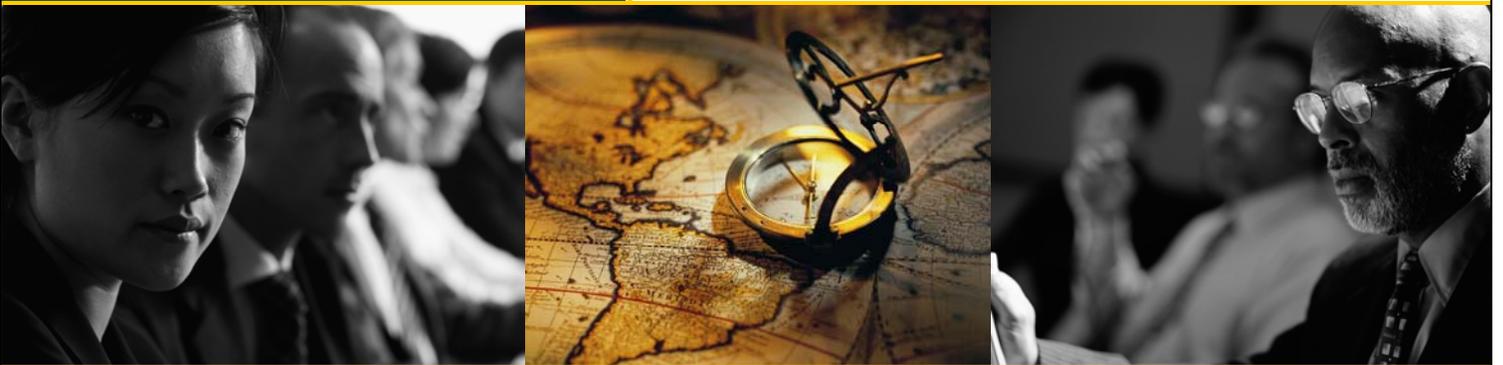


Financial Review of Lee County Schools

FINAL REPORT



Evergreen Solutions, LLC

March 1, 2012

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FINAL REPORT

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***CHAPTER 1:
INTRODUCTION***



1.0 INTRODUCTION

In October 2011, the Lee County Board of County Commissioners engaged Evergreen Solutions, LLC, to conduct a financial review of Lee County Schools. The comprehensive financial review of school operations was aimed at carefully scrutinizing the school system based on available financial information. The financial review included summarizing the status of each fund source; reporting on the status of LCS financial resources; analyzing Lee County's funding of Lee County Schools; and recommending strategies for improvements in the use of funds in Lee County Schools.

Evergreen was also on contract to conduct a Performance Review of Lee County Government. This second report is included under separate cover.

According to statistics provided on Lee County Schools by the North Carolina Department of Public Instruction website, approximately 9,565 students (ADM) were educated in Lee County Schools in the 2010-11 school year. The school system consists of 16 schools and employs approximately 1,200 people, including 612 classroom teachers. Lee County Schools reported that total per pupil expenditures were \$ 8,621, which represents a state rank of 69 out of 115 school districts in the State of North Carolina.

1.1 SCOPE OF STUDY

To fulfill the requirements of the contract with Lee County for the financial review of Lee County Schools, Evergreen Solutions:

- developed a detailed set of information about the status of each LCS fund source;
- developed a summary report of the status of district financial resources by fund source (federal, state, and local dollars);
- analyzed the status of Lee County's funding of Lee County Schools and the processes involved; and
- used findings to recommend strategies for improvements in the use of funds in Lee County Schools.

1.2 METHODOLOGY

Evergreen's approach methodology for conducting this study included the following components:

- reviewing existing reports and data sources, including independent financial audits, annual budget and expenditure reports, budget guidelines and procedures, accounting procedures, salary schedules, organizational charts, staffing ratios, school board policies, strategic plan, technology plan, and annual performance reports;



- conducting a diagnostic review and interviews with the School Superintendent, Chairman of the School Board, selected School Board members, County Commissioners, Lee County Manager, and community/business leaders;
- collecting additional reports and data from sources inside and outside the school system;
- conducting a formal on-site financial review; and
- preparing draft and final reports including a detailed recommendation for each finding.

Together, these steps allowed Evergreen to capture and present a snapshot of the financial operations of Lee County Schools as well as make data-supported commendations and recommendations for improvements in the school system.

Diagnostic Review

A diagnostic review of Lee County Schools was conducted during the week of November 14 – 17, 2011. Evergreen’s interviews were restricted by the School Board to the District Superintendent, CFO, School Board chair and the Board member who chairs the Board’s Finance Committee. The diagnostic review allowed the Evergreen Team to assess school district operations, develop information and data needs requests for the study, and capture perceptions and input from key staff. The diagnostic review acted as a starting point for the on-site financial review.

On-Site Review

A team of six consultants conducted the formal on-site review of Lee County Schools during the week of December 5, 2011. Prior to conducting the on-site review, each team member was provided with an extensive set of information about financial operations in Lee County Schools. During the on-site work, team members conducted a detailed review of the structure and financial operations for their assigned functional areas. Once again, Evergreen’s interviews were restricted by the School Board to the same individuals identified in the diagnostic review, although some department heads were allowed to join the Superintendent in selected interviews. No interviews could be conducted with school-level employees.

Benchmarking

Comparing operations in Lee County to those of peer school districts provides a mechanism to measure efficiency and effectiveness in the school system. Throughout the report, Evergreen has made relevant comparisons between Lee County Schools and a selected group of North Carolina peer school systems. Peer school systems were selected based on several criteria, including geography, demographics, district financial operations, and overall size.

The peer group selected included the school systems of:

- Chatham County
- Franklin County
- Granville County



- Harnett County
- Rutherford County
- Stanly County
- Surry County

Exhibits 1-1 and **Exhibit 1-2** provide a brief comparison of the peer school systems. The comparisons and corresponding information are not exhaustive, and are simply meant to provide an example of the benchmarking processes conducted throughout the report. As can be seen in **Exhibit 1-1**, Lee County Schools possesses many similar characteristics to peer districts, including similar ADM, staffing levels, and student to staff ratio. Specifically, the student to staff ratio in Lee County Schools is 7.97, just 0.25 above the peer average.

Exhibit 1-1
Overview of Student to Teacher Ratio in Peer School Systems
2010-11 School Year

School System	2010-11 ADM	Total Staff	Student to Staff Ratio
Lee County Schools	9,565	1,200	7.97
Chatham County Schools	7,750	1,236	6.27
Franklin County Schools	8,478	1,057	8.02
Granville County Schools	8,545	1,013	8.44
Harnett County Schools	19,211	2,211	8.69
Rutherford County Schools	8,765	1,309	6.70
Stanly County Schools	8,966	1,135	7.90
Surry County Schools	8,443	1,131	7.47
Peer Average	10,023	1,299	7.72

Source: North Carolina Department of Public Instruction Website, 2011.

Exhibit 1-2 provides an overview of additional characteristics in peer school systems. As can be seen, Lee County Schools ranks 69 with total per pupil expenditures of \$8,621 while most peer districts rank above 70, with an average per pupil expenditure of \$8,433. The most notable difference is minority students as a percent of total population in Lee County Schools, which is approximately 18 percent higher than that of the peer district average.

Exhibit 1-2
Overview of Peer School Systems in North Carolina
2010-11 School Year

School System	Percent Minority Students*	Percent Special Education Students*	Per Pupil Expenditure**	State Rank for Expenditures**
Lee County Schools	55.1%	10.5%	\$8,621	69
Chatham County Schools	44.5%	14.3%	\$9,418	41
Franklin County Schools	47.8%	10.0%	\$8,070	93
Granville County Schools	48.2%	10.0%	\$8,279	87
Harnett County Schools	46.0%	13.0%	\$7,477	113
Rutherford County Schools	22.2%	13.9%	\$9,124	49
Stanly County Schools	25.6%	16.6%	\$8,391	79
Surry County Schools	23.0%	13.4%	\$8,272	88
Peer Average	36.8%	13.0%	\$8,433	-

*Source: National Center for Education Statistics, 2011.

**Source: North Carolina Department of Public Instruction website, 2011. Includes child nutrition.



1.3 OVERVIEW OF THE REPORT

This final report for the financial review consists of the following chapters:

- Chapter 2.0: Fiscal Resources in Lee County Schools
- Chapter 3.0: Review of Finance Department Operations and Management
- Chapter 4.0: Review of Financial Management and Operations in Other Departments
- Chapter 5.0: Costs and Savings Summary

Chapters 3 and 4 contain findings, commendations, and recommendations for specific operational areas, provided in the following sequence:

- a description of the operation in Lee County Schools;
- a summary of our study findings;
- a commendation or recommendation for each finding; and
- estimated costs or cost savings over a five-year period which are stated in 2012 dollars.



***CHAPTER 2:
FISCAL RESOURCES IN
LEE COUNTY SCHOOLS***



2.0 FISCAL RESOURCES IN LEE COUNTY SCHOOLS

This chapter describes the economic and financial environment of Lee County Schools (LCS). The chapter is divided into the following sections:

- 2.1 Financial Data Review
 - 2.1.1 Average Daily Membership, Per Pupil Expenditures, and Per Pupil Capital Outlay
 - 2.1.2 State, Federal, Local and Total Per Pupil Expenditures
 - 2.1.3 County Appropriations and Supplemental Taxes for Education (Current Expense)
 - 2.1.4 Lee County Schools Revenues

- 2.2 School System Staffing
 - 2.2.1 State
 - 2.2.2 Federal
 - 2.2.3 Local
 - 2.2.4 Comparison of Staffing from all fund sources

This chapter provides an analysis of LCS financial resources; however, this chapter does not provide recommendations from Evergreen. The majority of analyses organize revenue, expenditures, and other financial data of the school system by funding source (state, federal, and local) and/or function. The purpose of this chapter is to provide the background information and thus a foundation for discussing financial issues facing Lee County Schools. Ultimately, the information contained in this chapter establishes a basis for assessing operations, processes and practices, and for developing future program and operational decisions in Lee County Schools.

Data and information for this chapter were compiled from the following sources:

- Lee County Schools Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2010;
- North Carolina Department of Public Instruction’s FY2010-11 Allotment Policy Manual (<http://www.ncpublicschools.org/docs/fbs/allotments/general/2010-11policymanual.pdf>);
- the State of North Carolina Department of Public Instruction (DPI) website containing published Statistical Profiles for 2008, 2009, 2010, and 2011; and
- the State of North Carolina Department of Public Instruction Financial and Business Services Data Sets.

For the comparative analyses contained in this chapter, Evergreen uses peer district data submitted to and aggregated by the North Carolina State Board of Education. This process ensures that data used are accurate and verified, and avoids the chance of misinterpretation of data collected by a third party. For the analyses in this chapter that focus on LCS only, Evergreen uses financial data published by the school system. While subsequent chapters of this report may



contain data collected, aggregated, and analyzed by Evergreen evaluators, **Chapter 2 - Fiscal Resources in Lee County Schools** uses only those data verified by the State or LCS, which can be found from the sources listed above.

As can be seen, this chapter pulls together school system financial data from a number of credited sources. Understanding data from numerous sources requires a framework in order to organize a detailed analysis of data presented from different perspectives. Each presentation looks at the data with a slightly different objective, but all are tied together by the common goal of analyzing available resources based on funding source and/or function. All data used in this analysis are presented in exhibits identifying the source and calculations performed. The reader should consider that any inconsistency in data elements among different reference documents is due to the different perspectives and purposes of the documents, and also may be attributed to LCS business practices and decisions.

State reporting timelines, mid-year financial transfers, and differences in the grouping of financial data by Lee County Schools and the North Carolina Department of Public Instruction produce certain instances where financial data are not aligned. Additionally, numerical rounding can produce minor differences between and among financial reports.

2.1 FINANCIAL DATA REVIEW

In 2010-11, the State of North Carolina had 115 school districts, including 100 county-based and 15 city-based districts. These 115 districts included 2,425 public schools and 99 charter schools, employing approximately 94,879 teachers, 6,970 administrators, and 78,621 professionals and other positions. Total state LEA and charter school average daily membership for the 2010-11 school year was approximately 1.5 million students. As of the 2010-11 school year, Wake County was the largest North Carolina school district, with an average daily membership (ADM) of 142,351. Tyrrell County was the smallest North Carolina school district with 2010-11 ADM of 565. In 2010-11, LCS was the 37th largest state school district based on ADM, with ADM of 9,565 students.

For the most recent year data are available (2010-11), LCS ranked 69th amongst state peers in per pupil expenditures (PPE) and 93rd in per pupil capital outlay five-year average (PPCO). Per pupil expenditures in LCS totaled \$8,621 and PPCO totaled \$259.27 during 2010-11. Comparatively, the school district that ranked 1st in PPE during the 2010-11 year was Hyde County Schools—with PPE of \$19,147, while the lowest ranked district was Davidson County Schools—with PPE of \$7,137. The number one ranked district in terms of PPCO was Union County Schools—with PPCO of \$2,160, while the last ranked district (McDowell County Schools) had PPCO of \$98.23.

At the time of this study, the 2012 North Carolina Statistical Profile (containing confirmed 2011-12 financial data including per pupil expenditures and per pupil capital outlay disaggregated by district) was unavailable. Since the expected release date for the 2012 Statistical Profile is not until the first quarter of 2013, 2010-11 data are used in this chapter. In every instance of analysis, Evergreen attempted to collect and analyze the most current data available.



2.1.1 AVERAGE DAILY MEMBERSHIP, PER PUPIL EXPENDITURES, AND PER PUPIL CAPITAL OUTLAY

In this section, average daily membership (ADM), per pupil expenditure (PPE), and per pupil capital outlay (PPCO) data are derived from the State Board of Education, Department of Public Instruction (DPI) Statistical Profile. DPI also provides each district’s ranking for the specified measure in comparison to other districts in the State. The process that is required to collect and aggregate these data and subsequent state rankings in a user-friendly layout takes time, and is currently only published and available up to the 2010-11 school year.

Exhibit 2-1 displays 2010-11 ADM data compared to 2009-10 ADM. As can be seen, there was only a slight increase in total ADM over the two-year period in LCS.

**Exhibit 2-1
Comparison of Final Average Daily Membership
2009-10 to 2010-11***

County School System	2009-10	2010-11	# Change	% Change
Lee	9,545	9,565	20	0.2%
Chatham	7,636	7,750	114	1.5%
Franklin	8,396	8,478	82	1.0%
Granville	8,637	8,545	-92	-1.1%
Harnett	18,951	19,211	260	1.4%
Rutherford	9,016	8,765	-251	-2.8%
Stanly	9,129	8,966	-163	-1.8%
Surry	8,473	8,443	-30	-0.4%

Source: North Carolina Department of Public Instruction, 2011.

* does not include extended day programs ADM.

Exhibit 2-2 provides average daily membership, per pupil expenditures, and per pupil capital outlay five year average for LCS and seven comparison districts for 2007-08 through 2010-11. Note that the “Peer Average” does not include LCS figures, and that the analyses presented do not include or imply any recommendations from Evergreen.

As can be seen, Chatham County is the smallest of the eight districts, while Harnett County and Lee County are the largest in comparison with the other school districts; ranking 20th and 37th among LEAs in 2010-11 ADM, respectively. The average ADM across all peer school systems is 10,023 for the most recent year, which continues a downward trend in average ADM from 2007-08 onward. Conversely, Lee County Schools experienced an increase in ADM of 1.8 percent over the last four years; however, total ADM increase has slowed from year to year, with a 102 student increase from 2007-08 to 2008-09, a 47 student increase between 2008-09 and 2009-10, and a 20 student increase between 2009-10 and 2010-11.

The LCS 2010-11 per pupil expenditure was \$8,621—slightly more than both the state average (\$8,414) and the peer average (\$8,433). LCS ranks 69th among all 115 state LEAs for this measure. PPE at LCS experienced a modest increase of \$335 (or 4.1 percent) from 2007-08 to 2008-09. However, between 2008-09 and 2009-10, LCS experienced a decline in total PPE of



\$336 (or 3.9 percent), effectively reducing PPE levels to 2007-08. Between 2009-10 and 2010-11, LCS experienced an increase in PPE of \$441, or 5.4 percent. This same approximate trend was followed by the peer average PPE as well; however, PPE growth at LCS for the most recent year was much higher than the peer average. In comparing year to year PPE levels at LCS and the seven peer districts, LCS experienced a negative variation in PPE for 2008-09 and 2009-10, and then a positive variation of \$188 for 2010-11.

Per pupil capital outlay five-year average (PPCO) at LCS is lowest among all peer school systems for all years presented—ranking at a high of 93rd across all state LEAs in 2010-11—and a low of 110th in 2007-08. Across the four-year period, LCS experienced a PPCO that is on average \$552 behind the average PPCO for the seven peer school systems. PPCO, in LCS, like the average PPCO across all peer districts, has increased all years for which data are available.

In summary, from **Exhibit 2-2** we can extract the following conclusions:

- Peer school systems have experienced an average decline in ADM, whereas LCS has experienced an ebbing growth in ADM.
- The trend in PPE at LCS follows closely the average year-to-year trend among peer school systems, with an increase in PPE between 2007-08 and 2008-09, a decrease between 2008-09 and 2009-10, followed by an increase into the most current year (2010-11).
- From 2007-08 to 2010-11, PPCO increased in LCS as well as, on average, among the seven peer school systems.

ADM, PPE, and PPCO are well-known measures of a school district's financial environment. Analyzing trends in these measures provides a baseline understanding of the operating conditions each of the districts face, and allows evaluators to develop an initial profile of LCS for the study. Additional analysis on these measures follows.

It is important to note that additional factors should be considered when analyzing a district's financial situation by revenue source (e.g., such as debt service). For instance it was noted in the recent 2010-11 North Carolina Association of County Commissioners' Budget and Tax Survey that Lee County financial assistance to Lee County Schools included \$6.8 million in total debt service. This equates to \$708 per ADM using the final ADM count provided in **Exhibit 2-2**. The peer average debt service per ADM is \$603, which is \$105 (14.8 percent) less than that in LCS. Since 2008-09, LCS has received an average of 14.5 percent more debt service assistance per year from the local government than peer districts. Further, as the most recent PPE and PPCO data available at the state level are for 2010-11, further peer analysis and comparison regarding the 2011-12 expenditures and capital outlay (as well as analysis related to future enrollment projections) would be warranted before drawing conclusions.



**Exhibit 2-2
Final Average Daily Membership, Per Pupil Expenditures and
Per Pupil Capital Outlay Five-Year Average**

County School System	Average Daily Membership		Total Per Pupil Expenditure		Per Pupil Capital Outlay Five-Year	
	Total	Rank	Total	Rank	Total	Rank
2010-11						
Lee	9,565	37	\$8,621	69	\$259	93
Chatham	7,750	49	\$9,418	41	\$1,600	6
Franklin	8,478	43	\$8,070	93	\$1,889	2
Granville	8,545	42	\$8,279	87	\$469	57
Harnett	19,211	20	\$7,477	113	\$876	28
Rutherford	8,765	41	\$9,124	49	\$454	59
Stanly	8,966	39	\$8,391	79	\$344	73
Surry	8,443	44	\$8,272	88	\$991	20
Peer Average	10,023		\$8,433		\$946	
Statewide Average			\$8,414		\$836	
2009-10						
Lee	9,545	37	\$8,180	87	\$253	96
Chatham	7,636	49	\$9,576	37	\$1,470	10
Franklin	8,396	44	\$8,117	91	\$1,382	12
Granville	8,637	42	\$8,009	94	\$315	74
Harnett	18,951	20	\$7,653	110	\$831	34
Rutherford	9,016	40	\$8,705	67	\$525	53
Stanly	9,129	38	\$8,381	79	\$374	69
Surry	8,473	43	\$8,265	83	\$968	27
Peer Average	10,034		\$8,387		\$838	
Statewide Average			\$8,451		\$896	
2008-09						
Lee	9,498	37	\$8,516	82	\$226	100
Chatham	7,593	50	\$10,236	21	\$1,050	26
Franklin	8,362	45	\$8,354	90	\$1,117	18
Granville	8,786	42	\$8,275	96	\$348	71
Harnett	18,682	21	\$7,812	111	\$641	46
Rutherford	9,298	39	\$8,816	71	\$525	52
Stanly	9,276	40	\$8,565	81	\$438	62
Surry	8,605	43	\$8,383	88	\$559	50
Peer Average	10,086		\$8,634		\$668	
Statewide Average			\$8,712		\$903	
2007-08						
Lee	9,396	40	\$8,181	87	\$133	110
Chatham	7,671	50	\$9,769	30	\$865	30
Franklin	8,437	44	\$8,139	90	\$1,020	25
Granville	8,831	42	\$7,963	98	\$342	75
Harnett	18,291	22	\$7,904	100	\$523	51
Rutherford	9,533	38	\$8,456	71	\$663	41
Stanly	9,409	39	\$8,224	85	\$471	57
Surry	8,658	43	\$8,292	80	\$488	54
Peer Average	10,119		\$8,392		\$625	
Statewide Average			NA		NA	

Source: Public Schools of North Carolina/Department of Public Instruction/Reports and Statistics, 2011.



Exhibit 2-3 analyzes ADM by comparing the fluctuation in ADM in Lee County Schools and peer school systems over the last four years. LCS and Harnett County Schools were the only two districts to experience growth in ADM across each of the three periods, with an overall increase of 169 and 920, respectively. Franklin County Schools experienced a net increase of 41 students, but this included a significant drop in ADM of 75 between 2007-08 and 2008-09. Likewise, Chatham County Schools experienced a net increase of 79 students, but this included a significant drop in ADM of 78 students between 2007-08 and 2008-09. Rutherford County Schools experienced the largest decrease in ADM—with a net decline of 768 over the three period.

**Exhibit 2-3
Average Daily Membership Change in Comparison School Systems**

County School System	ADM Change from 2007-08 to 2008-09	Percent Change	ADM Change from 2008-09 to 2009-10	Percent Change	ADM Change from 2009-10 to 2010-11	Percent Change
Lee	102.0	1.1%	47.0	0.5%	20.0	0.2%
Chatham	-78.0	-1.0%	43.0	0.6%	114.0	1.5%
Franklin	-75.0	-0.9%	34.0	0.4%	82.0	1.0%
Granville	-45.0	-0.5%	-149.0	-1.7%	-92.0	-1.1%
Harnett	391.0	2.1%	269.0	1.4%	260.0	1.4%
Rutherford	-235.0	-2.5%	-282.0	-3.0%	-251.0	-2.8%
Stanly	-133.0	-1.4%	-147.0	-1.6%	-163.0	-1.8%
Surry	-53.0	-0.6%	-132.0	-1.5%	-30.0	-0.4%
Average	-15.8	-0.5%	-39.6	-0.6%	-7.5	-0.2%

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics.

2.1.2 STATE, FEDERAL, LOCAL, AND TOTAL PER PUPIL EXPENDITURES

Exhibit 2-4 displays per pupil expenditures (PPE) by state, federal, and local funding sources for LCS and the seven comparison districts. Similar to districts throughout the nation, the largest percentage of PPE is comprised of state funds—at approximately two-thirds of all LCS PPE. In recent years, the trend has been an increase in federal PPE and a decrease in local PPE (as a percentage of total PPE). For instance, on average, federal PPE increased 42.0 percent across all districts included, while local PPE decreased an average of 11.3 percent between 2008-09 and 2009-10. This trend continued into 2010-11, although less drastic. LCS strayed slightly from this trend. Specifically, in 2008-09, the total PPE in LCS was broken down as 67.1 percent state-funded, 11.2 percent federally-funded, and 21.7 percent locally-funded. However, in 2009-10, this breakdown shifted to 63.3 percent state funded, 15.4 percent federally funded, and 21.3 percent locally funded. Therefore, in LCS, a larger percentage reduction in state PPE than local PPE occurred. Also notable is that the reduction in state PPE at LCS was higher than most other peer districts between these same years. In 2010-11, PPE was broken down as follows: 61.5 percent state funded; 17 percent federally funded; and 21.4 percent locally funded.



**Exhibit 2-4
State, Federal, Local and Total Per Pupil Expenditures (PPE)***

County School System	State		Federal		Local		Total	
	PPE	Rank	PPE	Rank	PPE	Rank	PPE	Rank
2010-11								
Lee	\$5,305.40	77	\$1,468.04	65	\$1,847.71	41	\$8,621.15	69
Chatham	\$5,060.20	92	\$1,443.80	67	\$2,914.26	6	\$9,418.26	41
Franklin	\$5,327.31	74	\$1,263.29	97	\$1,479.66	68	\$8,070.26	93
Granville	\$5,495.13	61	\$1,328.47	84	\$1,454.92	73	\$8,278.52	87
Harnett	\$5,183.23	83	\$1,183.07	103	\$1,110.26	103	\$7,476.56	113
Rutherford	\$5,703.05	48	\$1,884.08	27	\$1,536.57	64	\$9,123.70	49
Stanly	\$5,639.33	54	\$1,288.59	91	\$1,463.45	72	\$8,391.37	79
Surry	\$5,413.21	67	\$1,340.23	81	\$1,518.11	66	\$8,271.55	88
Peer Average	\$5,403.07		\$1,390.22		\$1,639.60		\$8,432.89	
Statewide Average	\$5,161.73		\$1,354.63		\$1,897.93		\$8,414.29	
2009-10								
Lee	\$5,178.71	84	\$1,261.27	80	\$1,740.17	46	\$8,180.15	87
Chatham	\$5,200.67	81	\$1,256.83	81	\$3,118.47	5	\$9,575.97	37
Franklin	\$5,337.58	75	\$1,311.53	73	\$1,468.23	77	\$8,117.34	91
Granville	\$5,363.72	69	\$1,053.35	101	\$1,591.62	66	\$8,008.69	94
Harnett	\$5,142.38	90	\$1,291.18	74	\$1,219.39	98	\$7,652.95	110
Rutherford	\$5,725.78	49	\$1,555.57	44	\$1,423.79	83	\$8,705.14	67
Stanly	\$5,664.47	55	\$1,265.41	79	\$1,451.60	80	\$8,381.48	79
Surry	\$5,566.46	60	\$1,349.96	69	\$1,348.86	93	\$8,265.28	83
Peer Average	\$5,428.72		\$1,297.69		\$1,660.28		\$8,386.69	
Statewide Average	\$5,231.67		\$1,289.14		\$1,930.62		\$8,451.43	
2008-09								
Lee	\$5,712.47	79	\$956.66	60	\$1,847.16	53	\$8,516.29	82
Chatham	\$5,734.19	77	\$916.68	66	\$3,584.73	4	\$10,235.60	21
Franklin	\$5,685.93	83	\$913.59	68	\$1,754.49	67	\$8,354.01	87
Granville	\$5,663.06	84	\$909.96	71	\$1,702.13	70	\$8,275.15	96
Harnett	\$5,580.88	90	\$886.52	76	\$1,344.16	101	\$7,811.56	111
Rutherford	\$6,191.48	46	\$1,019.12	52	\$1,605.17	82	\$8,815.77	71
Stanly	\$6,166.03	50	\$840.43	82	\$1,558.81	85	\$8,565.27	81
Surry	\$5,918.37	65	\$911.55	70	\$1,553.21	86	\$8,383.13	88
Peer Average	\$5,848.56		\$913.98		\$1,871.81		\$8,634.36	
Statewide Average	\$5,703.70		\$884.99		\$2,123.31		\$8,712.00	

Source: Public Schools of North Carolina/State Board of Education/Report and Statistics, 2011.

*Child Nutrition Included.

In analyzing dollar amounts, it can be seen that LCS underperformed the peer and state average in terms of total PPE in 2008-09 and 2009-10, but overperformed peer and state PPE in 2010-11. In 2008-09, the PPE in LCS varied from the peer and state average PPE by a negative \$118.07 and a negative \$195.71, respectively. This variation increased in 2009-10, expanding to a negative \$206.54 difference from the peer average and a negative \$271.28 difference from the state average. This increase in negative variation can be attributed to state and local PPE reductions, with the reduction in state PPE having the most impact. However, while federal PPE experienced a growth in LCS, it should be noted that the increase LCS experienced was second lowest among all peers. It appears that in peer districts the larger increase in federal PPE may have assisted more significantly in offsetting the effect of state PPE reductions. In fact, in



several of the districts, the increase in federal PPE more than covered the decline in state PPE. In 2010-11, LCS’ standing in comparison to state and peer PPE was opposite of that in 2008-09 and 2009-10; LCS experienced PPE \$188.26 higher than the peer average and \$206.86 higher than the state average in 2010-11.

Exhibit 2-5 presents the change in PPE by funding source for each school district as well as the average for all districts displayed between 2008-09 and 2010-11. This exhibit further supports the notion that LCS did not experience the same level of growth in federal PPE as peer districts between 2008-09 and 2009-10. In addition, as can be seen from the total PPE column, LCS experienced the second largest total dollar reduction in PPE among all districts, behind only Chatham between 2008-09 and 2009-10. However, between 2009-10 and 2010-11, LCS experienced the largest increase in total PPE among all peers, with a total increase of \$441 or 5.4 percent. In looking at net change in total PPE over both periods (2008-09 to 2009-10 and 2009-10 to 2010-11), LCS has fared relatively well, with a net increase in total PPE of \$104.86, or 1.4 percent; whereas the average among all districts was a net decrease of \$163.18—with variations ranging from negative \$817.34 (Chatham County Schools) to \$307.93 (Rutherford County Schools).

**Exhibit 2-5
Changes in Per Pupil Expenditures (PPE)**

County School System	State		Federal		Local		Total	
	PPE	% Change	PPE	% Change	PPE	% Change	PPE	% Change
Change from 2009-10 to 2010-11								
Lee	\$126.69	2.4%	\$206.77	16.4%	\$107.54	6.2%	\$441.00	5.4%
Chatham	(\$140.47)	-2.7%	\$186.97	14.9%	(\$204.21)	-6.5%	(\$157.71)	-1.6%
Franklin	(\$10.27)	-0.2%	(\$48.24)	-3.7%	\$11.43	0.8%	(\$47.08)	-0.6%
Granville	\$131.41	2.4%	\$275.12	26.1%	(\$136.70)	-8.6%	\$269.83	3.4%
Harnett	\$40.85	0.8%	(\$108.11)	-8.4%	(\$109.13)	-8.9%	(\$176.39)	-2.3%
Rutherford	(\$22.73)	-0.4%	\$328.51	21.1%	\$112.78	7.9%	\$418.56	4.8%
Stanly	(\$25.14)	-0.4%	\$23.18	1.8%	\$11.85	0.8%	\$9.89	0.1%
Surry	(\$153.25)	-2.8%	(\$9.73)	-0.7%	\$169.25	12.5%	\$6.27	0.1%
Average	(\$6.61)	-0.1%	\$106.81	8.4%	(\$4.65)	0.5%	\$95.55	1.2%
Change from 2008-09 to 2009-10								
Lee	(\$533.76)	-9.3%	\$304.61	31.8%	(\$106.99)	-5.8%	(\$336.14)	-3.9%
Chatham	(\$533.52)	-9.3%	\$340.15	37.1%	(\$466.26)	-13.0%	(\$659.63)	-6.4%
Franklin	(\$348.35)	-6.1%	\$397.94	43.6%	(\$286.26)	-16.3%	(\$236.67)	-2.8%
Granville	(\$299.34)	-5.3%	\$143.39	15.8%	(\$110.51)	-6.5%	(\$266.46)	-3.2%
Harnett	(\$438.50)	-7.9%	\$404.66	45.6%	(\$124.77)	-9.3%	(\$158.61)	-2.0%
Rutherford	(\$465.70)	-7.5%	\$536.45	52.6%	(\$181.38)	-11.3%	(\$110.63)	-1.3%
Stanly	(\$501.56)	-8.1%	\$424.98	50.6%	(\$107.21)	-6.9%	(\$183.79)	-2.1%
Surry	(\$351.91)	-5.9%	\$438.41	48.1%	(\$204.35)	-13.2%	(\$117.85)	-1.4%
Average	(\$434.08)	-7.4%	\$373.82	40.7%	(\$198.47)	-10.3%	(\$258.72)	-2.9%

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics.



2.1.3 COUNTY APPROPRIATIONS AND SUPPLEMENTAL TAXES FOR EDUCATION (CURRENT EXPENSE)

Local revenue is directly related to county appropriations. Per pupil appropriation (PPA) measures how much a county contributes per pupil to operate the school district. Per pupil appropriations for the past three years in LCS and comparison districts are shown in **Exhibit 2-6**. The exhibit provides the total appropriation, PPA, and rank among all state LEAs. In addition, the change in PPA from each prior year is displayed in both dollars and as a percentage.

