

**OFFICE OF CHIEF OPERATIONS OFFICER**  
**Summary of State Board of Education Agenda Items**  
**August 14-15, 2014**

**OFFICE OF SCHOOL FINANCIAL SERVICES**

08. Approval of Report from the Commission on School District Efficiency

MS Code Ann. § 37-7-1001 authorized the State Board of Education to establish a Standing Commission on School District Efficiency. The purpose of the Commission is to study the operations, rules, policies and regulations in school districts on an ongoing basis for the purpose of identifying opportunities to increase efficiencies, and to determine appropriate efficiency standards that should be considered for accreditation standards. The Commission shall report annually its findings and recommendations to the State Board of Education, and the State Board of Education may make its report and recommendations annually to the legislature seeking legislative support to achieve efficiencies in school districts.

Recommendation: Approval

Back-up material attached

# Commission on School District Efficiency

## Mission Statement:

The Commission on School District Efficiency's purpose is to study the operations, rules, policies and regulations in school districts on an ongoing basis for the purpose of identifying opportunities to increase efficiencies, and to determine appropriate efficiency standards that should be considered for accreditation standards or changes to the Mississippi Code.

## Commission Members:

## Term Expiration:

Congressional District 1 Representative Stacey Graves – Desoto County School District	<b>September, 2014</b>
Congressional District 2 Representative Earl Burke – Hinds County School District	September, 2015
Congressional District 3 Representative Rebecca Stevens – Meridian Public School District	September, 2016
Congressional District 4 Representative Dana Fleming – Gulfport School District	September, 2016
At Large/Local School District Superintendent Representative Scott Cantrell – Monroe County School District	September, 2015
At Large Representative Sandy Halliwell – Clinton Public School District	<b>September, 2014</b>

## Miss. Code Ann. 37-7-1001 – Establishment; purpose; findings and recommendations; membership

The State Board of Education is hereby authorized to establish a Standing Commission on School District Efficiency. The commission shall meet and study the operations, rules, policies and regulations in school districts on an ongoing basis for the purpose of identifying opportunities to increase efficiencies, and to determine appropriate efficiency standards that should be considered for accreditation standards. The commission shall report annually its findings and recommendations to the State Board of Education, and the State Board of Education may make its report and recommendations annually to the Legislature seeking legislative support to achieve efficiencies in school districts. In establishing the Standing Commission on School District Efficiency the State Board of Education shall provide that the membership not be less than six (6) members. The State Board of Education shall appoint school district employees proficient in the areas of fiscal management, procurement, data processing or other fields of school business, with at least one (1) member being appointed from each congressional district. The commission shall meet on a date designated by the State Superintendent of Education and organize by selecting a chairman and adopt rules for conducting business. Members of the commission shall serve without compensation, but may be reimbursed for necessary travel expenses from any available funds for attending official meetings of the commission. The State Department of Education shall provide necessary administrative and clerical support for the functions of the commission.

**Report to Mississippi State Board of Education – August 2014**  
**SB 2761 (2012 Session) – Standing Commission on School District Efficiencies**

**2014-1. Benchmarking and Cost Efficiency Measures**

**Existing Condition:** Lack of Cost Efficiency Measures, Benchmarks and Industry Standards for Public School Districts in Mississippi

**Recommendation for change:** Establish and encourage the use of performance and cost-efficiency measures, benchmarks and industry standards and integration of the results with the budget process. Task the Mississippi Association of School Business Officials with the responsibility of establishing benchmarks to disseminate to its members for comparative purposes in hopes that districts can identify areas for cost savings.

