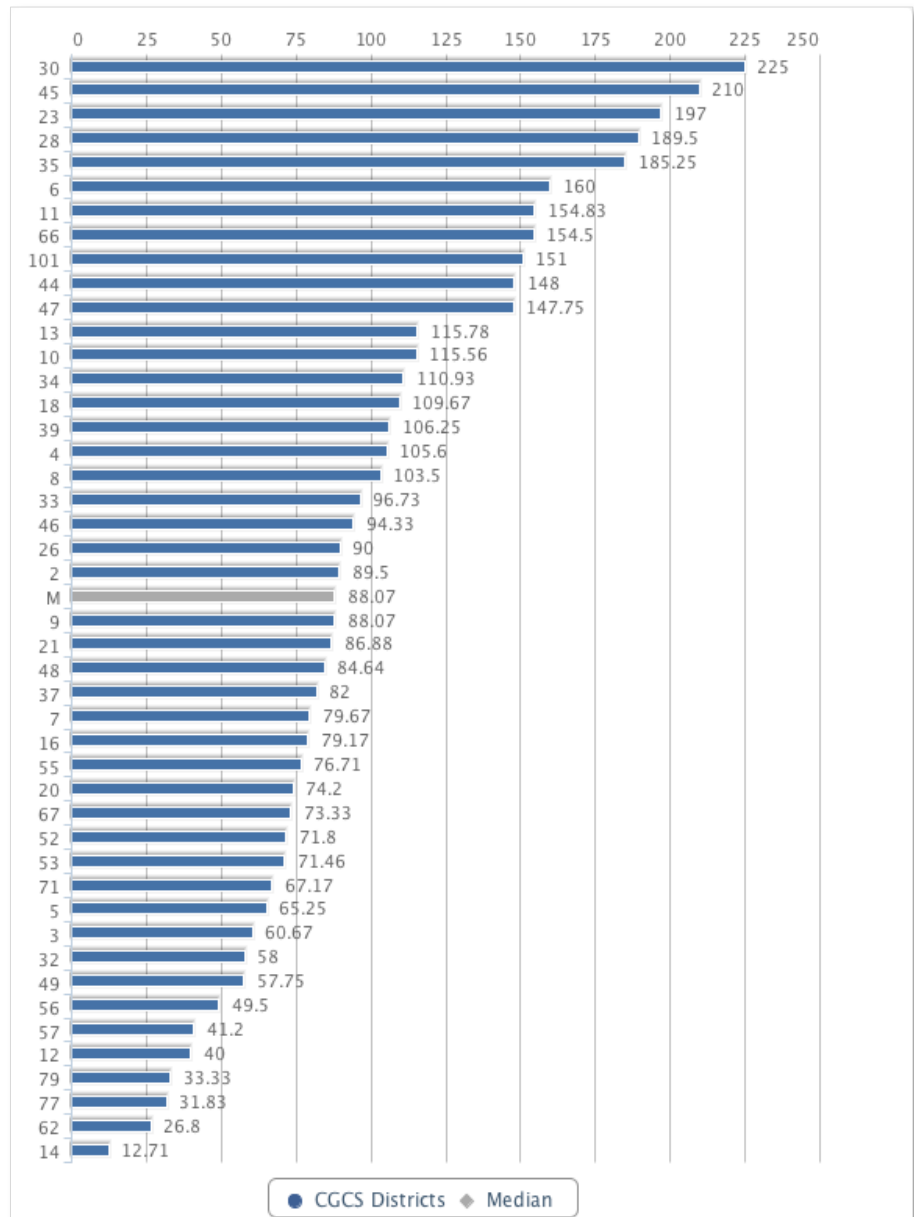
The total FTE of route planners/routers whose primary responsibility is to plan, create, review, or maintain routing divided by total daily buses, both district and contracted.

Importance of Measure

This measures the average number of routes each route planner/router is responsible to maintain.

Influencing Factors

- Type of routing and scheduling system used
- Number of annual routing changes
- Types of transportation programs served
- Numbers of students served; student transiency
- Distribution of workload



Buses Equipped With GPS Technology

Essential Few

Description

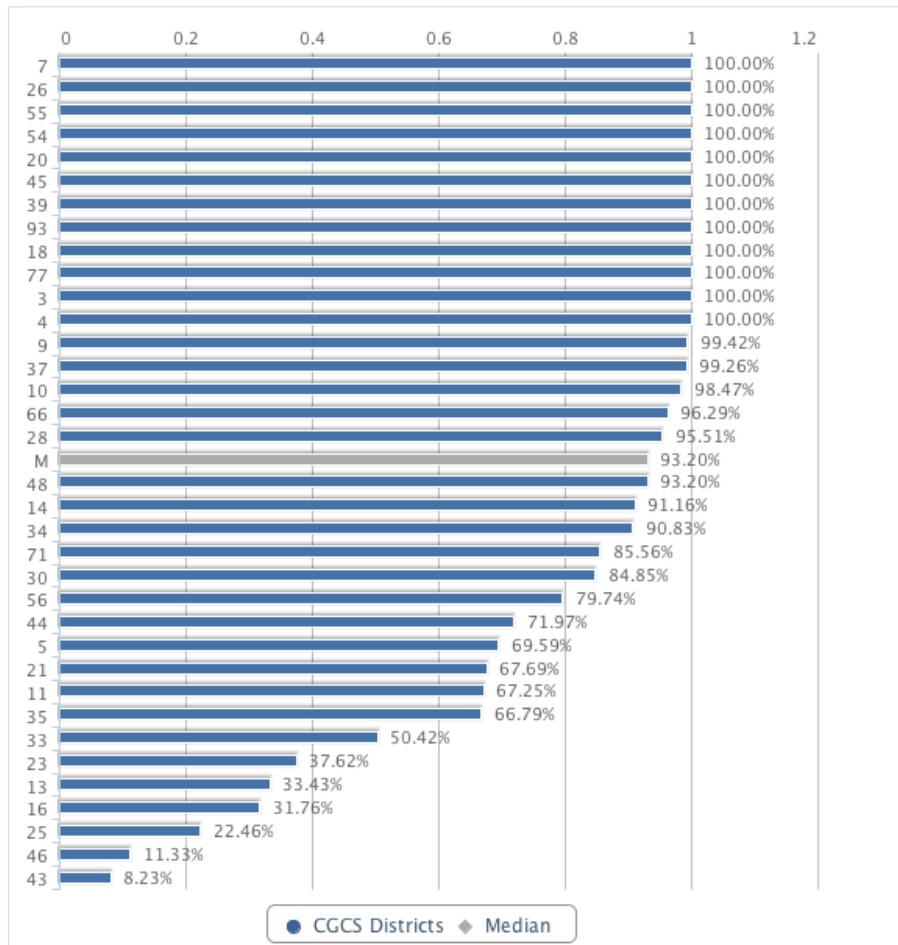
Number of buses equipped with GPS technology divided by total number of district and contractor-operated buses.

Importance of Measure

The appropriate leveraging of technology increases efficiency and reduces costs, while also increasing student safety.

OPERATIONS

Transportation



Alternatively-Fueled Buses

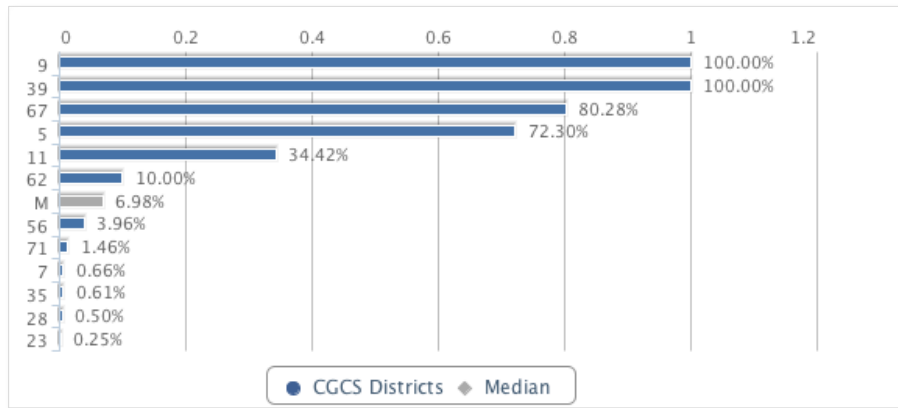
Essential Few

Description

Number of alternatively fueled buses divided by total number of district buses.

Importance of Measure

The appropriate leveraging of technology increases efficiency and reduces costs, while also increasing student safety.



District Fuel Cost As Percent of Retail - Diesel

Essential Few

Description

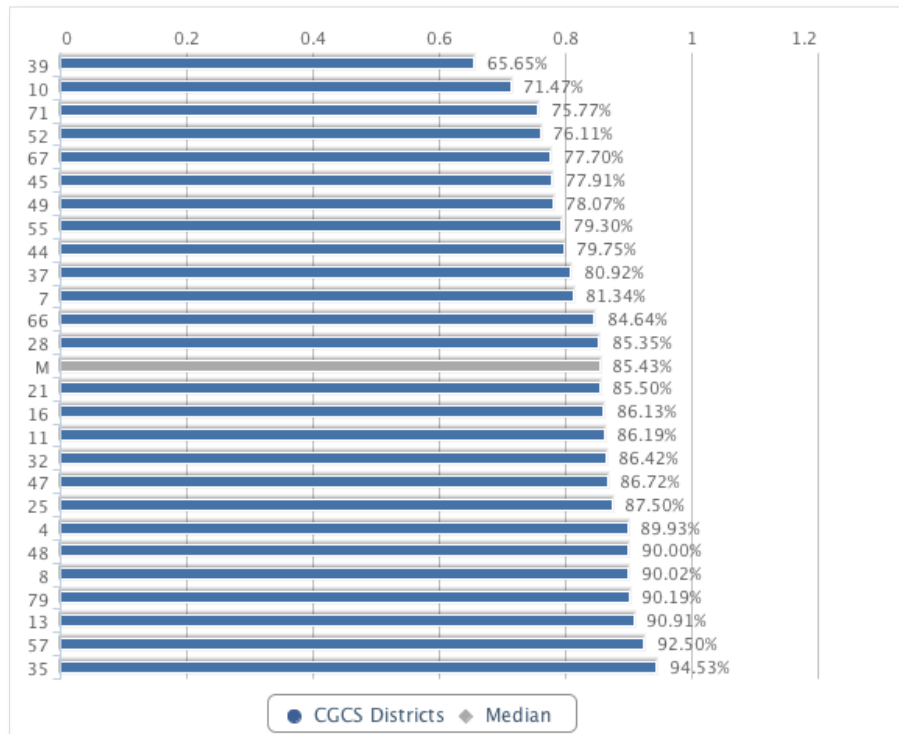
Per-gallon cost of diesel divided by the average retail price of diesel in the region.

Importance of Measure

This measure reflects the aggressiveness in pursuing cost-effective fuel acquisition.

Influencing Factors

- State and local policy options for procurement of fuel
- Regional fuel cost differences
- Ability to negotiate discounts and leverage bulk purchasing



District Fuel Cost As Percent of Retail – Gasoline

Essential Few

Description

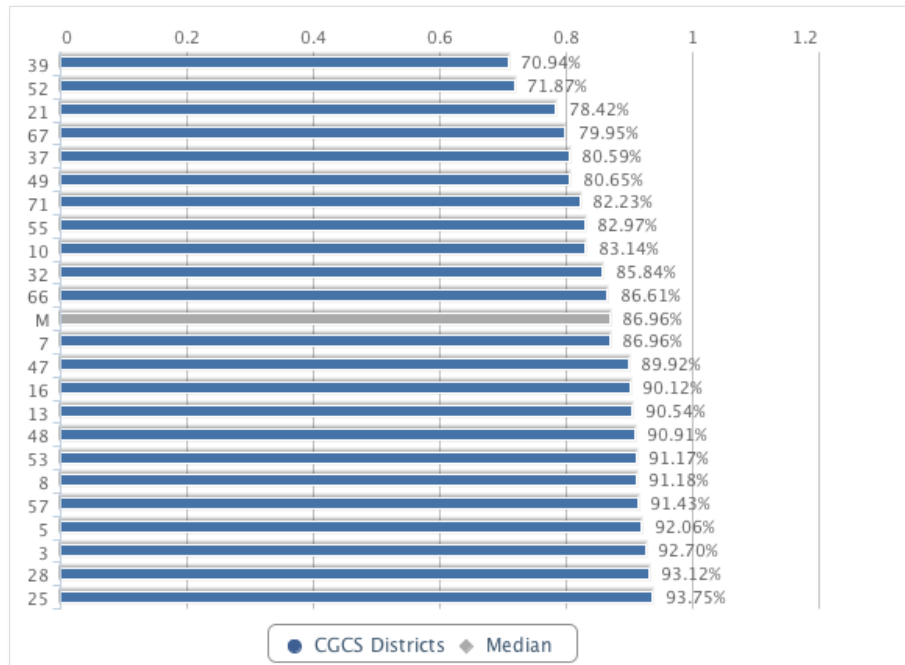
Per-gallon cost of gasoline divided by the average retail price of gasoline in the region.

Importance of Measure

This measure reflects the aggressiveness in pursuing cost-effective fuel acquisition.

Influencing Factors

- State and local policy options for procurement of fuel
- Regional fuel cost differences
- Ability to negotiate discounts and leverage bulk purchasing



Students (SPED) With Home Pick-Up

Essential Few

Description

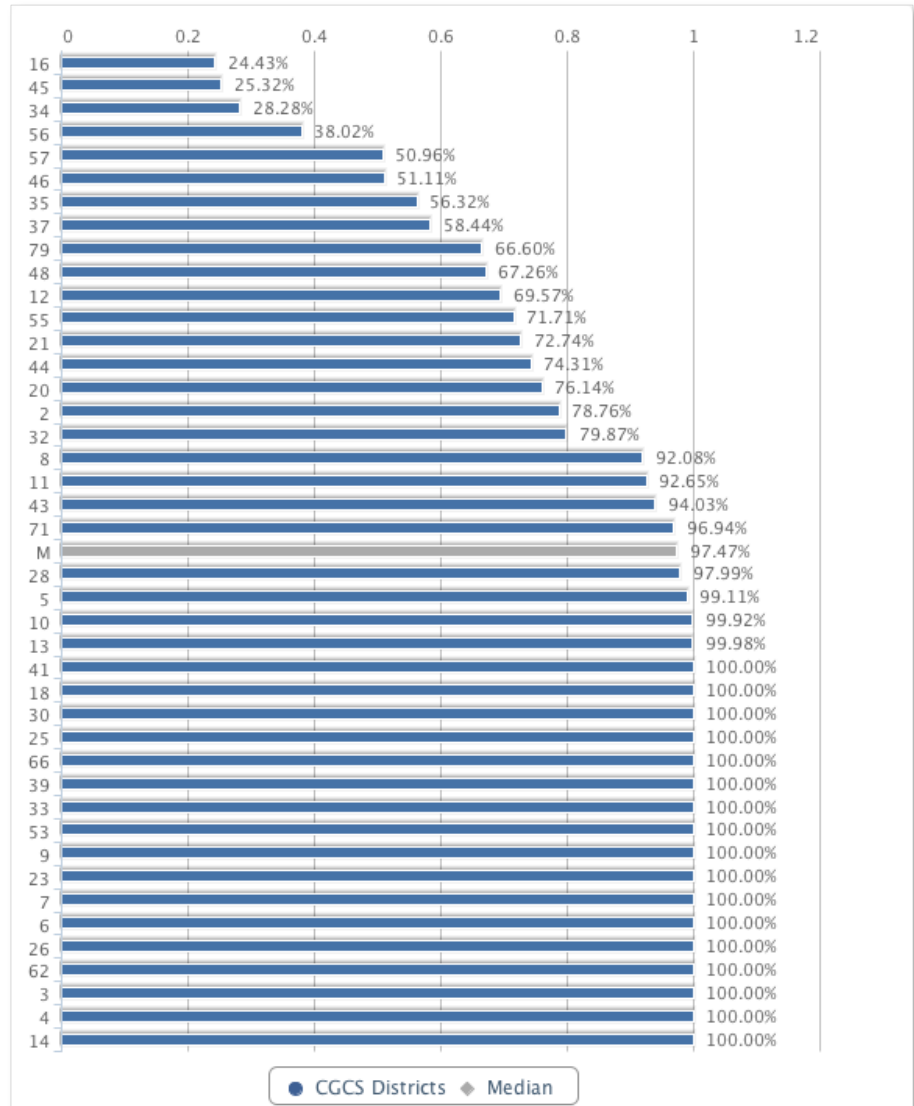
Number of students (SPED) with home pick-up divided by total number of students (SPED) enrolled in yellow-bus services.

Importance of Measure

This measures the proportion of special education students that have home pick-up. Reducing the number of non-essential door to door/curb to curb stops can significantly reduce transportation costs.

Influencing Factors

- District commitment to the Least Restrictive Environment (LRE) mandate
- IEP team awareness of LRE and its impact on costs
- Transportation participation in IEP meetings
- Inter-department communication



District Bus Pass/Token Cost as Percent of Retail

Essential Few

Description

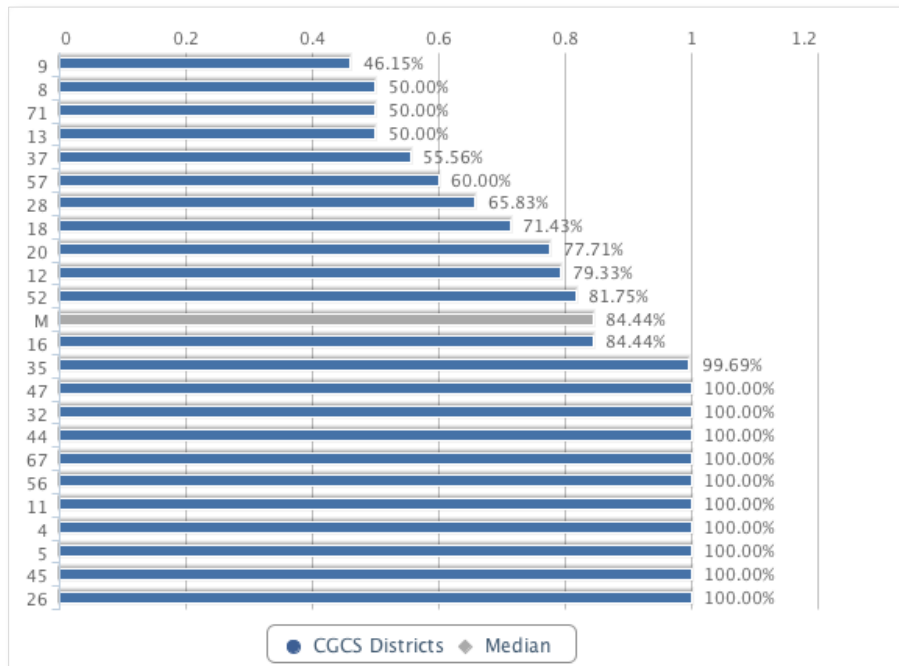
Annual cost for a single home to school bus pass/token(s) on public transportation (per rider) divided by the equivalent annual cost for school bus pass/tokens at retail price.