**Exhibit 2-6
County Appropriations and Supplemental Taxes for Education**

County School System	Amount	PPA	Rank	Per Pupil Appropriation Change from Prior Year	Percent Change from Prior Year
2010-11					
Lee	\$15,178,050	\$1,587	42	\$18	1.1%
Chatham	\$24,856,360	3,207	6	\$152	5.0%
Franklin	\$11,749,053	\$1,386	62	\$13	0.9%
Granville	\$12,385,287	\$1,449	59	\$15	1.0%
Harnett	\$20,511,383	\$1,068	90	\$22	2.1%
Rutherford	\$11,995,014	\$1,369	63	\$22	1.6%
Stanly	\$10,076,268	\$1,124	83	(\$2)	-0.2%
Surry	\$10,195,808	\$1,208	76	\$44	3.8%
Peer Average	\$14,538,453	\$1,544		\$38	2.0%
Statewide Average		\$1,709		(\$21)	-1.2%
2009-10					
Lee	\$14,978,050	\$1,569	43	(\$74)	-4.5%
Chatham	\$23,327,284	3,055	6	(\$34)	-1.1%
Franklin	\$11,525,433	\$1,373	60	(\$19)	-1.4%
Granville	\$12,385,287	\$1,434	54	\$52	3.8%
Harnett	\$19,828,574	\$1,046	91	\$59	6.0%
Rutherford	\$12,146,854	\$1,347	68	\$41	3.1%
Stanly	\$10,281,905	\$1,126	82	\$12	1.1%
Surry	\$9,865,216	\$1,164	78	(\$4)	-0.3%
Peer Average	\$14,194,365	\$1,506		\$15	1.6%
Statewide Average		\$1,730		(\$6)	-0.3%
2008-09					
Lee	\$15,602,134	\$1,643	34	NA	NA
Chatham	\$23,457,441	\$3,089	6	NA	NA
Franklin	\$11,641,872	\$1,392	58	NA	NA
Granville	\$12,141,268	\$1,382	59	NA	NA
Harnett	\$18,438,987	\$987	93	NA	NA
Rutherford	\$12,146,850	\$1,306	67	NA	NA
Stanly	\$10,333,574	\$1,114	81	NA	NA
Surry	\$10,049,419	\$1,168	78	NA	NA
Peer Average	\$14,029,916	\$1,491		NA	NA
Statewide Average		\$1,736		NA	NA

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics.



As can be seen, LCS has fluctuated in PPA ranking over time, between 34th and 43rd. Between 2008-09 and 2009-10, LCS experienced a large reduction in PPA of \$74. Over the three-year period, LCS is one of only two districts (Franklin County Schools) to have experienced a net decrease in PPA. The percent difference between PPA in LCS and the peer average over the three years is:

- 10.2 percent higher in 2008-09;
- 4.2 percent higher in 2009-10; and
- 2.8 percent higher in 2010-11.

Likewise, the percent difference between PPA in LCS and the state average over the three years is as follows:

- 5.4 percent lower in 2008-09;
- 9.3 percent lower in 2009-10; and
- 7.1 percent lower in 2010-11.

From this, we can conclude that LCS PPA is, on average, slightly higher than average PPA among peers and slightly lower than the state average PPA.

2.1.4 SCHOOL SYSTEM REVENUES

School system revenue sources provide additional insight into the overall operating environment. Districts strive to maximize federal and state revenue dollars to avoid relying on local dollars which are generally stretched thin throughout a county. This section briefly reviews revenues of LCS by revenue source. Subsequent chapters of this report discuss in further detail LCS revenues.

There are three major revenue sources that comprise the LCS budget. These include state, federal, and local funds. **Exhibit 2-7** illustrates the revenues by source and where the revenues are recorded for the most recent two years based on the governmental fund breakdown provided in the LCS Comprehensive Annual Financial Report. As can be seen, state revenues of \$50.3 million account for the largest percentage (66.6 percent) of LCS revenues in 2010-11, followed by local revenues of \$17.2 million. Overall, LCS experienced a total net decrease of 6.2 percent between the two fiscal years. Note that this exhibit does not include the capital outlay or food service funds.

**Exhibit 2-7
Lee County Schools Revenue Summary**

Category	2009-10		2010-11		% Change From 2008-09 to 2009-10
	Total	%	Total	%	
State	\$51,369,475	63.8%	\$50,341,197	66.6%	-2.0%
Federal	\$9,118,117	11.3%	\$8,006,401	10.6%	-12.2%
Local	\$20,063,659	24.9%	\$17,215,097	22.8%	-14.2%
Total Revenue	\$80,551,251		\$75,562,695		-6.2%

Source: LCS Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2010.



2.2 SCHOOL SYSTEM STAFFING

Exhibit 2-8 presents selected data items regarding Lee County Schools staffing, including the district’s full-time administrators, teachers, and staff broken out by funding source (**Note:** Additional data in this area are also presented later in **Exhibit 2-21** through **Exhibit 2-28**).

Exhibit 2-8 shows that the composition of the LCS staffing force has remained the same over the last several years. Specifically, it can be determined that administrators, on average, comprise 4.2 percent of the district’s total FTE; teachers comprise, on average, 50.4 percent of the district’s total FTE; and other staff comprise, on average, 45.4 percent of the district’s total FTE. Each year there is a slight fluctuation from this average, but overtime it has held steady.

Exhibit 2-8
Lee County Schools
Three-Year Staffing Summary
2008-09, 2009-10, and 2010-11 Fiscal Years

Source	2008-09		Change	2009-10		Change	2010-11	
	Administrators			Administrators			Administrators	
	FTE	% Total		FTE	% Total		FTE	% Total
State	35	68.63%	-3	32	64.00%	1	33	62.26%
Federal	1	1.96%	-1	0	0.00%	1	1	1.89%
Local	15	29.41%	3	18	36.00%	1	19	35.85%
Subtotal	51		-1	50		3	53	
% Total FTE	4.02%			4.26%			4.42%	
	2008-09			2009-10			2010-11	
	Total Teachers			Total Teachers			Total Teachers	
	FTE	% Total		FTE	% Total		FTE	% Total
State	559	89.73%	-28	531	88.65%	-81	450	73.53%
Federal	46	7.38%	13	59	9.85%	67	126	20.59%
Local	18	2.89%	-9	9	1.50%	27	36	5.88%
Subtotal	623		-24	599		13	612	
% Total FTE	49.13%			50.98%			51.00%	
	2008-09			2009-10			2010-11	
	Total Staff			Total Staff			Total Staff	
	FTE	% Total		FTE	% Total		FTE	% Total
State	354	59.60%	-97	257	48.86%	107	364	68.04%
Federal	37	6.23%	58	95	18.06%	-53	42	7.85%
Local	203	34.18%	-29	174	33.08%	-45	129	24.11%
Subtotal	594		-68	526		9	535	
% Total FTE	46.85%			44.77%			44.58%	
TOTAL	1,268		-93	1,175		25	1,200	

Source: Created by Evergreen Solutions with data from NC Department of Public Instruction data, 2011.

Further, the exhibit shows that LCS staffing decreased from 2008-09 to 2009-10, and then increased from 2009-10 to 2010-11, for a net decrease of 68 FTE. Across all groups, LCS experienced a 7.3 percent reduction in FTE between 2008-09 and 2009-10. Between 2009-10 and 2010-11, this changed to a 2.1 percent increase in total FTE.



Subdividing this net decrease out by staff type, we can determine that across all periods:

- administrative staffing totals increased by two FTE;
- teaching staff decreased by 11 FTE; and
- regular staff decreased by 59 FTE.

State-funded teaching positions experienced the largest decrease of all staff types across the three-year period, with a net decrease of 109 FTE. This decline dropped the ratio of state-funded teachers to total district FTE from 44.1 percent in 2008-09, to 37.5 percent in 2010-11. However, increases in federal and local funds ensured that the overall ratio of teachers to total district FTE increased during this same period—from 49.1 percent in 2008-09 to 51 percent in 2010-11.

Exhibit 2-9 displays a comparison of total FTE by district, regardless of fund source. Using ADM and FTE, the exhibit establishes a ratio of students per FTE in each school system. Note that Evergreen does not provide any recommendations based on this exhibit.

**Exhibit 2-9
Comparison School District Analysis for Total FTE**

School System	Total Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	FTE	ADM	FTE	ADM	FTE
Lee County Schools	9,498	1,268	9,545	1,175	9,565	1,200
Students per FTE		7.49		8.12		7.97
Chatham County Schools	7,593	1,006	7,636	1,239	7,750	1,236
Students per FTE		7.55		6.16		6.27
Franklin County Schools	8,362	1,072	8,396	1,039	8,478	1,057
Students per FTE		7.80		8.08		8.02
Granville County Schools	8,786	1,132	8,637	1,030	8,545	1,013
Students per FTE		7.76		8.39		8.44
Harnett County Schools	18,682	2,325	18,951	2,233	19,211	2,211
Students per FTE		8.04		8.49		8.69
Rutherford County Schools	9,298	1,413	9,016	1,340	8,765	1,309
Students per FTE		6.58		6.73		6.70
Stanly County Schools	9,276	1,233	9,129	1,167	8,966	1,135
Students per FTE		7.52		7.82		7.90
Surry County Schools	8,605	1,181	8,473	1,146	8,443	1,131
Students per FTE		7.29		7.39		7.47
Comparison District Average	10,086	1,337	10,034	1,313	10,023	1,299
Students per FTE		7.54		7.64		7.72
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		-8.54		74.42		39.56
Lee County Staffing at Comparison District Average Student per FTE	9,498	1259.5	9,545	1249.4	9,565	1239.6
Difference from Comparison District Average Daily Membership/FTE	-588.0	-78.0	-489.0	-64.0	-457.6	-59.3
Comparison District Average	10,086	1,337	10,034	1,313	10,023	1,299

Source: Created by Evergreen Solutions, 2011.



For the most current year (2010-11), LCS experienced a slightly higher ratio of students per FTE than peer districts. Specifically, it can be determined that LCS staff oversee 3.3 percent more students than FTE in peer districts. Using this same measure, it can be determined that in 2009-10 LCS staff oversaw 6.3 percent more students than FTE in peer districts. Therefore, while LCS is starting to align more closely with peer districts in terms of students per FTE, LCS still realizes a slightly higher ADM to FTE ratio than peer districts.

Exhibit 2-9 also shows that LCS would need to increase total FTE by 39.56 to achieve the same student per FTE ratio as the peer district average. **Exhibits 2-10, 2-13, and 2-16** support that this increase is only needed for FTE provided by state and federal funds, versus FTE provided by local funds. Therefore, if LCS desires to pursue a position more in line with the peer district ratio, a decrease in LCS locally-funded FTE is needed while an increase in federal and state funded FTE is needed.

2.2.1 STATE STAFFING

During the 2010-11 school year, Lee County Schools received approximately 70.6 percent of its funding for FTE staff from the State of North Carolina. State educational funds are allocated using formulas to determine the appropriate amount of funding in various categories. According to the North Carolina Department of Public Instruction's 2010-11 Allotment Policy Manual*, some of the formulas used to fund North Carolina school systems include:

- **Central Office Administration (p. 36)** - Provides funding for salaries and benefits for central office administration. County school systems with an average daily membership (ADM) range of 5,000-9,999 receive a base amount of \$480,000, and \$36.01 for every ADM over 4,999.

Personnel included in the central office administration category for this allotment include:

- Superintendent
- Directors/Supervisors/Coordinators
- Associate and Assistant Superintendents
- Finance Officers
- Child Nutrition Supervisors/Managers
- Community Schools Coordinators/Directors
- Athletic Trainers
- Health Education Coordinators
- Maintenance Supervisors
- Transportation Directors

*<http://www.ncpublicschools.org/docs/fbs/allotments/general/2010-11policymanual.pdf>



- Classroom Teachers (p. 50)** - Provides guaranteed funding for salaries for classroom teachers. To qualify as a classroom teacher and to be charged against this allotment, an individual must spend a major portion of the school day providing classroom instruction and cannot be assigned to administrative duties in either the central or school offices. If an LEA decides to employ a Math/Science/Computer teacher, this individual does not have to spend a portion of the school day providing classroom instruction.

The following positions are calculated separately and then consolidated into PRC 001. The total positions are then multiplied by the LEA's average monthly salary (based on prior year 6th pay period plus legislated salary increases) plus benefits. The individual formulas are listed below.

After the first month of school, a LEA can request additional resources due to extraordinary student population growth. For city LEAs with less than 3,000 ADM, fractions are rounded up to the nearest whole position.

Teachers are allotted by the state based on the number of students (based on allotted ADM) and rounded to the nearest one-half position on these ratios:

<u>Grades</u>	<u>Number of Students for One Teacher Allotment</u>
K-3	18
4-6	22
7-8	21
9	24.5
10-12	26.64

- Instructional Support Personnel (Certified)** - Provides funding for salaries for certified instructional support personnel to implement locally designed initiatives that provide services to students who are at risk of school failure as well as the students' families. It is the intent of the General Assembly that the positions must be used first for counselors, then for social workers and other instructional support personnel that have a direct instructional relationship to students or teachers to help reduce violence in schools.

These positions are allotted on the basis of one per 200 allotted ADM. The positions are then multiplied by the LEA's average salary plus benefits. After the first month of school, a LEA can request additional resources due to extraordinary student population growth. Allotments will be adjusted within available funds. All partial positions .25 and over are rounded up to the nearest whole position. Note that several special provisions exist for school nurses and school psychologists (one nurse for every 3,000 ADM or at least one per county and one psychologist for every 2,000 ADM or at least one per county).

- Non-Instructional Support Personnel** - Provides funding for non-instructional support personnel and associated benefits. These funds may be used at the central office or at individual schools. Funds are allotted on the basis of dollars per allotted ADM. These funds may be used for:



- Clerical Assistants
 - Custodians
 - Duty Free Period
 - Liability Insurance
 - Substitutes
 - Textbook Commission - Clerical Assistant
- **School Building Administration** - Provides funding for salaries including benefits for principals and assistant principals with this allocation:
 - **Principals:** Each school with 100 or more pupils in final ADM and/or seven or more full-time state allotted/paid teachers and instructional support personnel, unrounded, (based on prior year 6th pay period) is entitled to 12 months of employment for a principal.
 - **Assistant Principals:** One month of employment per 80 allotted ADM, rounded to the nearest whole month.
 - **Teacher Assistants** - Provides funding for salaries and benefits for regular and self-contained teacher assistants. Each LEA is entitled to funding based on ADM. Funds are allotted based on allotted ADM in grades K-3. Benefits are included.
 - Other formulas exist that are used to determine school system funding for additional positions, including but not limited to:
 - ABC Incentive Awards
 - Academically or Intellectually Gifted
 - At-Risk Student Services/Alternative Schools
 - Children With Disabilities
 - Low Wealthy Funding
 - Small County Supplemental Funding

The State of North Carolina maintains a statewide salary schedule for instructional certified staff; most revenue received from the State is used for compensation. The state allotment formulas generate a base allotment for many positions within a school system.

Exhibit 2-10 provides a comparison of total state-provided FTE in Lee County Schools to selected peer school districts. More detailed FTE data for LCS and all comparison districts can be found at the end of this chapter in **Exhibits 2-21** through **2-28**.

As **Exhibit 2-10** shows, the LCS student per state FTE ratio in 2010-11 was 11.3 (9,565 ADM divided by 847 FTE). This figure is the second highest when compared to peer school districts. The different staffing ratios for each district are the result of the unique characteristics of that district's student population being applied to the state allocation formula.



**Exhibit 2-10
Comparison District Analysis
Total State Provided FTE**

County School System	Total State Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	State FTE	ADM	State FTE	ADM	State FTE
Lee	9,498	948	9,545	820	9,565	847
Students per FTE		10.0		11.6		11.3
Chatham	7,593	627	7,636	757	7,750	740
Students per FTE		12.1		10.1		10.5
Franklin	8,362	854	8,396	744	8,478	757
Students per FTE		9.8		11.3		11.2
Granville	8,786	967	8,637	797	8,545	771
Students per FTE		9.1		10.8		11.1
Harnett	18,682	1,837	18,951	1,600	19,211	1,671
Students per FTE		10.2		11.8		11.5
Rutherford	9,298	1,059	9,016	971	8,765	858
Students per FTE		8.8		9.3		10.2
Stanly	9,276	1,017	9,129	869	8,966	842
Students per FTE		9.1		10.5		10.6
Surry	8,605	876	8,473	788	8,443	767
Students per FTE		9.8		10.8		11.0
Comparison District Average	10,086	1,034	10,034	932	10,023	915
Students per FTE		9.8		10.8		11.0
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		25.6		66.9		26.4
Lee County Staffing at Comparison District Average Student per FTE	9,498	973.6	9,545	886.9	9,565	873.4
Difference from Comparison District Average Daily Membership	-588.0	-60.3	-489.0	-45.4	-457.6	-41.8
Comparison District Average	10,086	1,034	10,034	932	10,023	915

Source: Created by Evergreen Solutions, 2011.

Currently, the comparison district average ADM is 10,023 with 915 state FTE; this results in a student to FTE ratio of 11.0—which is slightly below the LCS ratio.

In making comparisons between state-funded FTEs in LCS and comparison districts, it is important to understand the role ADM plays on these staffing levels. Specifically, it must be determined what ADM is at each district as well as what level of state-funded FTEs exist in order to begin to make assumptions about overall staffing levels.



Exhibits 2-11 and **2-12** provide a disaggregated analysis for administrators and teachers allocated by the state formula. **Exhibit 2-11** shows that in 2010-11, LCS had one FTE administrator for every 289.8 students. In comparison, the average in the peer school districts was one FTE administrator per 248.8 students. Note that this exhibit does not represent the final ratio of ADM to FTE administrators, as only state-funded administrators are included.

Exhibit 2-11
Comparison District Analysis
Administrators State Provided FTE

County School System	Administrators State Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	State FTE	ADM	State FTE	ADM	State FTE
Lee	9,498	35	9,545	32	9,565	33
Students per FTE		271.4		298.3		289.8
Chatham	7,593	30	7,636	30	7,750	34
Students per FTE		253.1		254.5		227.9
Franklin	8,362	38	8,396	37	8,478	40
Students per FTE		220.1		226.9		212.0
Granville	8,786	35	8,637	40	8,545	43
Students per FTE		251.0		215.9		198.7
Harnett	18,682	65	18,951	70	19,211	72
Students per FTE		287.4		270.7		266.8
Rutherford	9,298	43	9,016	41	8,765	37
Students per FTE		216.2		219.9		236.9
Stanly	9,276	25	9,129	21	8,966	17
Students per FTE		371.0		434.7		527.4
Surry	8,605	36	8,473	34	8,443	39
Students per FTE		239.0		249.2		216.5
Comparison District Average	10,086	39	10,034	39	10,023	40
Students per FTE		259.6		257.3		248.8
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		1.6		5.1		5.4
Lee County Staffing at Comparison District Average Student per FTE	9,498	36.6	9,545	37.1	9,565	38.4
Difference from Comparison District Average Daily Membership	-588.0	-2.3	-489.0	-1.9	-457.6	-1.8
Comparison District Average	10,086	39	10,034	39	10,023	40

Source: Created by Evergreen Solutions, 2011.

Exhibit 2-12 shows that in 2010-11, LCS had one FTE teacher for every 21.3 students. The average of the comparison districts is one FTE teacher per 17.0 students. Historically, LCS has been closely aligned with the peer ratio; however, over the past three years the gap between the LCS ratio and the peers has widened from a difference of 0.8 to 4.2 students per FTE.



**Exhibit 2-12
Comparison District Analysis
Teachers State Provided FTE**

County School System	Teachers State Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	State FTE	ADM	State FTE	ADM	State FTE
Lee	9,498	559	9,545	531	9,565	450
Students per FTE		17.0		18.0		21.3
Chatham	7,593	343	7,636	456	7,750	435
Students per FTE		22.1		16.7		17.8
Franklin	8,362	528	8,396	501	8,478	513
Students per FTE		15.8		16.8		16.5
Granville	8,786	555	8,637	463	8,545	439
Students per FTE		15.8		18.7		19.5
Harnett	18,682	1,167	18,951	1,138	19,211	1,103
Students per FTE		16.0		16.7		17.4
Rutherford	9,298	588	9,016	545	8,765	515
Students per FTE		15.8		16.5		17.0
Stanly	9,276	640	9,129	607	8,966	596
Students per FTE		14.5		15.0		15.0
Surry	8,605	538	8,473	536	8,443	521
Students per FTE		16.0		15.8		16.2
Comparison District Average	10,086	623	10,034	607	10,023	589
Students per FTE		16.2		16.5		17.0
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		27.4		46.0		112.0
Lee County Staffing at Comparison District Average Student per FTE	9,498	586.4	9,545	577.0	9,565	562.0
Difference from Comparison District Average Daily Membership	-588.0	-36.3	-489.0	-29.6	-457.6	-26.9
Comparison District Average	10,086	623	10,034	607	10,023	589

Source: Created by Evergreen Solutions, 2011.



2.2.2 FEDERAL FUNDS

The 2010-11 figures show 14.1 percent of total LCS FTE are federally funded. **Exhibits 2-13** through **2-15** compare federal staffing in a similar manner as state staffing was reviewed above. **Exhibit 2-13** reviews total district staffing provided through federal funds. In 2010-11, LCS had one federally-funded FTE position per 56.6 students. This ratio was slightly higher than the comparison district average of one position per 50.3 students. In order for LCS to match the students per FTE ratio achieved among peer districts, the district would need to add 21.3 FTE federally-funded positions.

**Exhibit 2-13
Comparison District Analysis
Total Federal Provided FTE**

County School System	Total Federal Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	Fed FTE	ADM	Fed FTE	ADM	Fed FTE
Lee	9,498	84	9,545	154	9,565	169
Students per FTE		113.1		62.0		56.6
Chatham	7,593	101	7,636	234	7,750	240
Students per FTE		75.2		32.6		32.3
Franklin	8,362	69	8,396	153	8,478	150
Students per FTE		121.2		54.9		56.5
Granville	8,786	60	8,637	142	8,545	148
Students per FTE		146.4		60.8		57.7
Harnett	18,682	175	18,951	380	19,211	294
Students per FTE		106.8		49.9		65.3
Rutherford	9,298	93	9,016	123	8,765	193
Students per FTE		100.0		73.3		45.4
Stanly	9,276	80	9,129	180	8,966	177
Students per FTE		116.0		50.7		50.7
Surry	8,605	82	8,473	183	8,443	194
Students per FTE		104.9		46.3		43.5
Comparison District Average	10,086	94	10,034	199	10,023	199
Students per FTE		107.0		50.3		50.3
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		4.8		35.6		21.3
Lee County Staffing at Comparison District Average Student per FTE	9,498	88.8	9,545	189.6	9,565	190.3
Difference from Comparison District Average Daily Membership	-588.0	-5.5	-489.0	-9.7	-457.6	-9.1
Comparison District Average	10,086	94	10,034	199	10,023	199

Source: Created by Evergreen Solutions, 2011.

Exhibit 2-14 reviews total administrative staffing provided through federal funds. In 2010-11, LCS had one federally-funded administrator position for the ADM of 9,565 students. Federal funds are not structured and controlled like state funds. There is more flexibility as can be seen in the analysis of the administrative staff. Not all districts choose to charge administrators to federal programs.



**Exhibit 2-14
Comparison District Analysis
Administrators Federal Provided FTE**

County School System	Administrators Federal Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	Fed FTE	ADM	Fed FTE	ADM	Fed FTE
Lee	9,498	1	9,545	0	9,565	1
Students per FTE		9,498		n/a		9,565
Chatham	7,593	1	7,636	2	7,750	1
Students per FTE		7,593		3,818		7,750
Franklin	8,362	2	8,396	3	8,478	1
Students per FTE		4,181		2,799		8,478
Granville	8,786	1	8,637	2	8,545	3
Students per FTE		8,786		4,319		2,848
Harnett	18,682	3	18,951	11	19,211	3
Students per FTE		6,227		1,723		6,404
Rutherford	9,298	1	9,016	1	8,765	2
Students per FTE		9,298		9,016		4,383
Stanly	9,276	0	9,129	0	8,966	0
Students per FTE		n/a		n/a		n/a
Surry	8,605	4	8,473	4	8,443	4
Students per FTE		2,151		2,118		2,111
Comparison District Average	10,086	2	10,034	3	10,023	2
Students per FTE		5,883.5		3,053.8		5,011.3
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		0.6		3.1		0.9
Lee County Staffing at Comparison District Average Student per FTE	9,498	1.6	9,545	3.1	9,565	1.9
Difference from Comparison District Average Daily Membership	-588.0	-0.1	-489.0	-0.2	-457.6	-0.1
Comparison District Average	10,086	2	10,034	3	10,023	2

Source: Created by Evergreen Solutions, 2011.

Exhibit 2-15 reviews total teaching staff provided through federal funds. In 2010-11, LCS had one federally-funded FTE teacher position per 75.9 students. This ratio was significantly lower than the comparison district average of one position per 147.7 students.



Exhibit 2-15
Comparison District Analysis
Teachers Federal Provided FTE

County School System	Teacher Federal Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	Fed FTE	ADM	Fed FTE	ADM	Fed FTE
Lee	9,498	46	9,545	59	9,565	126
Students per FTE		206.5		161.8		75.9
Chatham	7,593	13	7,636	44	7,750	80
Students per FTE		584.1		173.5		96.9
Franklin	8,362	37	8,396	35	8,478	34
Students per FTE		226.0		239.9		249.4
Granville	8,786	33	8,637	92	8,545	103
Students per FTE		266.2		93.9		83.0
Harnett	18,682	64	18,951	86	19,211	88
Students per FTE		291.9		220.4		218.3
Rutherford	9,298	39	9,016	61	8,765	63
Students per FTE		238.4		147.8		139.1
Stanly	9,276	49	9,129	64	8,966	59
Students per FTE		189.3		142.6		152.0
Surry	8,605	29	8,473	46	8,443	48
Students per FTE		296.7		184.2		175.9
Comparison District Average	10,086	38	10,034	61	10,023	68
Students per FTE		267.4		164.1		147.7
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		-10.5		-0.8		-61.2
Lee County Staffing at Comparison District Average Student per FTE	9,498	35.5	9,545	58.2	9,565	64.8
Difference from Comparison District Average Daily Membership	-588.0	-2.2	-489.0	-3.0	-457.6	-3.1
Comparison District Average	10,086	38	10,034	61	10,023	68

Source: Created by Evergreen Solutions, 2011.

2.2.3 LOCAL FUNDS

LCS locally funds 15.3 percent of its total FTE. Exhibits 2-16 through 2-18 compare local staffing in a similar manner as state and federal staffing were reviewed. Exhibit 2-16 reviews total district staffing provided through local funds. In 2010-11, LCS had one locally-funded FTE position per 52 students. This ratio was slightly lower than the comparison district average of one local position per 54.4 students.



**Exhibit 2-16
Comparison District Analysis
Total Staff Provided by Local Funds**

County School System	Total Local Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	Local FTE	ADM	Local FTE	ADM	Local FTE
Lee	9,498	236	9,545	201	9,565	184
Students per FTE		40.2		47.5		52.0
Chatham	7,593	278	7,636	248	7,750	256
Students per FTE		27.3		30.8		30.3
Franklin	8,362	149	8,396	142	8,478	150
Students per FTE		56.1		59.1		56.5
Granville	8,786	105	8,637	91	8,545	94
Students per FTE		83.7		94.9		90.9
Harnett	18,682	313	18,951	253	19,211	246
Students per FTE		59.7		74.9		78.1
Rutherford	9,298	261	9,016	246	8,765	258
Students per FTE		35.6		36.7		34.0
Stanly	9,276	136	9,129	118	8,966	116
Students per FTE		68.2		77.4		77.3
Surry	8,605	223	8,473	175	8,443	170
Students per FTE		38.6		48.4		49.7
Comparison District Average	10,086	209	10,034	182	10,023	184
Students per FTE		48.2		55.2		54.4
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		-38.9		-28.0		-8.1
Lee County Staffing at Comparison District Average Student per FTE	9,498	197.1	9,545	173.0	9,565	175.9
Difference from Comparison District Average Daily Membership	-588.0	-12.2	-489.0	-8.9	-457.6	-8.4
Comparison District Average	10,086	209	10,034	182	10,023	184

Source: Created by Evergreen Solutions, 2011.

Exhibit 2-17 reviews total administrative staffing provided through local funds. In 2010-11, LCS had one locally-funded administrator position per 503.4 students. This ratio was significantly lower than the comparison district average of one administrative position per 723.3 students.



**Exhibit 2-17
Comparison District Analysis
Administrators Provided by Local Funds**

County School System	Administrators Local Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	Local FTE	ADM	Local FTE	ADM	Local FTE
Lee	9,498	15	9,545	18	9,565	19
Students per FTE		633.2		530.3		503.4
Chatham	7,593	16	7,636	17	7,750	16
Students per FTE		474.6		449.2		484.4
Franklin	8,362	16	8,396	15	8,478	15
Students per FTE		522.6		559.7		565.2
Granville	8,786	11	8,637	10	8,545	6
Students per FTE		798.7		863.7		1424.2
Harnett	18,682	14	18,951	4	19,211	6
Students per FTE		1334.4		4737.8		3201.8
Rutherford	9,298	14	9,016	15	8,765	17
Students per FTE		664.1		601.1		515.6
Stanly	9,276	25	9,129	26	8,966	26
Students per FTE		371.0		351.1		344.8
Surry	8,605	13	8,473	11	8,443	11
Students per FTE		661.9		770.3		767.5
Comparison District Average	10,086	16	10,034	14	10,023	14
Students per FTE		647.7		716.7		723.3
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		-0.3		-4.7		-5.8
Lee County Staffing at Comparison District Average Student per FTE	9,498	14.7	9,545	13.3	9,565	13.2
Difference from Comparison District Average Daily Membership	-588.0	-0.9	-489.0	-0.7	-457.6	-0.6
Comparison District Average	10,086	16	10,034	14	10,023	14

Source: Created by Evergreen Solutions, 2011.

Exhibit 2-18 reviews total teacher staffing provided through local funds. In 2010-11, LCS had one locally-funded teacher position per 265.7 students. This ratio was lower than the comparison district average of one teacher position per 579.8 students.



Exhibit 2-18
Comparison District Analysis
Teachers Provided by Local Funds

County School System	Teacher Local Provided Public School Personnel					
	2008-09		2009-10		2010-11	
	ADM	Local FTE	ADM	Local FTE	ADM	Local FTE
Lee	9,498	18	9,545	9	9,565	36
Students per FTE		527.7		1060.6		265.7
Chatham	7,593	51	7,636	67	7,750	45
Students per FTE		148.9		114.0		172.2
Franklin	8,362	1	8,396	1	8,478	2
Students per FTE		8362.0		8396.0		4239.0
Granville	8,786	3	8,637	0	8,545	4
Students per FTE		2928.7		#DIV/0!		2136.3
Harnett	18,682	31	18,951	17	19,211	15
Students per FTE		602.6		1114.8		1280.7
Rutherford	9,298	28	9,016	28	8,765	27
Students per FTE		332.1		322.0		324.6
Stanly	9,276	17	9,129	17	8,966	13
Students per FTE		545.6		537.0		689.7
Surry	8,605	33	8,473	17	8,443	15
Students per FTE		260.8		498.4		562.9
Comparison District Average	10,086	23	10,034	21	10,023	17
Students per FTE		430.5		477.8		579.8
FTE Change Required for Lee County Staffing to Equal Comparison District Average Student per FTE		4.1		11.0		-19.5
Lee County Staffing at Comparison District Average Student per FTE	9,498	22.1	9,545	20.0	9,565	16.5
Difference from Comparison District Average Daily Membership	-588.0	-1.4	-489.0	-1.0	-457.6	-0.8
Comparison District Average	10,086	23	10,034	21	10,023	17

Source: Created by Evergreen Solutions, 2011.



In analyzing the staffing levels at LCS and each of the peer school districts, it is evident that each district benefits from each of the funding sources in various ways. **Exhibit 2-19** displays an overview of the staffing changes needed in each of the funding categories in order for LCS to be more in line with peer districts.