Some major areas to benchmark may include:

- *Child Nutrition:*
  - Meals per labor hour
  - Food cost per meal served at the site level and the district level
- *Custodial / Grounds Keeping Staff:*
  - Staffing formulas to determine the appropriate number of custodians or grounds keeping staff per building square foot
  - Staffing cost per child (average daily attendance)
- *Energy Cost:*
  - Energy cost per square foot
  - Energy cost per average daily attendance

Other areas to consider:

- *Transportation*
- *Technology (IT support and equipment)*
- *School security*
- *Non-instructional personnel costs*
- *Staff development*

**Benefits:** Identifies opportunities for cost savings

**Legislative Needs:** None

**Other Changes Needed:** None

**Timeline:** Full Implementation for the 2014-2015 Year

**2014-2. Efficiencies in Payroll/Employee Self-Service**

**Existing Condition:** Employee information required for payroll and personnel departments, as well as the MDE, is voluminous and has traditionally been a paper process at the district level. This includes, but is not limited to, tax forms, leave requests, time records and insurance forms. In many districts, that information is manually provided by the employee to one or more departments and is sometimes duplicated. The issues created by this process are increased personnel, increased risk of data entry mistakes, loss of time and storage of required documentation.

**Recommendation for Change:** According to the Efficiency Commission survey, there are many districts that have accounting software with Employee Self-Service

capabilities, although many do not use them. Of the districts that do, very few utilized their capabilities to the fullest. Employee changes for leave requests and requests for tax form changes were the most commonly used feature. Some districts had implemented an online application process. Our recommendation is to do further research on the capabilities of current software programs in order to develop a more accurate list of Employee Self-Service processes available. We would encourage MASBO or other user groups to create opportunities to research and educate districts on the benefits of implementing these processes.

**Benefits:**

- Eliminates paper and labor intensive processes
- Improves accuracy of entered information
- Increases convenience for teachers and staff
- Improves storage and retrieval of records
- Potential reduction in personnel

**Legislative Needs:** None

**Other Changes Needed:** None

**Timeline:** Ongoing

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**2014-3. Outsourcing or Privatization of Non-Instructional Services**

**Existing Condition:** Outsourcing of non-instructional services is one method that districts may employ to save funds. This is currently being implemented throughout the state in areas such as food service, transportation, custodial, maintenance, grounds, security, technology and substitute teachers.

**Recommendation for change:** Cost analysis must be carefully conducted to insure that all hidden and administrative costs have been taken into consideration. Our recommendation is to share materials and resources that can assist in the decision making process, such as the cost analysis tool provided by the National School Transportation Association website. This website is designed to provide the basic data necessary to determine the true annual costs of fleet operation, which then can be compared to outsourced transportation services. The tool can be downloaded at: <http://www.yellowbuses.org/school-administrator/school-transportation-cost-analysis/>. As other tools become available, they will be shared with all districts as “Best Practices.”

**Benefits:**

- Allows the district and administrators to concentrate on core mission
- Saves dollars that can be redirected to the educational process

**Legislative Needs:** None

**Other Changes Needed:** None

**Timeline:** Begin data sharing the 2014-2015 School Year

**2014-4. Utilization of Third Party for Vendor Payment and Remittance**

**Existing Condition:** Each school district in our state is an independent governmental entity. As such, each district performs its business service functions in-house with authority and responsibility resting with the local school boards and district administrators. Each district operates under self-determined board policies. Districts currently pay vendors through a paper check, which requires handling by staff, time consuming reconciliation and replacement of lost checks.

**Recommendation for Change:** The Mississippi Department of Education currently utilizes for settlement of vendor payments. This process allows for distribution of payments while maintaining a level of security through a third party processor. Paymode-x is a new solution that allows organizations to transition from paper check to electronic payment and remittance delivery, reducing the overall costs of Accounts Payable while creating a valuable source of cash via rebates. The advantages include elimination of paper and reduction of labor intensive processes.

The Commission recommends that districts evaluate the use of Paymode-x or other third party vendors to reduce costly wasteful paper-driven processes related to the payment of vendors.

**Benefits:**

- Eliminates paper and labor intensive processes
- Potential rebates based on negotiable terms with third party payor and District

**State Law Changes Needed:** None (The broad authority exists in Section 37-9-14, Miss. Code Ann. (1972).

**Other Changes Needed:** None

**Timeline:** The Commission encourages interested school districts to begin feasibility studies to assess the possibility of utilizing Paymode-X or other similar third party vendors for the 2014-2015 school year.