Importance of Measure

This measures a district's ability to seek solutions to increasing yellow bus costs and create public transit options at negotiated, special reduced rates.

Influencing Factors

- State and local policy
- Ability to negotiate discounts and leverage bulk purchasing
- Relationship(s) with local transit authorities and providers





INFORMATION TECHNOLOGY





Information Technology

Performance metrics in information technology (IT) assess the productivity, cost efficiency, and service levels of the Information Technology Department. They generally fall under the following categories:

- a) Network services
- b) Computers and devices
- c) Help desk and break/fix technical support
- d) Systems and software

Network-service measures examine such service-level indicators as **Bandwidth per Student** and **Number of Days Network Usage Exceeds 75% of Capacity** and such cost-efficiency indicators as **Network (WAN) Cost per Student**.

Measures of personal computers and devices include **Average Age of Computers**, which reflect the refresh goals of a district, as well as **Ratio of Students to Computers**.

The cost effectiveness of technical support services such as the help desk and break/fix support are measured by **Help Desk Staffing Cost per Ticket** and **Support Tier 2/3 Staffing Costs per Ticket**.

Finally, the performance of systems and software is measured, in part, by the *downtime* of these systems, as high rates of interruption are likely to adversely affect district end-users.

IT Expenditures per Student

Power Indicator

Description

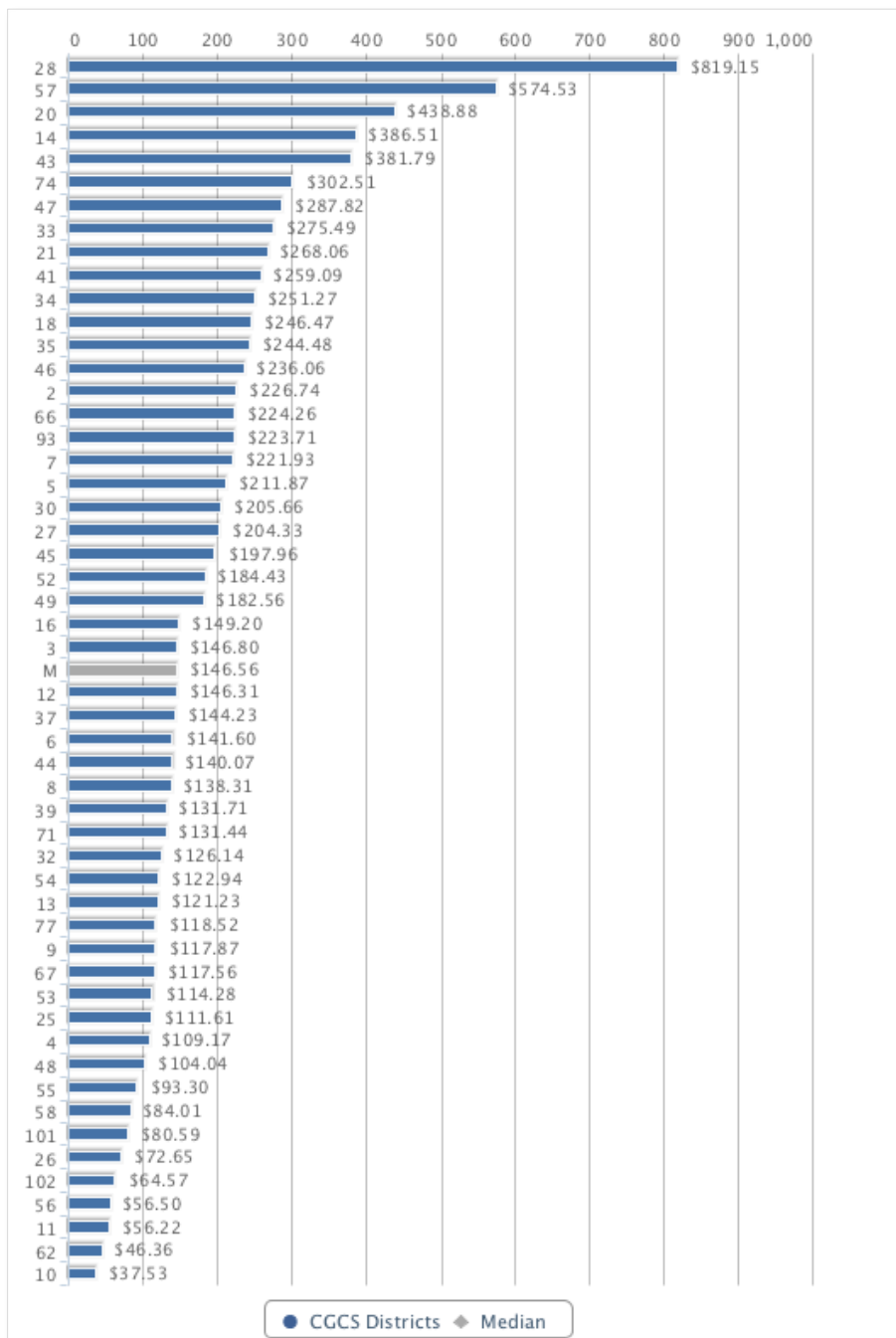
The total amount of IT expenditures divided by the total number of students in the district.*

Importance of Measure

This measures the relative level of funding for IT on a per-student basis. It can reflect cost efficiency of the IT services function; level of commitment to provide modern technology services and devices in the educational setting; and ability to embrace technical advances in operational processes.

Influencing Factors

- Major one-time implementations
- Older systems architecture and equipment that need more technical staff
- Budget development and staffing
- IT expenditures can be impacted by new enterprise implementations
- The commitment of the community in supporting technology investments in education
- IT department standards and support model
- Age of technology and application portfolio
- IT maturity of district



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

IT Expenditures as Percent of General Fund Expenditures

Power Indicator

Description

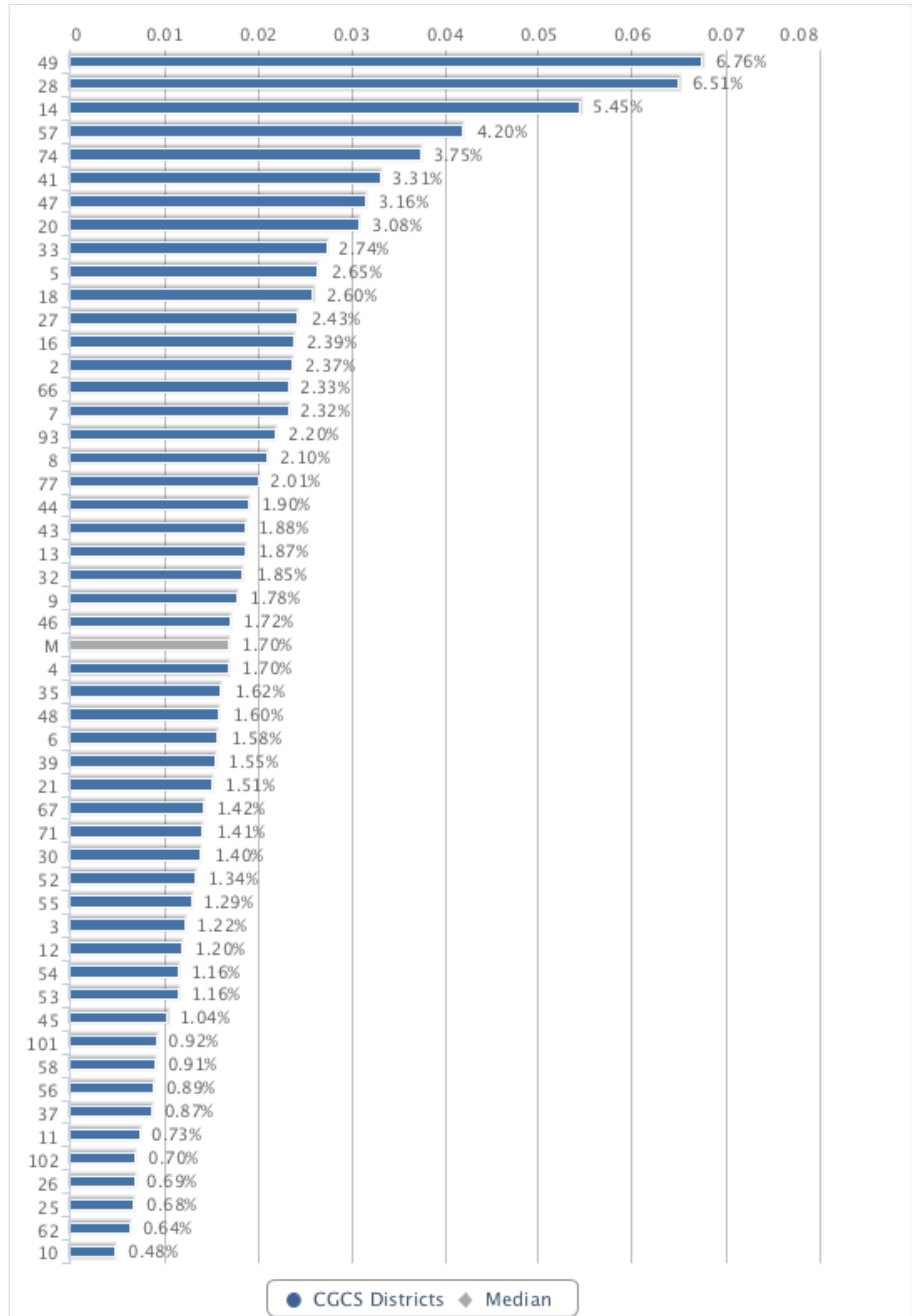
The total amount of IT expenditures divided by total district General Fund expenditures.

Importance of Measure

This measures the relative level of funding for district IT and can help set the standard cost allocation for IT programs, maintenance, and support.

Influencing Factors

- State or local funding policy
- Proportion of funds that are considered "locked"
- Efficiency of IT services
- Level of technology provided for the classroom



IT Expenditures per District FTE

Power Indicator

Description

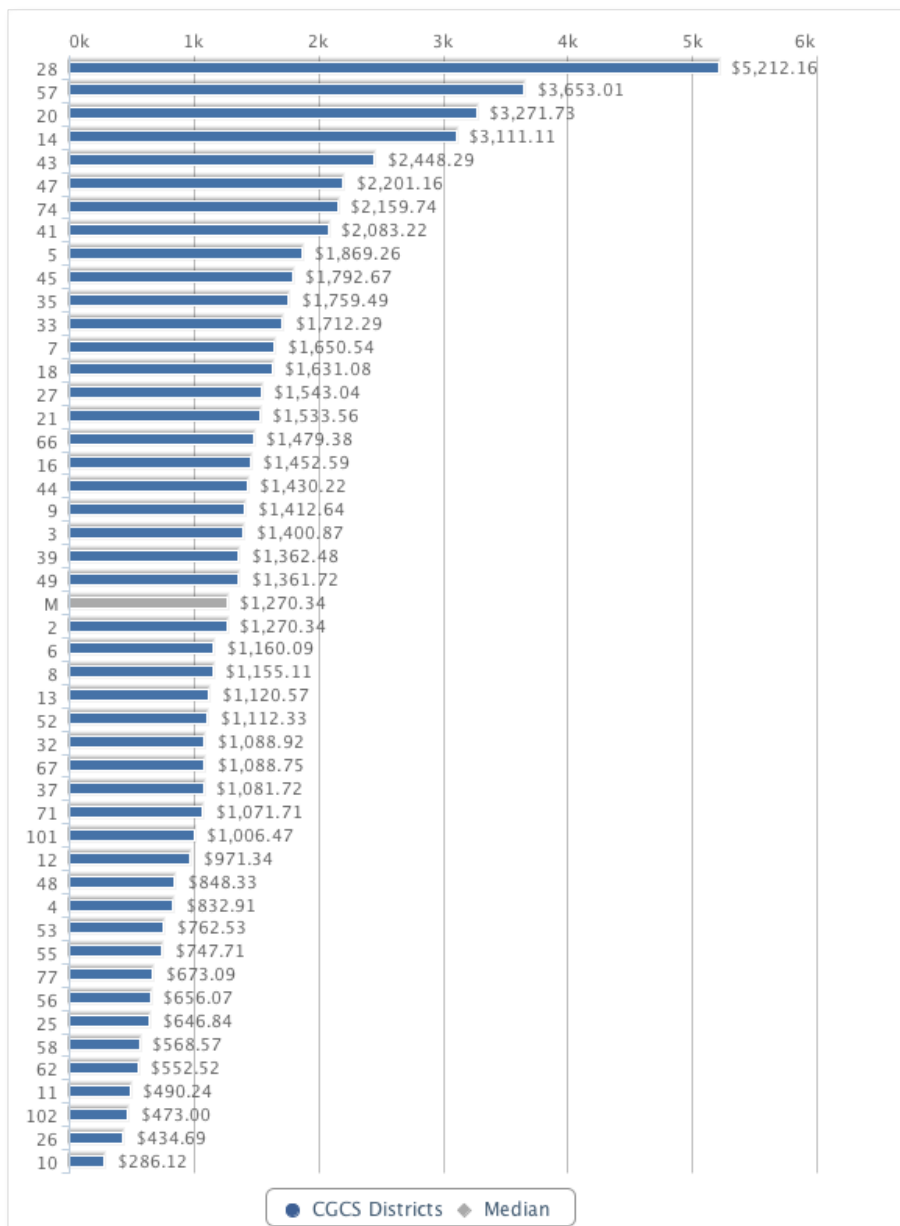
The total amount of IT expenditures divided by the total number of district full-time equivalent (FTE) employees.

Importance of Measure

This measures the relative level of funding for IT on a per-employee basis.* It can reflect the cost efficiency of the IT services function; level of commitment to provide modern technology services and devices in the educational setting; and ability to embrace technical advances in operational processes.

Influencing Factors

- Major one-time implementations
- Older systems architecture and equipment that need more technical staff
- Business and operating model of the district and comparative industries.
- Organizational maturity
- Budgetary constraints within corresponding IT support organizations (network, Helpdesk, IT Support, etc.)
- Age of equipment and refresh cycles



*This is a common KPI in other sectors, where it is referred to as "IT spending per number of employees in the organization", making it an important indicator for cross-sector analyses.

Average Age of Computers

Power Indicator

Description

The weighted average of all district computers.

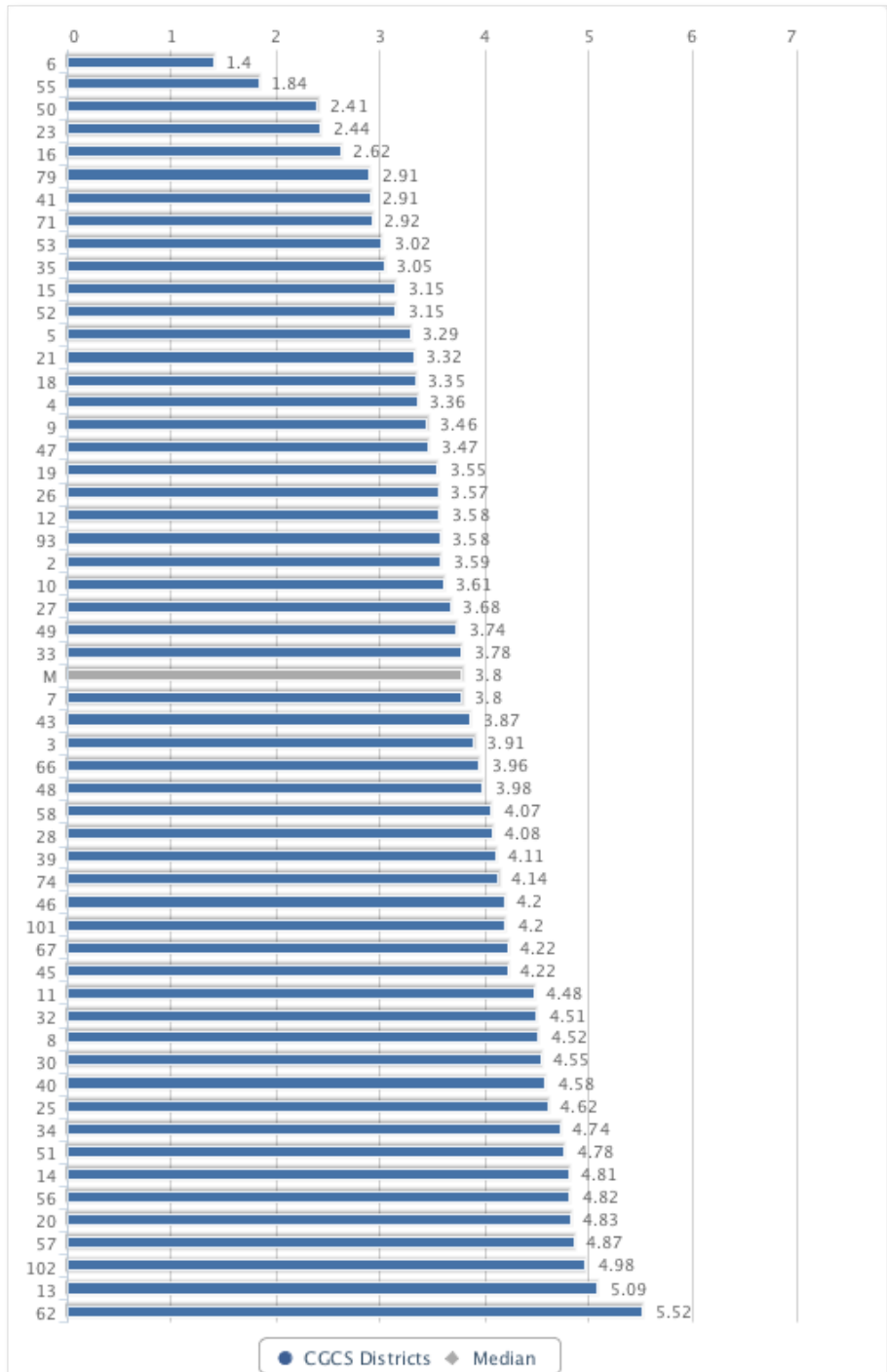
Importance of Measure

This is an important measure because a district's average age of computers is a reflection of their refresh cycle policies and practices, and can be used for budget and planning purposes.