**Exhibit 2-19
Summary Overview of Staffing Changes
from Exhibits 2-8 through 2-17
2010-11**

Fund Source	Category	Total FTE	Change to LCS FTE Required to Align Students to FTE Ratio with Comparison District Average
Local	All Staff*	184	-8.1
	Administrators	19	-5.8
	Teachers	36	-19.5
State	All Staff*	847	26.4
	Administrators	33	5.4
	Teachers	450	112.0
Federal	All Staff*	169	21.3
	Administrators	1	0.9
	Teachers	126	-61.2
Total all Fund Sources	All Staff*	1,200	39.6
	Administrators	53	0.5
	Teachers	612	31.3

Source: Created by Evergreen Solutions, 2011.

*Includes administrators, teachers, and other staff

2.2.4 COMPARISON OF STAFFING FROM ALL FUND SOURCES

To summarize overall staffing level by all funds, **Exhibit 2-20** provides an analysis of total staffing (federal, state, and local) by school district. As can be seen, LCS staffing decreased by 93 from 2008-09 to 2009-10, from a total of 1,268 FTE staff to 1,175. In 2010-11, the staffing levels remained relatively stable, increasing by only 25 FTE.

**Exhibit 2-20
Comparison of District Staffing
All Funds**

County School System	Total Staffing - All Funds		
	2008-09	2009-10	2010-11
Lee	1,268	1,175	1,200
Chatham	1,006	1,239	1,236
Franklin	1,072	1,039	1,057
Granville	1,132	1,030	1,013
Harnett	2,325	2,233	2,211
Rutherford	1,413	1,340	1,309
Stanly	1,233	1,167	1,135
Surry	1,181	1,146	1,131
Peer Average	1,337	1,313	1,299

Source: Created by Evergreen Solutions, 2011.



Compared to the peer district average, LCS staffing was most similar to the peer average in 2008-09, with only 69 less staff than the peer average of 1,337. However, in 2009-10, Lee County Schools fell significantly below the peer average, for a variance of nearly 138 staff. This difference improved slightly in 2010-11, when the district's staffing level came in at 99 total FTE under the peer district average of 1,299.

COMPARISON DISTRICT STAFFING

Exhibits 2-21 through **2-28** contain detailed staffing comparisons for LCS and the seven comparison school districts. These data should be viewed with care to complete accuracy as most data are self-reported by the districts and can be inaccurate due primarily to misunderstandings of appropriate codes or simple human error. Since the state-collected data only include full-time positions, a district's decision to use a significant number of part-time positions in any capacity could skew these totals.



**Exhibit 2-21
Lee County Schools
Three-Year Staffing Comparison**

Lee County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	8	1	7	16	9	0	6	15	8	1	7	16
Principals	16	0	1	17	14	0	1	15	15	0	0	15
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	9	0	11	20	9	0	11	20	12	0	8	20
Subtotal Administrators	33	1	19	53	32	0	18	50	35	1	15	51
Elementary Teachers	290	100	22	412	356	43	2	401	190	15	4	209
Secondary Teachers	153	21	9	183	168	12	2	182	180	0	3	183
Other Teachers	7	5	5	17	7	4	5	16	189	31	11	231
Subtotal Teachers	450	126	36	612	531	59	9	599	559	46	18	623
Guidance	18	0	5	23	21	1	2	24	23	0	0	23
Psychological	5	0	0	5	5	0	0	5	5	0	0	5
Librarian, Audiovisual	11	0	1	12	12	0	0	12	13	0	0	13
Consultant, Supervisor	17	12	2	31	14	12	2	28	12	2	1	15
Other Professional	21	0	7	28	20	1	7	28	30	1	6	37
Subtotal Professionals	72	12	15	99	72	14	11	97	83	3	7	93
Teacher Assistants	168	29	7	204	137	30	28	195	187	32	41	260
Technicians	12	0	0	12	2	0	8	10	0	0	9	9
Clerical, Secretarial	42	1	23	66	7	36	23	66	48	2	32	82
Service Workers	70	0	84	154	39	15	104	158	36	0	114	150
Skilled Crafts	0	0	0	0	0	0	0	0	0	0	0	0
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	292	30	114	436	185	81	163	429	271	34	196	501
TOTAL	847	169	184	1,200	820	154	201	1,175	948	84	236	1,268

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-22
Chatham County Public Schools
Three-Year Staffing Comparison**

Chatham County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	9	1	11	21	8	2	11	21	7	1	10	18
Principals	17	0	0	17	16	0	0	16	16	0	0	16
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	8	0	5	13	6	0	6	12	7	0	6	13
Subtotal Administrators	34	1	16	51	30	2	17	49	30	1	16	47
Elementary Teachers	235	43	28	306	221	12	40	273	212	10	31	253
Secondary Teachers	195	33	15	243	65	2	8	75	124	3	20	147
Other Teachers	5	4	2	11	170	30	19	219	7	0	0	7
Subtotal Teachers	435	80	45	560	456	44	67	567	343	13	51	407
Guidance	15	4	0	19	15	0	7	22	17	1	5	23
Psychological	3	1	0	4	4	1	0	5	4	0	0	4
Librarian, Audiovisual	13	1	2	16	15	1	0	16	16	0	0	16
Consultant, Supervisor	0	0	0	0	0	0	0	0	0	0	0	0
Other Professional	27	11	8	46	23	17	7	47	24	0	4	28
Subtotal Professionals	58	17	10	85	57	19	14	90	61	1	9	71
Teacher Assistants	125	39	39	203	119	57	35	211	140	20	80	240
Technicians	0	0	13	13	0	0	13	13	0	0	12	12
Clerical, Secretarial	4	34	38	76	3	32	41	76	32	2	38	72
Service Workers	76	69	76	221	84	80	42	206	21	64	72	157
Skilled Crafts	8	0	19	27	8	0	19	27	0	0	0	0
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	213	142	185	540	214	169	150	533	193	86	202	481
TOTAL	740	240	256	1,236	757	234	248	1,239	627	101	278	1,006

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-23
Franklin County Public Schools
Three-Year Staffing Comparison**

Franklin County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	14	1	5	20	13	3	5	21	15	2	5	22
Principals	16	0	0	16	15	0	1	16	14	0	1	15
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	10	0	10	20	9	0	9	18	9	0	10	19
Subtotal Administrators	40	1	15	56	37	3	15	55	38	2	16	56
Elementary Teachers	356	30	1	387	354	31	0	385	369	32	0	401
Secondary Teachers	149	3	1	153	140	3	1	144	147	4	1	152
Other Teachers	8	1	0	9	7	1	0	8	12	1	0	13
Subtotal Teachers	513	34	2	549	501	35	1	537	528	37	1	566
Guidance	20	0	0	20	19	0	0	19	19	0	0	19
Psychological	1	2	0	3	1	0	0	1	1	0	0	1
Librarian, Audiovisual	14	0	0	14	14	0	0	14	14	0	0	14
Consultant, Supervisor	0	0	0	0	0	0	0	0	0	0	0	0
Other Professional	44	5	3	52	44	11	3	58	42	10	3	55
Subtotal Professionals	79	7	3	89	78	11	3	92	76	10	3	89
Teacher Assistants	90	52	8	150	96	50	7	153	134	13	6	153
Technicians	0	0	2	2	0	0	2	2	0	0	2	2
Clerical, Secretarial	6	27	21	54	4	27	21	52	30	2	21	53
Service Workers	22	29	86	137	21	27	80	128	41	5	86	132
Skilled Crafts	7	0	13	20	7	0	13	20	7	0	14	21
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	125	108	130	363	128	104	123	355	212	20	129	361
TOTAL	757	150	150	1,057	744	153	142	1,039	854	69	149	1,072

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-24
Granville County Public Schools
Three-Year Staffing Comparison**

Granville County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	9	3	5	17	8	2	7	17	8	1	3	12
Principals	19	0	0	19	18	0	1	19	19	0	0	19
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	15	0	1	16	14	0	2	16	8	0	8	16
Subtotal Administrators	43	3	6	52	40	2	10	52	35	1	11	47
Elementary Teachers	205	50	0	255	236	42	0	278	284	12	1	297
Secondary Teachers	68	24	0	92	97	14	0	111	116	1	2	119
Other Teachers	166	29	4	199	130	36	0	166	155	20	0	175
Subtotal Teachers	439	103	4	546	463	92	0	555	555	33	3	591
Guidance	27	0	2	29	31	0	0	31	28	0	0	28
Psychological	0	0	0	0	0	0	0	0	0	0	0	0
Librarian, Audiovisual	11	0	0	11	12	0	0	12	15	0	0	15
Consultant, Supervisor	6	5	1	12	15	7	1	23	20	5	5	30
Other Professional	18	7	11	36	10	9	3	22	9	5	5	19
Subtotal Professionals	62	12	14	88	68	16	4	88	72	10	10	92
Teacher Assistants	84	30	3	117	84	32	2	118	167	16	0	183
Technicians	8	0	0	8	7	0	0	7	6	0	0	6
Clerical, Secretarial	74	0	3	77	72	0	6	78	72	0	11	83
Service Workers	54	0	56	110	56	0	55	111	53	0	56	109
Skilled Crafts	7	0	8	15	7	0	14	21	7	0	14	21
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	227	30	70	327	226	32	77	335	305	16	81	402
TOTAL	771	148	94	1,013	797	142	91	1,030	967	60	105	1,132

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-25
Harnett County Public Schools
Three-Year Staffing Comparison**

Harnett County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	10	3	6	19	10	11	4	25	10	2	5	17
Principals	28	0	0	28	28	0	0	28	27	0	0	27
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	34	0	0	34	32	0	0	32	28	1	9	38
Subtotal Administrators	72	3	6	81	70	11	4	85	65	3	14	82
Elementary Teachers	527	55	2	584	536	53	2	591	550	47	7	604
Secondary Teachers	150	3	10	163	158	3	12	173	162	4	15	181
Other Teachers	426	30	3	459	444	30	3	477	455	13	9	477
Subtotal Teachers	1,103	88	15	1,206	1,138	86	17	1,241	1,167	64	31	1,262
Guidance	49	0	0	49	43	0	2	45	43	0	2	45
Psychological	5	0	0	5	5	3	0	8	7	1	0	8
Librarian, Audiovisual	29	0	0	29	30	0	0	30	30	0	0	30
Consultant, Supervisor	6	3	0	9	6	4	0	10	7	4	1	12
Other Professional	39	4	11	54	37	5	10	52	29	11	9	49
Subtotal Professionals	128	7	11	146	121	12	12	145	116	16	12	144
Teacher Assistants	248	95	4	347	193	123	35	351	266	91	51	408
Technicians	1	0	12	13	0	1	10	11	1	0	10	11
Clerical, Secretarial	102	11	17	130	59	52	17	128	105	1	17	123
Service Workers	0	86	139	225	0	91	117	208	94	0	136	230
Skilled Crafts	17	4	42	63	19	4	41	64	23	0	42	65
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	368	196	214	778	271	271	220	762	489	92	256	837
TOTAL	1,671	294	246	2,211	1,600	380	253	2,233	1,837	175	313	2,325

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-26
Rutherford County Public Schools
Three-Year Staffing Comparison**

Rutherford County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	10	1	7	18	12	1	6	19	13	1	6	20
Principals	18	0	0	18	18	0	0	18	18	0	0	18
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	9	1	10	20	11	0	9	20	12	0	8	20
Subtotal Administrators	37	2	17	56	41	1	15	57	43	1	14	58
Elementary Teachers	267	33	14	314	277	35	12	324	304	20	11	335
Secondary Teachers	125	6	4	135	138	3	6	147	146	0	7	153
Other Teachers	123	24	9	156	130	23	10	163	138	19	10	167
Subtotal Teachers	515	63	27	605	545	61	28	634	588	39	28	655
Guidance	24	1	0	25	25	0	0	25	26	0	0	26
Psychological	3	3	0	6	3	3	0	6	4	0	0	4
Librarian, Audiovisual	16	0	0	16	17	0	0	17	17	0	1	18
Consultant, Supervisor	6	4	2	12	8	2	2	12	1	3	4	8
Other Professional	11	8	10	29	12	6	10	28	18	6	11	35
Subtotal Professionals	60	16	12	88	65	11	12	88	66	9	16	91
Teacher Assistants	116	90	50	256	172	42	37	251	205	42	47	294
Technicians	7	0	1	8	7	0	1	8	8	0	0	8
Clerical, Secretarial	13	22	39	74	30	8	38	76	36	2	40	78
Service Workers	92	0	87	179	92	0	90	182	88	0	93	181
Skilled Crafts	18	0	25	43	19	0	25	44	25	0	23	48
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	246	112	202	560	320	50	191	561	362	44	203	609
TOTAL	858	193	258	1,309	971	123	246	1,340	1,059	93	261	1,413

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-27
Stanly County Public Schools
Three-Year Staffing Comparison**

Stanly County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	9	0	2	11	9	0	3	12	8	0	4	12
Principals	7	0	16	23	7	0	17	24	11	0	13	24
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	1	0	8	9	5	0	6	11	6	0	8	14
Subtotal Administrators	17	0	26	43	21	0	26	47	25	0	25	50
Elementary Teachers	402	46	13	461	411	52	15	478	438	42	15	495
Secondary Teachers	192	13	0	205	196	12	2	210	202	7	2	211
Other Teachers	2	0	0	2	0	0	0	0	0	0	0	0
Subtotal Teachers	596	59	13	668	607	64	17	688	640	49	17	706
Guidance	26	0	2	28	27	0	1	28	20	0	9	29
Psychological	2	0	0	2	2	1	0	3	2	0	0	2
Librarian, Audiovisual	17	0	0	17	18	0	0	18	18	0	3	21
Consultant, Supervisor	0	0	0	0	0	0	0	0	0	0	0	0
Other Professional	14	6	6	26	13	7	9	29	15	5	11	31
Subtotal Professionals	59	6	8	73	60	8	10	78	55	5	23	83
Teacher Assistants	114	40	11	165	120	38	10	168	160	26	12	198
Technicians	1	4	0	5	4	1	0	5	5	0	0	5
Clerical, Secretarial	30	36	2	68	34	32	2	68	68	0	2	70
Service Workers	25	32	56	113	23	37	53	113	64	0	57	121
Skilled Crafts	0	0	0	0	0	0	0	0	0	0	0	0
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	170	112	69	351	181	108	65	354	297	26	71	394
TOTAL	842	177	116	1,135	869	180	118	1,167	1,017	80	136	1,233

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**Exhibit 2-28
 Surry County Public Schools
 Three-Year Staffing Comparison**

Surry County Schools												
Category	2010-11				2009-10				2008-09			
	State	Federal	Local	Total	State	Federal	Local	Total	State	Federal	Local	Total
Official Adm., Mgrs.	7	3	4	14	8	3	3	14	9	4	3	16
Principals	19	0	0	19	17	0	0	17	17	0	0	17
Ast. Principals, Teaching	0	0	0	0	0	0	0	0	0	0	0	0
Ast. Principals, Nonteaching	13	1	7	21	9	1	8	18	10	0	10	20
Subtotal Administrators	39	4	11	54	34	4	11	49	36	4	13	53
Elementary Teachers	352	45	12	409	365	41	13	419	292	21	24	337
Secondary Teachers	155	2	2	159	158	3	3	164	139	2	7	148
Other Teachers	14	1	1	16	13	2	1	16	107	6	2	115
Subtotal Teachers	521	48	15	584	536	46	17	599	538	29	33	600
Guidance	19	0	1	20	19	0	0	19	19	0	1	20
Psychological	3	0	0	3	2	0	0	2	2	1	0	3
Librarian, Audiovisual	15	0	0	15	13	0	0	13	16	0	0	16
Consultant, Supervisor	3	1	0	4	6	1	1	8	0	0	0	0
Other Professional	18	1	4	23	20	0	6	26	36	1	5	42
Subtotal Professionals	58	2	5	65	60	1	7	68	73	2	6	81
Teacher Assistants	120	63	12	195	116	67	12	195	135	44	13	192
Technicians	3	1	3	7	3	1	2	6	3	0	2	5
Clerical, Secretarial	10	32	31	73	24	20	30	74	40	3	32	75
Service Workers	16	44	93	153	15	44	96	155	42	0	101	143
Skilled Crafts	0	0	0	0	0	0	0	0	9	0	23	32
Laborers, Unskilled	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Other	149	140	139	428	158	132	140	430	229	47	171	447
TOTAL	767	194	170	1,131	788	183	175	1,146	876	82	223	1,181

Source: Public Schools of North Carolina/State Board of Education/Department of Public Instruction/Reports and Statistics, 2011.



**CHAPTER 3:
REVIEW OF FINANCE DEPARTMENT
OPERATIONS AND MANAGEMENT**



3.0 REVIEW OF FINANCE DEPARTMENT OPERATIONS AND MANAGEMENT

This chapter reviews the financial management and operations of Lee County Schools (LCS). The review is organized into four sections:

- 3.1 Organization and Financial Management
- 3.2 Budgeting and Reporting
- 3.3 Risk and Asset Management
- 3.4 Purchasing

Seven other districts were selected as peer districts for comparison purposes for this review. The peer districts are Chatham, Franklin, Granville, Harnett, Rutherford, Stanly, and Surry. Per student expenditures for 2010-11 are shown by revenue source for LCS and the peer districts in **Exhibit 3-1**. LCS’s total per pupil expenditures of \$8,621 was third highest among the peer districts with Chatham and Rutherford having higher per student expenditures. Local funding per student expenditures for the district of \$1,848 was the second highest among the peer school system and higher than the peer average, but lower than the state average.

**Exhibit 3-1
Per Student Expenditures
in Lee County Schools and Peer School Systems
2010-11 Fiscal Year**

County School System	Local	State	Federal	Total
Lee	\$1,848	\$5,305	\$1,468	\$8,621
Chatham	\$2,914	\$5,060	\$1,444	\$9,418
Franklin	\$1,480	\$5,327	\$1,263	\$8,070
Granville	\$1,455	\$5,495	\$1,328	\$8,279
Harnett	\$1,110	\$5,183	\$1,183	\$7,477
Rutherford	\$1,537	\$5,703	\$1,884	\$9,124
Stanly	\$1,463	\$5,639	\$1,289	\$8,391
Surry	\$1,518	\$5,413	\$1,340	\$8,272
Average	\$1,666	\$5,391	\$1,400	\$8,456
State Average	\$1,898	\$5,162	\$1,355	\$8,414

Source: North Carolina Department of Public Instruction, 2011.

The funding sources for LCS and peer districts for 2010-11 are shown in **Exhibit 3-2**. Funding from local sources for LCS accounts for 21.4 percent of total revenues and is the second highest of the peer districts. Percent of total revenues received from state sources is lower than the peer average and federal sources are higher than the peer average.



Exhibit 3-2
Percent of Expenditures by Funding Source
2010-11 Fiscal Year

County	Local	State	Federal
Lee	21.4%	61.5%	17.0%
Chatham	30.9%	53.7%	15.3%
Franklin	18.3%	66.0%	15.7%
Granville	17.6%	66.4%	16.0%
Harnett	14.8%	69.3%	15.8%
Rutherford	16.8%	62.5%	20.7%
Stanly	17.4%	67.2%	15.4%
Surry	18.4%	65.4%	16.2%
Peer Average	19.2%	64.4%	16.4%

Source: North Carolina Department of Public Instruction, 2011.

Exhibit 3-3 shows the total amounts appropriated by the Lee County Board of Education for 2011-12 by fund and by function. The amounts appropriated for 2011-12 totaled \$80,552,012. Three separate resolutions are passed appropriating funds for the district. Separate resolutions are passed for the capital outlay fund and for the child nutrition fund, and a third resolution includes the state public school fund, local current expense fund, and federal grants fund.

Exhibit 3-4 compares the total amount budgeted in 2008-09 to the total amount budgeted in 2011-12 from the state public school fund, local current expense fund, and federal grants funds. Total funds budgeted in 2011-12 were \$1,794,911 more than budgeted in 2008-09, which represents an increase of 2.3 percent. Budgeted funds for total instructional services increased between 2008-09 and 2011-12 by only 0.8 percent while supporting services had a 3.3 percent increase and ancillary had an increase of 8.0 percent.

3.1 ORGANIZATION AND FINANCIAL MANAGEMENT

For a school district to provide sound financial management it must effectively use limited resources to support student achievement. School districts must maximize the resources available from all sources and must account for their use of these resources accurately to local taxpayers and the state and federal governments. Sound management processes must reduce the risk of lost assets and ensure their appropriate use. The education of over 9,500 students is the major responsibility of LCS; however, this cannot be accomplished without the financial resources entrusted to the district by the citizens of the county and the state and by the federal government.

The financial operations of the district are under the management of the Assistant Superintendent for Financial and Business Services (Assistant Superintendent). The Assistant Superintendent reports to the Superintendent and is assisted by a staff of eight. As shown in **Exhibit 3-5**, the staff consists of an Assistant Finance Officer, three specialists for accounts payables and receivables, and four specialists for payroll operations. The Finance Department is responsible for overseeing and managing the fiscal operations of the school district. These responsibilities include: payments to employees and vendors; budget development, management and oversight; procurement and acquisition of needed goods; and fixed assets.



Exhibit 3-3
Appropriations by Lee County Board of Education
2011-12 Fiscal Year

Function	Local Current Expense Fund Outlay Fund	Other Restricted Fund	State Public School Fund	Federal Grants Fund	Totals
INSTRUCTIONAL SERVICES					
Regular Instructional Services	\$4,235,719	\$923,993	\$33,204,284	\$1,317,036	\$39,681,032
Special Population Services	\$624,946	\$130,172	\$6,816,653	\$3,603,075	\$11,174,846
Alternative Programs and Services	\$280,715	\$351,124	\$2,378,418	\$1,794,101	\$4,804,358
School Leadership Services	\$1,422,887	\$0	\$3,090,692	\$7,962	\$4,521,541
Co-Curricula Services	\$381,541	\$76	\$0	\$0	\$381,617
School-Based Support Services	\$933,809	\$272,979	\$3,372,261	\$117,826	\$4,696,875
Total Instructional Services	\$7,879,617	\$1,678,341	\$48,862,308	\$6,840,000	\$65,260,266
SUPPORTING SERVICES					
Support and Development Services	\$437,776	\$54,093	\$140,554	\$57,140	\$689,563
Special Population Support and Development	\$207,075	\$0	\$114,093	\$0	\$321,168
Alternative Programs/Services Support/Development Services	\$95,654	\$54,232	\$36,634	\$97,545	\$284,065
Technology Support Services	\$519,400	\$0	\$471,857	\$0	\$991,257
Operations Support Services	\$6,739,978	\$184,129	\$2,270,955	\$429,990	\$9,625,052
Financial and Human Resources Services	\$884,128	\$0	\$425,183	\$0	\$1,309,311
Accountability Services	\$0	\$0	\$0	\$0	\$0
System-wide Pupil Support Services	\$112,893	\$0	\$89,562	\$0	\$202,455
Policy, Leadership and Public Relations Services	\$431,990	\$0	\$501,267	\$0	\$933,257
Total Supporting Services	\$9,428,894	292454.19	\$4,050,106	\$584,675	\$14,063,675
ANCILLARY SERVICES					
Community Services	\$98,823	\$500	\$0	\$0	\$99,323
Nutrition Services	\$0	\$0	\$45,000	\$2,768	\$47,768
Adult Services	\$606	\$0	\$0	\$0	\$606
Total Ancillary Services	\$99,429	\$500	\$45,000	\$2,768	\$147,697
NON-PROGRAMMED CHARGES					
Payments to Other Governmental Units	\$15,000	\$0	\$0	\$211,120	\$226,120
Unbudgeted Funds	\$0	\$0	\$0	\$561,800	\$561,800
Total Non-Programmed Charges	\$15,000	\$0	\$0	\$772,920	\$787,920
TOTAL OPERATING EXPENDITURES	\$17,422,940	\$1,971,295	\$52,957,414	\$8,200,363	\$80,552,012

Source: Lee County Board of Education Appropriation Resolutions, 2011-12.



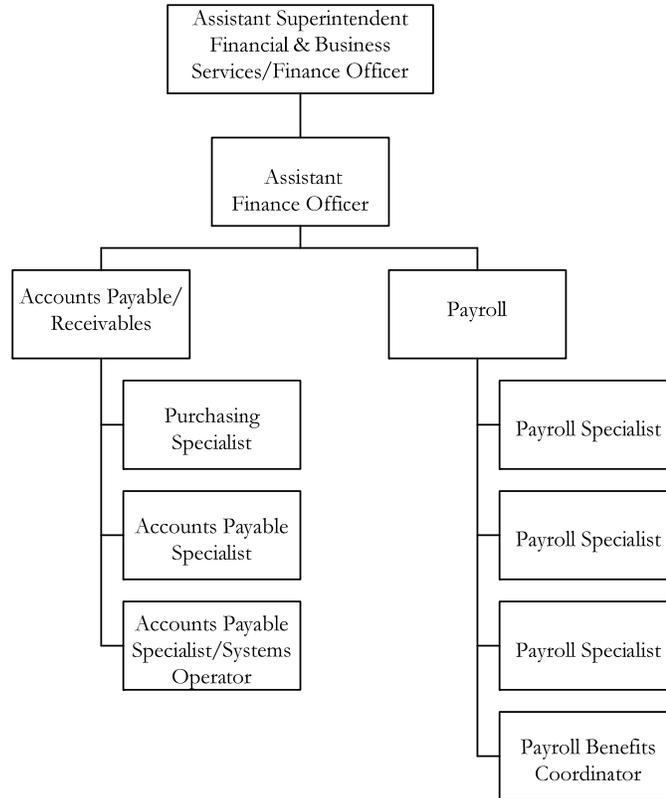
Exhibit 3-4
Appropriations by Board of Education
2008-09 and 2011-12 Fiscal Years

Function	2008-09	2011-12	Change 2008-09 to 2011-12	
			Amount	Percent
INSTRUCTIONAL SERVICES				
Regular Instructional Services	\$39,653,864	\$39,681,032	\$27,168	0.1%
Special Population Services	\$10,350,751	\$11,174,846	\$824,095	8.0%
Alternative Programs and Services	\$5,181,365	\$4,804,358	(\$377,007)	(7.3%)
School Leadership Services	\$5,105,689	\$4,521,541	(\$584,148)	(11.4%)
Co-Curricula Services	\$426,947	\$381,617	(\$45,330)	(10.6%)
School-Based Support Services	\$4,014,975	\$4,696,875	\$681,900	17.0%
Total Instructional Services	\$64,733,591	\$65,260,266	\$526,675	0.8%
SUPPORTING SERVICES				
Support and Development Services	\$1,091,585	\$689,563	(\$402,022)	(36.8%)
Special Population Support and Development	\$246,129	\$321,168	\$75,039	30.5%
Alternative Programs/Services Support/Development Services	\$185,786	\$284,065	\$98,279	52.9%
Technology Support Services	\$561,397	\$991,257	\$429,860	76.6%
Operations Support Services	\$9,393,250	\$9,625,052	\$231,802	2.5%
Financial and Human Resources Services	\$1,184,385	\$1,309,311	\$124,926	10.5%
Accountability Services	\$50,100	\$0	(\$50,100)	(100.0%)
System-wide Pupil Support Services	\$20,000	\$202,455	\$182,455	912.3%
Policy, Leadership and Public Relations Services	\$881,720	\$933,257	\$51,537	5.8%
Total Supporting Services	\$13,614,351	\$14,063,675	\$449,324	3.3%
ANCILLARY SERVICES				
Community Services	\$104,532	\$99,323	(\$5,209)	(5.0%)
Nutrition Services	\$22,000	\$47,768	\$25,768	117.1%
Adult Services	\$10,266	\$606	(\$9,660)	(94.1%)
Total Ancillary Services	\$136,798	\$147,697	\$10,899	8.0%
NON-PROGRAMMED CHARGES				
Payments to Other Governmental Units	\$272,360	\$226,120	(\$46,240)	(17.0%)
Unbudgeted Funds	\$0	\$561,800	\$561,800	N/A
Total Non-Programmed Charges	\$272,360	\$787,920	\$515,560	189.3%
TOTAL OPERATING EXPENDITURES	\$78,757,101	\$80,552,012	\$1,794,911	2.3%

Source: Lee County Board of Education Appropriation Resolutions, 2011-12.



**Exhibit 3-5
Lee County Finance Department
Organization Chart
2011-12**



Source: Lee County Schools Finance Department, December 2011.

FINDING

The Finance Department has a comprehensive procedures manual as well as detailed procedures for each employee in the department. In addition, employees have been cross-trained and formally assigned backup responsibilities.

A comprehensive procedures manual, that provides guidance to Finance Department staff as well as to staff in the schools and other departments, is essential to providing sound financial processes. The LCS financial procedures manual provides guidance on 14 topics and multiple subtopics including procedures for purchasing, athletic gate receipts, duties and responsibilities, state laws, and travel.

Each of the Finance Department’s employees has a set of detailed procedures for the duties they are to perform, which are normally referred to as desk procedures. The employee desk manual is in much more detail than the procedures manual and is basically a step-by-step written document approved by management that describes how employees are expected to complete their



individual assignments. Detailed desk procedures facilitate cross-training of employees and training of new employees since they provide the step-by-step instruction needed to perform tasks. This increases internal control by helping to ensure processes are performed correctly. For example, the Assistant Finance Officer's procedures contain 323 pages of detailed step-by-step procedures covering 47 topics. The Finance Officer has not only ensured that processes can be continued in an employee's absence by cross-training at least one employee on all major responsibilities of the Finance Office, but also developed and publishes a job responsibilities and backup report that shows each employees responsibilities and formally assigns backup responsibilities to another department employee.

COMMENDATION

The LCS Finance Department is commended for its comprehensive financial procedures manual, detailed employee desk procedures, cross training of employees, and assignment of backup responsibilities.

FINDING

LCS requires all district employees to be paid through direct deposit—meaning that employees do not receive paychecks—but rather have their net pay deposited directly into their bank accounts every pay day. The district implemented a voluntary direct deposit program in January 1999 and then, in January 2011, made the program mandatory for all employees. This policy results in efficiencies for both the Finance Department and for district employees. An efficient direct deposit program not only reduces the number of checks printed and stored, but eliminates stolen checks, reduces errors because direct deposit requires less manual handling than a check, simplifies account reconciliation, and increases productivity due to employees spending less time away from work to cash or deposit a payroll check.

COMMENDATION

Lee County Schools is commended for its mandatory direct deposit policy for paying employees.

FINDING

As a part of an initiative to move to a paperless distribution of information, LCS established an employee portal in January 2011. Using the employee portal as a means of distributing information to employees, the Finance Department provides employees with an electronic check stub and also provides access for employees to data pertaining to their leave. Providing electronic information instead of paper copies allows employees to have continued access to payroll and leave data without having to retain paper copies which often times become misplaced. The Finance Department also benefits from providing electronic information to employees by reducing paper usage, providing more information than was available on paper copies because of limited space, and reducing requests for copies of misplaced or lost documents.



COMMENDATION

Lee County Schools is commended for establishing an employee portal and providing payroll and employee leave data electronically.

FINDING

Employee compensation, benefits and other data for the payroll system are entered by staff in the Finance Department, which creates the appearance of an internal control issue.

Although the Sarox SunPac financial management system has the capability of electronically interfacing the human resource master system with the payroll system, the Evergreen Team was informed that the district elected not to use the interface. Human Resources staff enters data into the system that is needed to manage district employee personnel information, while Finance Department payroll staff enters some of the same data into the payroll system along with the additional data needed for employee pay purposes. In addition to compensation information, the payroll employees enter deduction and benefit data for LCS employees.

Electronic documents are received by the Finance Department from the Human Resources Department for new hires, terminations, upgrades and other changes to employee payroll information. The electronic documents are signed by the Assistant Superintendent, and data contained in the documents needed for payroll purposes is entered by payroll technicians. In addition, the payroll technicians obtain a copy of the Board Action Report where new hires are shown that have received board approval.

The Payroll Section is also assigned the responsibility of informing and enrolling employees in the LCS benefit programs. New employees are scheduled a new hire session with the Payroll Benefits Coordinator where available benefits are discussed and required documents are completed. Data for new employees (including information pertaining to compensation, address, withholding taxes, social security numbers insurance, retirement, and leave) are compiled by the Payroll Benefits Coordinator and entered into the payroll system.