**2014-5. Consortiums for Alternative School Programs and Career/Technical Programs**

**Existing Condition:** According to the Efficiency Commission survey, most respondents continue to offer “stand-alone” alternative school and career/technical programs. However, 25 of the 100 district respondents participate in an alternative school consortium with at least one other district. The majority of these 25 districts paid a flat yearly fee to another district for the services, but there were a few that paid on a “tuition per student” basis.

Career/Technical consortiums are more widely used than alternative school consortiums. 38 of 100 responding districts partnered with at least one other district to offer various career/technical courses, with the vast majority of

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the 38 working with only one other district. The majority of districts paid for these services on a “tuition per student” basis. Carl Perkins funding through these career /technical consortiums is divided in many different ways. There are numerous methods of sharing these federal funds throughout the state, depending on the number of programs shared between districts and the cost of equipment for shared programs.

**Recommendation for Change:**

The Commission encourages school districts to research the possibility of partnering with neighboring districts for career technical/alternative and other possible programs.

**Benefits:**

- The potential to reduce total cost and cost per student
- Possible additional course offerings to students
- Potential to increase programs and students services
- Potential to upgrade equipment sooner by consolidating resources

**Legislative Needs:** Funding

**Other Changes Needed:** None

**Timeline:** Ongoing

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**2013-1. Implement Plan for Efficiency Audits of School Districts**

**Existing Condition:** Districts within the State of Mississippi spent a total of \$894,342,076 in instructional support and food service operations in fiscal year 2012. Currently most districts operate with little or no guidance or standardization as to what constitutes an efficient organization or best practices within these areas. Areas to be considered include transportation, food service, maintenance, custodial, buildings and grounds, technology procurement and business.

**Recommendation for Change:** The Commission recommends selecting a cross section of three to five districts to undergo performance audits by a reputable, nationally recognized firm with experience and expertise in efficiency audits. To insure a coordinated effort between the State and the district, each could share 50/50 in the initial cost of the audit. This would insure that districts have a stake in the process. As incentive to implement the recommendations, the state could reimburse the district if all or a significant portion of the recommendations are implemented.

**Benefits:** The results of the audits would be reviewed to determine if the savings justify expanding the program and to develop “Best Practice Guidelines” for other districts to use as a self-analysis tool.

**Legislative Needs:** Funding

**Other Changes Needed:** None

**Timeline:** Request Funding in the 2013-2014 Year  
Issue RFP and Full Implementation for the 2014-2015 Year

**2014 Update:** *Other organizations including PEER and the Office of the State Auditor are reviewing Efficiency Audits. The committee believes the use of a reputable, nationally recognized firm with experience and expertise in this area would be the most economical and efficient means of accomplishing this goal and the results would be the most beneficial to school districts.*

**2013-2. Study the Bridging of Software Systems between Local District and State Data**

**Existing Condition:** School districts report data to the Mississippi Department of Education on a monthly and annual basis. The Mississippi Student Information System (MSIS) program, which is currently over 20 years old and built on outdated technology, collects information such as teacher absences, employee demographics, salaries and student lunch statuses. This information is maintained on other more advanced software programs within school districts.

The incompatibility and obsolescence of the MSIS program, however, limits direct software interface with local school district data systems, and thus forces the need for manual data entry to input some data into the MSIS program. This results in hours of data input entry for each district each year. According to the Efficiency

Commission survey, 75% of respondents would prefer real-time data integration between their student package, HR/Payroll package and MSIS. In addition, most respondents sighted duplication of effort, errors and inefficient use of time as the primary concerns related to the MSIS systems.

Several meetings have been held with MIS personnel at MDE, to identify areas of concern on bridging data entry and other cumbersome processes with MSIS. Currently, the MIS department is undergoing personnel changes that have limited any forward action on any steps discussed.

**Recommendation for Change:** The Commission recommends that the Mississippi Department of Education take whatever steps are necessary to improve the MSIS system and work toward developing Bridging Systems (interfaces) to allow data to be imported directly from school district software packages to maximize and leverage technology. A similar interface has been achieved between school district accounting software and the Financial Electronic Transfer System (FETS) that is used to gather financial information from school districts at the close of each fiscal year.