Aging technology affects maintenance and troubleshooting costs; compatibility with new software applications; internet connection speeds; service levels of other district functions; and other factors. The onset of online Common Core Standards assessments will require school districts to have internet connected computers that meet minimum operating requirements. Many organizations in the private sector use a standard of three years for age of computers before they are replaced.

Influencing Factors

- School board and administrative policies and procedures
- Budget development for capital, operational, and categorical funds
- Budget development for schools and department in refresh and computer purchasing
- Budget development in support, supplies, and maintenance



Ratio of Students to Computers

Power Indicator

Description

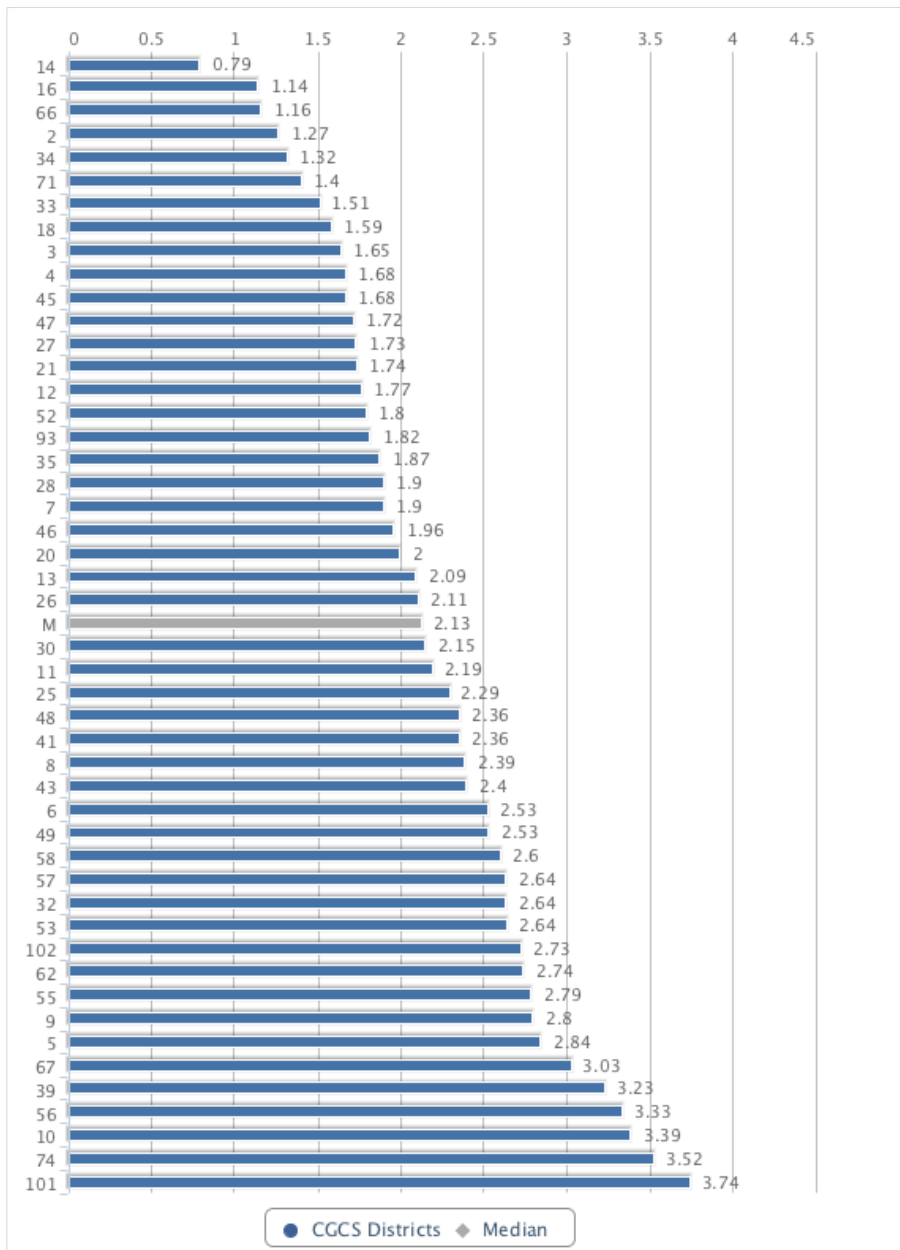
Total number of students in the district divided by computer totals from all schools.*

Importance of Measure

This measure is important because student access to district-owned computing devices is critical to the effectiveness of a school, and the ratio of students to computers is a metric that is common to most state and federal reports on technology in education.

Influencing Factors

- Budget factors, both capital and operational
- Support staffing levels
- Policy and procedures for computers and users
- Teacher and staff training and professional development programs
- Dispersion of devices throughout the district



* Computers used by staff and teachers are included, as some computers are difficult to distinguish between teacher and student use.

Bandwidth per Student

Power Indicator

Description

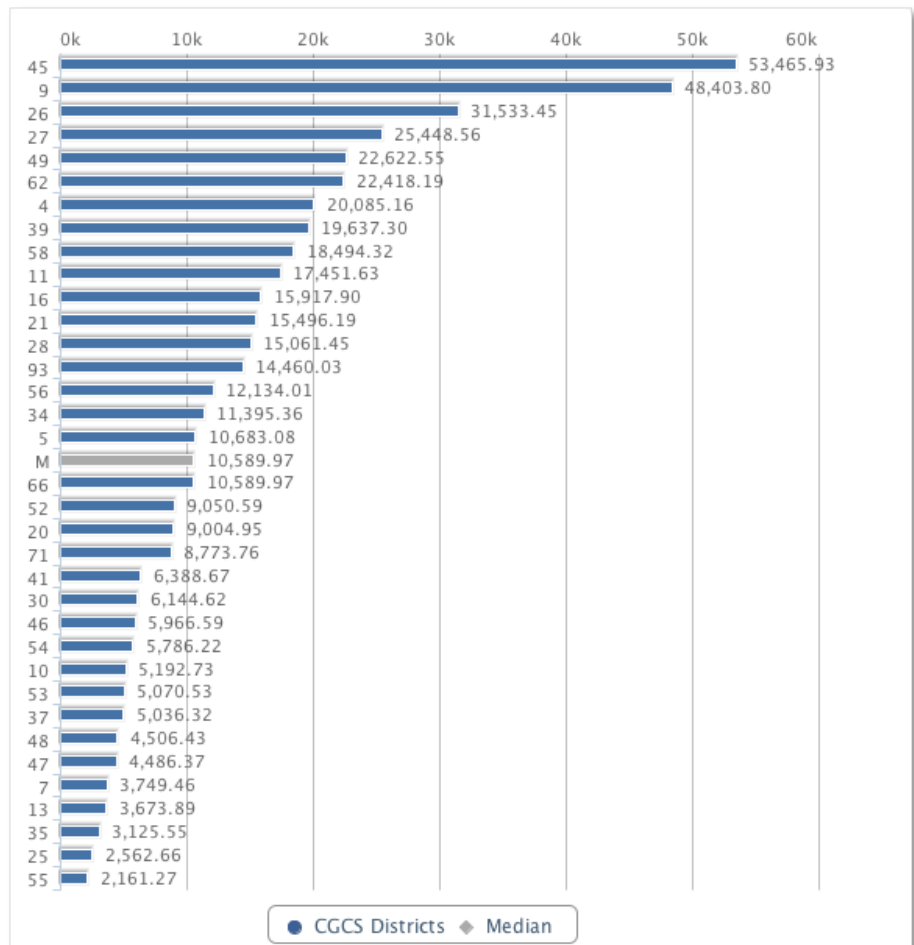
Total district internet bandwidth in bits per second divided by total number of students in the district.

Importance of Measure

This measures the capacity of a district to support online computing applications, which is increasingly important with the expansion of cloud-based solutions. Many states are requiring digital textbooks and distance courses as a graduation requirement, which will significantly increase network demand. For districts to maintain their effectiveness in leveraging technology, they must plan to provide performance that is on par with what is broadly available outside the classroom.*

Influencing Factors

- The number of enterprise network-based applications
- The capacity demands of enterprise network-based applications
- Fund availability to support network-bandwidth costs
- Capacity triggers that provide enough time for proper build out and network upgrades
- Network-monitoring systems and tools that allow traffic shaping, prioritization, and application restriction



* The State Educational Technology Directors Association (SETDA) currently recommends 100 Mbps per 1,000 students and staff (100 Kbps per student and staff). The 2017-18 target is 1 Gbps per 1,000 students and staff—a tenfold increase over five years.

Network (WAN) Cost per Student

Power Indicator

Description

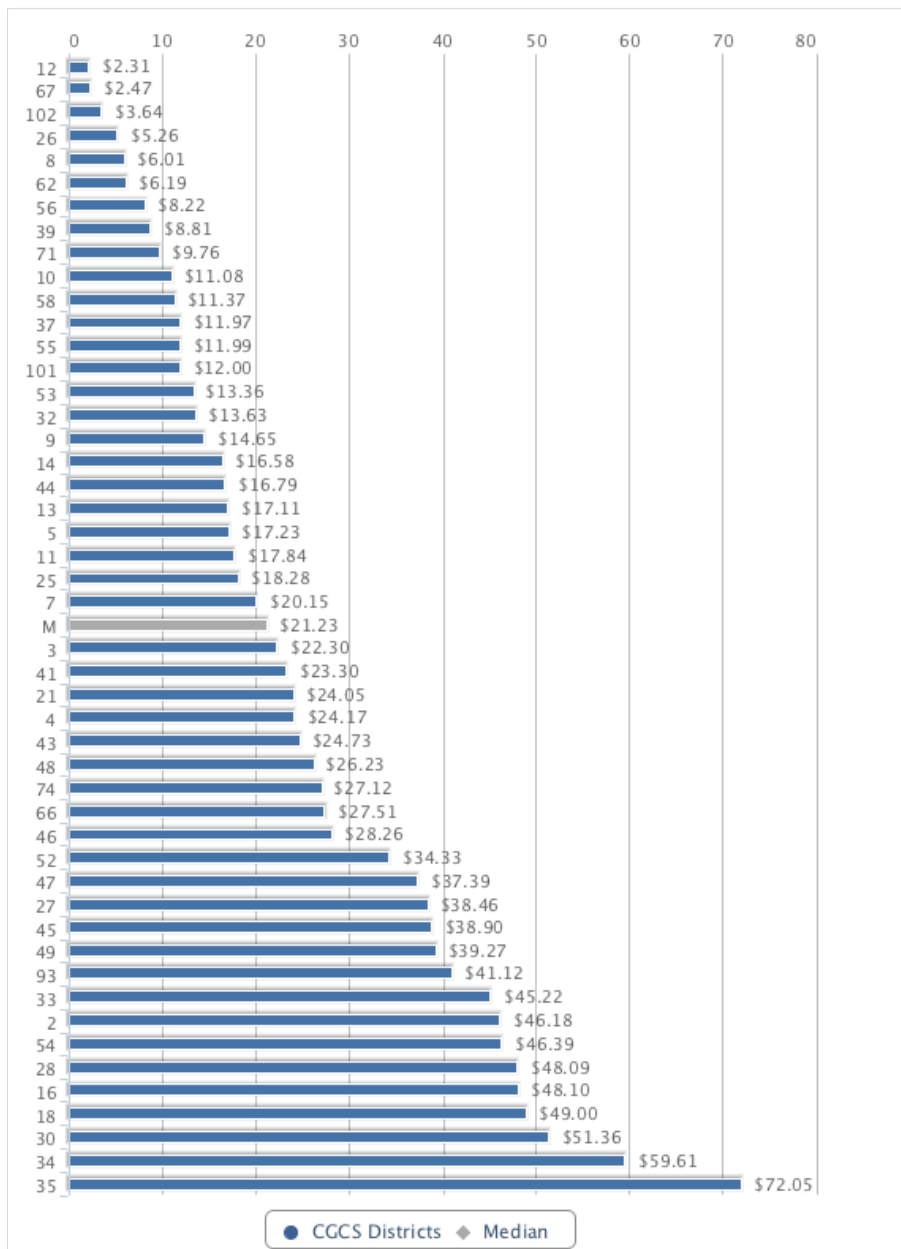
General fund dollars that are allocated to maintenance, support, and upgrade of the network divided by the total Pre-K through 12 district enrollment.*

Importance of Measure

This measures the costs associated with providing the necessary bandwidth and information technology service levels to meet the educational programs and the data-processing requirements in a district. Delivering information and instructional content to all district facilities requires Wide Area Networking (WAN) technology.

Influencing Factors

- Dependence on technology such as internet, email, and the electronic conversion of many work processes
- Online educational resources for students
- The cost of technology and its support as it ages
- The carrying capacity of the district's local and wide area networks
- Demand for data
- Use of outsourcing and remote management tools
- Local geography
- Competitiveness of the local market for services



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

First Contact Resolution Rate

Power Indicator

Description

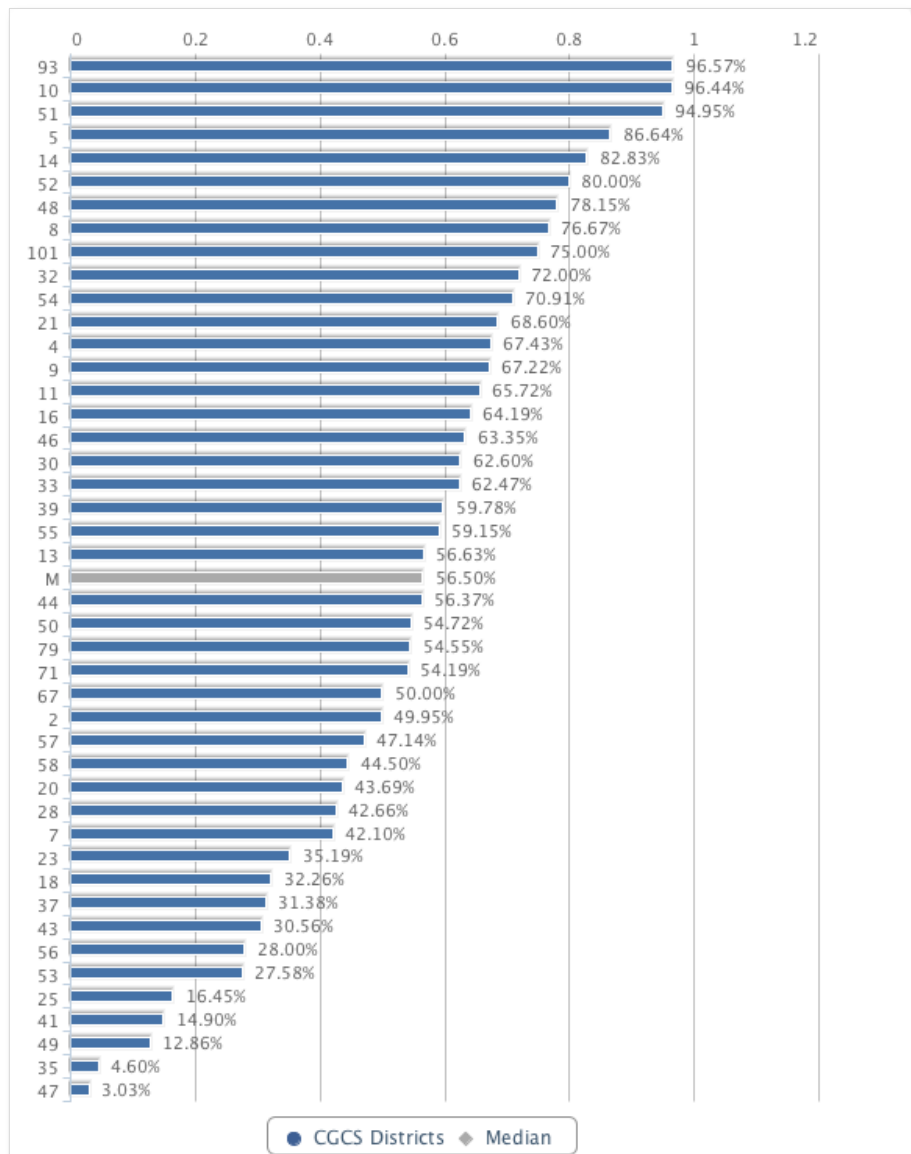
Percentage of user-initiated contacts to the help desk that generate a ticket and are resolved without escalation to the next support level.

Importance of Measure

This is an important indicator that can be used to increase efficiency and improve service levels. It is dependent on a few factors, and should be a starting point for further inquiry. For example, a high value could mean a well-trained and highly competent help-desk staff; however, it is also likely that a high value indicates a large volume of simple questions that could be automated.