Most data for monthly payrolls comes from schools by way of work papers that include Excel-based timesheets. Data are entered into the SunPac financial system by payroll technicians. The payroll process and check production procedures state:

- Payroll data (that has been entered on the Turnaround Document by school staff) are entered into the SunPac system using the Quick Data Entry program.
- Bus time sheets are keyed at the central office as well as all tutorial timesheets.
- Employees on a leave of absence are tracked by the Payroll staff in the central office. Shared leave, extended sick leave and all regular leave are tracked and posted to assure there are not overpayments made.



- Any resignations are processed by the Payroll staff, and days that are remaining to be paid are accounted for and keyed. Also any payouts for these employees are processed, verified, and keyed by Payroll Staff.

Since the district has elected not to use an electronic interface between the Human Resource System and the Payroll System, there is not a separation of duties associated with entering payroll data into the payroll system. Although a Payroll Technician enters payroll, leave, and benefit data, LCS does have a manual process where two payroll technicians team up and verify payroll data before a payroll is finalized which provides some internal controls.

The payroll process and check production procedures state:

- *the two payroll teams partner up to verify each salary in Quick Data Entry matching salaries entered in the employee's main assignment; and*
- *this process is done by comparing the verification report (which is the exact picture of Quick Data Entry) to the payroll spreadsheet (which is an exact picture of each employee's main assignment).*

The separation of duties associated with entering and verifying payroll data is a standard internal control feature used by most payroll processes.

RECOMMENDATION

Recommendation 3-1:

Activate the electronic interface between the human resources system and the payroll system and separate data entry duties to improve internal controls.

Activating the electronic interface between the human resources system and the payroll system will allow for data entry of compensation data to be entered in the Human Resources Department thus providing for a separation of duties that will improve internal controls.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The payroll function in LCS is overstaffed when compared to peer districts.

LCS has four payroll specialists, with one having additional duties as the benefits coordinator for the district. According to the Assistant Superintendent, each payroll specialist is responsible for five sites including the schools, central office, bus garage, and maintenance. Districts have different processes, different financial management systems and assign duties to payroll staff differently; however, examining the workload in other school systems provides a baseline for



comparison. Four peer school systems identify staff that are assigned to payroll duties on their websites.

Although one of LCS’ payroll specialists also handles benefit coordination for the district, the assumption is that employees in other districts may have other duties that also demand a portion of their time as well.

Exhibit 3-6 compares payroll staff to total staff for LCS and the four peer districts.

**Exhibit 3-6
Comparison Payroll Staff to Total Staff
LCS and Peer School Systems**

Comparison School System	Payroll Staff	Total Staff (2010-11)	Staff to Payroll Employee
Lee	4	1,200	300
Chatham	2	1,236	618
Granville	3	1,013	338
Stanly	3	1,135	378
Surry	3	1,131	377
Peer Average	2.75	1,129	428

Source: LCS and peer district websites, December 2011.

As shown, all of the peer districts have higher staff to payroll staff ratios than Lee County, with Chatham being the most productive. Although Chatham County Schools has more total staff, there are only two employees assigned to payroll duties, as compared to the four employees assigned in Lee County.

RECOMMENDATION

Recommendation 3-2:

Eliminate one payroll specialist position and redistribute the workload among the remaining three positions.

Assuming that there are currently 19 sites (including the 16 schools, central office, bus garage, and maintenance), subdividing the workload by three positions would mean that each specialist would handle six sites, with the third handling seven of the presumably smaller sites. A detailed review of payroll duties and any additional assignments will enable LCS to determine how best to redistribute the workload and establish minimum staff requirements for payroll processing should staffing numbers change in the future.

FISCAL IMPACT

The fiscal impact of this recommendation is based on reducing the number of payroll technicians by a minimum of one position. The reduction in cost is estimated to be \$58,538 annually and is based on the average salaries of the four payroll technicians of \$38,751 plus benefits at the rate of 33 percent (\$38,751 plus \$12,787).



Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Reduce Payroll Staff	\$58,538	\$58,538	\$58,538	\$58,538	\$58,538

3.2 BUDGETING AND REPORTING

A district's budget is one of the most important documents a district prepares because it identifies the funding for programs and how they are to be expended. Effective budgeting provides a district with a solid financial foundation. Costs must be reported accurately and controlled effectively. A district's budget is most effective when it is useful to district staff, board members, and the community at-large in understanding the district's inner workings.

The success of a district's educational programs depends heavily on the effective management of its financial resources. Preparation of financial statements that can be used to analyze program and department operations is a critical aspect of financial management. For financial data to be purposeful and useful, it must be easily understood, reliable, relevant, and timely.

FINDING

A primary responsibility of the LCS Finance Department is to produce accurate and understandable financial documents. For financial reports to be useful, the board and other stakeholders must have confidence that the financial data presented in the reports are accurate, and for the information, to be useful it must be easily understood.

The district's annual comprehensive financial reports have received multiple awards. The report for the year ended June 30, 2010 received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting, the North Carolina State Board of Education Achievement in Financial Resources Management, and the Association of School Business Officials Certificate of Excellence in Financial Reporting. In addition, the June 30, 2010 report was recognized at the Financial Business Services Summer Conference as being one of only ten in North Carolina to have received all three awards. In order for comprehensive financial reports to receive awards, they must be easily to read and efficiently organized and must satisfy both generally accepted accounting principles and applicable legal requirement.

The GFOA established its financial reporting award program in 1945 "to recognize and encourage excellence in financial reporting by state and local governments." To receive recognition from the GFOA, governments must submit comprehensive annual financial reports that meet requirements in the following areas:

- reporting in conformity with generally-accepted accounting principles;
- compliance with finance-related legal and contractual provisions;
- completeness and clarity of transmittal letter and statistical section;
- use of standardized terminology and formatting conventions;
- thorough disclosure and sufficient detail;
- minimizing ambiguities and potential for misleading inferences;
- cohesiveness and internal consistency;



- implementation of prior year comments and suggestions for improvement; and
- reader appeal.

COMMENDATION

Lee County Schools is commended for its comprehensive annual financial reports that have received multiple awards.

FINDING

LCS publishes a detailed budget calendar. Developing and publishing a budget calendar helps ensure a district’s budget is completed on schedule and the participants in the budget preparation have a reference for when their input is required so they can effectively schedule time to complete their required tasks. A publicized calendar also provides information to the general public as to when its involvement can be provided.

Exhibit 3-7 presents the LCS budget calendar for developing the 2010-11 budget.

**Exhibit 3-7
Lee County Schools
2011-12 Budget Calendar**

Date	Action
November 12, 2010	Budgeting process sent to Principals & Directors
December 15, 2010	Budget information due to Finance Office from Schools and Staff
January 5 & 6, 2011	Budget presentations by Directors and Principals to Senior Staff
January 10, 2011	Senior Staff to review budget request from Directors and Principals
January 31, 2011	Senior Staff to prepare budget request for Finance & Personnel Committee
February 21, 2011	Finance & Personnel Budget discussion at 5 p.m.
March 3, 2011	Budget presentation to Finance & Personnel Committee at 5 p.m.
March 15, 2011	Board of Education Budget work session at 5 p.m.
April 4, 2011	Public Hearing on Budget Issues at 5 p.m.
April 4, 2011	Board of Education Budget work session at 5 p.m.
April 14, 2011	Board of Education Budget work session at 5 p.m. Capital Outlay 2011-12 Fixed Costs Operating Line-Item 2011-12
April 18, 2011	Board of Education Budget work session at 5 p.m.
April 26, 2011	Called Board of Education meeting at 5 p.m.
April 28, 2011	Post Proposed Budget on webpage
May 10, 2011	Regular Board meeting 6 p.m.
Required dates by the Fiscal Budget and Control Act	
May 1	Superintendent must submit the budget to the Board of Education
May 15	The Board of Education must forward an approve budget to the Board of Commissioners
July 1	The Board of Commissioners must complete its actions on the school’s budget
October 15	The Board of Education must approve the final budget resolution

Source: Lee County Schools, December 2011.



COMMENDATION

Lee County Schools is commended for establishing a detailed budget calendar that helps ensure that the district’s budget is developed in an orderly manner and approvals obtained.

FINDING

The district’s financial audit report routinely received unqualified opinions from the audit firm contracted to perform annual audits. An unqualified opinion indicates that the data included in the report are accurate and can be relied upon for decision making. In the normal course of annual audits certain items often come to the attention of the auditor where they believe deficiency in internal controls or other situations exist and they bring the issues to the counties in management letters. The auditor has not identified any deficiencies in the last several years and thus the school system has not received a management letter pointing out any deficiencies that need to be corrected.

COMMENDATION

Lee County Schools is commended for audit reports that have received unqualified opinions and for financial processes that have not received management letter comments.

FINDING

The district’s budget document provides a significant amount of detail for budget year revenues and expenditures. However, the document provides little narrative, no comparative data, and it is mostly listings of revenues and expenditures produced directly from the financial management system. The only explanatory narrative is contained in a two-page budget message.

The 2011-12 reconciled budget document contains approximately 92 pages of data. The document is composed of an index and nine sections that include:

- **Index** – lists the nine sections of the document but contains no page numbers.
- **Section 1** - Budget Message – Two-page narrative from the Superintendent.
- **Section 2** - Budget Resolution – Three pages identifying the revenues and expenditures for each fund appropriated by board resolutions.
- **Section 3** - Local Current Revenues and Expenditures – 27 pages of detailed listing of revenues and expenditures.
- **Section 4**- Other Restricted – Seven pages of detailed listing of revenues and expenditures.
- **Section 5** - Capital Outlay Revenues and Expenditures – five pages of detailed listing of revenues and expenditures.



- **Section 6** - State Public School Fund – 26 pages of detailed listing of revenues and expenditures.
- **Section 7** - Federal Grant – 15 pages of detailed listing of revenues and expenditures.
- **Section 8** - Child Nutrition Revenues and Expenditures – three pages of detailed listing of revenues and expenditures.
- **Section 9** - Uniform Budget – Five pages summarizing the revenues and expenditures for all district funds.

The district’s budget document provides detailed listings of revenues and expenditures for the budget year, which enables the district to provide needed data to the State Department of Education and to establish budgets in the financial management system to monitor and manage expenditures. The document does not, however, provide data and information on the many other finance-related aspects of the district.

A school district's budget is most effective when it is useful to both district staff and the community-at-large in understanding the district operations. A budget document has three major purposes: a communications device, a policy document, and a financial plan.

Budget documents developed by school districts are varied and customized for each district’s needs and desires. The budgets for many school systems include multi-year comparative data in easy to understand formats that provide useful information to readers. To enable readers to easily understand the budget many districts include graphs, charts, and narrative that explain all the numbers.

Best practices budgets include sections such as:

- an introduction that provides information on the school board, a transmittal letter and a budget summary that includes messages from the board chair, and superintendent, charts, graphs and narrative on revenues, expenditures, staffing, enrollment, and an explanation of the budget process and other explanatory information;
- a section on organization that includes a district’s vision and mission statement, organization charts, and budget calendar;
- a section providing financial summaries for funds, expenditures by objects, functions, departments and schools, multi-year history of positions, projected revenues, and history of fund balances (Easily understood schedules for each department and school that present budgeted amounts by summarized categories such as salaries, benefits, operating and capital with comparisons shown for the year to the previous two to three years so that a reader can easily see the trends);
- individual subsections for programs, schools, and departments that show multi-year data for staffing, expenditures, achievements and goals for the budget year;



- sections for grant funds, child nutrition, and capital improvement plans; and
- an information section that includes history of per pupil expenditures, ratios of staff to student enrollments, teacher to student ratios, comparisons to peer districts and state averages, salary schedules, insurance coverages, and glossary of terms.

The Association of School Business Officials (ASBO) and the Government Finance Officers Association (GFOA) are two national organizations that promote excellence in the form, content and presentation of budget documents. The following is a list of sample criteria for ASBO-certified budget documents:

- table of contents that identifies major budget sections;
- executive summary that presents an overview of key initiatives and financial priorities;
- background and current information about the district, its mission and its goals;
- organization charts;
- overview of the budget process; and
- graphs and charts to facilitate understanding and illustrate key financial information.

Many school districts across the country use the criteria to apply for awards these organizations grant, but some use it primarily to improve their budget document's content, format and presentation. School districts have an opportunity to "tell their story" when their budgets communicate what is behind and beyond the numbers. ASBO promotes excellence in the school business management profession through entity award and recognition programs, and it provides an excellent source for training materials in developing budgets and financial reports.

RECOMMENDATION

Recommendation 3-3:

Improve the district’s budget document and submit it for review to the Association of School Business Officials and the Government Finance Officers Association for continued improvement.

Improving the district’s budget document to include summary comparative information by departments and schools, summary comparative information for positions and other useful information will enable the board and community to better understand how taxpayer dollars are being used in educating students of the district. Submitting the budget document to either the GFOA or ASBO for review and comment will enable the district to continue to make the district’s budget document a more useful tool.

FISCAL IMPACT

The fiscal impact of this recommendation is based on the cost of submitting the district’s budget document to the Association of School Business Officials and the Government Finance Officers Association for review and comment.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Improve Budget Document	(\$600)	(\$600)	(\$600)	(\$600)	(\$600)



FINDING

Although the district maintains a General Fund balance, it does not have a formal General Fund Balance policy and there are no reports that routinely present account status and use of the funds in the account. There is also no coordination of the need for a fund balance in its General Fund with Lee County Government. Without a policy the Board is not providing sufficient guidance to district management pertaining specifically to what the district’s fund balance goal should be or what actions LCS should be taken to reach it.

Fund balance policies are needed not only to provide guidance as to how to achieve and maintain a minimum fund balance but how to manage the balance when there is an amount in excess of the minimum. Districts that are fortunate enough to achieve a substantial fund balance should develop policy that establishes criteria for when and for what priorities the balance should be used. Coordination of a district’s general fund balance with that of the county helps ensure that the total of the two adequately provides a reserve of resources that can meet cash flow needs and to cover unexpected costs.

The LCS General Fund balances for the 2007-08 to 2009-10 fiscal years are shown in **Exhibit 3-8**. As contained in the district’s audited comprehensive financial report, the definitions for the three components of its unreserved General Fund Balance are:

- *Designated for subsequent year’s programs – unexpected funds available at year end, which are held for specific programs of the Board.*
- *Designated for subsequent year’s expenditures – portion of total fund balance available for appropriation which has been designated for the adopted (next year’s budget) for the adopted (next year’s) budget ordinance.*
- *Undesignated – portion of total fund balance available for appropriation, which is uncommitted at year-end.*

Exhibit 3-8
Lee County Schools
Unreserved General Fund Balances
2007-08 through 2009-10 Fiscal Years

Fiscal Year	Designated for Subsequent Year’s Programs	Designated for Subsequent Year’s Expenditures	Undesignated	Total
2007-08	\$672,646	\$1,004,234	\$448,292	\$2,125,172
2008-09	\$790,609	\$1,264,043	\$499,321	\$2,553,973
2009-10	\$0	\$1,358,982	\$980,377	\$2,339,359

Source: LCS’s audited comprehensive financial reports, 2007-08 through 2009-10.

Exhibit 3-9 shows the General Fund balance for Lee County Government for the 2007-08 through 2009-10 fiscal years. As shown in the County’s audited comprehensive financial report, the definitions for the three components of its unreserved General Fund Balance are:



- Designated for subsequent year’s expenditures represents the portion of total fund balance available for appropriation which has been appropriated in the 2009-10 budget ordinance.
- Designated for special purposes represents the portion of total fund balance restricted for use by the Fire Marshall and the human service agencies.
- Undesignated represents the portion of total fund balance available for appropriation which is uncommitted at year-end.

Exhibit 3-9
Lee County Government
Unreserved General Fund Balances
2007-08 through 2009-10 Fiscal Years

Fiscal Year	Designated for Subsequent Year’s Expenditures	Designated for Special Purposes	Undesignated	Total
2007-08	\$2,398,966	\$504,480	\$8,053,905	\$10,957,351
2008-09	\$1,068,620	\$556,479	\$9,327,392	\$10,952,491
2009-10	\$2,103,163	\$589,810	\$9,412,184	\$12,105,157

Source: Lee County Government’s audited comprehensive financial reports, 2007-08 through 2009-10.

The combined unreserved fund balances for Lee County Schools and Lee County Government are shown in **Exhibit 3-10**. The total unreserved balances are shown which include fund balances for designations because the definition for designated fund balances represents tentative management plans that are subject to change.

Exhibit 3-10
Consolidated Lee County Government and Lee County Schools
Unreserved General Fund Balances
2007-08 through 2009-10 Fiscal Years

Fiscal Year	Lee County Schools	Lee County Government	Total
2007-08	\$2,125,172	\$10,957,351	\$13,082,523
2008-09	\$2,553,973	\$10,952,491	\$13,506,464
2009-10	\$2,339,359	\$12,105,157	\$14,444,516

Source: LCS’s audited comprehensive financial reports, 2007-08 through 2009-10.

Developing and implementing a General Fund balance policy enables a governmental entity to better manage its general fund resources. In addition monthly reports such as the format shown in **Exhibit 3-11** enables governing boards to monitor the entities general fund balance all during the year as estimated revenues and expenditures that are used to develop the budget are actually realized.



**Exhibit 3-11
Sample Fund Balance
Monthly Report**

Lee County Schools General Fund Balance Monthly Report For the Month Ended xx-xx-xx			
Description	Year to Date Totals	Estimated for the Remainder of the Year	Estimated Yearly Totals
Beginning Fund Balance			
Revenues			\$0,000
Revenues:			
Lee County	\$0,000	\$0,000	\$0,000
Federal Sources	\$0,000	\$0,000	\$0,000
Other	\$0,000	\$0,000	\$0,000
Total Revenue	\$0,000	\$0,000	\$0,000
Expenditures			
Salaries	\$0,000	\$0,000	\$0,000
Benefits	\$0,000	\$0,000	\$0,000
Purchased Services	\$0,000	\$0,000	\$0,000
Supplies & Materials	\$0,000	\$0,000	\$0,000
Capital Outlay	\$0,000	\$0,000	\$0,000
Other	\$0,000	\$0,000	\$0,000
Total Expenditures	\$0,000	\$0,000	\$0,000
Projected Ending Fund Balance	\$0,000	\$0,000	\$0,000

Source: Developed by Evergreen Solutions, December 2011.

RECOMMENDATION

Recommendation 3-4:

Develop a General Fund Balance policy that is coordinated with Lee County Government for the combined minimum and maximum fund balance needs of both the school system and the county.

The General Fund Balance policy should establish a minimum fund balance, provide guidance on to achieve the minimum balance, and require fund balance status reports to the board.

A coordinated General Fund Balance policy will help ensure a reasonable and adequate balance is maintained in both the district’s and county’s fund. The coordinated policy will help ensure that both entities have sufficient but reasonable funds to meet needs for cash flow and unexpected cost, but will also provide policy so that funds are not unnecessarily accumulated that could be used for pressing needs or to reduce the tax burden on county taxpayers.

The policy will provide guidance to the minimum balance, how to achieve the balance, and the use of the district’s account balance that exceeds the minimum target. Reports to the board will



help the members to monitor the account balance and have an understanding of the impact of actions that impact the balance.

FISCAL IMPACT

This recommendation can be implemented with existing resources. Savings for consolidating the two balances is shown in the Lee County Government's report.

FINDING

LCS provides limited management-level reports to the School Board yet none are provided to the Board of County Commissioners. Providing easily understandable monthly financial reports are essential for both governing bodies to understand how financial resources are being used.

Comments were provided to the Evergreen Team concerning a somewhat difficult relationship between the district and the county. A part of this less than desirable relationship could be caused by a lack of financial data provided to the county by the school district. It is not uncommon for distrust to exist when financial data are not presented in a manner that is user friendly to individuals unaccustomed to deciphering such information.

Monthly reports are prepared for the school board that shows revenues and expenditures for district funds that include:

- current expenses fund;
- other restricted funds;
- capital outlay funds; and
- child nutrition.

Reports for the funds include a revenue statement that lists the budgeted revenues and expenditures that show budgeted amounts, amounts for the current month, total amounts for the year, encumbrances, and the ending balances. **Exhibit 3-12** presents an example of a monthly LCS report, which shows expenditures for the current fund for the month of May 2011.

Most school systems provide useful and easily understood financial information to keep the School Board, Board of County Commissioners, and public informed about the district's financial activity and status. Reports prepared by school districts vary depending on the size, organizational structure of the district, as well as the desires and needs of the Lee County School Board and Board of County Commissioners.

Many times reports are broken down by major functional units such as schools and departments and then by major object of expenditures. An example of a report is shown in **Exhibit 3-13**. Similar reports for revenue budgets are prepared monthly to monitor the receipt of funds during the year. Also, financial managers regularly analyze expenditure and revenue trends and project amounts for the remainder of the year to provide oversight groups with year-end estimated amounts and balances.



Exhibit 3-12
Monthly Board Report
May 2011

CURRENT EXPENSE FINANCIAL STATEMENT

May-11

	Total Budget	MTD Activity	YTD Activity	Outstanding Encumbrances	Ending Balance
EXPENDITURES:					
5100 Regular Inst. Programs	\$ 3,886,544.68	\$ 454,937.27	\$ 3,734,398.05	\$ 30,075.28	\$ 122,071.35
5200 Special Instr. Programs	\$ 716,483.00	\$ 15,178.91	\$ 259,548.57	\$ -	\$ 456,934.43
5300 Alternative Programs	\$ 193,827.00	\$ 12,256.02	\$ 126,168.18	\$ 16,987.92	\$ 50,670.90
5400 Sch Leadership Services	\$ 1,636,039.58	\$ 175,005.54	\$ 1,260,170.68	\$ 4,208.46	\$ 371,660.44
5500 Co-Curricular Services	\$ 415,369.66	\$ 92,499.94	\$ 317,918.09	\$ 9,844.23	\$ 87,607.34
5800 Sch Based Support Serv	\$ 1,204,221.00	\$ 105,906.76	\$ 981,842.26	\$ 36,272.65	\$ 186,106.09
6100 Support & Devl Services	\$ 333,092.00	\$ 30,320.43	\$ 308,196.81	\$ 2,296.96	\$ 22,598.23
6200 Special Pop Support	\$ 92,255.00	\$ 14,297.69	\$ 93,229.36	\$ -	\$ (974.36)
6300 Alternative Prog & Serv	\$ 8,309.00	\$ 9,110.65	\$ 32,720.84	\$ -	\$ (24,411.84)
6400 Technology Support Serv	\$ 461,795.00	\$ 51,094.74	\$ 308,304.92	\$ 13,061.50	\$ 140,428.58
6500 Operational Support Serv	\$ 6,512,686.93	\$ 541,157.80	\$ 5,054,944.57	\$ 340,963.68	\$ 1,116,778.68
6600 Financial & HR Serv	\$ 652,287.00	\$ 16,973.31	\$ 439,509.66	\$ 84,573.35	\$ 128,203.99
6700 Accountability Serv	\$ 25,000.00	\$ 94.45	\$ 12,008.26	\$ -	\$ 12,991.74
6800 System-wide Supp Serv	\$ 110,511.00	\$ 7,563.59	\$ 78,713.15	\$ -	\$ 31,797.85
6900 Policy/Leadership Serv	\$ 531,338.00	\$ 28,566.88	\$ 442,566.20	\$ 6,046.20	\$ 82,725.60
7100 Community Serv.	\$ 107,189.00	\$ 8,976.41	\$ 91,166.33	\$ 1,340.21	\$ 14,682.46
7300 Adult Services	\$ 592.00	\$ -	\$ -	\$ -	\$ 592.00
8100 Payment to Other Gvt	\$ 15,000.00	\$ 4,585.00	\$ 15,771.54	\$ -	\$ (771.54)
TOTAL EXPENDITURES	\$ 16,902,539.85	\$ 1,568,525.39	\$ 13,557,177.47	\$ 545,670.44	\$ 2,799,691.94

Source: Lee County Schools Finance Office, December 2011.



Exhibit 3-13
Example of Management Report for
Lee County Schools

Organization/ Object of Expense	Budget	Monthly Expenditures	YTD Expenditures	Encumbrances	Remaining Balance
HIGH SCHOOL					
Salaries	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Benefits	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Purchased Services	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Supplies & Materials	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Capital Outlay	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Other	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Total High School	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
TRANSPORTATION DEPARTMENT					
Salaries	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Benefits	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Purchased Services	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Supplies & Materials	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Capital Outlay	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Other	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
Total Transportation	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000

Source: Created by Evergreen, December 2011.

RECOMMENDATION

Recommendation 3-5:

Develop summary financial reports for the School Board, the Board of County Commissioners, and the public.

Summary reports that present the district's budget data in a more user-friendly manner will make it much easier for members of the School Board, County Board of County Commissioners, and public to understand how the district is expending its funds and the status of its financial resources. As the readers become better informed and develop confidence in the data, trust will improve.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

3.3 RISK AND ASSET MANAGEMENT

Risk management includes the identification, analysis and reduction of risk through insurance and safety programs to protect the district's assets and employees. Workers' compensation is intended to protect district employees in case of work-related accidents or injuries. Property and casualty insurance protects the district from liabilities arising from property damage, bodily injury and other situations in which the district may be at risk. Asset Management includes



processes that provide oversight and appropriate internal controls to protect district assets and helps ensure that all assets are properly managed and protected from abuse.

FINDING

The LCS workers' compensation program is managed by the Human Resources Department. Over the last three years, the school system has seen its accidents decline each year. In 2008-09 there were 68 reported accidents, in 2009-10 the number was 59, and in 2010-11 the number of accidents dropped to 49. Reducing the number of accidents not only results in reduced workers' compensation claims but also is an indicator that the district is providing a safer environment for employees and students.

In addition to having a districtwide safety committee and school-level committees, LCS manages safety training very effectively. The district uses an automated training module called Safeshools. The module provides access to electronic training sessions for a multitude of issues for district employees including safety training. The system not only provides efficient training of safety and many other topics but allows the district to monitor training taken by employees to help ensure that all mandatory training is attended.

COMMENDATION

Lee County Schools is commended for providing and tracking safety training through the use of Safeshools software that has helped reduce accidents in each of the last three years.

FINDING

Lee County Schools uses an automated inventory system to record and track its investment in fixed assets and other assets. The district also has written policies and procedures that provide guidance to properly managing inventory items; however, controls over deleting items from inventory could be improved.

District Policy 8350, Fixed Asset Inventory, defines fixed assets as items of tangible property, real and personal, having a value of \$5,000 or more and an estimated useful life of two years or more. Fixed assets with the value of \$5,000 or more are used for financial reporting purposes and are included in the district's comprehensive annual financial report.

In addition, the district also tags and records information for items with values of \$700 to \$4,999 and high theft items (such as computers, monitors, printers, televisions, and sound systems). All items are recorded using the Inventory Plus software.

Management of the district's inventory system is not centralized. Each school is assigned the responsibility and authority to make entries into the Inventory Plus asset system for their inventory items. Each school enters data for acquisitions, transfers, and deletions.

The School Board permits the Superintendent or his designee to dispose of personal property worth less than \$5,000 for a single item or group of similar items. Each year, prior to the end of the school year, the inventory clerks are required to complete a physical inventory and provide



the central office with printouts of the school’s inventory. Procedures further state that a principal or someone designated by the principal must sign forms for the transfer of inventory items, retired surplus, and repair forms that list items to be picked up by the Technology Department.

Procedures further state:

Retired Surplus – Assets no longer usage. It is IMPORTANT that you know what assets are being disposed or transferred. When the school does the physical inventory, all assts should be accounted for except the ones listed on the Transfer or Retire Surplus Report.

Principals or their designees can delete items from the inventory without approval from district management.

Although the Inventory Plus system can produce a report titled “List of Item Count Discrepancies,” procedures do not provide specific guidance on how this report is to be used. However, this report could be used to allow district management to review items not located during the physical inventory.

RECOMMENDATION

Recommendation 3-6:

Implement procedures to improve the district’s controls of the deletion of inventory items by requiring the Assistant Superintendent to approve all deletions.

Requiring the Assistant Superintendent to approve all deletions of items from the Inventory Plus system will improve LCS controls over inventory items. Procedures will help ensure that all items deleted from the inventory are justified and will increase the accountability of those employees that have responsibilities for the custody and care of assets.*

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Although bank accounts appear to be reconciled on a timely basis, they are not always reviewed by someone other than the person completing the reconciliation. Internal controls are weakened when bank reconciliations are not reviewed.

The normal process for bank reconciliations is for the Assistant Finance Officer to prepare bank reconciliations and to initial and date when completed. Completed reconciliations are then forwarded to the Assistant Superintendent who initials and dates them after a review.

*As the result of a comment made on the draft report, Evergreen consultants reviewed the forms provided and the comments and read again the procedures for inventory and warehousing (Item #41 of initial data request) which contain the Inventory Plus – Users Guide. We could not find any reference for the approval of fixed assets deleted other than by a principal.



However, a number of the bank reconciliations provided to the Evergreen Review Team did not contain the initials of the Assistant Superintendent that would provide assurances that they had been reviewed. The district provided copies of 13 bank reconciliations for the child nutrition, local fund, payroll clearing, state and federal, and the Stif investment account. Five of the reconciliations had initials and dates that indicate they had been reviewed, but eight did not have initials or signatures which provide evidence that the reconciliations had been reviewed by the Assistant Superintendent.

To ensure that bank accounts are always being reconciled in a timely manner, they need to be reviewed by another district employee. Having the Assistant Superintendent review completed reconciliations provides assurance that any problems or errors are identified and corrected timely. The identification and correction of any errors noted in the reconciliation process also ensures that financial information is accurate.

RECOMMENDATION

Recommendation 3-7:

Review and approve bank reconciliations to ensure that bank accounts are continually being reconciled accurately and in a timely manner.

Consistently reviewing and approving bank reconciliations by the Assistant Superintendent will help ensure that all bank reconciliations are being completed in an accurate and timely manner. Internal controls will be strengthened when bank statements are reviewed and approved consistently.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

3.4 PURCHASING

An effective purchasing program provides districts with quality materials, supplies, services, and equipment, in a timely manner at the lowest price. Purchasing policies and operating procedures help ensure a district complies with the local board requirements while performing purchasing functions in an efficient and timely manner. Policies should clearly establish purchasing authority, methods required for each type of purchase, provisions for conflicts of interest, and penalties for violating purchasing laws and policies. Purchasing procedures implement policies by documenting the steps taken by user schools, departments, and purchasing staff when goods or services are procured.

FINDING

LCS has initial plans to implement a procurement card. While plans are in process the program has not been fully developed.



LCS received and authorization letter from the North Carolina Department of Administration dated December 9, 2011. The letter stated:

Thank you for your interest in establishing a procurement card program for Lee County Schools of Lee County, NC. Subject to all provisions of NCAC T01:05B.1523 (copy attached), and state term contract #946A, you may proceed with implementation planning. A representative from Bank of America, the State's P-Card Contractor, will contact you shortly to begin gathering information needed for account setup, such as initial cardholders, payment options, credit line, transaction or dollar limits, etc.

Use of procurement cards in conjunction with NC E-Procurement @ Your Service has the potential for improved reporting, reconciliation, and streamlined workflows. We acknowledge that the Program Card Administrator is Kelly G. Jones, or kjones@lee.k12.nc.us at (Phone # 919-774-6226 Ext.229). Please advise us of any change to this assignment. We'll update all Card Program Administrators as this effort progresses.

You are also reminded to complete your P-Card manual and forward it to us within the 90 days required per the state term contract.

Within ninety (90) days after program implementation, send a copy of your agency's procurement card policies (preferably in electronic format) to me at the address below."

Procurement cards are designed to maintain control of expenses, while reducing administrative costs associated with authorizing, tracking and paying specific small, recurring purchases. Procurement cards are similar to debit cards but are designed to provide a high level of control while streamlining and simplifying the process for making low-dollar, high-volume purchases. Cards can be controlled at several levels, including by department and by employee. Card limits can be set by individual employee; by single purchase limits; with monthly, weekly, or daily limits; or some combination. Merchant category codes can also be established with each card so that employees can only make purchases through pre-approved vendors.

Districts can set spending limits for each card at issuance and place restrictions on the types of purchases made. An effective procurement card program centralizes the approval of cardholders, restricts cardholders to employees or job positions specifically approved by the school committee, lists examples of appropriate types of transactions and imposes limits based upon particular positions.