**Benefits:**

- Reduces of the number of man hours to input data
- Increases the accuracy and integrity of data

**State Law Changes Needed:** None

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**Other Changes Needed:** Software vendors will need to develop required formats for export/import capabilities  
**Timeline:** Design Bridging Systems in the 2013-2014 Year including the establishment of a test server to allow the acceptance of imports.  
Full Implementation in the 2014-15 School Year

**2014 Update:** *This report item and recommendation was updated to reflect ongoing meetings during the current year.*

### **2013-3. Re-Establish the Office of Purchasing at the MS Department of Education for a Resource for School Districts**

**Existing Condition:** A review of the purchasing function for school districts revealed that individuals assigned the duties and responsibilities of purchasing often assume more than one role in the district and have duties and responsibilities outside of the purchasing realm. Districts were requested to answer an informational survey. Of the 134 responding, 52 did not have a dedicated purchasing agent. Of the Districts surveyed, 10 had a Nationally Certified Purchasing Agent. There is no formal training provided to personnel assuming the position of school district purchasing agent. Department of Finance and Administration is currently implementing such formal training for State Certified Purchasing Agents (not National).

**Recommendation for Change:** Due to the complexity of the purchasing process and the laws of the State of Mississippi, it has been determined there is a need to re-

establish the Office of Purchasing at the MS Department of Education. This individual would be a purchasing expert with National Purchasing Agent Certification and experience in drafting Request for Proposals (RFP's). This would provide a much needed resource for all school districts to call with questions and to provide efficient and effective purchasing. The MS Department of Education could charge fees when the expert completes special projects for a district to include drafting Requests for Proposals or researching specifications. This office can also maintain a bank of RFP's individual districts could access and with slight modifications, use for their needs.

**Benefits:**

- Reduces the burden of time
- Provides a highly qualified resource
- Avoids potential conflict of interest with vendors
- Intent of RFP's would be met
- Promotes competition for best pricing

**State Law Changes Needed:** None

**Other Changes Needed:** Hiring of a state employee.

**Timeline:** Full Implementation in 2013-2014 School Year

**2014 Update:** *Full Implementation was not achieved but we continue to recommend that this be considered 2014-2015.*

### **2013-4. Review of Current Purchasing Laws**

**Existing condition:** Current purchasing laws have existed in some form in state law since the earliest codification of a comprehensive purchasing law codified as Miss. Code Ann. Section 31-7-1 and 31-7-13 et seq. (1972). This law governs state agencies' and governing authorities' (e. g., counties, schools, etc.) purchases of commodities. This statute both defines commodities and sets out procedures for purchasing commodities. The law is comprehensive and designed to cover a broad range of purchases. The law provides for the option of using purchasing contracts bid, negotiated or otherwise agreed to by the Department of Finance and Administration, known as State Contract Awards. Districts were requested to answer an informational survey. This survey requested the number of purchases orders that were processed annually between \$5,000 and \$10,000. Eighty-three Districts responded with less than 50, twenty-three with 50-100 and twenty with 100-200. When asked if their District was considering the new Department of Finance Travel Procurement Card, fifty-six responded positively. Thirty Districts are considering the Department of Finance Procurement Card.

**Recommendation for Change:** The Commission recommends that current purchasing law be reviewed for needed improvements to more clearly reflect the current practices of purchasing in a global environment. An increase from \$5,000 to \$10,000 for the requirement of two quotes for purchase orders is one consideration.

**Benefits:**

- Reduces the time in obtaining quotes

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- Eliminates possible delays of meeting needs between \$5,000 and \$10,000 within the districts
- Reduces the cost of administration and processing paperwork

**State Law Changes Needed:** Section 31-7-13, Miss. Code Ann. (1972).

**Other Changes Needed:** None

**Timeline:** Review and Study in the 2013-2014 with full Implementation in the 2014-2015 School Year.

**2014 Update:** *Full Implementation was not achieved but we continue to recommend that this be considered 2014-2015.*