Influencing Factors

- New implementations of major systems will increase contacts
- Automating processes such as password reset and self-service tools can reduce staffing costs and increase resolution rates



Help Desk Staffing Cost per Ticket

Power Indicator

Description

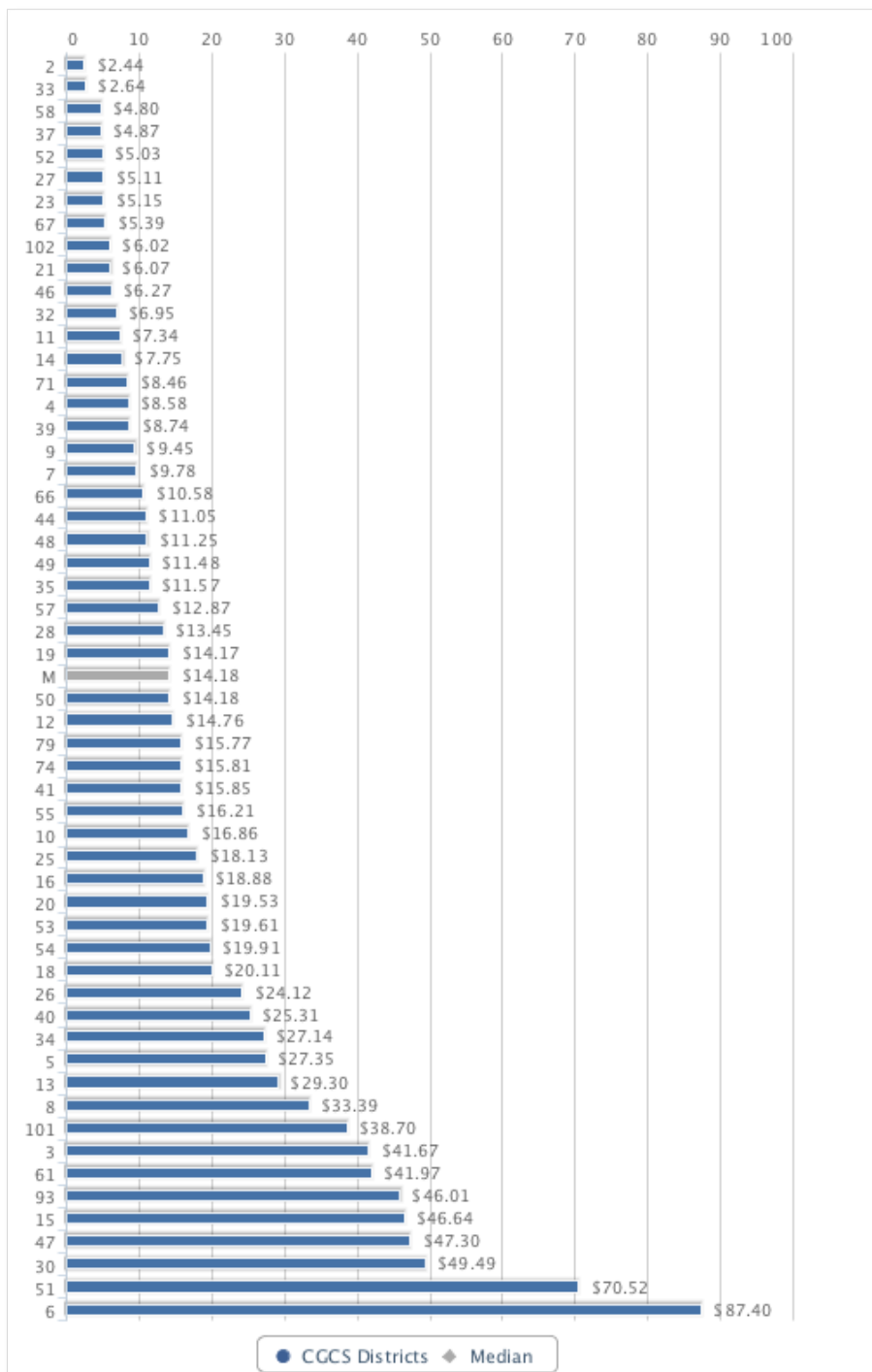
The annual salary costs of all help-desk staff, including benefits, divided by the total number of tickets entered by the help-desk staff.*

Importance of Measure

This measures the service level and efficiency of the help desk. The cost of service should be commensurate with the quality of service—low cost and high resolution rates would indicate an efficient and effective help-desk service.

Influencing Factors

- Software and systems that can collect and route contact information
- Automation of common help-desk issues like password reset
- Other duties performed by the help-desk staff, such as records clean-up, knowledge-base development, and trainings that restrict them from taking calls
- Knowledge-management tools available to help-desk staff and end users
- The amount of training provided help-desk staff to address issues with district systems
- Help-desk staff members are busiest at the beginning of each school session.



* Measures of cost are adjusted by a Cost of Living Index (COLI) from the American Chambers of Commerce Research Association (ACCRA). For additional information, visit www.coli.org.

Support Tier 2/3 Staffing Costs per Ticket

Power Indicator

Description

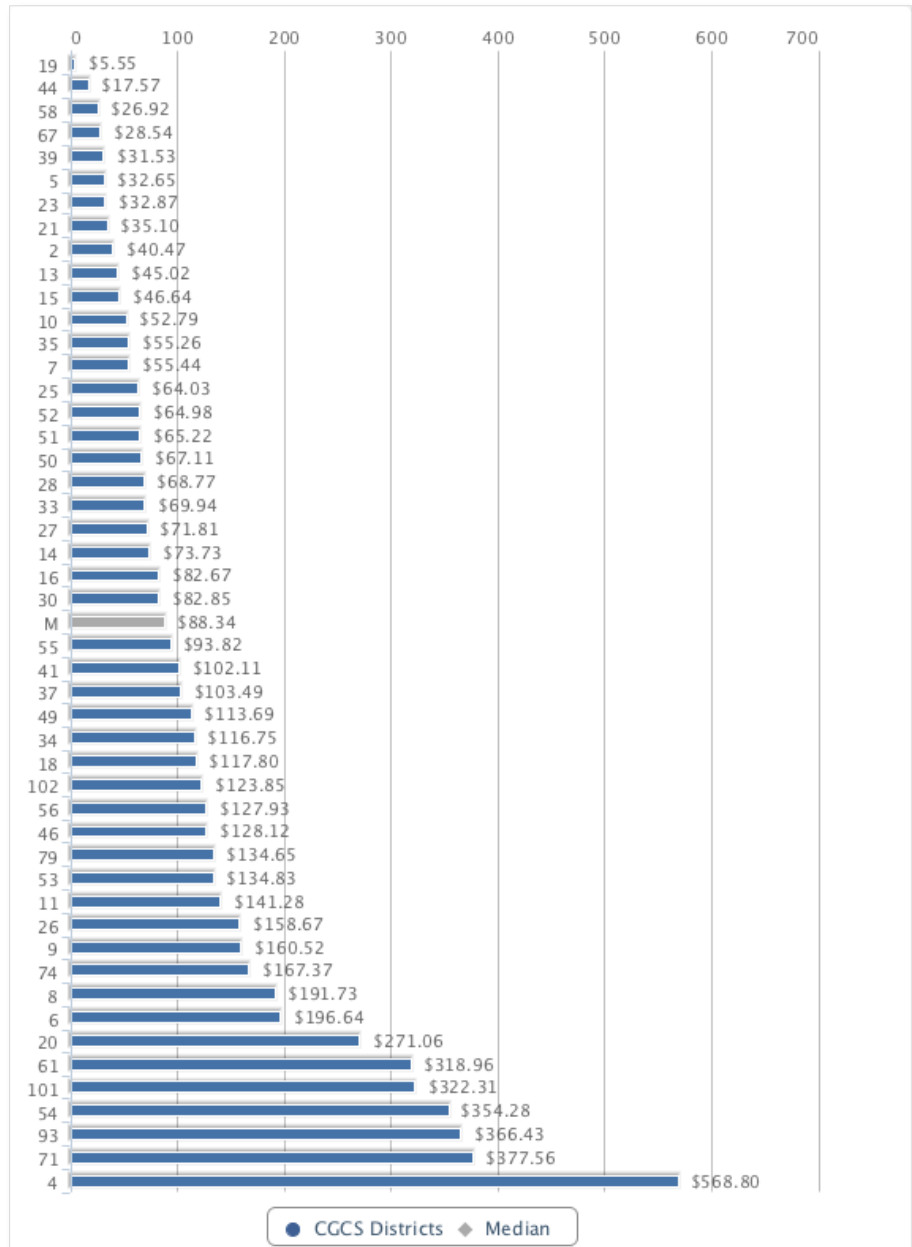
Tier 2/3 staffing cost per incident is a metric that indicates how responsive and efficient Tier 2/3 staff members are in resolving tickets.

Importance of Measure

This is a cost efficiency measure of Tier 2/3 support that should be considered in conjunction with service level measures, as proper staff capacity and competence are important to service quality.* Low costs and high resolution rates would indicate an efficient and effective Tier 2/3 service.

Influencing Factors

- Tier 2/3 staff members are busiest while school is in session.
- Many organizations use the Tier 2/3 staff to do other duties beside ticket resolution.
- Proper training and equipment will reduce time.
- Readily available supplies will reduce costs.
- Many districts are reducing staffing and supplies in this area by increasing maintenance contracts with computer vendors to 5 years.
- Developing minimum equipment support standards helps reduce costs by reducing inventory of supplies and parts and also reducing training for obsolete equipment.



* In the IT sector, levels of service and support are often categorized by Tiers 1, 2, and 3. Tier 1 support is typically initiated with a contact to the help/service desk or a web self-help tool like a knowledge base or password reset; Tier 2 would handle elevated Tier 1 cases, advanced troubleshooting, product bugs or failures; and Tier 3 support focuses on engineering and development solutions.

Number of Days Network Usage Exceeds 75% of Capacity

Essential Few

Description

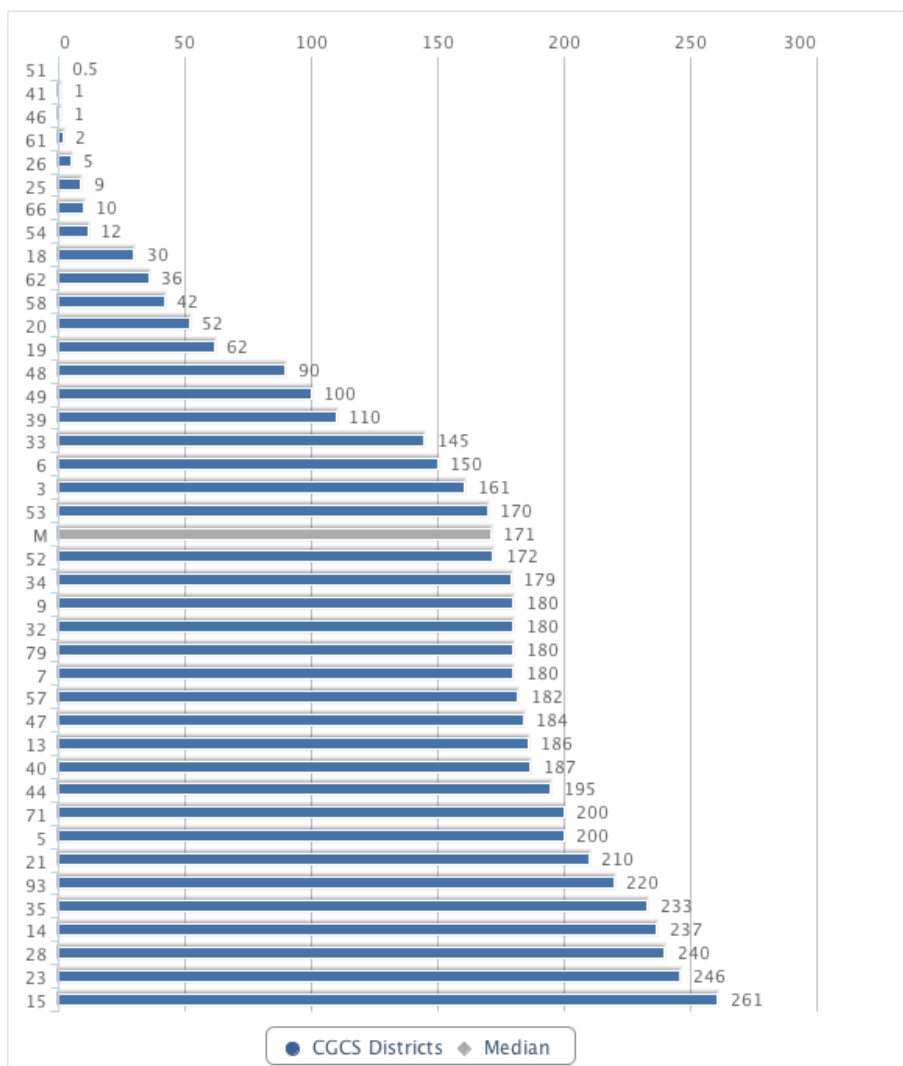
The number of days that peak daily internet use is above 75% of the maximum usable capacity of the district (for a duration of five minutes or more).

Importance of Measure

This measure is important because staying below the metric threshold is critical to application performance and user satisfaction, and may also provide justification for network expansion and capacity planning. Staying a safe range below the maximum network capacity is critical to application performance and user satisfaction. Districts with high levels of usage that exceeds 75% of the maximum capacity should consider immediate network expansion or negotiate with service providers for on-demand contingency capacity.

Influencing Factors

- Number of online applications sensitive to latency, digital video and voice will all impact the amount of bandwidth a district needs.
- School districts may experience short periods of time with exceptional network demand and large portions of time with plenty of excess capacity.



E-Mail System Downtime (in Minutes)

Essential Few

Description

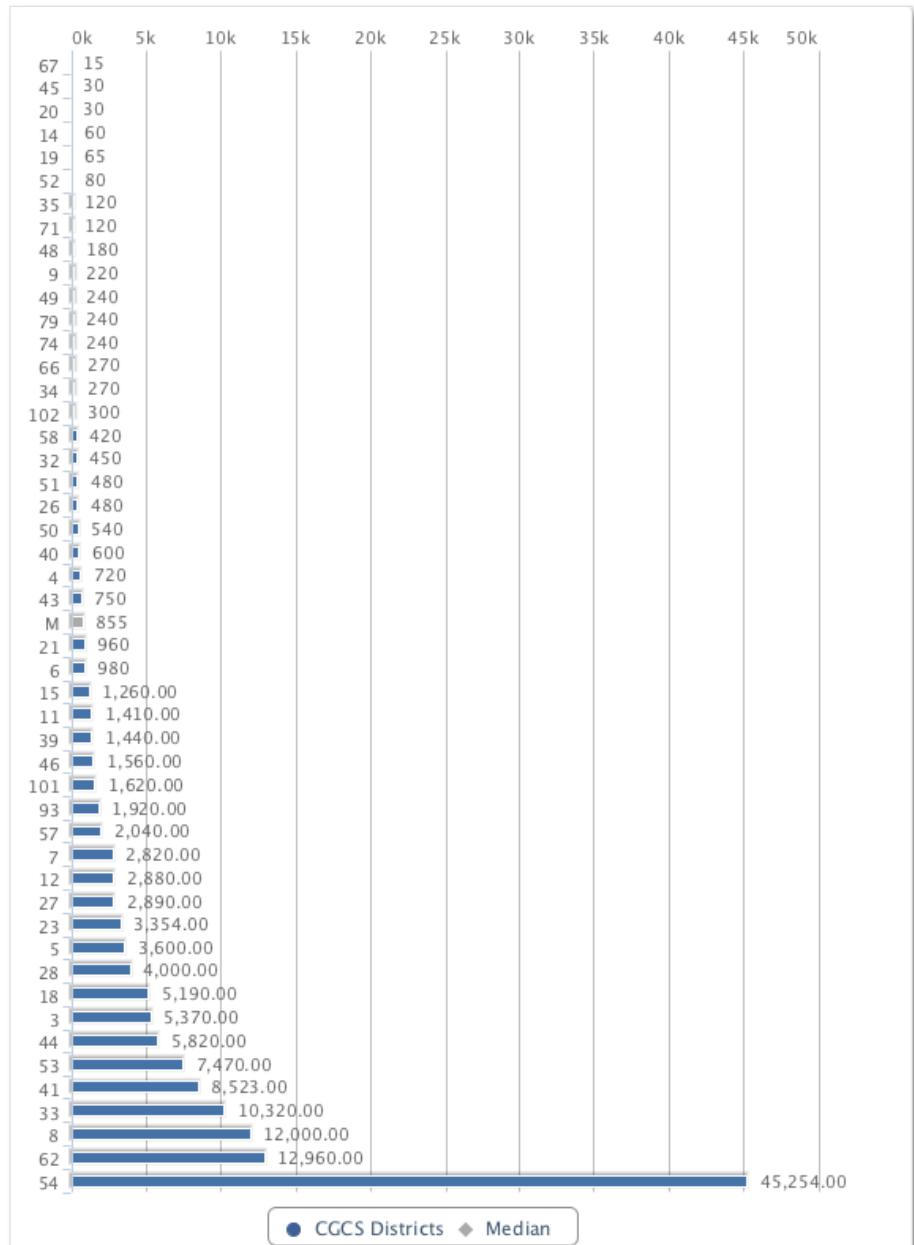
Total scheduled and unscheduled downtime for the system.

Importance of Measure

This measure is important because system availability has become critical to organizational success, and the increase in tools that access system resources 24 hours per day, seven days a week drives demand for system availability. Some systems require more downtime for scheduled maintenance than others, although this information is rarely communicated when selecting a system to purchase.