Procurement card expenditures are paid monthly to the issuing bank in the form of one lump-sum payment. Card holder payments can be reviewed daily, weekly, or monthly by both the cardholder and accounts payable staff. Using procurement cards significantly reduce the number of purchase orders and payments processed annually. Procurement card policies normally state that violations can result in revocation of the card and/or disciplinary action, up to and including termination of employment.

Information received indicates that LCS processed approximately 6,000 accounts payable checks during 2010-11. Using procurement cards can significantly reduce the number of purchase requests and payments processed. Procurement cards have produced savings by reducing the



number of purchase orders and payments, and in some instances by obtaining lower prices from their suppliers due to faster payments and some receive rebates from the procurement card contract.

RECOMMENDATION

Recommendation 3-8:

Complete the planning for a purchasing card program, and implement the program to increase efficiencies in the purchasing and payment processes.

The use of procurement cards will provide Lee County Schools with a more efficient process to obtain small dollar purchases and make subsequent payments to vendors. Time savings in the accounts payable process could be significant depending upon the procurement card limits and provisions.

FISCAL IMPACT

This recommendation can be implemented with existing resources.



**CHAPTER 4:
REVIEW OF FINANCIAL MANAGEMENT AND
OPERATIONS IN OTHER DEPARTMENTS**



4.0 REVIEW OF FINANCIAL MANAGEMENT AND OPERATIONS IN OTHER DEPARTMENTS

This chapter reviews financial administrative and support services in other departments in Lee County Schools (LCS) and is divided into the following sections:

- 4.1 Central Administration
- 4.2 Human Resources
- 4.3 Transportation
- 4.4 Child Nutrition
- 4.5 Facilities
- 4.6 Technology

The findings contained in this chapter are intended to identify operational strengths and challenges in Lee County Schools. The associated commendations and recommendations are designed to highlight operations and financial practices that are exemplary as well as provide strategies for addressing areas of concern.

4.1 CENTRAL ADMINISTRATION

The heart of an organization is its overall organization and management. The health of the organization can be ascertained in a number of ways, including reviewing the organizational structure and its management. An organization functioning at a best practices level has these characteristics:

- defines itself as a system and the organization’s stakeholders include its owners and staff, its suppliers, intermediate customers, the ultimate customers of the product or service, and the communities in which the organization operates;
- has a strong sensing system for receiving current information on all parts of the system and their interactions (system dynamics thinking);
- possesses a strong sense of purpose;
- operates in a “form follows function” mode—work determines the structures and mechanisms to do it and consequently it uses multiple structures, including formal pyramidal structures, horizontal structures and teams, project structures, and temporary structures as necessary;
- respects customer service both to outside customers and to others within the organization;
- is information driven and shares information across functions and organization levels;
- has communication systems which are relatively open throughout the organization;



- encourages and allows decisions to be made at the level closest to the customer, where all the necessary information is available;
- has reward systems that support team and individual development—managers, supervisors, and teams are appraised against both performance and improvement goals;
- operates in a learning mode and identifies learning points as part of the process of all decision making;
- makes explicit recognition for innovation and creativity, and has a high tolerance for different styles of thinking and for ambiguity;
- has policies which reflect respect for the tensions between work and family demands;
- keeps an explicit social agenda;
- gives sufficient attention to efficient work, quality, and safety awareness in operations, and identifying and managing change; and
- is generally guided by a strong manager employing a variety of work groups composed of individuals possessing appropriate skills and complementary traits.

Exhibit 4-1 shows the current high-level organizational structure for the central office in Lee County Schools. Support positions under the Associate and Assistant Superintendents, Directors, and Coordinators are not shown for simplicity.

An effective way of viewing the efficiency of a school system is by benchmarking total staffing ratios. The intent of an efficient school system is to provide as much direct classroom instruction to students as possible, while keeping the overall ratios of total staff to students within an acceptable range. The level of effectiveness in reaching this goal can be determined, in a large part, by comparing the percentages of total staff and instructional staff in the system of interest to other peer school systems. A school system compares favorably by exhibiting a higher percentage of instructional staff and a lower percentage of overall staff.

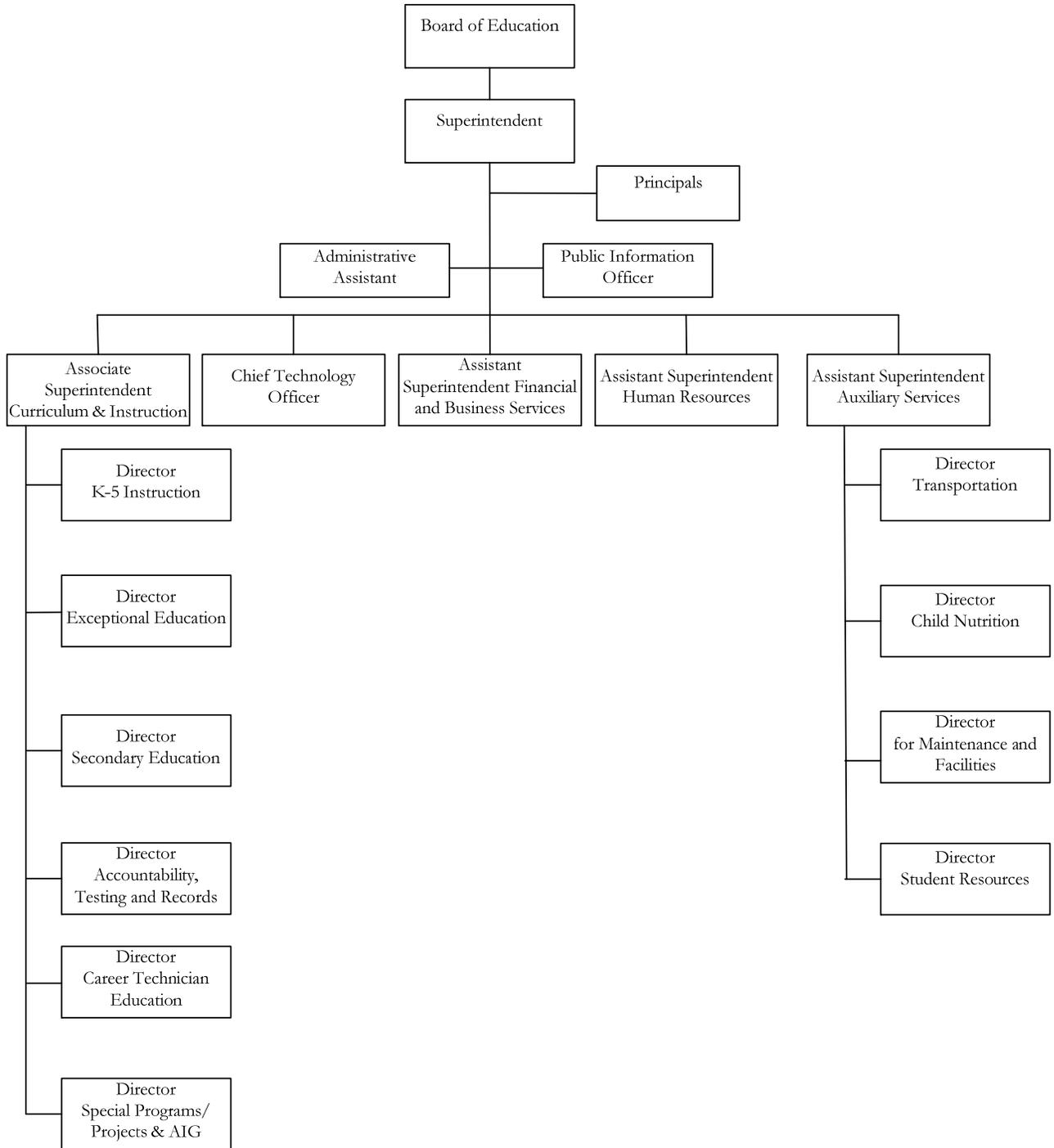
FINDING

Interviews noted that the central organization and related staffing are examined every year by the School Board. A recent central district office reorganization has better aligned responsibilities for accountability. Central responsibilities have been better coordinated to place related functions within offices where they are more aligned. This enables central staff to better coordinate planning and decision making.

With the focus the district has had on technology since initiation of its one-on-one computer program, a Technology Project Manager handles all technology initiatives. Each school also has an on-site technician with the high schools each having a technician and an assistant technician. By creating a unified approach to technology, Lee County Schools can ensure that it can take advantage of economies of scale in purchasing software and hardware. Central coordination also provides appropriate oversight which enables the district to be sure that its technology staff are able to support the purchases made.



**Exhibit 4-1
Central Office Organizational Structure
in Lee County Schools
2011-12 School Year**



Source: Lee County Schools, 2011.



The Assistant Superintendent for Human Resources has been designated to assist the Superintendent in handling all investigations of personnel and student-related issues. She is also now coordinating all public document requests in the district. Formerly, each school operated independently with respect to athletics with athletic directors reporting only to their principals. The Assistant Superintendent for Auxiliary Services now coordinates schoolwide athletics. This again allows LCS to capitalize on economies of scale in planning and coordination of athletic events and expenditures. Athletic directors are still evaluated by their own principals.

COMMENDATION

Lee County Schools is commended on continually examining and adjusting school and central office organization and coordination to enhance district responsibility and accountability.

FINDING

An additional result of continual examination of staffing in conjunction with the budget was the elimination of instructional coaches at the school level this year. There were seven elementary coaches, one K-5 reading coach, three middle school and two high school instructional coaches. The major responsibility of the coaches was to provide support to teachers in preparing lesson plans, modeling lessons, and supporting and leading curriculum and instruction within the schools. The responsibilities of these staff members have been assigned to assistant principals.

A comparison in **Exhibit 4-2** of the average number of assistant principals to schools shows that LCS has slightly more (1.3) than the average of peers (1.0). The LCS average is the same as the Franklin County average of 1.3, but higher than all other peer districts which range from 0.5 in Stanly County to 1.2 in Harnett County.

**Exhibit 4-2
Comparison of Assistant Principals
in Lee County and Peer School Systems
2009-10***

County School System	Total Number of Assistant Principals	Total Number of Schools	Average Number of Assistant Principals Per School
Lee	20	15	1.3
Chatham	12	16	0.8
Franklin	18	14	1.3
Granville	16	19	0.8
Harnett	32	27	1.2
Rutherford	20	18	1.1
Stanly	11	24	0.5
Surry	18	17	1.1
Peer School System Average	18	19	1.0

Source: NC Department of Public Instruction, 2011.

*the most recent year for which data on both school numbers and assistant principals is available.



RECOMMENDATION

Recommendation 4-1:

When considering further budgetary cuts, seek to maintain a ratio of student to instructional leaders at or near current levels.

With budget cuts, the loss of the 13 reading/instructional coaches at all levels removed staff performing critical curricular support. It has been Evergreen's experience that when curricular support employees are eliminated from schools, the lack of support for classroom instruction negatively affects academic progress. Thus, even though the average number of assistant principals in LCS is slightly higher than the peer average, it is not excessive especially considering the need for instructional leadership as opposed to management in schools.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The Lee County Board of Education has an extensive, active, and inclusive committee structure. Committees meet regularly and include Board members and central office staff. Board members often attend meetings of committees other than their own, although they are mindful of keeping attendance below a quorum. The meetings are advertised according to the Open Meeting laws and reportedly members of the Board of Commissioners and the public frequently attend. In fact, a representative of the Board of Commissioners has been appointed as a liaison to attend board and committee members and report back to the School Board.

The committee structure is outlined below:

- A Facilities and Technology Committee Membership includes:
 - two Board members;
 - the Superintendent;
 - the Associate Superintendent Curriculum and Instruction;
 - Assistant Superintendent Auxiliary Services;
 - Assistant Superintendent Financial and Business Services;
 - Assistant Superintendent for Human Resources;
 - Chief Technology Officer; and
 - an administrative assistant.

- A Policy Committee. Its members include:
 - two Board members;
 - the Superintendent;
 - Assistant Superintendent Auxiliary Services;
 - Assistant Superintendent Human Resources;



- Public Information Officer;
- representatives of all three school levels; and
- an administrative assistant.

- A Finance and Personnel Committee includes:
 - two Board members;
 - the Superintendent;
 - the Associate Superintendent Curriculum and Instruction;
 - Assistant Superintendent Auxiliary Services;
 - Assistant Superintendent Financial and Business Services;
 - Assistant Superintendent for Human Resources;
 - Chief Technology Officer; and
 - an administrative assistant.

- Three Curriculum and Instruction Committees meet regularly, one for each school level. Each includes:
 - two Board members;
 - the Superintendent;
 - the Associate Superintendent Curriculum and Instruction; and
 - representatives from each school at that particular level (e.g. the Elementary C & I Committee has two representatives from each of the district's nine elementary schools).

The Elementary C & I Committee also includes the Director of Elementary Education. The Middle School C & I Committee has two representatives of Bragg Street Academy and between four and seven representatives from each middle school. The High School C & I Committee includes two representatives from Bragg Street Academy, two to four representatives from each high school including Lee Early College. The High School C & I Committee also includes the Career Tech Education Director, the Chief Technology Officer, and the Director of Secondary Education.

Committees report during the regular board meeting. Items labeled "Committee Reports" are included on electronic board agendas. However, they are skeletal with full committee minutes found in the FYI Packet at the bottom of the Board report on the LCS website.

Although Evergreen representatives could not talk to all board members nor with a broad cross-section of staff within the district, discussions with selected Board members and others in LCS schools reflect that Board members are knowledgeable of district operations, student achievement data, and instructional programs. The interwoven structure of Board and central office operations has created a unified vision that individuals in many areas of responsibility noted. They are united in their vision that they are preparing students for competition in a global economy and even for jobs that do not yet exist. The active committee structure likely contributes to their deep and broad awareness and shared commitment.



COMMENDATION

Lee County Schools use a representative committee structure for decision making.

FINDING

Much of the Board's business is conducted in committees before being taken to the Board for action. While the structure of board committees involves many individuals, some of the business placed on the consent agenda is business that is typically an action item in other districts because of its nature or the amount of funds involved. Additionally, having so much of the Board's business conducted in committee meetings rather than at board meetings, regardless of the information available online to the public, presents a concern among members of the community regarding transparency.

Evergreen contacted representatives of peer districts selected for their comparability to Lee County Schools. Several do not have consent agendas but still report that their Board meetings do not take longer than approximately two hours. Franklin, Stanley, and Surry do not use consent agendas. Granville uses this approach, but does not always have items to place on a consent agenda. When it does, they are items that are considered routine and would not require discussion among board members. They do not put any financial items on the consent agenda. Rutherford uses similar guidelines for placement of items on the consent agenda. The district's representative who replied noted that she was not aware of "any specific dollar limits for financial items (to be placed on the consent agenda), but anything of a significant or questionable nature would certainly be presented as a separate item rather than in the consent agenda." Chatham County uses a consent agenda which includes:

...information that the Board has previously reviewed such as the personnel reports which are reviewed prior to the open meeting in closed session and the minutes from previous meeting(s). Sometimes they will include financial or other reports that have been previously reviewed by the Board.

Lee and Franklin Counties are the only school systems among peers that have standing committees. Others have provisions in policy either for temporary or ad hoc committees. Franklin County's representative stated that this school board accomplished much of its work through committees as LCS does. She noted that, even though they did not use a consent agenda, because of the work of the committees, generally no one was surprised by an agenda item and all were quite familiar as they had at least a month at least for consideration.

RECOMMENDATION

Recommendation 4-2:

Set a ceiling for financial items to be placed on the consent agenda, and discuss items to be routinely added as action items.



The Board’s current practice of allowing most committee work serve essentially as the entire board’s approval, especially as it relates to financial matters, is in contrast to best practices and those in peer districts. By setting a dollar figure above which a financial matter would become an action item on the Board agenda, LCS will ensure that all board members—not just Finance Committee members—are fully aware of fiscal matters for which the entire Board is responsible. While the Board does act on committee recommendations, placing such items as action items separate from committee reports should raise awareness among all Board members.

As part of the discussion relating to this recommendation, the LCS School Board should also look more closely at all committee recommendations that are taken to the Board and determine other areas that should become action items instead of committee recommendations to be acted upon.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Two recent actions by the Administration and the School Board do not send a message to LCS employees or the public that they are equally concerned about the needs of their teachers as they are their own. In tight economic times, it is essential that the perception and intent of equity undergird every decision.

Exhibit 4-3 shows the raises that some central office administrators were granted in 2010-11 and the percentage increase each received above the previous year’s compensation. Board members and administrators interviewed stated their unequivocal support for the merit of the raises. That is not the question, though, in Evergreen’s view. Nor is the total amount of the dollars involved. There is other staff in the district that surely merited raises as well.

The issue is the message the action sends to teachers and other staff about administrative and board priorities, and the value they set on themselves in contrast to other employees.

While, since 2008-09, the minimum teacher salary in LCS has remained at \$32,560 and the maximum has decreased from \$73,044 in 2008 to \$64,756 in 2011 (according to data from the LCS Finance Department) central office administrators received raises ranging from 4 to 21 percent gives the appearance that some staff are more worthy than others in the eyes of Administration and the Board. Undoubtedly that was not the intent of the action, but failing to look at the big picture of all staff within LCS when such an action is taken—especially in current economic times—offers that impression.

As shown in **Exhibit 4-4**, in addition to the salary increases provided to top level administrators, the Board also gave the Superintendent a substantial increase in salary and benefits in 2010-11.



Exhibit 4-3
Total Compensation and Increases Over 2009-10
of Central Office Personnel Receiving Raises
2009-10 and 2010-11 School Years

Staff Member	2009-10 Compensation	2010-11 Compensation	2011-12 Compensation	Difference	Percent Increase
Associate Superintendent Curriculum & Instruction	\$109,120	\$109,120	\$112,156	\$3,036	3%
Assistant Superintendent Finance	\$92,992	\$99,544	\$99,544	\$6,552	7%
Assistant Superintendent Human Resources	\$89,884	\$96,208	\$96,208	\$6,324	7%
Chief Technology Officer	\$89,884	\$91,396	\$91,396	\$1,512	2%
Director of Maintenance & Facilities	\$74,444	\$77,096	\$77,096	\$2,652	4%
Director of Exceptional Children	\$61,904	\$65,372	\$65,372	\$3,468	6%
Director of Transportation	\$58,412	\$65,096	\$65,096	\$6,684	11%
Totals/Average	\$741,552	\$798,644	\$801,680	\$60,128	8%

Source: Lee County Schools Yearly Total Compensation Central Office Personnel 2009-10, 2010-11 and 2011-12.

* Adding and additional \$18,000 in Annual Deferred Compensation, brings total to \$212, 812, for a 29.4 percent increase.

Exhibit 4-4
Total Compensation Lee County Superintendent
2008-09 through and 2011-12 School Years

Category	2008-09*	2009-10	2010-11	2011-12	Change	% Change from 2009-10
Monthly Salary	\$10,201	\$10,201	\$10,201	\$10,201	\$0	0.0%
Monthly Supplement	\$3,000	\$3,000	\$3,333	\$6,033	\$3,033	101.1%
Monthly Travel	\$500	\$500	\$1,000	\$0	-\$500	-100.0%
Monthly Housing Allowance	\$0	\$0	\$1,200	\$0	\$0	0.0%
Monthly Health	\$0	\$0	\$400	\$0	\$0	0.0%
Monthly Life	\$0	\$0	\$100	\$0	\$0	0.0%
Monthly Salary & Benefits	\$13,701	\$13,701	\$16,234	\$16,234	\$2,533	18.5%
Annualized Salary and Benefits	\$164,412*	\$164,412	\$194,812	\$194,812	\$30,400	18.5%
Temporary Housing Allowance (\$1,000 X 6) **	\$5,000	\$1,000	\$0	\$0	-\$5,000	
Relocation Allowance	\$4,000	\$0	\$0	\$0	-\$4,000	
Deferred Compensation	\$0	\$0	\$18,000	\$18,000	\$18,000	
Annualized Compensation Package	\$173,412*	\$165,412	\$212,812	\$212,812	\$39,400	29.4%

Source: Lee County Schools Yearly Total Compensation Central Office Personnel 2009-10, 2010-11 and 2011-12.

* Employed January 20, 2009; FY 2009 contracted salary + additional benefits = \$91,206.

** Temporary Housing allowance paid Feb 1, 2009 thru July 1 2009.



The School Board has an annual budget of \$22,000. Per the October 11, 2011 Agenda Report on Policy 2130-Board Member Expenses for 2011-12, the Finance Committee proposed an expenditure per board member for the 2011-12 school year of \$700 each for out-of-pocket expenses. Remaining funds may be distributed to a “board member(s) at the discretion of the majority of the board.” At the next board meeting on November 8, 2011, an Agenda Report estimated costs for board members to attend the National School Boards Association Annual Conference on April 21-23, 2012 in Boston at a pro-rated cost of “up to \$2,750 per person.” The total cap proposed for the trip was set at \$7,000. The proposal was recommended for approval by the Finance and Personnel Committee after review on October 31, 2011.

Evergreen understands and encourages professional growth of educators and others associated with school systems and, in fact, endorses continuous growth. However, as with the administrative raises, at a time when teacher salaries have remained unchanged since 2008-09 a Board decision to spend \$7,000 on travel to a national conference does not send a positive message to teachers or the public about the board’s priorities.

RECOMMENDATION

Recommendation 4-3:

Consider all staff when making decisions that offer benefits to only a few.

The School Board and Administration no doubt understand the importance of perception as well as the contributions that all staff within LCS make to its success. Employees who feel valued are—motivated to perform at high levels.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The district’s strategic plan is among the best that Evergreen has seen with respect to setting very specific longitudinal targets and measuring results. Processes described by interviewees and a review of board minutes and attachments randomly selected by Evergreen reflect that the data are shared publicly and with the board as they are available from the state. They are also added to the district’s website.

The strategic plan has a limited number of goals helping district staff to focus on them for likely attainment. Frequently, school districts select so many goals that staff cannot focus in order to achieve those most important for the schools, students, staff, and community. The document sets measurable targets of achievement for each objective under each goal. Initial benchmarks were set when the current Superintendent arrived. The Superintendent and staff examined past performance and student demographics in order to set high but achievable annual goals for the subsequent five years. Once senior staff finalizes goals and targets each year, they are presented to advisory committees of teachers, students, business members, the economic competitiveness committee and open to public comment.



The academic achievement measures are set for each grade 3-8 or for specific content areas at the high school level. Goals are repeated at the top of each page to help keep all four in mind as the plan is implemented throughout its duration. Next to the target, actual results are posted as data come in. This enables district staff to continually compare goals with progress. The only recommendations Evergreen would have to improve the district's strategic planning process is to assign specific accountability to staff for progress within the document and to identify interim benchmarks within each year for determination of progress and/or the need to make adjustments to heighten effectiveness of goal achievement.

COMMENDATION

Lee County Schools is commended for creating a comprehensive strategic plan with specific measurable annual benchmarks.

FINDING

The Board has taken a number of steps to reduce copying, staff, and printing costs. This year, Board members received iPads so that they could access relevant information during board meetings. The initial cost for the purchase of seven iPads was \$3,621 including taxes.

One advantage of going paperless for Board meeting information is that this prevents district staff from having to spend time and money copying hundreds of pages of background information for board packets. Another is that Board members have immediate access to board policies or other district documents during discussion of agenda topics at Board meetings.

Evergreen conducted an examination of two sample Board packets and all the associated materials that would have previously been copied and printed for distribution to board members and district level administrators. Each packet included approximately 600 pages. Therefore, to prepare copies of packets for the seven Board members, it used to require 4,200 pages, not to mention the staff time it took to copy, collate, and assemble the Board documents for each regular monthly meeting and related costs in toner and wear and tear on the copy machine. District representatives state that the average board packet is usually closer to between 200 and 300 pages.

Between July and December 2011 there were 14 Board meetings, not just seven, which would indicate the need for additional paper, toner, and copying time on the part of staff. Additionally, central office administrators also each receive a copy of the packet, adding to time and resources used to prepare hard copies. This practice is aligned with Board Policy 6530, Resource Conservation, which states in part that the Superintendent's responsibility is to reduce "the consumption of consumable materials whenever possible."

Exhibit 4-5 shows estimated annual savings from the use of iPads instead of hard copies of Board packets. Conservatively figuring just the savings in copying costs at \$.15 per page for Board packets for 12 meetings a year for only Board members, the purchase of iPads instead of hard copies of Board packets will realize an estimated annual savings of \$3,150 (250 copies x \$.15 per page x 7 board members x 12 meetings=\$3,150) after the first year.



**Exhibit 4-5
Estimated Annual Savings from the Use of iPads
for Board Meetings**

Cost/Savings	2011-12	2012-13	2013-14	2014-15	2015-16
Purchase iPads	(\$3,621)	\$0	\$0	\$0	\$0
Reduce copying costs	\$3,150	\$3,150	\$3,150	\$3,150	\$3,150
Annual Savings	(\$471)	\$3,150	\$3,150	\$3,150	\$3,150

Source: Created by Evergreen, 2012.

Formerly, each school had two hard copies of the policy book as well as all directors in the central office having one. In North Carolina, each school site must have one hard copy, but not necessarily more. By eliminating extra copies at each school as well as at the central office, Lee County Schools has accrued sizable savings again both in terms of copying costs and staff time.

COMMENDATION

Lee County Schools is commended for implementing the use of iPads for Board meetings as one means of resource conservation.

FINDING

Legal expenses in LCS are generally higher than in peer districts. The annual retainer for the school board’s attorney Love & Love, PA is \$5,000 per month compared to similar retainers in peer districts as low as \$500 per month. Franklin County Schools pays its board attorney a monthly retainer of \$500 for attendance at board meetings. For additional work, he is paid \$115 per hour. Total expenses last year for attorney costs were \$37,523.

Rutherford County Schools has legal expenses similar to what LCS had before adding payment for handling bond forfeitures in December. Over the past two years, Rutherford officials estimate their average annual expenses to have been \$60,000. However, those included exacerbating issues they have faced that include: a new superintendent, a new Finance Officer, the district’s first ever Reduction in Force, and re-working the board policy manual. Rutherford County Schools anticipates that costs will decrease in the future.

Exhibit 4-6 shows that legal costs have increased in LCS over the past several years. Reportedly, increases were associated with personnel issues which are always unpredictable. A review of invoices shows an estimated \$5,000 in costs were related to personnel issues, but LCS did not provide enough detail to Evergreen consultants to be able to absolutely correlate personnel issues to the increases experienced in payment to Schwartz & Shaw in 2010-11.



Exhibit 4-6
Legal Costs in
Lee County Schools
2008-09 through 2010-11 School Years

Law Firm	2008-09	2009-10	2010-11
Love & Love	\$60,000	\$60,000	\$55,000 ¹
Schwartz & Shaw	\$336	\$1,070	\$14,474
Tharrington, Smith, LLP	\$98	\$2,335	\$26 ²
Total (see notes below)	\$60,434	\$63,405	\$69,500
Total with 12th month Love & Love and March Tharrington, Smith Payment	\$60,434	\$63,405	\$76,174

Source: LCS Detailed Budget.

¹June not included in Budget with Details submitted to Evergreen.

²an additional payment for \$1,674.33 dated 3/24/11 was not posted.

The LCS Superintendent has put procedures in place to limit access to the attorney. The Superintendent stated that he is the liaison between the schools and the attorney, and keeps up with time spent in consultation with the attorney(s) himself. This ensures that legal advice is requested based on a uniform, centralized set of information rather than the attorney being asked essentially the same legal question from different perspectives and sets of “facts.” If the attorney was on a fee basis rather than a retainer this would also help to control costs by preventing principals and other administrators from seeking legal advice without having to request approval from the superintendent. These are good management strategies for cost control. However, examining LCS legal costs in comparison to peer districts provides a broader understanding of relative legal costs to the district. Furthermore, LCS only has contracts specifying attorney fees with Love & Love, not the other two firms with which it conducts business. However, the North Carolina School Boards Association has a relationship with Tharrington, Smith LLP which reportedly helps contain district costs with that firm.

Additionally, a review of invoices from the three primary law firms LCS uses reveals that there is no accounting and little detail provided. Generally, all law firms bill in portions of hours. Bills from Schwartz and Shaw only state that fees requested are for “services” or “expenses.” They do not detail what either is for. There is no accounting for time spent related to the “professional services,” so it is impossible to compute an hourly fee. LCS does not have a contract for services with the firm that spells out hourly fees. Postage, meals, mileage, and photocopying are the only identifiable costs. Bills for services in the invoices reviewed between March 2010 and June 2011 range from \$8 for photocopying 40 pages to \$3,889 with no supporting detail regarding the services or hours spent providing them.

The district uses Tharrington, Smith, LLP (out of Raleigh) for special education needs. Although this firm’s bills are somewhat more detailed, at least describing how time was spent (i.e. “telephone conference,” “policy review”), they still do not detail the hours spent on activities. Evergreen did not receive a copy of a contract detailing services or fees, but occasional open purchase orders are issued to cover expenses for a period of time. Invoices for the period reviewed range from a low of \$127.50 to a high of \$7,158.71.



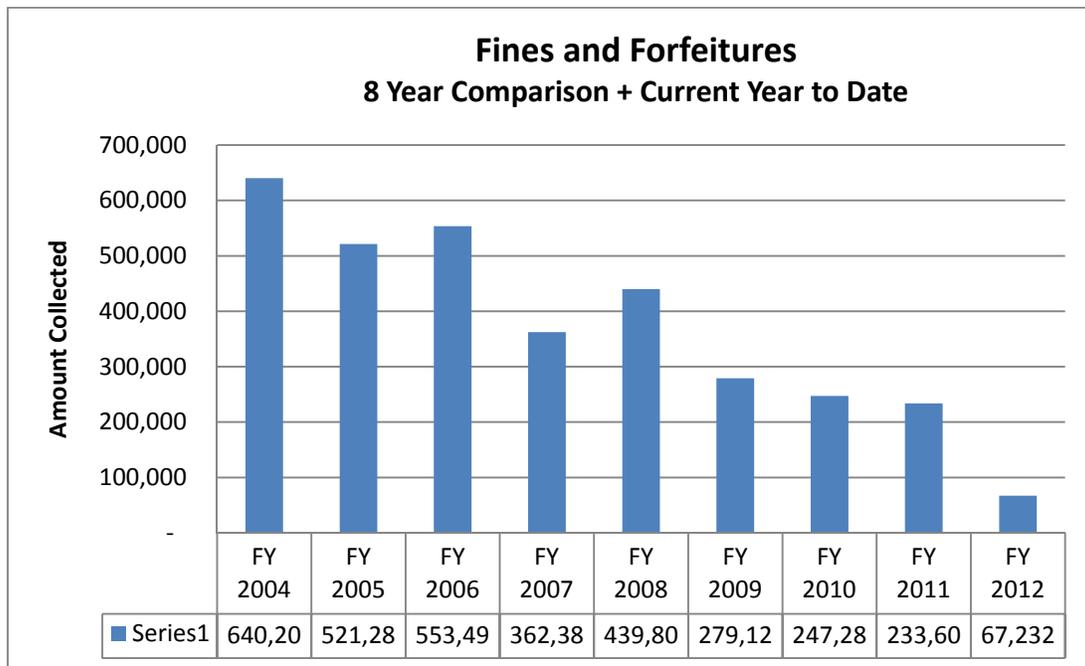
Board Policy 8230 Penalties, Fines and Forfeitures states:

The Superintendent shall seek all funds that the constitution requires to be directed to the public schools. The Superintendent shall report periodically to the Board the amount of penalties, fines and forfeitures which have been collected.

On December 5, 2011, the LCS board voted to pay Love & Love an additional \$100 per hour for the time the attorney spends on bond forfeitures. Until about a year ago, fines and forfeitures were taken care of by the District Attorney. At that time, the District Attorney informed LCS staff that they would no longer take the lead in this area and Mr. Love began appearing and objecting for LCS. The addendum to his contract was to begin compensating him for the time he spends representing LCS in those hearings. Between December 2010 and November 18, 2011, he had been involved in 270 bond forfeiture cases. Taken as a single issue, this appears to be plausible rationale for additional compensation.

A chart in **Exhibit 4-7** provided by LCS shows that revenues from fines and forfeitures have been decreasing over the past eight years. Opinions differ on the need for board attorney involvement. One person noted that, in other districts when the board attorney assumed responsibility for this, revenues increased. Still a Finance Director in another North Carolina district indicated there was no need for a board attorney to become involved.