Influencing Factors

- Age of servers, software, and other equipment can effect performance
- Properly trained staff can reduce system downtime
- Many districts are moving toward cloud computing



ERP System Downtime (in Minutes)

Essential Few

Description

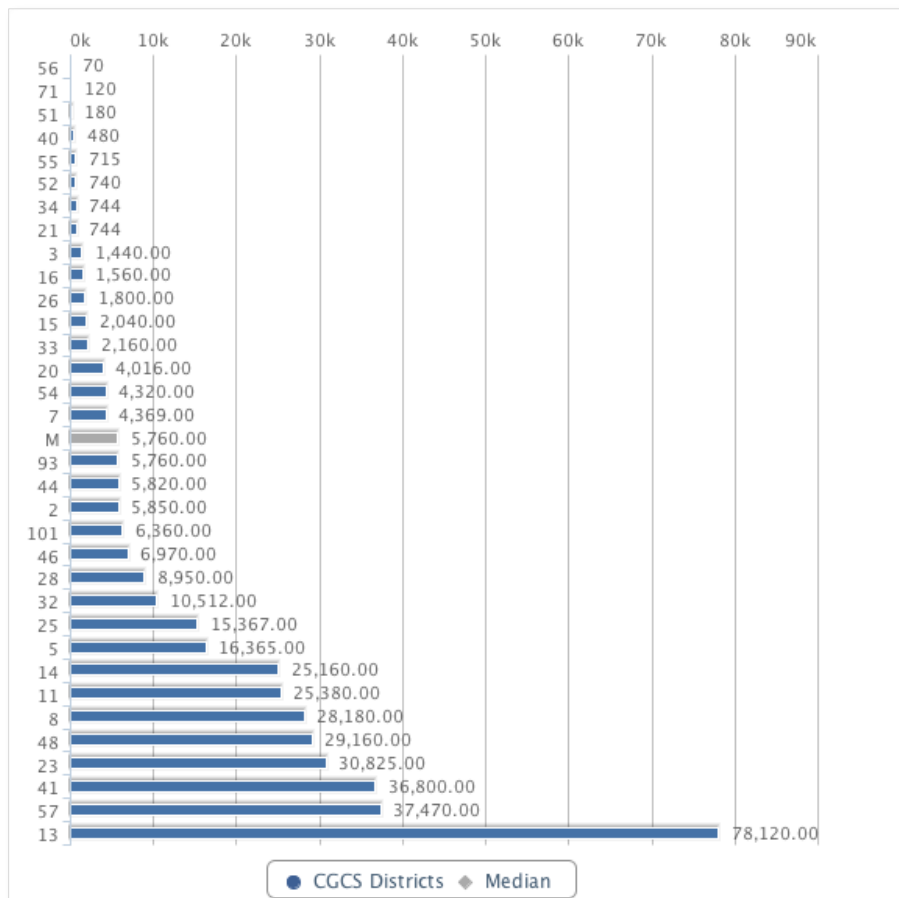
Total scheduled and unscheduled downtime for the ERP system (i.e., payroll, HR, finance)

Importance of Measure

This measure is important because system availability has become critical to organizational success, and the increase in tools that access system resources 24 hours per day, seven days a week drives demand for system availability. Some systems require more downtime for scheduled maintenance than others, although this information is rarely communicated when selecting a system to purchase.

Influencing Factors

- Age of servers, software, and other equipment can effect performance
- Properly trained staff can reduce system downtime
- Many districts are moving toward cloud computing



Finance System Downtime (in Minutes)

Essential Few

Description

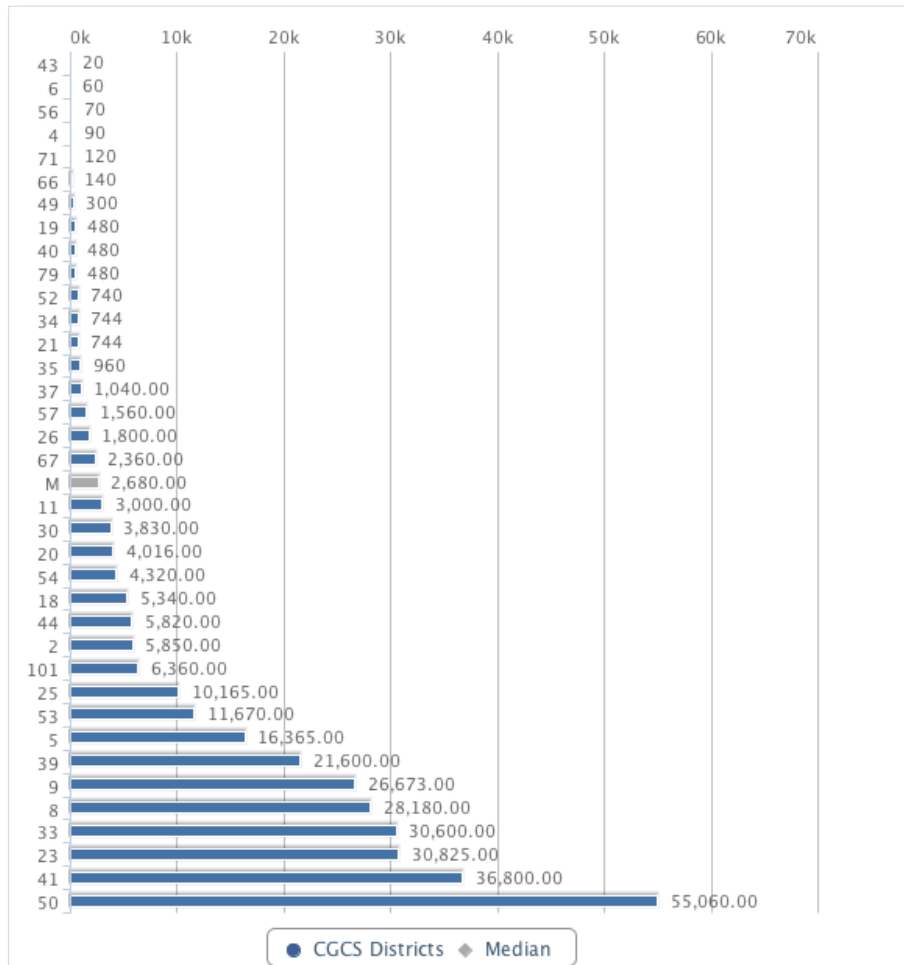
Total scheduled and unscheduled downtime for the finance system.

Importance of Measure

This measure is important because system availability has become critical to organizational success, and the increase in tools that access system resources 24 hours per day, seven days a week drives demand for system availability. Some systems require more downtime for scheduled maintenance than others, although this information is rarely communicated when selecting a system to purchase.

Influencing Factors

- Age of servers, software, and other equipment can effect performance
- Properly trained staff can reduce system downtime
- Many districts are moving toward cloud computing



HR System Downtime (in Minutes)

Essential Few

Description

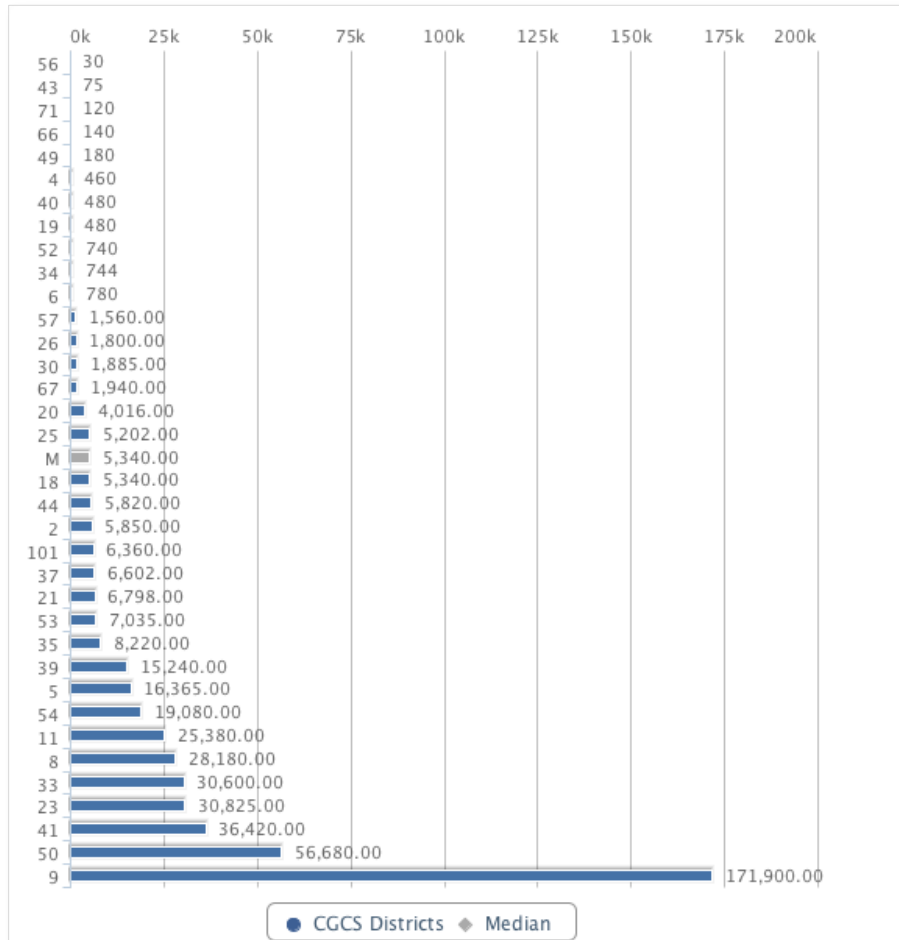
Total scheduled and unscheduled downtime for the Human Resources (HR) system.

Importance of Measure

This measure is important because system availability has become critical to organizational success, and the increase in tools that access system resources 24 hours per day, seven days a week drives demand for systems availability. Some systems require more downtime for scheduled maintenance than others, although this information is rarely communicated when selecting a system to purchase.

Influencing Factors

- Age of servers, software, and other equipment can effect performance
- Properly trained staff can reduce system downtime
- Many districts are moving toward cloud computing



Payroll System Downtime (in Minutes)

Essential Few

Description

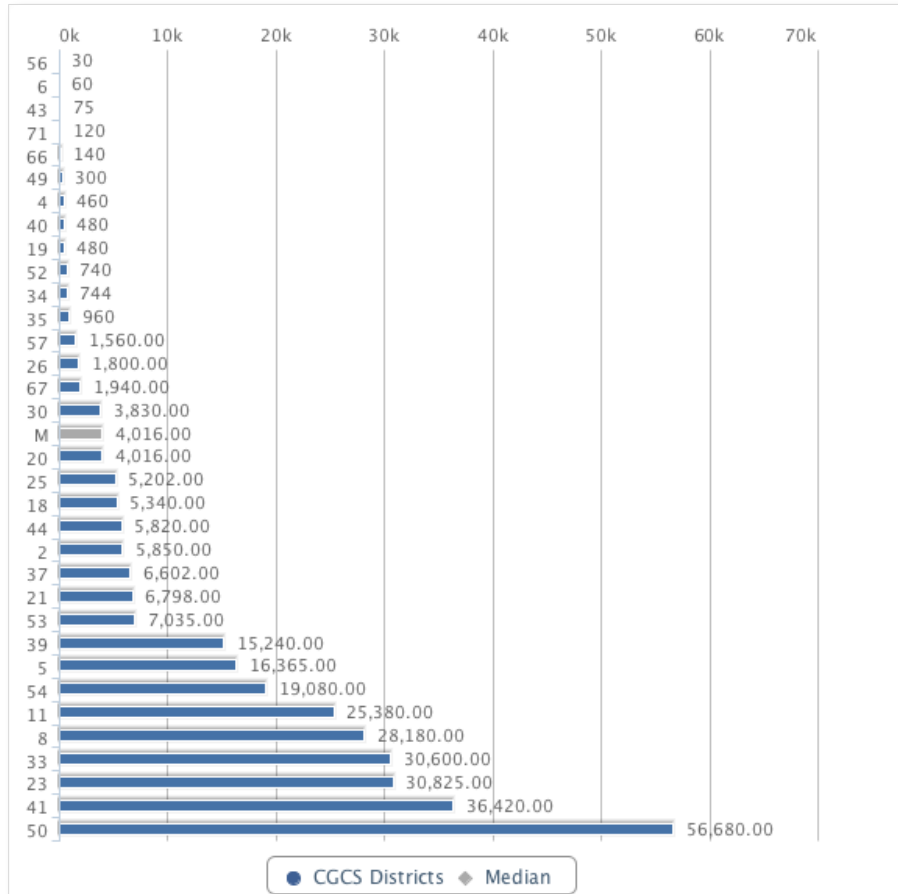
Total scheduled and unscheduled downtime for the payroll system.

Importance of Measure

This measure is important because system availability has become critical to organizational success and the increase in tools that access system resources 24 hours per day, seven days a week drives demand for systems availability. Some systems require more downtime for scheduled maintenance than others, although this information is rarely communicated when selecting a system to purchase.

Influencing Factors

- Age of servers, software, and other equipment can effect performance
- Properly trained staff can reduce system downtime
- Many districts are moving toward cloud computing



SIS System Downtime (in Minutes)

Essential Few

Description

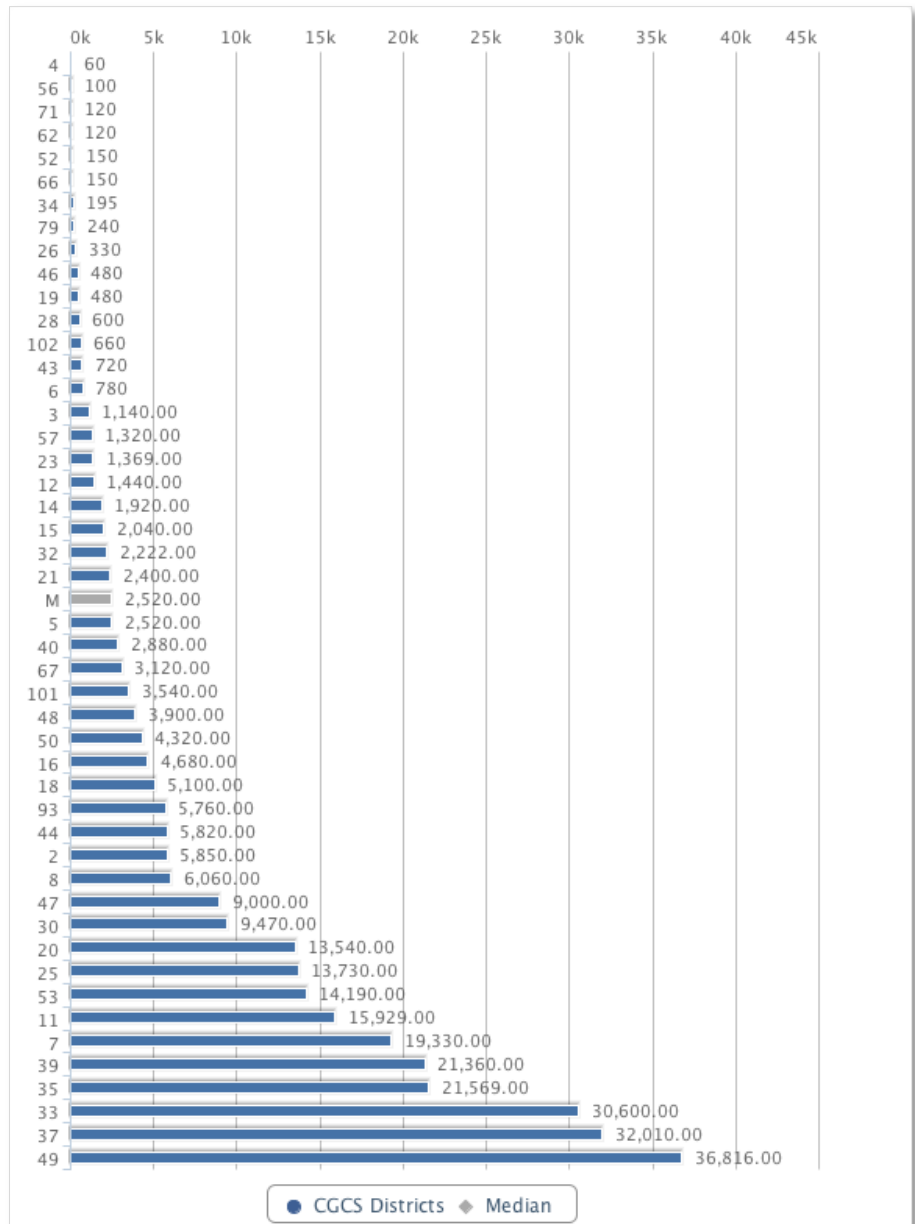
Total scheduled and unscheduled downtime for the student information system (SIS) system.

Importance of Measure

This measure is important because system availability has become critical to organizational success, and the increase in tools that access system resources 24 hours per day, seven days a week drives demand for systems availability. Some systems require more downtime for scheduled maintenance than others, although this information is rarely communicated when selecting a system to purchase.

Influencing Factors

- Age of servers, software, and other equipment can effect performance
- Properly trained staff can reduce system downtime
- Many districts are moving toward cloud computing



Appendices





The Performance Management System

The Council has joined with TransACT Communications Inc. to automate the key performance indicators districts can use to make rapid, high-value, high-impact decisions that “Move the Needle” on performance and improve non-instructional operations in K–12 school districts.

The easy-to-use web-based performance management system (ActPoint® KPI) has multiple features that include—

- ❖ A fully-tested set of over 300 Key Performance Indicators (KPIs) designed by the Council of the Great City Schools and its members to report performance at three levels:
 - Strategic and policy level – Measures that can be reviewed by superintendents and school boards on a regular basis. Power indicators provide an important view of the overall performance of the non-instructional operations of school districts. The Power Indicators include 25 KPIs in Finance (including accounts payable, cash management, compensation, financial management, grants management, risk management and procurement); 23 KPIs in Operations (including food services, maintenance and operations, safety and security, and transportation); 10 KPIs in Information Technology (including general-technology information, help desk, and network operations); and 3 KPIs in Human Resources.
 - Management level – Measures that, along with the Power Indicators, can be regularly reviewed by chief executives to assess the performance of individual departments and divisions. The Essential Few Indicators include an additional 29 KPIs in Finance; 42 KPIs in Operations; 14 KPIs in Information Technology; and 4 KPIs Human Resources.
 - Technical level – Lower-level performance measures that can be regularly reviewed by department heads. These indicators are more likely to be “drivers” of performance of higher-level measures. These indicators include 72 KPIs in Finance; 107 KPIs in Operations; 4 KPIs in Information Technology; and 3 KPIs Human Resources.

The KPIs are presented with narratives that include metric definitions, why the measures are important, factors that influence the measure and measure formulas. The narratives are intended to provide powerful guidance on each measure.

As an example to illustrate the use of the KPIs at all three levels, consider the food services measures: At the Power Indicator level, district leaders can monitor meal participation rates—a basic measure of food-service levels. At the Essential Few level, managers can look at performance levels by monitoring meal participation by types (breakfast and lunch participation rates at both elementary and secondary levels) and food service finance indicators (fund balance as percent of revenue, as well as total costs per revenue). Finally, the Technical Indicators can be used to drive meal participation goals (Provision 2 programming, staff availability, point-of-sale computerization, etc.)

The following figures illustrated step-by-step how the previous example might look like in the automated ActPoint® KPI performance management system.

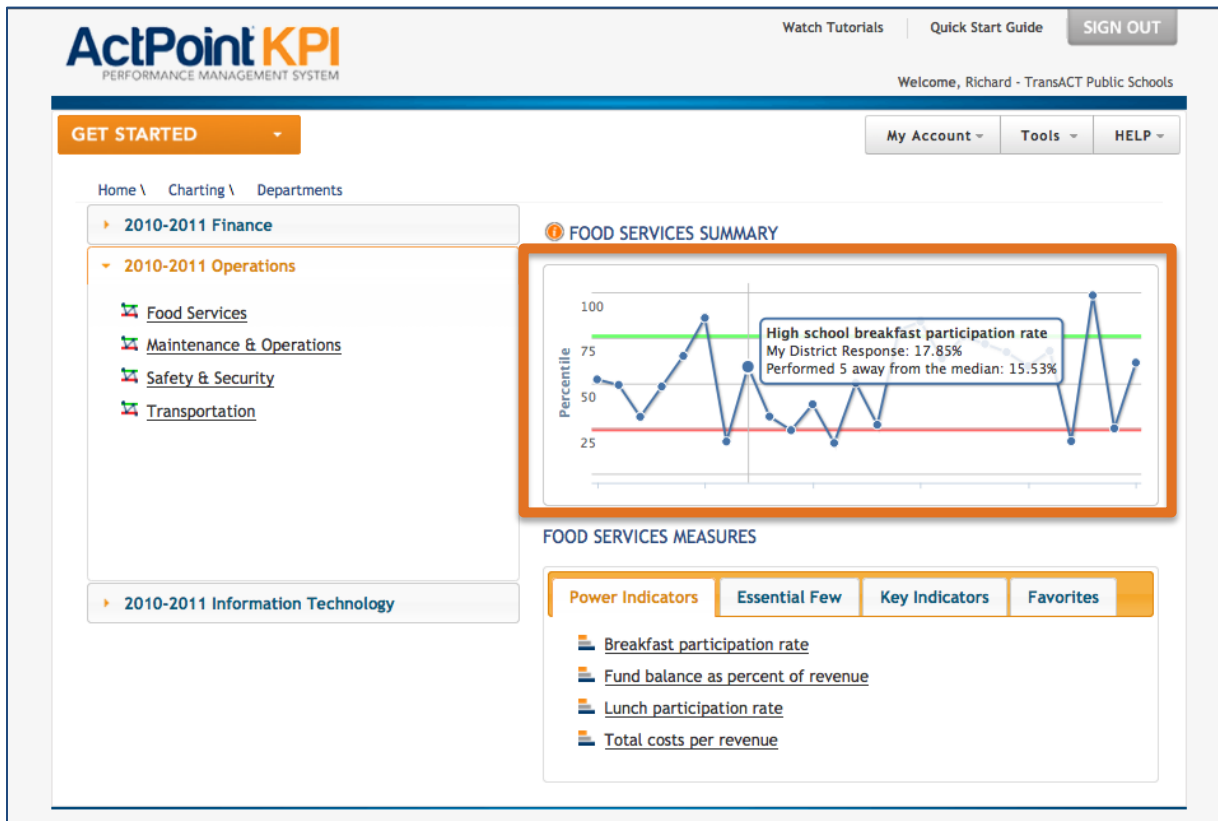
- ❖ An on-line “smart” survey instrument where districts enter raw data into the performance management system.

The screenshot shows the ActPoint KPI Performance Management System interface. At the top, there is a navigation bar with "Watch Tutorials", "Quick Start Guide", and "SIGN OUT" buttons. Below this, a user greeting reads "Welcome, Richard - TransACT Public Schools". The main content area is titled "Food Services" and includes a blue information box with a warning icon and text: "Some of the items below were used in calculations that, when tested, yielded questionable results. Please review the items in red below for any possible inaccuracies submit revisions as needed. Since a questionable calculation might use several data points, some items may be flagged even though they are correct. For assistance, contact the KPI support team at kpisupport@transact.com." Below the information box is an "Export Survey" button and a pagination control showing "Page 1" and numbers 2 through 7. A detailed instruction block follows: "When entering data for numbers and dollar amounts, please only use numbers and decimals. For numbers, please enter your response in number format using whole numbers with no more than two decimal places where appropriate (such as 4.75). Numbers larger than one-thousand may not include a comma. If you do not have data for a particular question, please leave the cell blank; do not enter '0.'" Only enter "0" if that is the correct response. Please provide data for Fiscal Year 2010-11." The main section is titled "Revenue for Food Service Programs" and contains a list of categories (1a through 1h) with corresponding input fields. The values entered in the fields are: 1a. Total Revenue - 34852237.00; 1b. Federal reimbursement - \$26,048,999.00; 1c. Commodity revenue - \$1,744,247.00; 1d. State funding - \$319,394.00; 1e. Local levy - (empty); 1f. A la carte and vending - \$4,085,053.00; 1g. All other cash - \$2,588,691.00; 1h. Other - \$65,853.00. A red box highlights the input fields for categories 1a through 1h, and red warning icons are visible next to the values for 1a, 1c, 1d, 1f, 1g, and 1h.

Managing for Results in America's Great City Schools

Performance Measurement and Benchmarking Project

- ❖ District data are automatically calculated and benchmarked against other school systems in the database. Performance measures are displayed in an intelligent dashboard (called an “EKG line”—to borrow a term from the health care industry) that provides an overview of the health of each operation. Users can click any EKG indicator to drill down further into their data. Below, a district has a high school breakfast participation rate that is mid-range on the EKG—above the red line but below the green line.



- ❖ The graph presents a district's data, compared with its peer districts. Clicking on district for any district will provide additional contextual information, and districts can use the Data Modeling tool to set targets and project future performance.



Managing for Results in America's Great City Schools

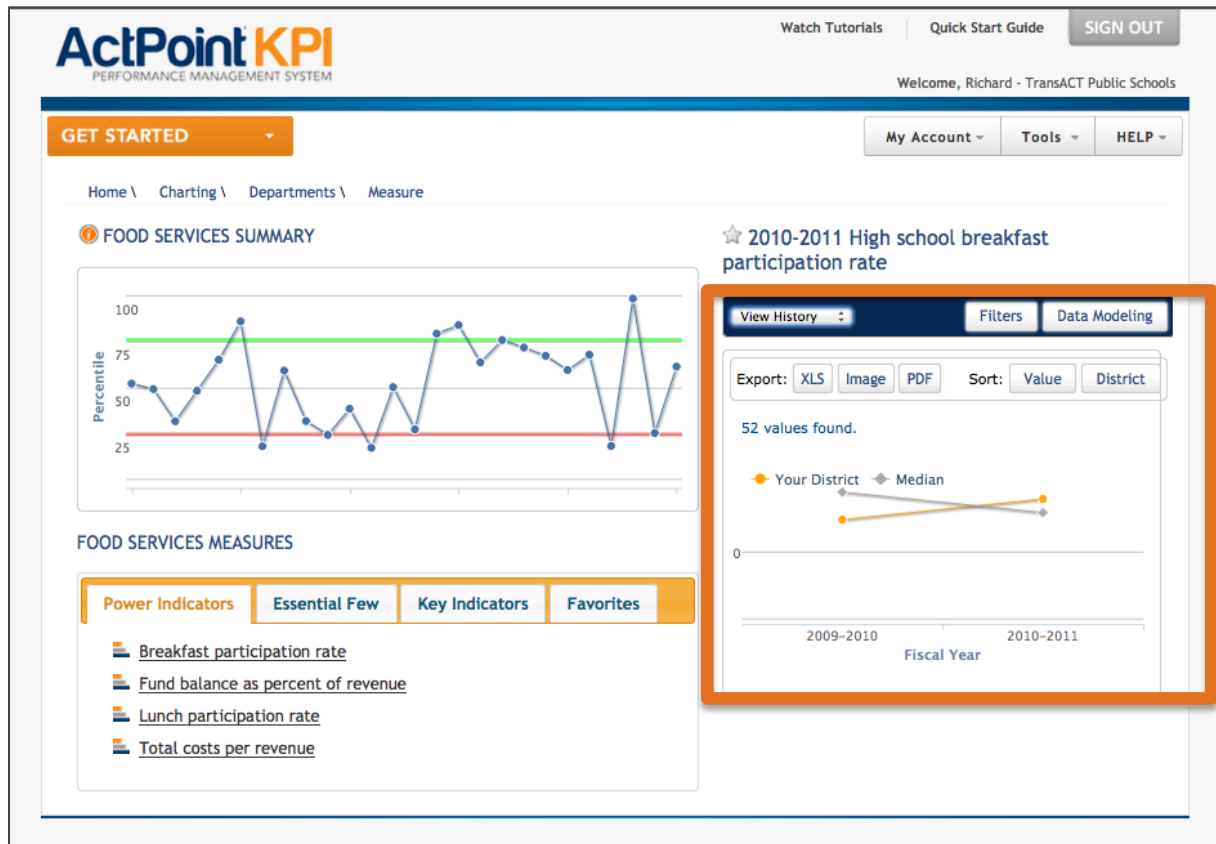
Performance Measurement and Benchmarking Project

- ❖ The graphs can be further refined using filters, which allow districts to narrow their benchmark results to include peer districts that matter the most. They can choose filter criteria based on district enrollment size, labor status (union or right to work), poverty level, geographic region, census region or state. The filters are automatically applied to the EKG line and default filters can be created for future comparisons.

The screenshot displays the ActPoint KPI Performance Management System interface. The main dashboard is titled 'FOOD SERVICES SUMMARY' and features a line chart showing '2010-2011 High school breakfast participation rate'. The chart's y-axis is labeled 'Percentile' and ranges from 25 to 100. A green horizontal line is drawn at the 75th percentile, and a red horizontal line is at the 25th percentile. The chart shows a blue line representing 'Your District' and a grey line representing 'Other Districts'. A legend at the bottom of the chart identifies these lines. A 'Filter Options' dialog box is open over the chart, listing various filter criteria with their current selection status and available options. The 'Enrollment' filter is selected, with options ranging from 0-9,999 to 175,000-199,999. Other filters include Labor Status, FRPM Eligibility, Region, State, Census Region, and Census Division. The dialog box also includes 'Apply Filters' and 'Clear Filters' buttons. Below the chart, there are 'FOOD SERVICES MEASURES' with tabs for 'Power Indicators' and 'Essential Few'. A list of measures includes 'Breakfast participation rate', 'Fund balance as percent of revenue', 'Lunch participation rate', and 'Total costs per revenue'. A bar chart on the right side of the dashboard shows data for various districts, with values ranging from 0.07% to 13.31%.

Filter Criteria	Selected	Available Options
Enrollment	1 selected	0-9,999, 10,000-24,999, 25,000-49,999, 50,000-74,999, 75,000-99,999, 100,000-149,999, 150,000-174,999, 175,000-199,999, 200,000-249,999
Labor Status	0 selected	10,000-24,999
FRPM Eligibility	0 selected	25,000-49,999
Region	0 selected	50,000-74,999
State	0 selected	75,000-99,999
Census Region	0 selected	100,000-149,999
Census Division	0 selected	150,000-174,999, 175,000-199,999

- ❖ The ActPoint® KPI system also allows districts to assess their historical performance on each measure. Districts can view their historical values plotted against each year’s median values for the selected peer group, in order to assess whether they are moving in the right direction. In the example below, high-school breakfast participation increased in the district, while the national median decreased—thus moving the district from “below average” to “above average.”



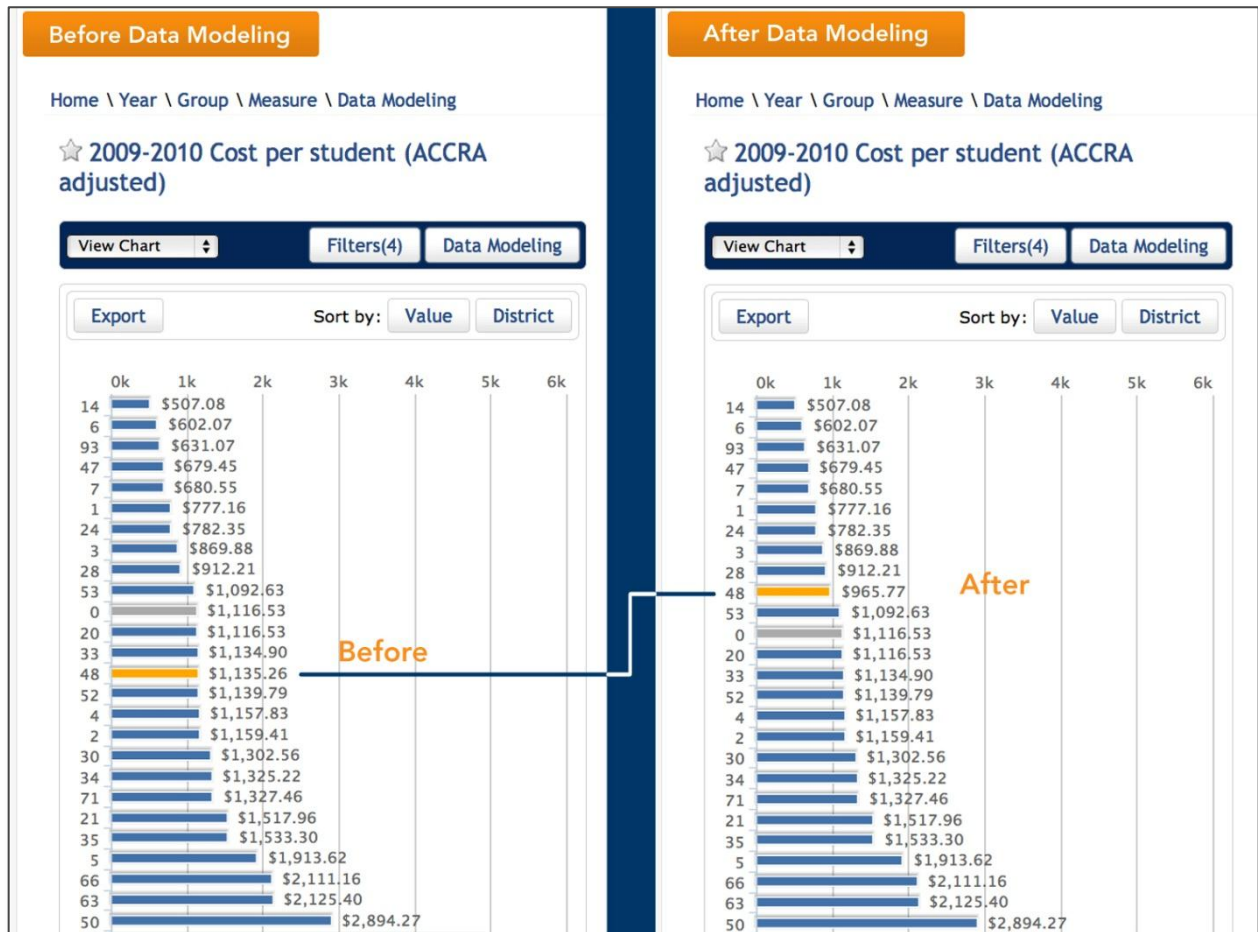
- ❖ ActPoint® KPI can also generate custom reports of a district's performance measures, which are pre-formatted with custom charts and contextual annotations of each measure. Districts can hand-select any combination of measures and save them as "favorites" for quick access. This means that districts can target others that are relevant to them; provide districts with the ability to access a measure with laser-like focus; and give districts the ability to see median measurements and quartile rankings for their peers. For example, a district can target "food costs per revenue" as a measure that it wants to closely monitor by adding it to their Favorites. Then, it can generate a customized report showing selected benchmarking districts, adding personal notes and observations for further context.

The screenshot displays a web interface with three tabs: "Measures by Department", "Alphabetical List", and "Favorite Measures". The "Favorite Measures" tab is active. Below the tabs, a message states: "Your favorite measures below can be used to create a new report." A scrollable list of measures is shown, categorized by department. Each measure has a checkbox and a "View Measure" link with a red 'X' icon.

Measure	View Measure	Icon
2010-2011 Finance		
Accounts Payable		
<input type="checkbox"/> AP department costs per \$1,000 spend	View Measure	✘
<input type="checkbox"/> Invoices processed per FTE per month	View Measure	✘
<input type="checkbox"/> Number of days to process a vendor payment	View Measure	✘
Cash Management		
<input type="checkbox"/> Fund reserves as percent of total revenue	View Measure	✘
Procurement		
<input type="checkbox"/> Certified professional procurement staff ratio	View Measure	✘
<input type="checkbox"/> Competitive procurements ratio	View Measure	✘
<input type="checkbox"/> Strategic sourcing ratio	View Measure	✘
2010-2011 Operations		

- ❖ Automated Business Intelligence (BI) tools also allow districts to ask what/if questions and conduct data modeling for validating the outcomes of actions taken to improve results.

The ActPoint® KPI system also provides a predictive data-modeling tool that allows districts to view the disaggregated raw data that make up the calculated value in a graph. The tool allows a district to temporarily recalculate a measure and to see if the benchmarking changes; and if an action is likely to meet produce predicted results



Case Studies of Best Practices



C G C S C A S E S T U D Y



Grants Management

Managing for Results in America's Great City Schools: A Case Study in Grants Management

October 2012

Aims and Objectives



As an industry, the business and operations components of K-12 education have not historically operated with a common set of industry standards for monitoring and benchmarking performance. The Council of the Great City Schools addressed this need by initiating its Performance Measurement and Benchmarking Project. The case study element of the initiative is designed to answer the question, "What are the effective management practices of top performing urban school districts that allow them to run effective financial and business operations as measured by their Key Performance Indicators?" Once these

management practices are determined and documented, other districts across the nation can use them to analyze and improve their practices. The intention is to increase collaboration between executives of top performing districts and districts striving to improve their performance. Ultimately, this exchange should enable the industry to build its knowledge about how large systems work and what it takes to improve them.

Key Performance Indicators for Grants Management

There are four key performance indicators (KPIs) that are considered to be "Power Indicators" and "Essential Few" in the area of Grants Management. Additionally, there are six other basic KPIs shown below that help a district assess its grants management operations.