Exhibit 4-7
Comparison of Revenues from Fines and Forfeitures
2004-12 Fiscal Years



Source: Lee County Schools, Associate Superintendent's Office, 2012.



There are some discrepancies in the contract agreements that are included as part of the Board packet for that December agenda item that raise questions about terms and related payments:

- In one document titled ‘Lee County Agreement for Legal Services,’ it stipulates that, “This agreement is made and entered into this 1st day of January 2012” and that the Lee County School Board would “...provide financial consideration for the cost of performance...for the period January 1, 2012-June 30, 2012.” This addresses the additional \$100 per hour for bond forfeitures.
- In the next attachment, entitled ‘Agreement for Legal Services,’ it states “This Agreement made and entered into this 5th day of December 2011...is effective July 1, 2010.” It describes payment of the monthly retainer of \$5,000 and the additional compensation of \$100 per hour to handle the bond forfeiture hearings.” It further states that the agreement will be in effect for the 2011-12 school year.

While LCS officials told Evergreen that the additional fees will only be paid from December 15, 2011 through the end of the contract period for the 2011-12 school year, discrepancies such as this should not occur.

Additionally, the contract states that it is not to exceed \$8,500 for January to June 2012. Annualized, this amounts to an ongoing increase in attorney fees of \$17,000 per year for a total to the board attorney of \$77,000. That is far more than any peer district spends on legal costs especially since it does not include payments to the other two firms the district uses.

RECOMMENDATION

Recommendation 4-4:

Take steps to reduce legal expenses and increase accountability for legal services in Lee County Schools.

The implementation of this recommendation should include:

- reducing legal fees to costs more comparable to peer districts;
- entering into contracts for all legal services;
- requiring documentation of specifics relating to all services and costs on invoices from law firms; and
- placing all contracts on the board agenda as action items.

Paying invoices to any firm without details describing what the services were for evidences more trust than should be demonstrated in any business transaction, whether with law firms or other entities. It is particularly unusual in transactions with law firms for there to be so little provision of details for time billed or services conducted. The district demonstrates a desire to have accountability for attorney expenses. Implementing this recommendation would expand current procedures. While entering into contracts may not reap any savings, it will raise awareness of the



time attorneys dedicate to LCS business and its related costs. It will also ensure citizens that the district is doing all it can to make accountability a hallmark of all LCS activities.

The current board attorney has been with the district for years. Bidding services may engender interest from other law firms willing to work for fees closer to peer district costs.

FISCAL IMPACT

Evergreen recommends a reduction of annual projected costs by a minimum of 40 percent. Reducing the annual contract from \$77,000 by 40 percent would accrue annual savings of \$30,800.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Reduce Legal Costs	\$30,800	\$30,800	\$30,800	\$30,800	\$30,800

FINDING

Until approximately a year and a half ago, relations between the School Board and the Board of County Commissioners were congenial. In the past, the County Manager, Chair and Vice Chair of the Board of Commissioners met monthly with the Superintendent and Chair and Vice Chair of the School Board. In this way, each individual was apprised regularly of issues that may be on the horizon. In fact, minutes from the September 14, 2010 school board meeting show that the Board nominated the Lee County Board of Commissioners for the North Carolina School Boards Association County Commissioners Award. It is apparent from discussions with most anyone associated with either organization that relations have seriously deteriorated since then.

According to representatives of the Lee County Schools with whom Evergreen met, there has been one such meeting held within approximately the past year and a half. A representative of the Board of County Commissioners does attend School Board meetings and committee meetings, but it is not clear that observations or upcoming issues are shared with the Board of County Commissioners. Even if they were, such indirect means of communications does not facilitate problem solving or present opportunities for compromise.

RECOMMENDATION

Recommendation 4-5:

Re-convene monthly meetings of senior leaders and board leaders in the schools and county, and take other steps to create open communications.

When people, even those in potentially adversarial positions meet on a regular basis, discuss issues face-to-face, and get to know each other as individuals with hopes and aspirations for the entities for whom they work, it is far easier and more pro-active to address potential challenges in a give-and-take manner. When they do not, tense issues are allowed to fester without being laid on the table for open, two-way discussion, and relations crumble. While a lack of communication contributes to supposition and assumptions about stands, beliefs, and motivations of each body toward the other, straightforward and direct communications strengthen



understanding between the bodies and the individuals. Implementation of this recommendation will benefit both boards, their members, and most of all, the community they all represent.

The LCS staff should work to ensure that the representative of the Board of Commissioners is welcomed and provided sufficient information to fully understand the issues before the school board and its committees. He/she should also regularly report to the Board of Commissioners on progress and challenges faced by the schools. In this way, all Commissioners are fully apprised of potential school board issues that may have repercussions for the Commission and there are no surprises.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

Embedded in the LCS culture and apparent in all conversations with LCS staff and Board members is a belief in outreach to the community and preparation of students to be globally competitive. The interwoven structure of School Board and central office operations has created a unified vision that individuals in many areas of responsibility stated. They are united in their vision that they are preparing students for competition in a global economy and even for jobs that do not yet exist. This has manifested itself most recently in an expansion of high school civics curriculum through the work of the Economic Competitiveness Committee that includes apprenticeships for students and teaches students civic responsibility with regard to voting, job preparation, taxes, and citizenship.

During the site visit, two LCS representatives also shared a copy of a brochure marketing the community through promoting the schools that had been created independently of the schools. The brochure was initiated by the Chamber of Commerce. Acknowledgements in it include: The Sanford Herald, Lee County Second Century, Progress Energy, and the Sanford Area Association of Realtors.

COMMENDATION

Lee County Schools is commended for its effective outreach to the community.

FINDING

The turnover rate among teachers at all levels in LCS is higher than peers. Evergreen was told that the district's turnover rate has decreased from a high of 18 percent in 2006-07 to current lower rates in recent years. Still, LCS turnover percentages at all school levels exceed the peer and state average numbers. One of the challenges that LCS faces in keeping teachers is that the supplement rate in nearby counties is higher than the supplement offered in the district. Especially as teachers approach their last four years which count toward retirement, the temptation to transfer to other districts with higher supplements is strong.



Exhibit 4-8 shows data comparing turnover rates in LCS and peer school systems.

**Exhibit 4-8
Comparison of Teacher Turnover*
Lee County and Peer School Systems
2010-11**

County School System	Elementary	Middle	High
Lee	13%	14%	16%
Chatham	14%	15%	12%
Franklin	11%	10%	14%
Granville	9%	15%	18%
Harnett	12%	16%	17%
Rutherford	10%	7%	11%
Stanly	11%	6%	9%
Surry	5%	8%	13%
Peer Average	11%	11%	14%
State Average	10%	13%	13%

Source: NC Department of Public Instruction, 2011.

*Percentage of classroom teachers who left their school district from March of the prior year to March of the current year.

Exhibit 4-9 shows the salary supplements provided teachers in peer districts. Evergreen has also included Wake and Moore supplements since their proximity to Sanford for commuting purposes make their supplement potentially attractive and commuting easy. Harnett, Chatham, Moore, and Wake are the counties that are contiguous to Lee. While the Harnett supplement is less than in LCS, the supplements in the other counties are all higher than in Lee County Schools.

**Exhibit 4-9
Comparison of Teacher Supplements
Lee County and Peer School Systems
2010-11**

County School System	Supplement
Lee	\$2,859
Chatham	\$4,009
Franklin	\$2,700
Granville	\$2,188
Harnett	\$2,260
Rutherford	\$1,100
Stanly	\$1,853
Surry	\$1,158
Moore	\$3,535
Wake	\$6,031
Peer Average*	\$2,181
State Average	\$3,478

Source: NC Department of Public Instruction, 2011.

*excluding Wake and Moore Counties which are not peer districts but are contiguous to Lee County.



The costs of turnover are estimated to be between 50 to 150 percent of the annual salary of a position depending on the level of seniority. Costs are associated with loss of the staff person, recruitment to replace the individual, management time to interview, training time of the new person as well as the person training them, loss of productivity even when the position is occupied before it is filled, and new hire costs including supervisory time gaining trust and creating rapport.

The website <http://www.exitinterviews.com.au/staff-turnover.htm> states:

Research confirms a clear link between effective staff retention strategies and well-performing companies. If you take Fortune Magazine's list of 'the 100 best employers' (many of whom have exceptional staff retention records), 80 per cent have outperformed their peers on the Standard and Poors Index. Furthermore, an Aberdeen Group Report in 2001 found that top performing employees deliver 12 times the value of mid-level performers.

All of the above are reasons for LCS to continue to focus on increasing retention rates.

To illustrate the potential salary-related costs of turnover using an average teacher salary and benefits of \$56,686 (<http://www.dpi.state.nc.us/fbs/allotments/planning/>) and a turnover cost of 150 percent, the cost of turnover per teacher who leaves the district each year is \$85,029. Using the two percent difference between peer rates and LCS at the elementary and high school levels as an average, two percent of LCS' 612 classroom teachers equal 12 teachers (612 from **Table A** of the Public School Personnel Summary from the Statistical Profile of the Public Schools of North Carolina). This two percent turnover higher than peer districts (12 teachers x 150 percent of the average teacher salary in LCS of \$56,686) amounts to an annual cost today to LCS of \$1,020,348. Reducing turnover rates would make that cost a savings.

RECOMMENDATION

Recommendation 4-6:

Examine turnover data to identify patterns and develop targeted strategies to increase retention.

An examination of which teachers are leaving may provide LCS data regarding whether the difference in supplements with neighboring districts is affecting it is higher than the peer turnover rate. Determining the years of experience of those leaving would also provide information regarding the extent to which supplements are impacting turnover as will exit interview responses. Sizable savings would accrue by reducing the turnover rate to peer averages.

If the data show that comparative supplements are influencing turnover, there may be associated costs with increasing LCS supplements. They could be well offset, though, by savings from higher retention rates. There are a number of resources available through human resources organizations and online to help more specifically estimate turnover costs. One example is at the



University of Wisconsin's Center for Community and Economic Development website
<http://www.uwex.edu/ces/cced/economies/turn.cfm#calc>.

FISCAL IMPACT

This recommendation can be implemented with existing resources and could result in significant savings due to teacher turnover reduction to Lee County Schools.

FINDING

The School Board has introduced two new programs in the schools within the last several years that are aligned with its vision to prepare students for success in a global economy. However, despite the extent of both programs to include all students and the sizable commitment of funds, no formal evaluation of either program has been conducted. LCS now maintains that evaluations are taking place. However, during the on-site visit, in response to the question of how the programs were being evaluated, a district administrator stated, "Evaluation is walking into classes; kids are engaged; in health and PE classes, languages are going on."

No documents were provided Evergreen to document that any formal evaluation is taking place. A Board member also stated that the Board had asked that the district begin evaluating the programs at the Board meeting that took place while Evergreen was on-site. Lee County Schools needs to conduct an evaluation to ensure that the funds being spent on these programs, especially considering the sizable investments, demonstrate their effectiveness.

Lee County Schools introduced a one-on-one laptop computer program in January 2010, according to the 2010 Comprehensive Annual Financial Report. Its goal was to provide all students a laptop; LCS also introduced foreign languages in January 2011 through Rosetta Stone to eventually be available to all students and staff. The FY 2011 CAFR reported that "nearly 8,000 laptops" had been distributed. The initial cost of the Rosetta Stone initiative was \$188,838. The costs for adding laptops at just three schools (one high school and grades 3-5 in two elementary schools) on a July 20, 2010 Board agenda were \$1,294,704.84 for 1,850 laptops.

Both the 2010 and 2011 CAFRs noted that the laptop initiative included "ongoing...evaluation." However, when asked about evaluation of the two programs whose costs together are in the multi-millions, Evergreen was told that evaluation is "walking into the classrooms...kids are engaged...12 languages are going on in PE classes." LCS leaders expressed the belief that a decline in short- and long-term discipline rates between 2008 and 2010 was related to implementation of the laptop program. No response during discussions indicated that evaluation was a part of the planning for either initiative nor that any formal evaluation is being conducted related to either initiative. Nor was documentation of evaluations provided Evergreen. However, in a subsequent discussion with one board member, he noted that the Board had recently requested the district begin program evaluation.

The district has been working with the University of North Carolina on a longitudinal study looking at various dropout risk factors. About 430 students have been surveyed each of the last four years and are now seniors. Early results indicate students with higher levels of engagement are much less likely to drop out. They believe these results are related to the laptop initiative.



Exhibit 4-10 shows the impact the program has had on the students per instructional computer ratio in LCS (.41), compared to a peer average of 1.61 and a state average of 2.14. The question remains. Is it making a difference in student learning? Without purposeful evaluation, the answer cannot be determined.

The second initiative was introduction of foreign languages in January 2011 through Rosetta Stone to eventually be available to all students and staff. The initial cost of the Rosetta Stone initiative was \$188,838.

Exhibit 4-10
Students Per Instructional Computer
Lee County and Peer School Systems

County School System	Students per Instructional Computer
Lee	0.41
Chatham	1.12
Franklin	2.66
Granville	2.02
Harnett	2.07
Rutherford	1.12
Stanly	2.03
Surry	1.42
Peer Average	1.61
State Average	2.14

Source: NC Department of Public Instruction
(<http://www.ncschoolreportcard.org/src/>), 2011.

Lee County Schools approached Rosetta Stone to introduce foreign languages to LCS students and staff as a part of its effort to prepare students for global competition. The concept is noteworthy, but the benefits have not been evaluated. With the initiative having begun so recently, it is not yet evident whether the time spent in language instruction rather than other core content areas is reaping the intended results. Nor is it clear whether the estimated 20 minutes a day spent in instruction is teacher and student time well spent diverted from other content instruction.

Twenty-five (25) languages are offered students in grades 3-12. Each online, self-paced course correlates to state and national standards for English as a Second Language (ESL) and world language studies. Lee County Schools does not yet grant credit to students taking a Rosetta Stone language, but foreign language teachers have been tasked with examining that as a possibility for next year.

All staff is invited to take the courses as well. One interesting side note is that the group of employees expressing the most interest has been the cafeteria staff apparently because they would like to know how to communicate with the increasing Hispanic student body.



An Agenda Report dated January 11, 2011 stated that the funds used for the Rosetta Stone program were federal Race to the Top funds. It was rolled out in middle school first, so costs include an 18-month site license for them. They also include 12-month site licenses for the elementary, high and special schools, and both on-site and web-based training so teachers know how to administer the program and supplemental materials.

The Agenda Report cites research describing the impact of foreign language acquisition on student learning, but some of the research references results from an immersion program, which Rosetta Stone is not. Another research reference notes the impact of learning foreign languages on “word reading and spelling tasks” when students “had been exposed to a foreign language class and also had the same foreign language spoken in the home.” Again, this is not the case for the majority of languages offered or LCS students, although it may benefit ESL students, depending on the language they choose to take.

The program began in the middle schools in January 2011 with implementation at the elementary and high school levels beginning this year. Each school has been allowed to set its own Rosetta Stone schedule. Most set aside a minimum of 20 minutes at least every other day for instruction in the 25 languages offered.

Multiple questions to district staff did not reveal the number of teachers that are actually teaching Rosetta Stone. The schedule for one middle school was provided following a request for all schools’ schedules showing time allocated to Rosetta Stone. That was the only schedule provided despite other requests. The actual number of teachers there who are responsible for teaching Rosetta Stone was not clear. However, the Superintendent is adamant that the program will be for all students and staff.

An important consideration in evaluating the effectiveness of the Rosetta Stone program is the instructional time that is dedicated to the program. This is important for a loss of instructional time if the program does not prove its merit with respect to students learning a foreign language. It is also important with respect to the costs of the teacher time for the program. Although teachers have been taught to facilitate the computerized program and do not directly instruct students in the languages, still instructional time out of the day is committed to Rosetta Stone and not instruction in other content areas.

To illustrate this point, using Rosetta Stone as an example, conservatively estimating that, when fully implemented as intended with all teachers involved, a minimum of 20 minutes of 612 teachers’ time every other day will be committed to Rosetta Stone, that equates to the time spent in Rosetta Stone instruction of 18.5 teachers across the district. If the evaluation demonstrates that the program is not effective in achieving its intended results, then the equivalent of 18.5 teachers’ time has been consumed by the program. This is valuable time that could have been re-directed toward instruction in core content.

Evergreen calculates the potential loss of instructional time, should the evaluation show the program is ineffective, this way:

- 20 minutes x 90 days/year x 612 teachers=1,101,600 minutes dedicated to Rosetta Stone;



- 1,101,600 minutes divided by 60 minutes=18,360 hours;
- 18,360 hours divided by the minimum 5.5 instructional hours in LCS's Policy 3300 is the equivalent of 3,338 work days; and
- 3,338 days divided by 180 days of instruction (this year because of a waiver from the 185 day requirement by the General Assembly) equates to 18.5 teachers.

At an average salary of \$56,686, the cost of that lost instructional time of 18.5 teachers (if that is what the evaluation shows) would be \$1,048,691.

Thus, this figure shows the hypothetical costs of Rosetta Stone time if an evaluation found that it was not worth the teacher time devoted to it.

RECOMMENDATION

Recommendation 4-7:

Develop and implement evaluation strategies for the laptop computer and Rosetta Stone programs immediately.

The purpose behind a comprehensive evaluation of all aspects of a program is to glean quantitative, qualitative and anecdotal information to inform decisions about additions, deletions, or revisions to the program, as well as about the effectiveness of the program as a whole and its individual elements. Such information is essential to aligning scarce district resources with effective practices. This is particularly critical with the amount of dollars both of these programs cost and the number of students involved.

Conducting regular formative, as well as summative evaluations provides guidance to a district in making interim revisions to a program in order to ensure that adjustments are made throughout implementation to improve goal attainment. In this way, a district can be certain that the expenditures it has made are achieving the intended goals. If they are not, then it will know not to continue or expand the program with appropriation of additional funds.

Research and program evaluation are critical to creating high performance schools and a central office organized by principles of high performance management. One aspect of evaluation is the need to identify the match between programs being considered for students and their academic needs and demographics. Additionally, programs in place should have formative evaluations conducted to determine the need for change and to refine strategies for effectiveness.

FISCAL IMPACT

This recommendation can be implemented with existing resources. However, the results of the evaluation, should it prove the time has not been well spent for the benefits to students, are potentially costly.



FINDING

Lee County Schools has adopted numerous procedures that have minimized the number of students being served in special education programs. **Exhibit 4-11** shows that LCS has a lower percentage of its students with Individualized Education Plans (IEPs) than all of its peers with the exception of Franklin and Granville Counties. The placement in Lee County Schools is lower than both the peer and the state averages.

Exhibit 4-11
Percent of IEPs in Lee County and Peer School Systems

County School System	Percent of Individualized Education Plans (IEPs)
Lee	10.50%
Chatham	14.30%
Franklin	10.00%
Granville	10.00%
Harnett	13.00%
Rutherford	13.90%
Stanly	16.60%
Surry	13.40%
Peer School System Average	13.03%

Source: National Center for Education Statistics, 2011.

Appropriate placement of students in need of specialized educational services is, of course, essential. However, when districts overidentify students and place more students than actually require specialized services, it is extremely costly without necessarily benefiting the student.

While cost containment should always be a consideration in all school district departments, special education departments are often hampered more than other departments in that effort and a balance must be maintained between cost and quality. Federal laws related to special education which impact the bottom line of special education spending require that:

- districts provide a Free Appropriate Public Education (FAPE) to students with disabilities;
- students be served in the Least Restrictive Environment (LRE) so, as much as is feasible and meets their needs, they should be included in general educational experiences and classes;
- students be evaluated regarding their needs and together with parents, a team of educators and other specialists develop an Individualized Education Plan (IEP) for each student placed in the special education program;
- at each annual review, Assistive Technology is a required area of assessment and discussion; and
- students have access to the general curriculum and state frameworks.



The Federal Rehabilitation Act: Section 504 extended opportunity and access to all people with disabilities, including those in regular, not special, education programs. Furthering equitable treatment for all people, the 1990 Americans with Disabilities Act extended the goal of eliminating discrimination against individuals with disabilities even more. More students than ever are now eligible for services most frequently offered through or supported by special education departments. Those laws, along with advances in medical technology, have opened opportunities for more students than ever to receive their education in the public schools of the nation.

Other factors increasing the need for and concomitant costs of special education, early intervention, and prekindergarten include:

- deinstitutionalization of special needs students who can now receive services through public schools;
- a rise in advocacy for students with disabilities and related attorney intervention;
- students who had birth weights below 3.3 pounds have increasingly higher survival rates to age 5, but often require school services;
- alternative privatized services for those students;
- an epidemic of students identified as autistic;
- consequences related to a higher percentage of students in poverty; and
- an increase in the number of families experiencing social and economic stress.

Lee County Schools have developed numerous processes to ensure that all students are provided a free, appropriate education, but that many services can be offered them within the regular classroom. The Exceptional Children Department offers extensive training and support so that its staff as well as those in schools are well aware of options available to students and procedures and strategies that support them in regular classrooms.

Agendas of IEP team chair meetings, diagnostic teams, and workshops from September 2006 through December 2011 reflect training and dissemination of important information regarding such topics as:

- policies and procedures;
- accommodations;
- avoiding IEP pitfalls;
- legal workshops by representatives of Tharrington, Smith, LLP regarding topics such as Discipline Under IDEA 2004;



- student transitions between grades; and
- behavior intervention and classroom management.

Other documents evidence a carefully planned, strategic approach to implementing Responsiveness to Instruction and the creation of Student Support Teams to enable school staffs to make student-centered decisions regarding student needs. They also provide in-class support for all students identified as at risk through development of support plans of intervention strategies to help them succeed behaviorally and academically.

COMMENDATION

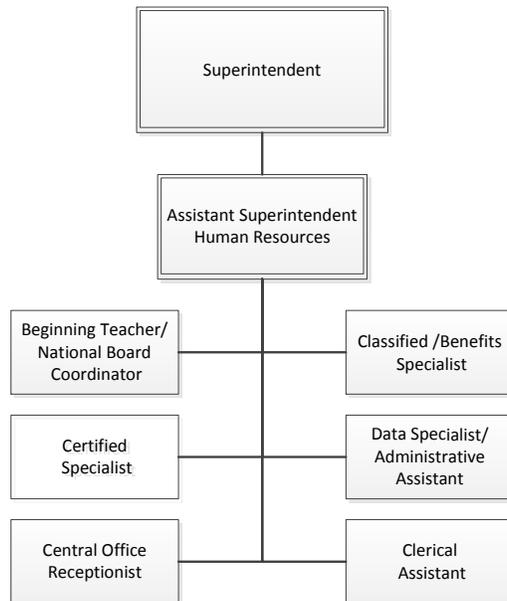
Lee County Schools is commended on its comprehensive, pro-active support for students at risk of failure in schools.

4.2 HUMAN RESOURCES

Personnel management is a critical function in a school system. The staff in a human resources department must ensure that complex personnel policies are followed. In many cases, this department provides the first impression of the school system’s quality to potential employees.

As shown in **Exhibit 4-12**, the Assistant Superintendent for Human Resources manages the six staff members that comprise the Lee County Schools Human Resources (HR) Department.

**Exhibit 4-12
Human Resource Department
in Lee County Schools**



Source: Lee County Schools, 2012.



The Human Resource Department oversees and tracks employee development and training, recruitment, file management and disability management services. The Human Resources Department works closely with the Finance Department, which handles benefits, including sign-up, changes and responses to employee inquiries; processes timesheets; tracks leave, including the tracking of Family Medical Leave Act (FMLA); and issues payroll, W2s and state/federal mandatory reports.

The Beginning Teacher/ National Board Coordinator position is organizationally shown as part of the Human Resources Office; however, for budgetary purposes, the salary for that position is recognized in the budget of Tramway Elementary School.

Exhibit 4-13 provides a list of which individuals or departments are responsible for carrying out each of the various human resource management functions and tasks, including the role played by the Board of Education.

Exhibit 4-13
HR Functions/Tasks in Lee County Schools

Task	Individual Department	HR Office	Board/ Central Administration	County/ External Entity
Approving a new position			Superintendent /BOE	
Approving the filling of a vacancy			Asst. Sup. HR, Superintendent, BOE	
Posting jobs		X		
Recruiting applicants (placing ads, etc.)		X		
Accepting applications		All applications are taken online and run through the HRMS system		
Checking references	The divisions or departments check references and conduct interviews	HR does background checks		
Conducting interviews				
Decision to hire				Every hire goes to BOE except non-permanent part-time staff, like tutors; coaches go to the BOE for information only
Hiring a new employee	Department makes recommendation to hire			
Processing new employee paperwork		HR sets employees up on system	Finance enters salary and compensation	
Orienting a new employee	School/dept orients to specific area	HR conducts orientation to system		
Training a new employee to do the job	X			
Conducting performance evaluations	Each employee is evaluated annually by the manager/ supervisor	HR monitors online, conducts quarterly visits, and collects summative evaluations during End of Year visit	Superintendent evaluates his direct reports and 16 principals	
Documenting poor performance	X	X		



**Exhibit 4-13 (Continued)
HR Functions/Tasks in Lee County Schools**

Task	Individual Department	HR Office	Board/ Central Administration	County/ External Entity
Conducting personnel/ students investigations			The Asst. Sup. for HR assists the Superintendent in conducting these investigations	
Terminating an employee	X	X		
Processing employee terminations including retirements and resignations		X		
Tracking contracts, contract renewals		X		
Recordkeeping, including new hire paperwork, evaluations, benefit and medical information, etc.		X		
Approving leave	X	HR approves Leaves of Absence		
Processing timesheets			Finance	
Tracking leave, including the tracking of FMLA		X		
Issuing payroll, W2s and state/federal mandatory reports			Finance	
Handling benefits, including sign-up, changes and responding to inquiries			Finance	
Tracking and delivery of mandatory training, such as sexual harassment, FLSA, FMLA, etc.		X		
Posting of mandatory HR signage	X	HR sends to schools/ departments		
Receiving and responding to employee inquiries, complaints or grievances		HR if dealing with personnel		
Matters requiring a legal opinion or representation			BOE attorney or outside counsel	

Source: Lee County Schools Human Resource Office, May 2011.

Exhibit 4-14 shows that LCS funding for staffing primarily comes from the State, with Lee County falling near the middle of its peers in all categories.

Exhibit 4-15 compares full-time staffing numbers for LCS and its peers. According to the Public Schools of North Carolina website, this table contains a summary of full-time personnel as of October 1 at the school and central office levels. The source is the *Public Schools Full-Time Personnel Report*, which is the only source of data available for comparative purposes on all full-time personnel—both instructional and non-instructional.



Exhibit 4-14
Staffing by Fund Source in Comparison School Systems
2010-11 School Year

County School System	State	Federal	Local
Lee	71%	14%	15%
Chatham	60%	19%	21%
Franklin	72%	14%	14%
Granville	76%	15%	9%
Harnett	76%	13%	11%
Rutherford	66%	15%	20%
Stanly	74%	16%	10%
Surry	68%	17%	15%

Source: NC Department of Public Instruction, 2011.

Exhibit 4-15
Full-Time Staffing Comparisons in Peer School Systems
2010-11

Employee Category	Peer School Systems								Peer District Average
	Lee	Chatham	Franklin	Granville	Harnett	Rutherford	Stanly	Surry	
Administrators									
Official Adm., Mgrs.	16	21	20	17	19	18	11	14	17.1
Principals	17	17	16	19	28	18	23	19	20.0
Asst. Principals, Teaching	0	0	0	0	0	0	0	0	0.0
Asst. Principals, Nonteaching	20	13	20	16	34	20	9	21	19.0
Admin. Subtotal	53	51	56	52	81	56	43	54	56.1
Teachers									
Elementary Teachers	412	306	387	255	584	314	461	409	388.0
Secondary Teachers	183	243	153	92	163	135	205	159	164.3
Other Teachers *	17	11	9	199	459	156	2	16	121.7
Teachers Subtotal	612	560	549	546	1,206	605	668	584	674.0
Professionals									
Guidance	23	19	20	29	49	25	28	20	27.1
Psychological	5	4	3	0	5	6	2	3	3.3
Librarian, Audiovisual	12	16	14	11	29	16	17	15	16.9
Consultant, Supervisor	31	0	0	12	9	12	0	4	5.3
Other Professional	28	46	52	36	54	29	26	23	38.0
Professionals Subtotal	99	85	89	88	146	88	73	65	90.6
Others									
Teacher Assistants	204	203	150	117	347	256	165	195	204.7
Technicians	12	13	2	8	13	8	5	7	8.0
Clerical, Secretarial	66	76	54	77	130	74	68	73	78.9
Service Workers	154	221	137	110	225	179	113	153	162.6
Skilled Crafts	0	27	20	15	63	43	0	0	24.0
Laborers, Unskilled	0	0	0	0	0	0	0	0	0.0
Others Subtotal	436	540	363	327	778	560	351	428	478.1
Grand Total	1,200	1,236	1,057	1,013	2,211	1,309	1,135	1,131	1,298.9

Source: NC Department of Public Instruction, 2011.

*State reporting changed in 2009, modifying the definition of Elementary and Other Teachers; the numbers reflect that reporting shift.



Based on full-time staffing comparisons, LCS is below the peer district average for all categories but Professionals. The most significant difference within that category is the Consultant, Supervisor category, where LCS has 31 positions in comparison to a peer average of 5.3 positions.

Exhibit 4-16 examines LCS staffing trends over time. As shown, the categories of Administrators, Teachers and Professionals have increased, while the Other category has decreased.

Exhibit 4-16
LCS Staffing Trends
2007-08 through 2011-12

Activity Assignment Classification	2008	2009	2010	2011	2012	# Change 2008-2012	% Change 2008-2012
Administrators							
Official Adm., Mgrs.	15	16	15	16	17	2	13.3%
Principals	14	15	15	17 ²	16	2	14.3%
Asst. Principals, Teaching	0	0	0	0	0	0	0.0%
Asst. Principals, Nonteaching	20	20	20	20	19	-1	-5.0%
Administrator Subtotal	49	51	50	53	52	3	6.1%
Teachers¹							
Elementary Teachers	201	209	401	412	419	218	108.5%
Secondary Teachers	177	183	182	183	182	5	2.8%
Other Teachers	228	231	16	17	13	-215	-94.3%
Teacher Subtotal	606	623	599	612	614	8	1.3%
Professionals							
Guidance	22	23	24	23	21	-1	-4.5%
Psychological	3	5	5	5	5	2	66.7%
Librarian, Audiovisual	12	13	12	12	11	-1	-8.3%
Consultant, Supervisor	7	15	28	31	20	13	185.7%
Other Professional	35	37	28	28	37	2	5.7%
Professional Subtotal	79	93	97	99	94	15	19.0%
Others							
Teacher Assistants	242	260	195	204	198	-44	-18.2%
Technicians	9	9	10	12	17	8	88.9%
Clerical, Secretarial	74	82	66	66	47	-27	-36.5%
Service Workers	147	150	158	154	124	-23	-15.6%
Skilled Crafts	0	0	0	0	0	0	0.0%
Laborers, Unskilled	0	0	0	0	0	0	0.0%
Others Subtotal	472	501	429	436	386	-86	-18.2%
Grand Total	1,206	1,268	1,175	1,200	1,146	-60	-5.0%

Source: Source: NC Department of Public Instruction, 2011; LCS provided a copy of the 2012 SS200 Full Time Personnel Report dated 11/17/11.

¹State reporting changed in 2009, modifying the definition of Elementary and Other Teachers; the numbers reflect that reporting shift.

²LCS believes that the Coordinator/Principal for Warren Williams is double counted as this is the year when the position shifted from being a coordinator to a principal – there should only be 16 principal positions in that year.



The net effect of the changes over time is a 5.0 percent decline in full-time staffing since 2008.

Comparisons of hard numbers do not always have perspective, since the size of the peer districts can distort the comparisons. **Exhibit 4-17** attempts to neutralize the district size by calculating the overall student-to-staff ratios for all districts over time.