Grant Spending Efficiency and Lost Grant Funds per \$1M of Grant Revenue*

These KPIs assess efficiencies in spending appropriated grant funds by measuring the percentage of these resources that are expended each school year, fiscal year or calendar year. A low percentage of grant spending or a high percentage of unspent funds may indicate inefficient spending patterns. The factors that may influence these

* In previous years this Power Indicator was titled "Value of Unspent Funds Lost." The indicator was changed to reflect the differences in the sizes of districts.

measures include the timeliness of awards, administrative policies and procedures, budget development and management processes, monitoring and reporting systems, grant sources and program initiatives, and the complexity of the grants.

Aging of Grants Receivables

This KPI assesses efficiencies in submitting grant-funded expenditures to the funding agencies or conversely efficiencies in receiving reimbursements from the funding agencies on specified time intervals (in 30 days increments). Aging of Grants Receivables may indicate that expenditures have not been submitted in a timely manner to the funding agencies or the funding agencies are slow in sending reimbursements. In either case, the indicator can be used to analyze the amount of money the funding agency owes a district. Factors that influence this measure include: funding agency reimbursement processes; levels of automation; complexity of the grants; billing frequency; and payroll suspense.

Grant Funded FTE Dependence

This KPI indicates a district's vulnerability to changes in grant funding by assessing the number of Full-Time Equivalent (FTE) employees that are funded by grant resources. A high percentage on this measure may indicate a district is at risk of losing a significant portion of its workforce if reductions in grant funds are realized. A higher percentage of FTE dependence may identify vulnerability to changes in grant funding. Factors influencing this measure include program strategies and eligibility criteria.

Additional KPIs

- **Number of Budget Amendments for Grants**
- **Grant Application Success Rate**
- **Days of Delay for Accessing New Grant Awards**

Best Practices in Grants Management

In addition to the usual financial due diligence of a school district, it is important that grant-funded programs are carried out in a timely and effective manner that complies with the intentions of the grant. These management practices build the confidence of grant organizations that a district has the ability to use current and future funds wisely.

Grant Spending Efficiency and Lost Grant Funds per \$1M of Grant Revenue

❖ **Budgetary Performance**

The Government Finance Officers Association's (GFOA) best practices in public budgeting recommends that a government entity should evaluate its financial performance relative to the adopted budget because doing so provides an early warning of potential problems and gives decision makers time to consider actions that may be needed if major deviations in budget-to-actual results become evident.

Objectives:

- **Ensure good accounting practices by comparing budgeted-to-actual grant expenditures.**
- **Ensure appropriate use of funds through regular monitoring, and having a well-defined process for reconciling any accounting problems.**

District Practices:

- What are your district's policies and regulatory and administrative practices for budget-to-actual monitoring of grant expenditures?
- What actions are taken when actuals significantly deviate from budgeted amounts?
- What other actions does the district take to maximize its grant-spending efficiencies?

Boston:

- ✓ Boston uses a series of reports to monitor grant spending. Budget-to-Actual is reported on the district's All Funds Budget Report. This is one of two primary management tools made available to each principal, headmaster, and department head in real time. It is supplemented by a system-generated report that is electronically sent to them on a monthly basis. A monthly Budget Update is prepared for the Superintendent and the School Committee. This is also an All Funds report. It provides budget, year-to-date spending and projected spending. For the purposes of this report, it is generally assumed that grants will be fully spent. A weekly Grant Summary report is provided to the Superintendent's Cabinet. This report provides budget-to-actual, grant end date, and percent obligated as of the day of the report. This report is used to monitor grant-spend rates at the highest level in the district. Periodic lag-fund reports are generated to identify potential opportunities for reallocation.
- ✓ When actual spending significantly deviates from budgeted amounts, they are (1) highlighted for the Superintendent's cabinet and for (2) the program manager and financial staff to determine reasons for unexpected variances and corrective actions to be taken.

- ✓ Program and financial leads are encouraged to participate in the Massachusetts State Department of Education's conference calls and trainings on both grant-specific issues, and requirements for financial and programmatic reporting.

Columbus:

- ✓ Periodic monitoring of budget-to-actual grant expenditures is reviewed at various levels throughout the organization. In addition to this monitoring, the accounting system has controls to prevent deviation from budgeted amounts. If monitoring reflects potential deviations, budget revisions are requested to the funder.

Memphis:

- ✓ A Federal Programs Department staff member is assigned to each grant and is responsible for monitoring grant expenditures.
- ✓ When actual spending significantly deviates from budgeted amounts the Federal Program leadership team meets to determine and implement corrective action steps.
- ✓ Memphis also coordinates the use of grant funds with all other district funds when addressing district needs.

Miami-Dade County:

- ✓ The district enhanced and expanded its initiative of grant-related training activities to better serve and manage grants. The post-award portion of the training focuses on budget creation, staffing and procurement procedures, management monitoring, amendments, financial reporting, Circular A-87 (Office of Management and Budget (OMB), Cost Principles for State, Local, and Indian Tribal Governments) certification requirements, grant-closeout processes, and Single Audit process issues. As a result of this mandatory training the district's management and monitoring practices have improved and partially offset reductions in federal funding.
- ✓ All federally funded programs are closely monitored to ensure that all funds are fully spent and any residual balance does not exceed the targeted unspent balance by more than 1 percent. The projections done by Miami-Dade County compare budget versus actual, and include expenditures for salaries and benefits, as well as all non-salary components. In addition, hourly personnel positions are projected based on a "burn rate" that estimates the day that funding will be exhausted in order to take timely and appropriate action to manage personnel positions. The results of these forecasts are distributed to all Program Managers and are reviewed by the Grants Administration office staff, where disparities and items of concern are communicated in writing to the Program Manager, school, and department staff, and corrective action is closely monitored. If it appears that adequate corrective action has not been taken, a meeting is scheduled with the Program Manager and their direct reports, and if applicable, support departments to address any issues that impede the spending of funds. If the necessary actions to ensure spending of grant funds are not being implemented, progressive notification of the status of available funds is communicated and escalated in the hierarchy to ensure appropriate actions are taken to spend all funds on a timely basis.
- ✓ The intent of these aggressive actions are to ensure that: (a) grant funds that the district was awarded are used for their intended purposes and goals, and thereby preempt the need to seek amendments; (b) funds are fully spent whenever possible (2010-2011 unspent balances amounted to 1.6 percent); (c) the General Fund and its respective Reserves are not used to fund legitimate grant expenses; and (d) the Single Audit does not result in any finding pertaining to certifications, thereby eliminating would-be audit costs.

Managing for Results in America's Great City Schools

Performance Measurement and Benchmarking Project

- ✓ An electronic system was developed to fully automate the mandated process of certification for all salaried compensation of any federally funded position in accordance with Circular A-87. Features of the system address the requirements of Circular A-87, as well as significantly simplify the certification process and strengthen overall internal controls.

Norfolk:

- ✓ Each month, the district reconciles all grant-funded programs by project year and account codes to ensure that budgets are not over spent. If they are, the program manager and the Budget Office are required to resolve the overspending by either moving expenses that may have been incorrectly coded or processing a budget transfer to bring the grant into alignment with approved funding.
- ✓ All program managers and their administrative personnel participate in one-on-one training with both the budget and accounting departments on the proper monitoring of grant funds.
- ✓ The district's school board policy governing expenditures details expectations for not just grant expenditures, but for all district expenditures. In addition, there is a Purchasing website, which has a number of detailed publications with guidelines and procedures to follow to properly expend district funds, including all grant funds, regardless of source.
- ✓ Board policy requires leadership to exercise prudent financial management over all district funds and to make the best use of all funds. There is also a School Board Regulation on Management of Funds that provides specific guidance on the appropriateness of certain categories of expenditures. In addition, there is a fiduciary responsibility for all NPS employees and a Code of Ethics, which is signed at hiring that stipulates that staff members will take due care with district resources (including financial).
- ✓ A significant percentage of grant expenditures are made using the district's credit card. This program has been nationally recognized and includes specific external audits on a bi-annual basis. There are approval permissions for every grant credit card transaction that ensure the program manager reviews each purchase for conformance with district policy and grant requirements. Any purchases that do not meet this standard are refused and a different account line must be identified for the charge. Additional disciplinary action may be taken, as management determines necessary. In addition, the approval routing for all grant-funded purchases includes the Senior Grant Accountant and the Senior Director, Accounting (financial controller) for a final compliance review.
- ✓ Time and effort reports are generated monthly and are reviewed and certified by the principals at the schools where grant-funded employees work and are then reviewed by the district program manager for each grant to ensure that employees are doing work allowable under the grant and that they are properly charged. Any changes are identified by the program manager and submitted to the senior grant accountant to correct.

❖ **Program Evaluation**

The Government Finance Officers Association recommends that a government entity should monitor and analyze the performance of its service programs based on stated goals and budget expectations. GFOA states that a government may need to adjust programs, strategies, performance measures, the budget, and goals based on program reviews, and that processes are needed to ensure that these adjustments are formally presented to decision makers and other stakeholders in order to receive adequate consideration.

District Practices:

- What are your district's policies and regulatory and administrative practices for evaluating grant-funded programs?
- How are decisions made regarding needed adjustments?
- What other actions does the district take to ensure programmatic effectiveness?

Boston:

- ✓ BPS currently conducts evaluations on many of its grants, both to improve service delivery and to inform resource allocation.
- ✓ For some grants, where an external evaluator is the primary investigator, BPS plays a supportive role, usually in the provision of primary or secondary data sources, identification of groups for matched comparisons, assistance with methodology, communication with key stakeholders, etc.
- ✓ The most robust evaluations entail not only summative reports of key findings, but also brief updates to program staff at regular intervals to inform the implementation process and allow for programmatic adjustments. In addition, the district collaborates with the grantor at the beginning of a partnership or grant to jointly define and measure a grant's impact and then to regularly monitor progress towards goals.

Miami-Dade County:

- ✓ The office of Grants Administration establishes benchmarks and targets to monitor quarterly progress made in achieving measurable goals based on the output of operational activities. Accordingly, the Assistant Superintendent for the Office of Intergovernmental Affairs, Grants Administration and Community Engagement gather with staff annually to: (1) review the final outcomes of the different departments, (2) analyze the actual results of the various operational activities against benchmarks and goals, and (3) set goals for the upcoming fiscal year.
- ✓ Throughout the year, performance is reviewed quarterly to determine progress towards established benchmarks, as well as determine whether the office work plan or business plan needs to be adjusted to meet established goals.
- ✓ The main purposes for the reviews are to analyze progress made and challenges encountered, and to discuss future initiatives. Then, new benchmarks are established and goals are agreed upon—with the entire office providing feedback—for the following fiscal year. Roles and responsibilities are also reviewed in order to assure that the necessary resources are available to assist and support the goals established (especially student achievement). This method of strategic planning has resulted in a favorable alignment of resources that has assisted the district in addressing legislative shifts and funding reductions.

Norfolk:

- ✓ Program and financial reporting requirements are determined at the time the grant is awarded and Business and Finance ensures that the program manager is aware of the reporting requirements when they meet to discuss the set-up of the grant prior to the beginning of any spending.
- ✓ For any program adjustments that are necessary, either due to changes in the district's planned use for the funds or budgetary requirements that force changes, the program manager must seek written approval from the grantor prior to any changes being made in the financial accounting system (which controls all spending).

Aging of Grants Receivables

❖ Financial Transparency and Predictability

Best practices in Accounts Receivable (A/R) Management, highlighted in the International Accounts Receivable Professionals (IARP) association's first quarter 2005, Credit and Financial Management Review, recommend that finance departments implement processes that provide real-time cash flow information to management; focus on gaining visibility into receivables transactions; utilize past customer payment behavior to drive collections decisions going forward; and automate manual processes.

Objectives:

- **Maintain positive cash flow using a real time reporting system that makes reimbursement information transparent.**
- **Use a Minimum Drawdown Schedule to improve predictability.**

District Practices:

- What are your district's policies and regulatory and administrative practices for managing the aging of grants receivables?
- How does the district manage its accounts receivables?
- What other actions does the district take to monitor and reduce the aging of its grants receivables?

Boston:

- ✓ Most of the grants received by the Boston Public Schools flow through the State Department of Education. (Department of Elementary and Secondary Education, or DESE). DESE has established a tight protocol for monthly reporting of actual expenditures to draw down cash. This system allows for standard, predictable and efficient claiming for the reimbursement of expenditures. The Accounting Department has responsibility for reports of monthly expenditures that result in the receipt of revenue. The department also works with City Treasury to ensure posting of revenue to the correct special revenue grant account.
- ✓ Program managers are not authorized to file financial reports to granting authorities; only Finance & Budget staff members are authorized to do so.
- ✓ The district reported that while these business practices work well during the year, they do require special attention at the end of the year when there is a final deadline for claiming cash that precedes the grant-close date.

Columbus:

- ✓ At least monthly, the Treasurer’s Office monitors grant balances and requests cash draw-downs as needed.

Memphis:

- ✓ Memphis’ administrative practice is to invoice each grantor per the grant guidelines either monthly or quarterly. A listing of aged grants receivables is maintained and monitored by an accountant who resolves any issues with invoices greater than 45 days old.
- ✓ The district maintains a list of all outstanding grants receivables with the date the invoice was sent to the grantor. An accountant is assigned to follow-up with the grantor after 45 days.
- ✓ If the revenue has not been received after 60 days, the grantor is contacted via email or phone again to resolve any issues delaying payment.

Norfolk:

- ✓ The majority of Norfolk’s grants are reimbursed monthly and there is rarely more than 1 percent of the district’s total annual budget outstanding at any given time.
- ✓ Grant accounting has procedures in place to reconcile all grants monthly and as a part of that process, reviews outstanding grant balances. The majority of grants are reimbursed through the state and the Senior Director, Accounting and the Associate Superintendent for Business and Finance both monitor the status of any outstanding grant reimbursements.

Managing FTE Dependency

❖ *Financial Forecasting*

The Government Finance Officers Association’s Best Practice in Financial Forecasting in the Budget Preparation Process recommends that a government entity should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions and that develops appropriate strategies to achieve its goals. A key component in determining future options, potential problems, and opportunities is the forecast of revenues and expenditures to determine, among other potentialities, the likelihood that services can be sustained; and future commitments and resource demands (e.g., work force requirements) can be met.

Objective:

- **Monitor grant-funded dependence of Full-Time Equivalent (FTE) positions so capacity of the organization is not at-risk when funding for these positions are suspended**

District Practices:

- What are your district’s policies and regulatory and administrative practices for planning, forecasting and monitoring risks associated with potential reductions in grant funding levels?
- What other actions does the district take to assess the long-term implications of its grant dependencies?

Boston:

- ✓ Budget development at both the school and district levels considers all sources of funds to ensure a single, aligned use of all funds available to meet the district's strategic priorities. This includes conservative assessments of future year funding for entitlement grants, competitive grants and reimbursement grants.
- ✓ The district uses multi-year budgets to provide a longer-term planning framework than allowed by the annual budget cycle. This practice has been very powerful in setting the stage for both development and management of major federal sources of funds, i.e. The American Recovery and Reinvestment Act (ARRA), Education Jobs Bill, Race to the Top, and School Improvement Grants.
- ✓ Financial challenges in recent years have created extraordinary pressures to utilize non-recurring funding for long-term needs, especially for FTEs. Multi-year planning has allowed the district to work towards balancing short-term need with long-term risks. FTEs that focus on building capacity in the district had, in many instances, higher status in funding decisions than core positions.
- ✓ Boston also seeks external expertise, like the Council of the Great City Schools, for assessment and projection of future-year resources.

Columbus:

- ✓ The Ohio Department of Education requires a five-year forecast that districts update twice a year - the first one in October after the official student enrollment count and the second between April 1 and May 31.
- ✓ Columbus forecasts every individual line of Local and State revenues as well as all individual expenditures for salary, benefits, purchased services, materials/supplies, equipment, and other expenditures individually. Additionally, the district projects advances and transfers and debt payments from the general fund.

Memphis:

- ✓ The Federal Programs Department leadership monitors the funding level of grants and alerts other district leadership of projected decreases in grant funding, thereby allowing time for development of alternate plans.

Miami-Dade County:

- ✓ The district designed an automated Circular A-87 Certification process, which is a fully electronic system designed to effectively and efficiently accomplish the mandated process of certification for all salary compensation of any federally funded position. The system, which received the approval of the Florida Department of Education as a substitute system, has the following features:
 - ✚ Generated periodic automatic time and effort reports for single and multiple objectives
 - ✚ Automated routing to the responsible personnel / department
 - ✚ Electronic approval allowing comments for required corrections
 - ✚ Adjustments or reclassifications of salaries and benefits are performed online through a Request for Position Assignment (RPA), which accurately calculates the adjustment or transfer amount from the actual earnings information contained in the employees earnings record and automatically triggers a certification for approval

- ✚ Monitors daily multi-objective positions for changes in abatement percentages, whereby any changes made to the abatement percentage automatically triggers a certification for approval
- ✚ Automatic escalation to direct report echelon to address delays in review and approval
- ✚ De-certification and re-certification procedures for retroactive reclassification of personnel to another funding source, as well changes to the abatement percentages, which provides an audit trail in one certification
- ✚ Provides a full audit trail accessible in an instant and can be sorted by employee, program, location and/or date
- ✚ Simplifies and expedites Single Audit records retrieval in an electronic format that can be facilitated in a wide variety of formats
- ✚ Addresses mandated records-retention requirements, which stipulate storage in an electronic format instead of hard copies

Norfolk:

- ✓ The Associate Superintendent of Business and Finance and his senior staff closely monitor the economic projections being discussed at the federal and state levels, and from this they get a sense of the direction that K-12 funding is likely to take. This information is used to prepare projections for the next year's budget cycle.
- ✓ As a part of the annual budget process, grant-funded positions are projected in order to identify those that are likely to need to be either eliminated or transferred to another funding source to ensure that no individuals are given a full year's contract unless adequate funding exists.
- ✓ Personnel documents associated with the hiring of grant-funded positions include information related specifically to the grant, such as the length of the time period that the grant positions are authorized.
- ✓ Finance holds regular meetings with grant managers to review compliance with grant requirements.