Exhibit 4-17
LCS and Peer District Staffing
Trends and Ratios
2004-05 through 2010-11 School Years

County School Systems	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Students in Average Daily Membership							
Lee	9,565	9,545	9,498	9,396	9,258	9,133	9,056
Chatham	7,750	7,636	7,593	7,671	7,574	7,471	7,374
Franklin	8,478	8,396	8,362	8,437	8,187	7,938	7,870
Granville	8,545	8,637	8,786	8,831	8,756	8,662	8,580
Harnett	19,211	18,951	18,682	18,291	17,912	17,310	16,783
Rutherford	8,765	9,016	9,298	9,533	9,915	9,898	9,882
Stanly	8,966	9,129	9,276	9,409	9,581	9,606	9,601
Surry	8,443	8,473	8,605	8,658	8,621	8,658	8,622
Peer Average	10,023	10,034	10,086	10,119	10,078	9,935	9,816
Total Full -time Staff							
Lee	1,200	1,175	1,268	1,206	1,194	1,180	1,137
Chatham	1,236	1,239	1,006	1,090	1,090	1,043	1,038
Franklin	1,057	1,039	1,072	1,040	1,017	1,009	982
Granville	1,013	1,030	1,132	1,111	1,112	1,087	1,069
Harnett	2,211	2,233	2,325	2,269	2,068	2,105	2,086
Rutherford	1,309	1,340	1,413	1,438	1,389	1,433	1,437
Stanly	1,135	1,167	1,233	1,232	1,247	1,232	1,217
Surry	1,131	1,146	1,181	1,355	1,088	1,155	1,146
Peer Average	1,299	1,313	1,337	1,362	1,287	1,295	1,282
Student to Staff Ratio							
Lee	7.97	8.12	7.49	7.79	7.75	7.74	7.96
Chatham	6.27	6.16	7.55	7.04	6.95	7.16	7.10
Franklin	8.02	8.08	7.80	8.11	8.05	7.87	8.01
Granville	8.44	8.39	7.76	7.95	7.87	7.97	8.03
Harnett	8.69	8.49	8.04	8.06	8.66	8.22	8.05
Rutherford	6.70	6.73	6.58	6.63	7.14	6.91	6.88
Stanly	7.90	7.82	7.52	7.64	7.68	7.80	7.89
Surry	7.47	7.39	7.29	6.39	7.92	7.50	7.52
Peer Average	7.64	7.58	7.50	7.40	7.75	7.63	7.64

Source: NC Department of Public Instruction, 2011.

Although there are fluctuations from year to year, LCS and its peer school systems appear to show a downward trend in the student-to-staff ratios through 2008-09. Over the last two years, ratios are generally rising, as budgets have become leaner and staffing levels have declined.



FINDING

While LCS has made a number of staffing reductions designed to help balance the budget, central office staffing has not experienced the same level of cuts as staffing at the campus level.

As shown in **Exhibit 4-18**, over the last three fiscal years, the district eliminated one central office position in 2009-10, that of the District Academically and Intellectually Gifted (AIG) Lead Coordinator.

**Exhibit 4-18
LCS Position Comparison Data
2009-10 through 2011-12 School Years**

Category	2009-10	2010-11	2011-12
Number of Employees	1,278.5	1,257.4	1,230.63
Employee Reduction in Force	49 Teaching Assistants	43 Teaching Assistants, Clerical ²	
Positions Eliminated	1 District AIG Lead Coordinator	7 Curriculum Coaches 3 Lead Teachers 2 (Fund 024) Lead Teachers 3 Social Workers 12 Clerical reduced by 127.16 Months of Employment ¹ 6 MS/HS Media Teacher Assistants/Drivers 13 K-2 Teaching Assistants/Drivers 1 Administrative Assistant - Central Office 1 Technology Technician - LAN	6 Instructional Coordinators or Coaches ³
Added Positions			6 Technology Assistants 7 Teaching Assistants/Drivers 1 Technology Technician III 1 AIG Lead Teacher 1 Essentially Science Coach - Grant 5 Teachers

Source: Lee County Schools, January 2012.

¹No positions were eliminated, but some went from 12-month employees to 10-month; some went from 8 to 6 hours per day.

²Campuses had the ability to add back some Teaching Assistant and clerical positions with Title 1 money.

³Positions were not eliminated, but six administrative positions were assigned to the classroom



Exhibit 4-18 shows that, in 2010-11, 12 clerical positions experienced a change in months of employment. A review of the 18 positions in the central office with the title of support or office support in 2010-11, the positions continue to be filled in 2011-12, and all of them show to be 12 month, 100 percent employed positions. According to the LCS Employees by Schools Report, 25 of the 47 full-time clerical positions reside in central office. A review of payroll records for central office revealed that, of the 17 Support or Office Support positions in the central office in 2010-11, all positions continue to be filled in 2011-12, and all of them show to be 12-month, 100 percent employed positions.

A review of the LCS organizational charts since 2007 showed that a number of central office positions were re-titled, which in some instances indicated a promotion. Two new positions were created in 2008, that of Director of Accountability, Testing and Records, which is now titled Director Accountability/Special Projects, and the position of Director or Student Resources. Although the organization charts continue to list the position of Nurse Supervisor under the Director of Student Resources, the payroll records show this position as being the Director of School Nursing and is funded as such, which would indicate the addition of another director level position. The only position to be eliminated in a director or above equivalent position was the District AIG Coordinator in 2010.

The narrative to the 2011-12 budget states, "...we have taken every possible measure to minimize the negative impact on classrooms as budgets are reduced." Exempting the central office from budget reductions does not appear to serve the goal of minimizing the impact on classrooms.

RECOMMENDATION

Recommendation 4-8:

Reduce staffing or months of employment at the central office level in proportion to other cuts made throughout Lee County Schools.

Because the Evergreen Team was not allowed to interview staff below the leadership level, it was not possible for the review team to determine which positions are currently underutilized or perform redundant tasks and could or should be considered for elimination or a reduction in months of employment.

Staffing charts indicate that clerical staffing across the district has declined by 36.5 percent. Therefore, efforts should be made to extend similar cuts to the central office. Additionally, efforts should be made to consolidate roles and responsibilities of central office administrators so that one director or equivalent position is also eliminated. Actual positions to be eliminated will be dependent on the final analysis of leadership regarding the academic and management needs of the district.

If LCS decides that staffing reductions at the central office level cannot be accomplished, an across the board reduction of central office budgets in a similar dollar amount could be considered as an indication that the central office is "[taking] every possible measure to minimize the negative impact on classrooms."



FISCAL IMPACT

Although not strictly a proportionate reduction, the fiscal impact conservatively assumes that a minimum of two support or clerical staff positions, or the equivalent months of employment, in the central office will be eliminated in 2012-13, along with one administrator position.

This fiscal impact assumes the positions eliminated include support positions at a mid-level annual salary of \$31,200 and a mid-level management position with an annual salary of \$58,500. Total savings from the elimination of these three positions would be \$120,900 (\$31,200 X 2 positions + \$58,500), plus benefits of \$39,897 (33 percent of salary), for a total annual savings of \$160,797.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Reduce Staffing or Months of Employment at the Central Office Level	\$160,797	\$160,797	\$160,797	\$160,797	\$160,797

FINDING

According to information provided by the Assistant Superintendent for Human Resources, confidential elements of the personnel files are separated into not only separate file folders, but also are segregated into separate file cabinets. This process ensures that confidential information is not shared with unauthorized parties.

The standard personnel file, which contains general employee information, is maintained in one file cabinet, whereas criminal history checks and medical files are kept in separate file cabinets.

All cabinets are locked, with only the Superintendent and designated Human Resource staff having access to all files. The Board of Education may have access to information that is pertinent to a specific decision, and employees may have access to anything in a file that is not confidential.

Although some archived files have been imaged, the majority of archived files are retained in hardcopy, and are also kept under lock and key.

COMMENDATION

LCS understands the need to protect confidential employee information, and has taken steps to ensure that all files are stored in a manner that ensure that confidential information is not inadvertently given out to unauthorized parties.

FINDING

Although, for most employees, the amount of LCS supplements have not changed in a number of years, the School Board has eliminated supplements for key administrators by allowing them to take their supplements and benefits as salary, thereby making it difficult for clear comparisons of supplements to be made.



In 2010, the BOE renegotiated the Superintendent’s contract, providing him a significant increase in salary and benefit compensation, and adding new provisions to the contract that allowed him a Benefit Shifting Option, which allowed him to receive additional salary compensation in lieu of other paid benefits. In 2011-12, the Superintendent elected to exercise the benefit shifting option, which theoretically would serve to increase his supplement from \$40,000 annually to \$72,400, if a supplement were reported as before. This shift did not result in an increase in his gross compensation from 2010-11 to 2011-12, but it could serve to increase retirement benefits at the time of his retirement. According to the Superintendent, this same option was extended to key leader positions.

Exhibit 4-19 provides a list of the supplements that have been set at zero in LCS’ supplement charts.

**Exhibit 4-19
Lee County Schools Supplements
2011-2012 School Year**

Administration Supplements	Monthly	Yearly	Annual
Superintendent	\$0.00	\$0.00	\$0.00
Associate Superintendent Curriculum & Instruction	\$0.00	\$0.00	\$0.00
Associate Superintendent Curriculum & Instruction -Travel	\$0.00	\$0.00	\$0.00
Assistant / Associate Superintendent	\$0.00	\$0.00	\$0.00
Assistant / Associate Superintendent - Travel	\$0.00	\$0.00	\$0.00
Assistant Superintendent	\$0.00	\$0.00	\$0.00
Assistant Superintendent - Travel	\$0.00	\$0.00	\$0.00
Chief Technology Officer	\$0.00	\$0.00	\$0.00
Chief Technology Officer - Travel	\$0.00	\$0.00	\$0.00
Director of Elementary Education - Travel	\$0.00	\$0.00	\$0.00
Director of Secondary Education - Travel	\$0.00	\$0.00	\$0.00
Principal Monthly Supplement	Monthly	Yearly	Annual
Elementary	\$0.00	\$0.00	\$0.00
Middle School (Including Floyd Knight & Bragg St.)	\$0.00	\$0.00	\$0.00
East Lee Middle School Adjusted Supplement	\$0.00	\$0.00	\$0.00
West Lee Middle School Adjusted Supplement	\$0.00	\$0.00	\$0.00
High School	\$0.00	\$0.00	\$0.00
High School Adjusted Supplement	\$0.00	\$0.00	\$0.00

Source: Lee County Schools, January 2012.

All certified educators working in Local Education Agencies (LEA) in North Carolina are required to be paid from the legislated salary schedule. This schedule is approved annually by the general assembly and sets a minimum pay based on the educators years of experience and education level. Certified Educator Salary Schedules include teachers, certified instructional support and school based administrators such as principals and assistant principals. As a supplement to these monthly amounts, a LEA may approve additional funds to the educator to account for variances such as geographic location, market conditions or school demographics.

The supplements granted by LCS for the last three school years, prior to the elimination of supplements for key administrators, are provided in **Exhibit 4-20**. As shown, the total number of supplements granted has declined by 12.9 percent and the total dollar amount of all stipends has declined by 18.6 percent since 2008-09. All average supplement amounts declined with the exception of the band director, which remained unchanged and the assistant principals, which increased by 22.7 percent.



Exhibit 4-20
Local Salary Supplements in Lee County Schools
2008-09 thru 2010-11 School Years

	2010-11	2009-10	2008-09	Difference	% Change
Teachers					
Number of Positions	712	695	708	4	0.6%
Number Receiving Supplements	712	695	708	4	0.6%
Average Supplement	\$2,859	\$2,922	\$3,059	-\$200	-6.5%
Total by Category²	\$2,035,608	\$2,030,790	\$2,165,772	(\$130,164)	-6.0%
Principals					
Number of Positions	16	15	15	1	6.7%
Number Receiving Supplements	16	15	15	1	6.7%
Average Supplement	\$7,022	\$7,268	\$7,350	-\$328	-4.5%
Total by Category²	\$112,352	\$109,020	\$110,250	\$2,102	1.9%
Assistant Principals					
Number of Positions	20	20	24	-4	-16.7%
Number Receiving Supplements	20	20	24	-4	-16.7%
Average Supplement	\$4,839	\$4,987	\$4,480	\$359	8.0%
Total by Category²	\$96,780	\$99,740	\$107,520	(\$10,740)	-10.0%
Band Directors					
Number of Positions	6	5	5	1	20.0%
Number Receiving Supplements	6	5	5	1	20.0%
Average Supplement	\$533	\$800	\$960	-\$427	-44.5%
Total by Category²	\$3,198	\$4,000	\$4,800	(\$1,602)	-33.4%
High School Coaches					
Number of Positions	92	70	83	9	10.8%
Number Receiving Supplements	92	70	83	9	10.8%
Average Supplement	\$1,583	\$2,249	\$1,245	\$338	27.1%
Total by Category²	\$145,636	\$157,430	\$103,335	\$42,301	40.9%
Supervisors¹					
Number of Positions	12	14	15	-3	-20.0%
Number Receiving Supplements	12	14	15	-3	-20.0%
Average Supplement	\$5,448	\$6,455	\$5,997	-\$549	-9.2%
Total by Category²	\$65,376	\$90,370	\$89,955	(\$24,579)	-27.3%
Assistant/Associate Superintendents*					
Number of Positions	4	2	2	2	100.0%
Number Receiving Supplements	4	2	2	2	100.0%
Average Supplement	\$10,000	\$10,000	\$10,000	0	0.0%
Total by Category**	\$40,000	\$20,000	\$20,000	\$20,000	100.0%
Superintendent*					
Amount of Supplement	\$40,000	\$36,000	\$60,624	-\$20,624	-34.0%
Total Number of Supplements	863	822	853	(81)	-9.5%
Total Dollar Amount of Supplements**	\$2,538,950	\$2,547,350	\$2,662,256	(\$297,811)	-11.2%

Source: North Carolina Department of Public Instruction, Local Salary Supplements 2008-09, 2009-10, and 2010-11.

¹Some LEAs paid negotiated salaries to their supervisors, assistant/associate superintendents, and superintendents totally from state funds.

²Calculated by multiplying the total number of positions receiving supplements times the average supplement for each category



To put this into perspective, **Exhibit 4-21** shows how LCS compares to its peers in terms of the amount and number of supplements given.

**Exhibit 4-21
Peer School System Comparisons of Local Salary Supplements
2010-11 School Year**

	Lee	Chatham	Franklin	Granville	Harnett	Rutherford	Stanly	Surry	Peer Average	Difference
Teachers										
# of Positions	712	559	638	546	1,297	605	706	620	710	2
# Rec. Supplements	712	559	638	546	1,297	605	706	620	710	2
Average Supplement	\$2,859	\$4,009	\$2,700	\$2,188	\$2,260	\$1,100	\$1,853	\$1,158	\$2,181	\$678
Total by Category²	\$2,035,608	\$2,241,031	\$1,722,600	\$1,194,648	\$2,931,220	\$665,500	\$1,308,218	\$717,960	\$1,540,168	\$495,440
Principals										
# of Positions	16	17	16	19	37	18	23	19	21	-5
# Rec. Supplements	16	17	14	19	37	18	23	19	21	-5
Average Supplement	\$7,022	\$4,118	\$4,521	\$8,056	\$3,769	\$10,097	\$5,502	\$2,970	\$5,576	\$1,446
Total by Category²	\$112,352	\$70,006	\$63,294	\$153,064	\$139,453	\$181,746	\$126,546	\$56,430	\$112,934	-\$582
Assistant Principals										
# of Positions	20	13	21	16	34	20	9	21	19	1
# Rec. Supplements	20	13	20	16	34	20	9	21	19	1
Average Supplement	\$4,839	\$4,046	\$2,900	\$3,859	\$2,888	\$3,733	\$2,247	\$1,740	\$3,059	\$1,780
Total by Category²	\$96,780	\$52,598	\$58,000	\$61,744	\$98,192	\$74,660	\$20,223	\$36,540	\$57,422	\$39,358
Band Directors										
# of Positions	6	3	5	6	8	6	4	10	6	0
# Rec. Supplements	6	1	5	6	8	6	4	10	6	0
Average Supp.	\$533	\$10,000	\$2,300	\$2,272	\$1,538	\$1,831	\$3,375	\$650	\$3,138	-\$2,605
Total by Category²	\$3,198	\$10,000	\$11,500	\$13,632	\$12,304	\$10,986	\$13,500	\$6,500	\$11,203	-\$8,005
High School Coaches										
# of Positions	92	70	67	103	180	123	0	118	94	-2
# Rec. Supplements	92	70	67	103	180	123	0	118	94	-2
Average Supp.	\$1,583	\$1,276	\$2,508	\$2,214	\$1,350	\$2,649	\$0	\$1,427	\$1,632	-\$49
Total by Category²	\$145,636	\$89,320	\$168,036	\$228,042	\$243,000	\$325,827	\$0	\$168,386	\$174,659	-\$29,023
Supervisors¹										
# of Positions	12	16	18	17	7	16	3	10	12	0
# Rec. Supplements	12	16	18	17	7	16	3	10	12	0
Average Supp.	\$5,448	\$3,263	\$3,000	\$3,505	\$2,550	\$4,447	\$1,950	\$4,094	\$3,258	\$2,190
Total by Category²	\$65,376	\$52,208	\$54,000	\$59,585	\$17,850	\$71,152	\$5,850	\$40,940	\$43,084	\$22,292
Assistant/Associate Superintendents										
# of Positions	4	3	4	3	3	1	1	3	3	1
# Rec. Supplements	4	3	3	3	3	1	0	3	2	2
Average Supplement	\$10,000	\$4,267	\$14,107	\$10,251	\$12,793	\$12,136	\$0	\$5,767	\$8,474	\$1,526
Total by Category²	\$40,000	\$12,801	\$42,321	\$30,753	\$38,379	\$12,136	\$0	\$17,301	\$21,956	\$18,044
Superintendent										
Amt of Supp.	\$40,000	\$4,300	\$48,565	\$62,340	\$16,968	\$18,740	\$0	\$17,436	\$24,050	\$15,950
Total Receiving Supplements	863	680	766	711	1567	790	746	802	866	-3
Total Amount of Supplements²	\$2,538,950	\$2,532,264	\$2,168,316	\$1,803,808	\$3,497,366	\$1,360,747	\$1,474,337	\$1,061,493	\$1,985,476	\$553,474

Source: North Carolina Department of Public Instruction, Local Salary Supplements 2008-09, 2009-10, and 2010-11.

¹Some LEAs paid negotiated salaries to their supervisors, assistant/associate superintendents, and superintendents totally from state funds.

²Calculated by multiplying the total number of positions receiving supplements times the average supplement for each category



The Superintendent pointed out that based on the comparative allotment charts, he was aware that staff members in several categories were receiving other compensation, not shown in these charts. He also expressed concern that it appeared that LCS had reduced teacher supplements, when in actuality he said teacher supplements had remained at 7 percent since he came to the district. The reason the average supplement is down is that as tenured teachers retire and less tenured teachers are hired, the base salary is less; therefore, 7 percent of the base salary is, on average, less.

In an attempt to determine the comparability of the salaries and benefits provided to key administrators in the district, Evergreen surveyed the peer districts, requesting information related to the full compensation packages provided to Assistant or Associate Superintendents or the equivalent, which could include titles such as Chief Operating Officer and some Directors in high-level positions. Not all peer districts agreed to participate, and some requested anonymity, therefore the names of the responding districts are withheld. As shown in **Exhibit 4-22**, LCS is not the highest or lowest compensating district among its peers; however, it is important to note that some benefits are different, which could be an enticement for a prospective candidate.

Exhibit 4-22
Comparison of Average Compensation
Lee County Schools and Participating Peers

Assistant or Associate Superintendents or Equivalent	District 1	District 2	District 3	District 4	Lee
Average Annual Salary	\$109,891	\$98,540	\$86,176	\$89,449	\$89,299
Average Annual Supplement	\$820	\$10,705	\$5,767	\$17,908	\$10,000
Additional Paid Benefits	\$0	\$3,437	\$0	\$11,554	
Health Insurance	\$0	\$0		\$1,951	
In-town travel stipend (in lieu of travel reimbursements)	\$0	\$0		\$7,310	\$3,360
Total Annual Compensation Package	\$110,711	\$112,681	\$91,943	\$128,172	\$102,659
Number of Positions Reported	5	4	3	4	5

Source: Evergreen Survey of Peer Districts, January 2012.

Supplements and compensation packages, which can include travel stipends, health insurance supplements and the like, should be set to attract and retain the most highly qualified applicants. The North Carolina Department of Instruction publishes *Average Salaries Used for the Planning Allotments*, but these are not always useful when attempting to determine what neighboring, competitor districts are actually paying their staff.

In the future, as districts become more creative with salary and benefit packages for key leaders, the supplement information and other average salaries provided by the state will no longer be sufficient for comparison purposes. Therefore, the BOE will need to obtain comparative data from other sources to ensure that supplements and compensation packages are set appropriately.

RECOMMENDATION

Recommendation 4-9:

Establish a system for comparing salary supplements, or comparable total compensation packages, before negotiating contracts and related compensation packages in the future.



Although information related to the assistant and associate superintendents is presented here for illustrative purposes, decision-makers will in the future need accurate and complete information on which to base their decisions when negotiating future contracts. Surveys and other confidential information sharing methods may need to be agreed to in advance between districts, as competition for key positions can impede information flow.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

In October and November of 2011, LCS published a complete set of job descriptions for all LCS positions. According to the Assistant Superintendent for Human Resources, the end-product was the result of a two years effort that included seeking input from supervisors, reviewing state approved job descriptions, collaborating with HR administrators across the state and holding discussions with employees.

According to leadership, the previous set of job descriptions were incomplete and lacked standardization. The initial plan was to develop standardized, high level job descriptions for each type of employee in compliance with Board Policy 7400, which states:

The board shall establish personnel positions that meet the diverse and numerous needs of the school district. Before any new position is established, the board shall (1) approve the broad purpose and function of the position, in harmony with legal requirements, state board position allotments and the local school district budget; (2) approve a statement of job requirements and salary range as recommended by the superintendent; and (3) delegate to the superintendent the task of writing a job description for the position.

The superintendent or his/her designee shall develop and maintain job descriptions for all positions. A job description must identify the qualifications, responsibilities and essential functions of the position and shall stress expected working relationships with other employees and whatever duties are directly or indirectly related to student performance. Supervisors may assign additional specific tasks as necessary.

Job descriptions shall be kept up-to-date. Whenever job functions are significantly changed, the job description must be revised to reflect these changes. Job descriptions shall be reviewed at least every two years to ensure that they reflect the current status of the position.

Job descriptions shall be used as a criterion in screening applicants and evaluating employees. Job descriptions also shall be used in organizational planning, budgeting and personnel administration.

Job descriptions shall be on file and available to employees and applicants in the personnel office. The superintendent shall maintain a current set of job classification standards.



The completed job descriptions provide a solid base from which departments and supervisors should be able to build more job specific descriptions over time. Completing this initial phase of the process is commendable.

At this time, however, the job descriptions are at such a high level, there is little differentiation between departments and functions. For example, the job description for Office Support to Special Programs and the job description for Office Support to Child Nutrition are identical. Likewise, the job description for the Administrative Assistant to the Assistant Superintendent Auxiliary Service is identical to the job description for the Administrative Assistant to the Associate Superintendent for Curriculum and Instruction.

The job title and pay grade may be similar, but each of these organizational units uses unique computer systems, and the work will entail unique essential job functions. The Nature of Work sections within the job descriptions do not mention reporting relationships and the Essential Job Functions provide no job specific duties related to the department or the types of systems or groups with whom this employee will interact.

The job descriptions also do not contain a classification code that would allow HR to continually monitor and control job classifications based on job duty changes. If, for example, a department head adds or changes a job description to include new job duties, those additional duty could result in a need for HR to perform a classification review to determine if the duties being required will require the position to be reclassified. Having the classification code readily available would aid in that process, and also remind department heads of the need for care when adding duties to a position.

The Assistant Superintendent for Human Resources stated that her intent is to review all job descriptions every two years, as specified in policy. Primarily, when a job is vacated, her intent is to request an updated job description from the managing supervisor. This approach may result in a two-year review cycle, but a more formal schedule of review, such as stipulating a series of job descriptions that will be reviewed during odd and even years, would ensure that no job descriptions are missed. If some of the descriptions up for review in a given year have already been updated through the job vacancy process, fewer will need a formal review.

RECOMMENDATION

Recommendation 4-10:

Establish a formal two-year review cycle to ensure that all job descriptions are kept current, and add job specific information to existing job descriptions, including classification codes as job descriptions are reviewed.

LCS has performed the most difficult part of the job description creation process, that of standardization and publication. By refining the job descriptions to be more job specific, and including classification codes, the HR staff will be better able to monitor job duty changes that could result in needed changes in job classifications.

Additionally, establishing a formal cyclical review process, with one-half of all job descriptions reviewed in odd and even years, the department will be able to ensure that every description is reviewed every two years.



FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

LCS has established an online training and tracking system that appears to be effective in identifying employees or sections that have not completed mandatory training by the stated deadlines.

The website contains online training modules for certified staff; Safe Schools training related to risk management, such as the appropriate handling of blood-borne pathogens and the like; and mentor training for employees selected by the principals to serve as a mentor. Each of these training links contains documentation explaining the use of the system as well as the mandatory state or local requirements related to the training.

Access to these modules is password protected, meaning that each employee must sign on to complete the training.

The Assistant Superintendent for Human Resources demonstrated the system to the review team, showing how the Safe Schools site contains all of the procedures for handling accidents and Workers Compensation claims. She also indicated that the required training is electronically tracked, and both principals and HR staff can review participation overall, and by employee. By reviewing the list of employees that still need to complete a required training, HR or the department head can then contact the employees to encourage participation.

COMMENDATION

Lee County Schools has an online system in place to provide and track online training for each of its employees.

FINDING

The Human Resources Department tracks all employee evaluations, and LCS leadership expects that every employee is regularly evaluated based on the classification and type of employee being evaluated.

The Human Resources Department provides principals and department heads the guidelines and a roster or spreadsheet showing when the evaluations are due to be completed. The principal completes the spreadsheet showing the current status of all evaluations and sends the information back to Human Resources.

Evaluation forms for Teachers, Substitute Teachers, Principals and Assistant Principals, Support Personnel, Central Office Administrators, Career and Technology Education Coordinators and Classified Staff are all available online. Within these categories, evaluation instruments for specific positions can be found. For example, under the category of Classified Staff, the



following evaluation instruments are available: Classified Summative Evaluation (support staff); Instructional Assistant Performance Appraisal Instrument; Cafeteria Manager Evaluation Report; Child Nutrition Evaluation; and the School Resource Officer Performance Appraisal Instrument.

Teacher evaluations are completed using the North Carolina Educator Evaluation System; evaluation instruments are based on the Framework for 21st Century Learning and the North Carolina Professional Teaching Standards. The website contains manuals, training links and links to the on-system used in this process.

Mandatory evaluations for all classified staff are completed annually and are due at the end of the year. The Assistant Superintendent for Human Resources indicated, however, that some units are also completing mid-year reviews. The Assistant Superintendent indicated that she goes out to campuses a minimum of four times per year to review the status of all evaluations and discuss related issues with department heads and principals.

COMMENDATION

Lee County Schools has an established employee evaluation process that provides department heads and principals online access to evaluation instruments and other related tools and allows periodic monitoring and tracking by the Human Resources Department.

FINDING

LCS has developed a targeted recruitment plan as part of its overall effort to reduce teacher turnover in the district.

Because the cost of recruiting trips is rising, LCS will stop traveling to a school or fair if they have not had positive results for two years. As **Exhibit 4-23** shows, as the average cost per visit has risen, the number of total visits has declined.

Staff travel to and participate in both in-state and out-of-state recruitment visits to colleges and universities as well as job fairs in an effort to recruit teachers in critical areas. The Assistant Superintendent for Human Resources and the Licensure Specialist makes trips out-of-state. When events are in state, it is economical for other staff to join HR on the visits.

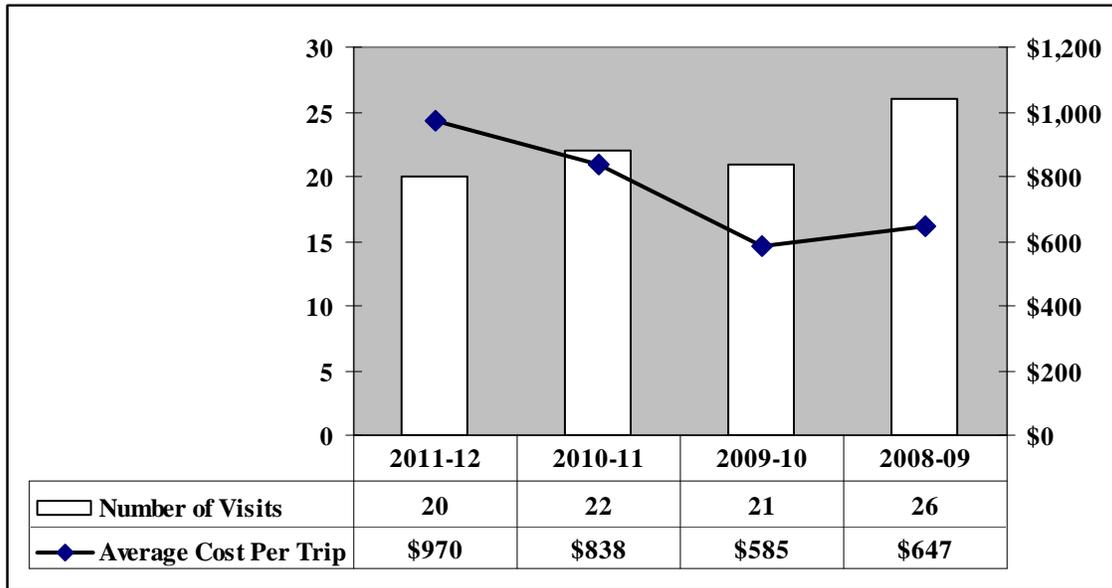
LCS keeps logs of recruiting trips, including the location, date and time as well as type of event attended; the critical teaching area being targeted; the names of those attending; the number and type of brochures taken and the number returned to LCS; registration deadlines and the estimated cost of the trip. This is valuable information, not only from the standpoint of finding good teacher candidates, but also from the standpoint of controlling costs, while getting the most for every dollar spent.

COMMENDATION

Lee County Schools is managing its recruitment resources by maintaining a detailed log of all recruitment visits and eliminating unproductive trips from the schedule.



**Exhibit 4-23
Lee County Schools
Number and Cost of Recruitment Trips
in Lee County Schools
2008 through 2011**



Source: Lee County Assistant Superintendent Human Resources, December 2011.

4.3 TRANSPORTATION

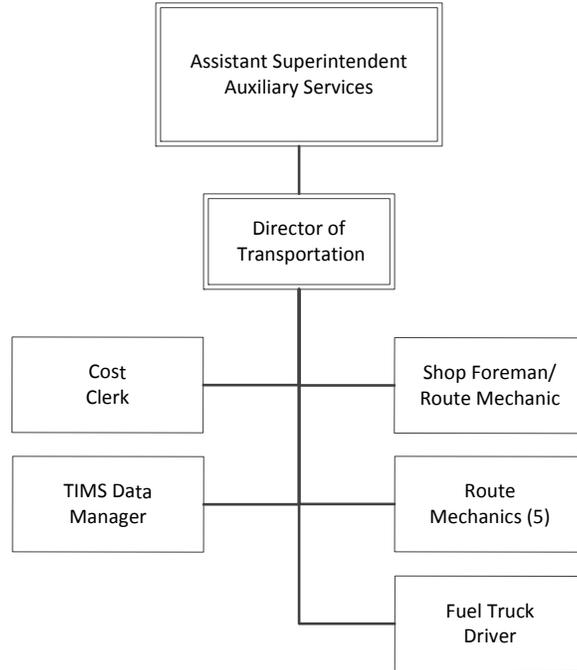
Transportation is a vital support service that demands sound management due to the large capital investment in bus fleets and annual expenditures required for maintenance and operation. The goal of any school transportation operation is to timely transport students safely to and from school and other school related activities. Although numerous state regulations govern transportation services, districts have the flexibility of establishing procedures that can enhance operations such as setting bell schedules, designing efficient routes and establishing sound maintenance procedures.

School bus transportation in North Carolina is a function of the Local Education Agency (LEA). The board of education in each county or city school system is responsible for developing, implementing and enforcing most of the policies associated with a child’s school bus ride to and from school. North Carolina General Statutes regarding school transportation are found in Article 17 of Chapter 115C, sections 239-262.

LCS operates a decentralized transportation system; a central coordination office with campus-based bus drivers. The central transportation organization, under the leadership of the Director of Transportation, coordinates and performs all fleet management functions, establishes routes, and maintains all records and reports required by the state. The structure of the central organization is shown in **Exhibit 4-24**.