Profiles of Districts

Boston Public Schools

Enrollment: 57,000
 Number of Schools: 125
 Free/Reduced Eligibility: 78.0%
 English Language Learners: 43.0%
 Percent of Students with IEP: 19.0%
 Budget: \$830m

Mission: "BPS is committed to transforming the lives of all children through exemplary teaching in a world class system of innovative, welcoming schools."

Miami-Dade County Schools

Enrollment: 345,804
 Number of Schools: 506
 Free/Reduced Eligibility: 68.0%
 English Language Learners: 17.2%
 Students with IEP: 11.0%
 Budget: \$3.434b

Mission: "We provide the highest quality education so that all of our students are empowered to lead productive and fulfilling lives as lifelong learners and responsible citizens."

Columbus City Schools

Enrollment: 52,810
 Number of Schools: 127
 Free/Reduced Eligibility: 61.4%
 English Language Learners: 9.5%
 Percent of Students with IEP: 17.2%
 Budget: \$794m

Mission: "Each student is highly educated, prepared for leadership and service, and empowered for success as a citizen in a global community."

Norfolk Public Schools

Enrollment: 34,011
 Number of Schools: 54
 Free/Reduced Eligibility: 10.3%
 English Language Learners: 1.8%
 Percent of Students with IEP: 13.7%
 Budget: \$379m

Mission: "Our mission is to educate each student to be a successful, productive contributor to society by providing powerful teaching and learning opportunities."

Memphis City Schools

Enrollment: 104,829
 Number of Schools: 218
 Free/Reduced Eligibility: 78.1%
 English Language Learners: 5.3%
 Percent of Students with IEP: 12.4%
 Budget: \$902m

Mission: "MCS will be an internationally competitive urban school system that produces well-rounded, high achieving students. Academic Achievement: #1"

Top-Performing Districts in Areas of Finance

Accounts Payable

Wichita Public Schools
Palm Beach County Schools
Portland Public Schools
Los Angeles Unified School District
Denver Public Schools
Minneapolis Public Schools
Charlotte-Mecklenburg Schools
Austin Independent School District

Compensation

Boston Public Schools
Atlanta Public Schools
Minneapolis Public Schools
St. Paul Public Schools
Clark County School District
Broward County School District
Norfolk Public Schools
Milwaukee Public Schools
Miami-Dade County Public Schools
Jefferson County Public Schools

Grants Management

Memphis City Schools
Miami-Dade County Public Schools
Norfolk Public Schools
Columbus City Schools
Boston Public Schools

Cash Management

Chicago Public Schools
Broward County Public Schools
Atlanta Public Schools
St. Paul Public Schools
East Baton Rouge School System
Miami-Dade County Public Schools

Financial Management

Austin Independent School District
Pittsburgh Public Schools
East Baton Rouge School System
Houston Independent School District
Omaha Public Schools

Risk Management

Charlotte-Mecklenburg Schools
Little Rock School District
Washoe County School District
East Baton Rouge School System
Anchorage School District
Clark County School District
Albuquerque Public Schools
Orange County Public Schools, FL

Procurement

Charlotte-Mecklenburg Schools
Norfolk Public Schools
Houston Independent School District
Clark County School District
Denver Public Schools

Background of these Case Studies

The purposes of this CGCS case study are to (1) identify top performing districts in Financial Management, as indicated by the KPI Performance Management System data, and (2) determine the specific management practices that led to these districts becoming top performers. The KPI Performance Management System collects and displays data for hundreds of performance measures that senior executives can use to monitor internal processes and outcomes. However, to be considered a top performer a district has to perform consistently well across two select groups of measures— the Power Indicators and Essential Few—which are comprised of strategic, policy, and management-level performance measures that are important for superintendents, chief executives, and school board members to understand and monitor.

Methodology

1. The CGCS Performance Measurement and Benchmarking Project team, along with several teams of finance staff members from multiple CGCS member school districts, uses a performance and benchmarking survey to collect data in seven areas: (a) Accounts Payable, (b) Cash Management, (c) Compensation, (d) Financial Management, (e) Grant Management, (f) Procurement, and (g) Risk Management.
2. The survey is distributed to all CGCS member districts and the data collected from the districts are compiled, analyzed, and summarized by the team's statistical analysts and TransACT Communications. The results are developed into a comparative report and published annually in [Managing for Results in America's Great City Schools](#).
3. The project team analyzes the data for the Power and Essential Few KPIs to identify the top performing districts in each of the seven areas of financial operations.
4. A separate "best practice" survey, containing questions for each of the seven areas of financial operations, was designed to allow Chief Financial Officers and their staffs to describe the management and operational practices that led their districts to produce high quality outcomes. This survey uses best practice recommendations and industry standards as promulgated by such entities as the Governmental Finance Officers Association (GFOA), the National Institute of Government Purchasing (NIGP), and the International Accounts Payable Professionals (IAPP) Association.
5. The project team reviews the "best practice" survey responses and conducts follow-up phone interviews to clarify and expand on the responses before issuing case study reports.



C G C S C A S E S T U D Y



Accounts Payable

Managing for Results in America's Great City Schools: A Case Study in Financial Management – Accounts Payable

March 2012

Aims and Objectives



As an industry, the business and operations components of K-12 have not historically operated with a common set of industry standards for monitoring and benchmarking performance. CGCS addressed this through the development of its Performance Measurement and Benchmarking Project. The case study element of the initiative is designed to answer the question, “What are the effective management practices of top performing urban school districts that allow them to run effective financial and business operations?” Once these management practices are determined and disclosed, other districts across the nation can use them to analyze and improve their practices. The intention of such disclosures is to increase collaboration between executives of top performing districts and those districts striving to improve their performance to enable the industry to build its knowledge about how large systems work and what it takes to improve them.

Key Performance Indicators for Accounts Payable

There are three key performance indicators (KPIs) at the “Power Indicator” or “Essential Few” levels in the area of Accounts Payable. Additionally, there are six more basic KPIs that are not listed here, but can be accessed through the Performance Management System.

Number of Days to Process a Vendor Payment (Power Indicator)

This KPI measures the efficiency of the payment process. The number of days to process payments ranged from 2 to 15 days for seven of the eight top-performing districts in Accounts Payable. The median for all CGCS member districts is 21 days, with 21 districts exceeding the median, encompassing a range of 23 to 75 days. Factors that influence this measure include the use of automation to process AP transactions and administrative policies and procedures to govern AP practices.

Non-PO Invoices Processed per FTE per Month (Essential Few)

This factor is a significant driver of costs in operating an AP department and is a common measure of efficiency. The number of non-Purchase Order invoices processed per FTE employee per month ranged from 417 to 1,118 invoices for six of the eight top-performing districts in Accounts Payable. The median for all CGCS member districts is 328 invoices, with 19 districts below the median, encompassing a range of 1 to 320 invoices per FTE per month. Factors that influence this measure include the use of automation to process AP transactions, administrative policies and procedures to govern AP practices, and methods to monitor and measure efficiency.

Voided Checks as a Percentage of Total Checks (Essential Few)

This measure reflects both AP processing efficiency and accuracy. The percentage of voided checks for the eight top-performing districts ranged from 0.06% to 0.88%. The median for all CGCS member districts is 0.88% of checks voided, with 20 districts above the median, encompassing a range of 1.05% to 3.24% of checks voided during the year. Factors that influence this measure include administrative policies and procedures to govern AP practices, methods to monitor and measure efficiency, internal control policies, and the use of automation to process AP transactions.

Best Practices in Accounts Payable

Best in class Accounts Payable (AP) departments are hyper-efficient in processing invoices and are able to optimize cash flow while building and maintaining strong vendor relationships. A best practice which is common across all of the KPIs in Accounts Payable is the use of automation. Additionally, all of the best performing districts reported the use of technology as a critical component of managing their accounts payable processes.

Automation

High levels of automation for processing non-PO invoices increase the number of payments made per month per AP staff member. The uses of automation of the top-performing districts are described above for the “Number of Days to Process a Vendor Payment” KPI. For non-PO transactions these automated practices included: ACH direct deposit payments, use of scripts, P-Cards, EDI, spreadsheets to input data into ERP systems, and ghost cards.

Various studies related to best practices in accounts payable processing have shown that high levels of automation decreases invoice processing time and costs. Denver for instance reported that the district reduced its AP staff by 33% over three years through their continued use of technology.

- ❖ Automated three-way matching of the invoice/receiving report/purchase order documentation. Los Angeles Unified School District uses the image capture and management capabilities of its FileNet business process system to automatically link accounts payable transactions to the district’s Financial System. L.A. reported that this automation accelerates its invoice processing. All of the top-performing districts use some form of automated three-way matching.
- ❖ Maximization of district’s ERP system’s automation capabilities. This includes automation of routine business transactions such as processing purchase requisitions and purchase orders.
- ❖ Automated calculation and processing of early pay discounts. Denver programmed its ERP to automatically calculate and process early payment discounts offered by its vendors.

- ❖ Electronic Data Interchange (EDI). Sixty percent of the top-performing districts reported using EDI to electronically transmit data either between their internal systems or between their systems and the systems of outside organizations. For instance, Palm Beach uses both EDI and spreadsheets to load hundreds of Food Services, non-PO vendor invoices at one time into its ERP system. L.A. is developing plans to begin processing invoices via EDI with an upcoming implementation of the district's ERP.

Electronic Payments

One of the GFOA Accounts Payable best practices is the use of electronic payments to process payments to vendors instead of traditional check printing.

- ❖ **Automated Clearing House (ACH) Payments** are a form of electronic funds transfer that allows a vendor to collect a recurring payment electronically. ACH is used by 80% of the top-performing districts for recurring vendor payments. Denver uses system flags that exist in the district's Enterprise Resource Planning (ERP) system to make direct payments to vendors for certain invoiced goods and services.
- ❖ **Purchase Cards (P-Cards)**. Used by 80% of the top-performing districts for small purchases. The School District of Palm Beach County reported, "The District's use of the Purchasing card for small purchases has drastically reduced the number of invoices to input." Austin Unified School district reported that their use of P-Cards district wide reduced the number of purchase orders processed by two-thirds.
- ❖ **Electronic Funds Transfer and Wire Transfers**. Used by 60% of the top-performing districts for vendor payments. For example, since Austin is self-insured for Workers' Compensation and employee health insurance, the district requires third-party claims administrators to draft funds against claims directly from the district's bank accounts.
- ❖ **Ghost Payment Cards**. These are either P-Cards or credit cards provided to preferred vendors for ongoing use, with each vendor given a unique "ghost" card number which the vendors automatically charge when purchases are made by the district. In the case of Denver Public Schools, its AP department automatically receives an email confirming such payments. Austin uses a ghost card to pay for airline travel booked through the American Airlines' reservation system and the district's travel agent. Forty percent of the top-performing districts use this method.

Board and Administrative Policies

One of the criteria for the GFOA's Award for Excellence in Government Financing is the use of policies and procedures to govern financial practices.

- ❖ Sixty percent of the top-performing districts reported the use of district policies to govern their Accounts Payable processes. These districts reported that their policies address processes such as (1) the inclusion of prompt payment discounts in contract negotiations, (2) expedited payment processing of selected transactions that meet certain policy thresholds, (3) "piggyback" arrangements on previously negotiated master service agreements to take advantage of aggregated spend level discounts, and (4) establishing strict deadlines for reimbursement of employee expenses such as travel payments.

Administrative Procedures

One of the criteria for the GFOA's Award for Excellence in Government Finance is the use of policies and procedures to govern financial practices.

- ❖ Policy and procedures manual. The top-performing districts reported using formal, written documentation for their AP processes. Specific examples of documented processes cited included: (1) delineation of

responsibilities and accountabilities, (2) requirements for monitoring AP processes, and (3) identification of payment approval authority.

Internal Controls

A high percentage of voided checks suggest a lack of internal controls and a potential for fraud. GFOA recommends financial managers take responsibility for internal control and include some practical means for lower level employees to report instances of management override of controls that could be indicative of fraud. The term “Internal Controls” is a general category governing the AP process. Specific internal control initiatives reported by the top-performing districts are described in the practices below.

Management Oversight

A GFOA best practice is the use of performance measures to monitor and improve processes. Top-performing districts reported the use of metrics and key performance indicators to measure productivity. For example, Los Angeles reported using statistical trend data to measure turnaround time and to identify trouble spots and bottlenecks in their AP workflow. In Austin, the AP Supervisor monitors each AP employee’s KPIs to monitor workload volumes and throughput and shifts the team’s workload accordingly.

- ❖ Use of electronic controls available in ERP systems to monitor such anomalies as duplicate invoice numbers, misalignment of the three-way match, duplicate payments, and insufficient budgets.
- ❖ Palm Beach tracks and monitors reasons for voided checks in order to detect any patterns that might exist.
- ❖ Los Angeles is under contract with an expense recovery firm to audit prior payment records to detect past overpayments, duplicate payments, and other anomalies. In addition the district uses reports designed to monitor check cancellations and to identify reasons for such transactions.

Controls over Master Vendor File

To help ensure proper disbursement of funds to the correct vendors, International Accounts Payable Professionals (IAPP) Association standards recommend a systematic review of vendor master files.

- ❖ Top-performing districts reported the use of strict controls over access to vendor master files. For instance Austin, Los Angeles, and Palm Beach require maintenance of vendor master files be performed by organizations other than Accounts Payable. In addition, Los Angeles contracts with a third-party administrator to review vendor files for double entries and erroneous information and then corrects the files. Austin specifies specific data that vendors must provide to the district before they can be set up in the financial system.

Other Practices

There are numerous miscellaneous practices top-performing districts reported using to improve efficiency. They include:

- ❖ **Austin:** (1) cross-Training of Accounts Payable staff, (2) formal training sessions on AP practices for district employees, and (3) availability of online AP training materials for access by employees. In addition, the average years of service of AP employees in the district’s AP department is eleven years. Austin reported,

"This average absolutely contributes to our efficiency. Staff's flexibility and willingness to be adaptable to new processes is also a contributing factor."

- ❖ **Denver:** (1) use of standard templates for frequently used means of communications, such as emails, (2) script processing of payments, (3) consolidation of vendor billings for all district services or products provided by vendors frequently used by the district, and (4) use of system controls to reduce and/or eliminate duplicate payments.
- ❖ **Los Angeles:** (1) periodic review of industry best practices, (2) periodic evaluation of district AP operations to identify productivity improvement opportunities, (3) use of metrics to measure productivity and statistics to track historical trends, and (4) ongoing staff training.
- ❖ **Palm Beach:** to reduce the volume of past due invoices, the district created a Past Due Invoice Resolution team to concentrate on getting departments and schools to process receipts and unresolved invoice problems.
- ❖ **Wichita:** (1) balance daily batch totals to invoices entered to help identify and resolve issues in a timely manner, (2) regular review of invoice aging reports, and (3) utilize an AP audit recovery firm to find unclaimed credits and overpayments. These measures resulted in a disbursement accuracy rate of 99.988%.

Profiles of Responding Districts

Austin Independent School District

Enrollment: 86,697
 Number of Schools: 124
 Free/Reduced Eligibility: 63.7%
 English Language Learners: 27.4%
 Students with IEP: 10.0%
 Budget: \$838m
 Mission: "...provide a comprehensive educational experience that is high quality, challenging, and inspires all students to make a positive contribution to society.

Denver Public Schools

Enrollment: 79,423
 Number of Schools: 162
 Free/Reduced Eligibility: 72.5%
 English Language Learners: 34.0%
 Students with IEP: 11.8%
 Budget: \$968m
 Mission: "...to provide all students the opportunity to achieve the knowledge and skills necessary to become contributing citizens in our society."

Los Angeles Unified School District

Enrollment (K-12): 664,233
 Enrollment (with adult ed.): 919,939
 Number of Schools: 1,235
 Free/Reduced Eligibility: 76.5%
 English Language Learners: 31.5%
 Students with IEP: 12.3%
 Budget: \$6.5b
 Mission: "...staff of the LAUSD believe in the equal worth and dignity of all students and are committed to educate all students to their maximum potential."

Palm Beach County Schools

Enrollment: 174,004
 Number of Schools: 187
 Free/Reduced Eligibility: 46.9%
 English Language Learners: 11.0%
 Percent of Students with IEP: 15.2%
 Budget: \$2.3b
 Mission: "The School Board of Palm Beach County is committed to excellence in education and preparation for all our students with the knowledge, skills and ethics required for responsible citizenship and productive employment."

Wichita Public Schools

Enrollment: 50,103
 Number of Schools: 98
 Free/Reduced Eligibility: 72.5%
 English Language Learners: 15.6%
 Percent of Students with IEP: 12.8%
 Budget: \$606 Million
 Mission: "...to empower all students with the 21st century skills and knowledge necessary for success by providing a coherent, rigorous, safe and nurturing, culturally responsive, and inclusive learning community."

Top-Performing Districts in Areas of Finance

Accounts Payable

Wichita Public Schools
Palm Beach County Schools
Portland Public Schools
Los Angeles Unified School District
Denver Public Schools
Minneapolis Public Schools
Charlotte-Mecklenburg Schools
Austin Independent School District

Compensation

Boston Public Schools
Atlanta Public Schools
Minneapolis Public Schools
St. Paul Public Schools
Clark County School District
Broward County School District
Norfolk Public Schools
Milwaukee Public Schools
Miami-Dade County Public Schools
Jefferson County Public Schools

Grants Management

Memphis City Schools
Miami-Dade County Public Schools
Norfolk Public Schools
Columbus City Schools
Boston Public Schools

Cash Management

Chicago Public Schools
Broward County Public Schools
Atlanta Public Schools
St. Paul Public Schools
East Baton Rouge School System
Miami-Dade County Public Schools

Financial Management

Austin Independent School District
Pittsburgh Public Schools
East Baton Rouge School System
Houston Independent School District
Omaha Public Schools

Risk Management

Charlotte-Mecklenburg Schools
Little Rock School District
Washoe County School District
East Baton Rouge School System
Anchorage School District
Clark County School District
Albuquerque Public Schools
Orange County Public Schools, FL

Procurement

Charlotte-Mecklenburg Schools
Norfolk Public Schools
Houston Independent School District
Clark County School District
Denver Public Schools

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5. The project team reviews the "best practice" survey responses and conducts follow-up phone interviews to clarify and expound on the responses before issuing case study reports. The districts that responded to the "best practice" survey are shown in the district profile section below.