**Exhibit 4-24
Transportation Department in Lee County Schools
Organizational Structure**



Source: Lee County Transportation Director, December 2011.

The Director of Transportation evaluates all of the central office employees. Mechanics are assigned to maintain all buses at specific schools. The Shop Foreman is also assigned to work on specific vehicles, but primarily assists the director where needed, and provides leadership and technical expertise to the mechanics.

The Bus Garage consists of two buildings and a fenced lot where buses can be stored. Regular buses are parked at the schools they serve during the school year and are brought back to the lot behind the garage during the summer, at which time they are checked and repaired from top to bottom. One activity bus is parked at each middle school, and one-half of the remaining activity buses are parked at each high school. One very old activity bus is kept at the Bus Garage as a spare in case of an emergency.

The main facility is a brick building with five bays, four are repair bays and one is a paint bay. In addition, a metal frame building houses another bay for tire changing. There is one lift for cars. Specially built jacks are used to raise school buses. The Transportation staff service 199 district vehicles, including all district cars and trucks.

According to the Transportation Director, the bus fleet and associated vehicles consist of:

- 105 yellow school buses
- 11 spare yellow buses



- 15 activity buses
- 3 career and technology buses
- 1 wrecker
- 1 fuel truck

Other district vehicles include two fleet cars that can be checked out by staff upon request, driver education cars, vehicles for school resource officers, a pick-up truck at each high school for moving janitorial supplies, and other miscellaneous vehicles assigned to departments.

Campus principals or assistant principals supervise and schedule bus drivers at each campus. LCS requires that all campus-based classified employees be certified to drive a bus, with the exception of cafeteria managers, head custodians, bookkeepers and technology assistants. Therefore, each school has teacher assistants, cafeteria workers and clerical staff that can drive a bus; however, not all of these individuals are assigned to regularly drive a bus. According to the Director of Transportation, LCS has 353 drivers available to drive yellow school buses. If a school is short does not have an employee available to substitute for a driver, the schools can share drivers. Several schools share buses and drivers on a regular basis.

Principals and assistant principals hire drivers, sign-off on payroll, and perform other administrative functions related to drivers and work with drivers when student discipline issues arise. The Transportation Director said the central transportation office provides driver orientation training, signs off on driver credentials (Commercial Drivers Licenses) at the time of hire and regularly monitors credentials using information supplied by the Department of Transportation when a license is revoked. The Transportation Director also indicated that his staff works closely with principals and assistant principals on routing and ridership changes.

Exhibit 4-25 shows the list of bus drivers, assigned buses and routes by campus or location.

Activity buses, used for extracurricular travel, field trips and the like, are locally purchased and owned. The State also allows each LEA to have a spare regular bus inventory equal to 10 percent of the total fleet of regular buses. During the summer months, all buses are parked at the Bus Barn where they are thoroughly cleaned and repaired or refurbished, as necessary, so that buses are ready for the next school year.

The Transportation Information Management System (TIMS), a systems initiative of the North Carolina Department of Public Instruction, provides an LEA with a digital, geographic planning tool for student transportation. It features important optimization tools that can be used to improve the efficiency of transportation services. Use of TIMS (or another approved system) is required of all LEAs by G.S. 115C-240(d).

In addition to the benefit derived from the optimization tools, the uniform use of TIMS makes possible the production of LEA-level and statewide data. Reports containing operational data for all LEAs have been disseminated since 2006-07. **Exhibit 4-26** provides a compilation of the available data for the last three school years.



Exhibit 4-25
Lee County Schools Transportation Department
Drivers, Buses and Routes
2011-12 School Year

School	Number of Eligible Drivers	Number of Assigned Buses	Number of Routes	Buses by Number Assigned to Each School (Shared with Other Schools)
Bragg Street Academy	2	0	2	
Broadway Elementary	25	7	16	46, 150, 174, 175, 186, 198 (LHS), 598 (LHS)
Bullock Elementary	27	8	16	12, 32 (Shuttles from Williams in PM), 34 (LHS), 164 (SLHS), 165, 168, 187, 2002 (LHS)
Deep River Elementary	26	8	16	10, 11, 17, 18, 19, 41, 49, 179
East Lee Middle	19	10	20	37, 153, 155, 161 (Broadway), 167, 171, 188, 192, 203, 2003
Floyd L Knight Children's Center	30	6	12	27, 28, 30, 2001, 2802, 2803
J Glenn Edwards Elementary	30	7	18	22, 26, 33, 36, 40, 151, 201 (SLHS)
Greenwood Elementary	29	7	16	25, 39 (SLHS), 44, 157, 159, 162 (SLHS), 178
J.R. Ingram Elementary	30	7	16	16, 24, 99, 169, 190, 191, 200
Lee Early College	3	0	4	
Lee County High	31	11	30	14, 31, 38, 45, 47 (Edwards), 50, 100, 163, 176 (Edwards), 177, (LEC Shuttle) 189
SanLee Middle	16	11	23	13, 15, 20, 21, 42, 48, 170, 180, 195, 197, 202
Southern Lee High	34	8	24	35, 152 (LEC Shuttle), 156, 183 (Ingram PM), 184, 185 (SLMS PM), 196 (Greenwood), 199
Tramway Elementary	24	5	10	23, 51, 148, 160, 194
Warren Williams Elementary	6	0	1	
West Lee Middle	21	10	20	29, 43 (Ingram PM), 147, 154, 158, 166, 172, 181, 182, 193
Total	353	105	244	

Source: Lee County Director of Transportation, December 2011; Lee County Schools Human Resources, November 2011.

* Lee Early College uses 38, 45, 47, 35, 34 when traditional schools are not in session



Exhibit 4-26
TIMS Service Indicators
State Average versus Lee County Schools
2008-09 to 2011-12 School Years

Service Indicators	2008-09	2009-10	2010-11	Change
Average Student Ride Time, AM (Minutes)				
State Average	24	23	23	-1
Lee County Schools	26	29	28	2
Average Distance to School, Riders (Miles)				
State Average	4.36	4.37	4.34	-0.02
Lee County Schools	4.39	4.25	4.35	-0.04
Average Distance to School, All Students (Miles)				
State Average	4.23	4.27	4.35	0.12
Lee County Schools	4.23	4.32	4.26	0.03
Average of Longest 5% of Student Ride Times (Minutes)				
State Average	73	70	69	-4
Lee County Schools	80	84	81	1
Average Distance for Longest 5% of Ride Times (Miles)				
State Average	8.29	8.6	8.32	0.03
Lee County Schools	6.39	5.84	6.81	0.42
Average of Student-to-Stop Distances < 1 Mile (Feet)				
State Average	445	470	469	24
Lee County Schools	323	405	369	46
% of Stop Distances > .5 & < 1 Mile				
State Average	1.38	1.39	1.33	-0.05
Lee County Schools	1.94	2.2	1.78	-0.16
% of Stop Distances < 1 Mile = 0				
State Average	30.5	29.04	28.55	-1.95
Lee County Schools	51.9	47.11	50.75	-1.15
Earliest Morning Pickup Time				
State Average*	5:51 AM	5:52 AM	5:52 AM	1 min later
Lee County Schools	5:49 AM	5:15 AM	5:13 AM	36 mins earlier
Arrival Time				
State Average*	7:45 AM	7:38 AM	7:40 AM	5 mins earlier
Lee County Schools	7:30 AM	7:15 AM	7:30 AM	No change
Percent of Routes with Multiple Runs from the Same School				
State Average	7.33	6.89	6.6	-0.73
Lee County Schools	0.96	2.13	7.62	6.66
Operations Choices Affecting Service				
School Start Times (First)				
State Average*	n/a	7:40 AM	7:40 AM	n/a
Lee County Schools	7:30 AM	7:30 AM	7:30 AM	No Change
School Start Times (Last)				
State Average*	n/a	8:30 AM	8:30 AM	n/a
Lee County Schools	10:00 AM	8:00 AM	8:00 AM	2 hours earlier
Range of School Start Times (Minutes)				
State Average	62	62	68	6
Lee County Schools	150	30	30	-120
Average Number of Runs per Rte, PM				
State Average	1.64	1.65	1.68	0.04
Lee County Schools	1.17	1.17	1.23	0.06
Percentage of Routes with More than One Run, PM				
State Average	47.27	47.01	48.27	1
Lee County Schools	16.35	11.7	21.9	5.55

Source: Transportation Service Indicators Reports, 2008-09, 2009-10, 2010-11.

*For Earliest Morning Pickup Time and Arrival Time, the State-wide values are the median.



The state website also provides pupil transportation data, which is compiled from the State Public School Fund, the Federal Grant Fund, the Annual Financial Report, and the Division of School Support records. The latest information available is from the 2007-08 school year; however, the performance trends can be seen over time in **Exhibit 4-27**.

Exhibit 4-27
Student Transportation on Lee County Public School Buses
2003-04 through 2007-08 School Years

Year	2003-04	2004-05	2005-06	2006-07	2007-08	Change 2004 to 2008	% Change 2004 to 2008
Buses	95	96	98	100	102	7	7.4%
Pupils	5,121	5,102	5,228	5,223	5,277	156	3.0%
Miles	814,890	846,459	962,315	950,242	970,787	155,897	19.1%
Cost	\$1,753,538	\$1,804,777	\$2,109,137	\$3,271,175	\$2,865,282	\$1,111,744	63.4%
Cost Per Bus	\$18,458	\$18,800	\$21,522	\$32,712	\$28,091	\$9,633	52.2%
Cost Per Pupil	\$342.42	\$353.71	\$403.43	\$626.30	\$542.98	\$200.56	58.6%
Cost Per Mile	\$2.15	\$2.13	\$2.19	\$3.44	\$2.95	\$0.80	37.2%

Source: North Carolina Department of Public Instruction, Statistical Profiles, School Years 2003-04 through 2007-08.

As can be seen, the total number of buses increased by seven over the time shown. Since 2008, the fleet has grown to 105 buses. Costs are rising based in part on the increased number of miles driven and may be reflective of the overall increases in the cost of fuel.

FINDING

Since 2006-07, and perhaps beyond, LCS has received 100 percent funding from the State based on the state's efficiency ratings.

School bus transportation in LCS is funded through a combination of federal, state and local funds. State law requires the county to fund the bus maintenance garage and the equipment it contains. The vast majority of transportation funds come from the state. The North Carolina Department of Instruction (NCDPI) administers an allotment each year to the school systems in the state for the operation of student transportation programs. NCDPI also pays for replacement buses when route school buses reach age (20 years) or mileage limits (200,000).

The funding process used by NCDPI assigns each school system an efficiency rating. This rating is then translated to a budget formula used to determine the transportation allotment.

- **Budget Rating 1 – Simulator Rating:** This rating is based on transportation expenditures and buses operated, as well as students transported. These data are calculated for each North Carolina school system using the NCDPI operational simulation formula.
- **Budget Rating 2 – Model Run:** NCDPI determines this measure by comparing each county with all other counties in terms of cost and buses per adjusted student. This factor



focuses on the efficiency of transportation operations in relation to all other school systems in the State.

To determine each school system's cost efficiency and bus efficiency ratings, each system is compared to the minimum statewide cost per student and the minimum statewide buses per 100 students. Ratings are developed with adjustments for differences in environmental characteristics including:

- student population density;
- median family income;
- average distance to school;
- average number of seats per bus;
- percent of special education students transported;
- roadway density; and
- circuitry, which is a measure of how well streets are connected.

Once each school system has been assigned its efficiency ratings, a buffer amount of 10 percent is added, not to exceed 100 percent. This buffer is designed to account for any undetected flaws in the system. **Exhibit 4-28** provides a comparison of the state funding for the last five school years.

Although the Rating 2 - Model Run for 2009-10 fell below the 100 percent mark, state funding is based on the greater of the two budget ratings.

COMMENDATION

LCS has maintained full state funding over the last five years based on the efficiency ratings of the district.

FINDING

The state inspection scores for LCS school bus maintenance programs have consistently been better than state averages for the last five years, which the Superintendent and Director of Transportation attribute to a rigorous local inspection program.

Annually, a state transportation consultant visits each district to perform an inspection of approximately 10 percent of the district's bus fleet, and perform analysis of some key school bus maintenance data contained in the statewide fleet maintenance program. While inspecting the buses, the consultant assigns Defect Points for problems found during the inspection; therefore, a lower inspection score is desirable.

Exhibit 4-29 shows the LCS inspection scores since 2005-06. As can be seen, since 2006-07, scores have remained below the state averages.



Exhibit 4-28
Lee County Schools Transportation Funding
2006-07 through 2010-11 School Years

Category	2006-07	2007-08	2008-09	2009-10	2010-11	Change from 2007 to 2011	% Change from 2007 to 2011
Rating 1 - Simulator Rating	100%	100%	100%	100%	100%	0	0.0%
Rating 2 - Model Run	100%	100%	100%	99.64%	100%	0	0.0%
Transportation Funding Computations							
LEA Funding DATA - (City/county Separated)							
Base Data:							
(1a) Eligible State Expenditures:	\$1,422,810	\$1,493,974	\$1,701,342	\$1,773,433	\$1,724,752	\$301,942	21.2%
(1b) Eligible Local Expenditures. Allowing for total increased expenditures corresponding to growth in ADM and legislated increases plus an additional amount up to \$300,000.	\$43,656	\$43,421	\$37,090	\$0	\$0	-\$43,656	-100.0%
(1) Total Eligible Expenditures (1a +1b)	\$1,466,466	\$1,537,395	\$1,738,432	\$1,773,433	\$1,724,752	\$258,286	17.6%
(2) Total Number of Buses	98	100	102	105	105	7	7.1%
(3) September Student Count	5,228	5,223	5,277	5,452	5,490	262	5.0%
(4) Budget Rating 1 (existing formula, simulator)	100.00%	100.00%	100.00%	100.00%	100.00%	\$0	0.0%
(5) Transportation Simulator Funding (1) x (4)	\$1,466,466	\$1,537,395	\$1,738,432	\$1,773,433	\$1,724,752	\$258,286	17.6%
(6) Budget Rating 2 (Model Rating)	100.00%	100.00%	100.00%	99.64%	100.00%	\$0	0.0%
(7) Model Run Funding (1) x (6)	\$1,466,466	\$1,537,395	\$1,738,432	\$1,767,049	\$1,724,752	\$258,286	17.6%
GREATER OF - BASE FUNDING FOR YEAR	\$1,466,466	\$1,537,395	\$1,738,432	\$1,773,433	\$1,724,752	\$258,286	17.6%
(9) Growth Adjustment (Based on ADM growth)	\$6,159	\$6,457	\$37,202	\$1,951	\$18,282	\$12,123	196.8%
(10) Legislative Adjustments	\$52,558	\$47,626	\$63,676	\$9,545	\$17,752	-\$34,806	-66.2%
• Increase - Drivers	\$40,097	\$29,664	\$49,976	n/a	n/a		
• Increase - Personnel	\$12,461	\$8,809	\$10,350	n/a	n/a		
• Increase - Retirement	n/a	n/a	\$2,872	\$5,922	\$13,237		
• Increase - Hospitalization	n/a	n/a	\$477	\$3,623	\$4,215		
(11) Other Adjustments, If applicable:	\$0	\$0	\$0	n/a	\$0	\$0	0.0%
(11) Statewide \$15 million legislative cut, prorated according to eligible expenditures	n/a	n/a	n/a	-\$68,095	n/a	\$0	0.0%
(12) Fuel Cost Adjustments	-\$114,626	-\$40,844	-\$65,877	-\$32,938	n/a	\$114,626	-100.0%
Total Funding for Year (8)+(9)+(10)+(11)+(12)	\$1,410,557	\$1,550,635	\$1,773,433	\$1,683,895	\$1,760,787	\$76,892	4.6%
* Funds returned to the state as part of the legislated discretionary reduction	n/a	n/a	n/a	n/a	\$0	\$0	0.0%
Funds diverted to Charter Schools (Note: Funds for existing charter schools have already been removed from the pupil transportation budget; reduction shown is only for new Charter School Students.)	\$0	-\$513	\$0	\$0	\$0	\$0	0.0%
Additional Fuel Adjustment 1 - To be distributed in Allotment Rev #18	\$85,640	n/a	n/a	n/a	n/a	-\$85,650	-100.0%
Net Allotment less Charter School/ Discretionary Adjustment	\$1,496,197	\$1,550,122	\$1,773,433	\$1,683,895	\$1,760,787	\$264,590	17.7%

Source: North Carolina Department of Instruction, 2006-07 through 2010-11 Transportation Funding Information.



Exhibit 4-29
Inspection Scores for Lee County Schools Transportation
2005-06 through 2011-12

Year	LCS Scores	State Average Scores	Physical Inventory Scores
2005-06	41.4	31.3	n/a
2006-07	11.8	33.75	9 of 10 correct
2007-08	22.2	33.04	8 of 10 correct
2008-09	23.64	38.38	9 of 10 correct
2009-10	12.73	31.21	8 of 10 correct
2010-11	23.36	36.98	9 of 10 correct
2011-12	11.36	Not available until end of year	8 of 10 correct

Source: Annual Letters from the North Carolina Department of Public Instruction, Transportation Services, 2006 thru 2011.

According to the Superintendent and the Transportation Director, the key to their successful inspections is active participation by the mechanics in continual improvement efforts and a rigorous local inspection effort that goes beyond state mandates.

According to the Superintendent, when the district receives the inspection reports the Superintendent and the Transportation Director discuss the findings and look for systemic issues that might be used as a training opportunity with the mechanics. The director goes over the report with all of the mechanics and they work together to develop a process or procedure to ensure that any findings are documented and procedures are in place to ensure that the problem is detected and corrected in a timely manner in the future.

The state requires every bus to be inspected every 30 days by a certified inspector. To become certified to inspect, there is classroom time and testing. Today, according to the Transportation Director, all LCS mechanics are certified inspectors. If the mechanics identify a systemic problem relating to a problem with a specific type of bus or type of part, the mechanics discuss the problem among themselves. Each mechanic is responsible for inspecting the buses assigned to them on a monthly basis.

To ensure that every bus is periodically examined by a fresh set of eyes, the Director indicated that every Monday the mechanics go out *as a group* and do a local inspection of one-fourth of the school buses. The Director said he believes that the group inspection process gives every mechanic an opportunity to see what other mechanics are doing; each one learns from the others and is able to contribute suggestions for better ways to maintain buses or make their inspections.

Drivers have a role in bus maintenance as well. The drivers are required to make a pre-trip inspection where they walk around the bus and visually inspect the bus. They then report any problems on their daily sign in sheet, so that the mechanics can quickly address needed repairs. If there is a problem found, such as a flat tire, that requires immediate attention, the driver will call for immediate assistance.



The fueling person also checks oil, transmission fluid and antifreeze while they are refueling the buses, and if they note a potential problem, such as a frayed belt, while the hood is up, they will notify the mechanic by cell phone so something can be done immediately.

COMMENDATION

A rigorous local inspection process, described by the Superintendent and Director of Transportation, has resulted in better than state average inspection scores for LCS school bus maintenance programs for the last five years.

FINDING

In an effort to reduce costs and improve efficiency, at the beginning of the 2011-12 school year, the district implemented community bus stops in locations where a community stop was safe. Under this plan, if students live more than 1.5 miles from their home school, free school bus transportation is provided. Buses are routed so that the bus passes within one mile of the residence of each student assigned to the bus. Buses may be routed to pick up students who live closer than this if they would have to walk through dangerous conditions to reach school.

By state law, buses can travel only on state-maintained highways, municipal streets or streets with publicly dedicated right-of-way, therefore, buses are routed on main or primary roads and stops must be at least 2/10 of a mile apart unless there are safety problems. Prior to this change, the district had more routes and routes included secondary roads and stops in several subdivisions.

According to information provided by the Superintendent and the Transportation Director, in comparison to last year, this change has resulted in 18 more students riding the buses each day and they are using 23 fewer driver hours and are driving 143 fewer miles each day. The calculated annual saving from fuel and driver compensation and benefits is \$64,221.

Estimated state funding cuts, however, are negating those savings. According to the Superintendent's estimates, the net budget deficit after realizing the saving shown above could be as much as \$145,000.

Based on the route reports provided by the district, 215 of the 244 routes shown in **Exhibit 4-30** are attributed to the 11 traditional elementary, middle schools and high schools in the district. Of the 215 routes, the buses on 25 routes, or 11.6 percent, are operating at less than 60 percent of capacity on an average day. A list of the schools with undercapacity routes are shown in **Exhibit 4-30**.

Although there may be good reasons for undercapacity routes, a reexamination of the routes based on current guidelines, and the potential for consolidation of routes to increase ridership appears to exist. The state also recommends periodically reexamining routes where safety concerns may have resulted in adjustments, to ensure that the condition that caused the initial safety concern still exists.



**Exhibit 4-30
Schools with Bus Routes Operating
Below 60 Percent Capacity**

School Name	Number of Routes Below 60 Percent Capacity	Average Capacity Used On Selected Routes
West Lee Middle School	6	34.44%
		48.15%
		49.44%
		55.56%
		58.67%
San Lee Middle School	3	59.63%
		39.63%
		44.81%
East Lee Middle School	2	58.52%
		47.55%
Broadway Elementary	4	50.74%
		48.31%
		50.91%
		59.08%
Tramway Elementary	3	59.17%
		29.15%
		35.69%
Bullock Elementary	2	56.97%
		31.52%
Greenwood Elementary	2	44.55%
		51.85%
Ingram Elementary	2	59.72%
		33.33%
Edwards Elementary	1	59.39%
		34.85%

Source: Lee County Director of Transportation, December 2011.

RECOMMENDATION

Recommendation 4-11:

Consolidate additional bus routes in 2012-13, where safety is not an issue, and establish guidelines for determining the conditions that would constitute grounds for a safety related route adjustment in the future.

The routing changes made for 2011-12 should be closely examined and where feasible and safe, LCS should consolidate bus runs and stops to create greater efficiencies. Additionally, LCS should establish and publish criteria by which routes can be assessed for route safety. Using the published criteria, LCS should then re-evaluate the placement of stops that are not within guidelines due to safety concerns, to ensure that the condition that caused the initial concern continues to exist.



FISCAL IMPACT

Once routes are consolidated, eliminating the need for two drivers at 4 hours per day per driver, the savings over the 180 days of instruction would be \$17,712 (8 hours X 180 days X \$12.30 of average hourly wages). Assuming the positions are eliminated, additional savings for benefits estimated at 33 percent of salary would be possible; however, due to the dual assignments of most drivers, the benefits are not included in this calculation.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Consolidate Additional Bus Routes	\$17,712	\$17,712	\$17,712	\$17,712	\$17,712

FINDING

LCS, along with all other county offices, obtains its fuel from a central fueling site operated by the Lee County Central Services Department.

The Central Services Department purchases the fuel from the site through the state contract, and also does comparison pricing to determine if better pricing can be obtained through local spot purchases and the like. During interviews, however, the Superintendent indicated that he feels that the school district could purchase fuel cheaper if they were to handle the purchasing themselves. Last year, the Superintendent indicated that LCS used 168,590 gallons of fuel, therefore, obtaining even a marginal savings on the per-gallon fuel rate could equate to sizable savings for LCS. However, he stated that he has been reluctant to pull out of the county fueling operation as it could negatively affect the county’s ability to obtain favorable prices for fuel for its departments.

Davie County Schools purchase the fuel for all of the county entities. The Davie County Schools Transportation Director indicated that he purchases fuel by the tractor-trailer load from a local supplier. He checks the state contract fuel prices daily, and compares the prices to those of the local vendor. In most cases, the local vendor is at or below the state price. In all, he said that he believes that shopping for the best prices is saving Davie County tens of thousands of dollars annually. When he buys locally, he maintains proof that he is getting a better price by attaching a copy of the state fuel rate to the invoices.

RECOMMENDATION

Recommendation 4-12:

Take over the fuel purchasing function for the County from Lee County Central Services Department and begin negotiating the best available fuel price for all County departments.

Since holding down the cost of fuel will benefit all county entities, if the school district is able to obtain savings through negotiation with vendors, all county entities will realize savings.



This recommendation assumes that the current fueling location will not be changed, only that the responsibility for the purchasing of fuel be transferred to the school district.

FISCAL IMPACT

The savings for LCS are based on the assumption that their negotiations will result in the county being able to purchase fuel for 5 cents less per gallon. Based on the district’s fuel consumption last year of 168,590 gallons of fuel, LCS could save \$8,430 (\$0.05 X 168,590) annually through successful negotiation of fuel prices.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Take Over Fuel Purchasing Function	\$8,430	\$8,430	\$8,430	\$8,430	\$8,430

FINDING

LCS’ bell time schedules and related policy decisions do not allow for optimum use of buses to run multiple routes.

As state funding for transportation decreases, particularly the fuel allotment, the county is must supplement the general operating budget. In addition, Lee County is also responsible for purchasing new buses, when needed. In North Carolina, the state pays for the replacement of all “yellow” school buses, meaning the buses used to transport children to and from school, including a 10 percent spare fleet of buses. LEAs are responsible for purchasing new buses needed to expand routes as well as all activity buses. Under G.S. 115C-528(a), the Board is authorized to finance the purchase of school buses. Session law 2003-284, Section 7.25 authorized the State Board of Education to allot monies for the payments on financing contracts entered into pursuant to G.S. 115C-528.

As shown in **Exhibit 4-31**, Lee County added five new “yellow” buses and two activity buses in 2008-09, and one additional activity bus in 2009-10.

According to the Superintendent and Director, additional routes were added as new schools were opened, thereby necessitating the purchase of additional school buses. Both the purchase and the replacement of activity buses are paid by the county.

Although the total number of buses used can be significantly reduced by staggering the bell times so that the same bus can make multiple runs, operational efficiency is not significant as the miles driven and the time paid for driver time is the same. The savings from this approach is in the number of buses needed to make the daily runs.

As shown in **Exhibit 4-32**, LCS elementary schools begin between 7:45 and 8:00 AM, middle schools start between 7:30 and 7:45 AM, high schools start between 7:45 and 8:00 AM.

For the alternative schools and Lee Early College, students ride the bus to their home campus and are then shuttled to the alternative school or Lee Early College.



Exhibit 4-31
Lee County School Bus Purchases
2004-05 through 2011-12 School Years

Number Purchased	Average Cost	Purchase Method	Type Bus	Cost To County	Fiscal Year
1	\$63,475	County Capital Outlay	Activity	\$63,475	2004-05
7	\$63,938	State Lease	School	\$0	2004-05
3	\$63,721	County Capital Outlay	Activity	\$191,163	2005-06
3	\$61,436	County Capital Outlay	School	\$184,308	2005-06
22	\$66,153	State Lease	School	\$0	2006-07
2	\$67,567	County Capital Outlay	School	\$135,134	2007-08
1	\$67,552	County Capital Outlay	Activity	\$67,552	2007-08
11	\$76,900	State Lease	School	\$0	2008-09
5	\$76,628	County Capital Outlay	School	\$383,140	2008-09
2	\$78,692	County Capital Outlay	Activity	\$157,384	2008-09
1	\$79,454	State Outright	School	\$0	2009-10
1	\$88,284	County Capital Outlay	Activity	\$88,284	2010-11
1	\$83,493	State Lease	School	\$0	2011-12
Total Cost to County Since 2004-05				\$1,270,440	

Source: Lee County Director of Transportation, January 2012.

Exhibit 4-32
Lee County Schools Starting and End Times by School
2011-12 School Year

School	Grades/Ages Served	Start Time	End Time
B.T. Bullock Elementary	K-5	8:00 AM	2:30 PM
Broadway Elementary	K-5	7:55 AM	2:30 PM
Deep River Elementary	K-5	8:00 AM	2:30 PM
J. Glenn Edwards Elementary	K-5	8:00 AM	2:30 PM
J. R. Ingram Elementary	K-5	7:45 AM	2:30 PM
Greenwood Elementary	K-5	8:00 AM	2:30 PM
Tramway Elementary	K-5	8:00 AM	2:30 PM
Floyd Knight/Children's Center	K-12	8:00 AM	2:30 PM
Warren Williams	Pre-K and Adult	7:55 AM	2:30 PM
East Lee Middle	Grades 6 - 8	7:40 AM	2:45 PM
SanLee Middle	Grades 6 - 8	7:30 AM	2:30 PM
West Lee Middle	Grades 6 - 8	7:45 AM	2:40 PM
Lee County High	Grades 9 - 12	8:00 AM	3:05 PM
Southern Lee High	Grades 9 - 12	7:45 AM	3:00 PM
Bragg Street Academy	Grades 7 - 11	8:00 AM	2:30 PM
Lee Early College	Grades 9 - 13	8:00 AM	2:45 PM

Source: Lee County Schools Director of Transportation, 2011.

For example, in Cabarrus County Schools, implementation of a three-tiered staggered bell schedule allowed the district to reduce its bus fleet by 53 buses, from 233 buses in 2008-09 to 180 buses in 2009-10. In addition, the Cabarrus County Schools noted:



The successful staggering of bell times and pairing of runs and routes also reduced student ride time. The average total ride time decreased 3 minutes each day per student, while the longest ride times decreased an average of 12 minutes per student.

Arguably, putting the additional miles on a single bus will result in more wear and tear, thereby forcing the buses to be replaced more frequently. However, the state pays for bus replacements, and with staggered bell schedules, state officials said there are fewer buses in each fleet to replace. Therefore, under the staggered bell scenario, both the LEAs and the state save money as they are required to purchase fewer buses.

Another objection to a staggered bell is the question of full-time drivers versus part time drivers. With staggered bell, the drivers who drove multiple routes would most likely work full-time as drivers, where at this time they are working part-time as drivers and are serving in some other capacity during the remainder of the day. Using drivers on a more full-time basis would not increase the total number of hours spent on driving, but it could necessitate the hiring of staff to cover the functions previously handled by the drivers. Since many of the drivers currently used to drive yellow bus routes currently work sufficient hours overall, to qualify for benefits, the issue of increased benefits does not appear relevant.

Another way for LEAs to realize savings on capital investments in new buses is the process by which an LEA can park an unused bus until needed or can turn in a bus for credit that can then be used against the purchase of buses in the future.

RECOMMENDATION

Recommendation 4-13:

Implement a staggered bell system to reduce the number of buses needed to transport the same number students.

In collaboration with principals, other campus-based leaders and parent representatives, develop a staggered bell schedule whereby at least a 30-minute differential exists between the bell schedules of the elementary, middle and high schools within a feeder pattern. According to the North Carolina Department of Public Instruction, Transportation Division, 45-minute differentials are preferred.

If, after implementation of this system, Lee County is able to reduce its fleet from 105 buses that are currently used for daily routes, buses should be parked or turned in for credit. Then, in the future, as new buses are needed, one or more of the parked buses can be reactivated, or existing credit taken against the purchase of needed buses, thereby eliminating the need for related capital expenditures.

FISCAL IMPACT

LCS has purchased ten yellow buses since 2005-06, or an average of 1.4 buses per year. If, over the next five years, the district could avoid purchasing seven new buses (1.4 buses per year X 5 years), at an estimated cost of \$75,000 per bus through implementation of a staggered bell



schedule, LCS could avoid capital expenditures of \$525,000. Since the purchasing of new “yellow” buses is not an annual activity, for estimating purposes, the cost avoidance related to the purchase of three buses is arbitrarily recognized in 2014-15, with the avoidance related to another four buses recognized in 2016-17.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Implement a Staggered Bell System	\$0	\$0	\$225,000	\$0	\$300,000

4.4 CHILD NUTRITION

School meal programs began when the Child Nutrition Act of 1946 authorized the National School Lunch Program to “safeguard the health and well-being of the nation’s children.” The program, administered by the United States Department of Agriculture (USDA), is open to all public and nonprofit private schools and all residential childcare institutions.

Lee County Schools participates in the National School Lunch Program (NSLP), and the School Breakfast Program (SBP). School systems that participate in these federal programs receive cash subsidies and donated commodities from the United States Department of Agriculture (USDA) for each eligible meal they serve. In return, the district must serve its students meals that meet federal guidelines for nutritional value and offer free or reduced-price meals to eligible students.

As shown in **Exhibit 4-33**, the LCS Child Nutrition staff consists of the Director of Child Nutrition, the Child Nutrition Supervisor, the Warehouse Manager, an Office Assistant, 32 part-time Substitutes, 12 Cafeteria Managers, 12 Assistant Managers and 51 Child Nutrition Workers.

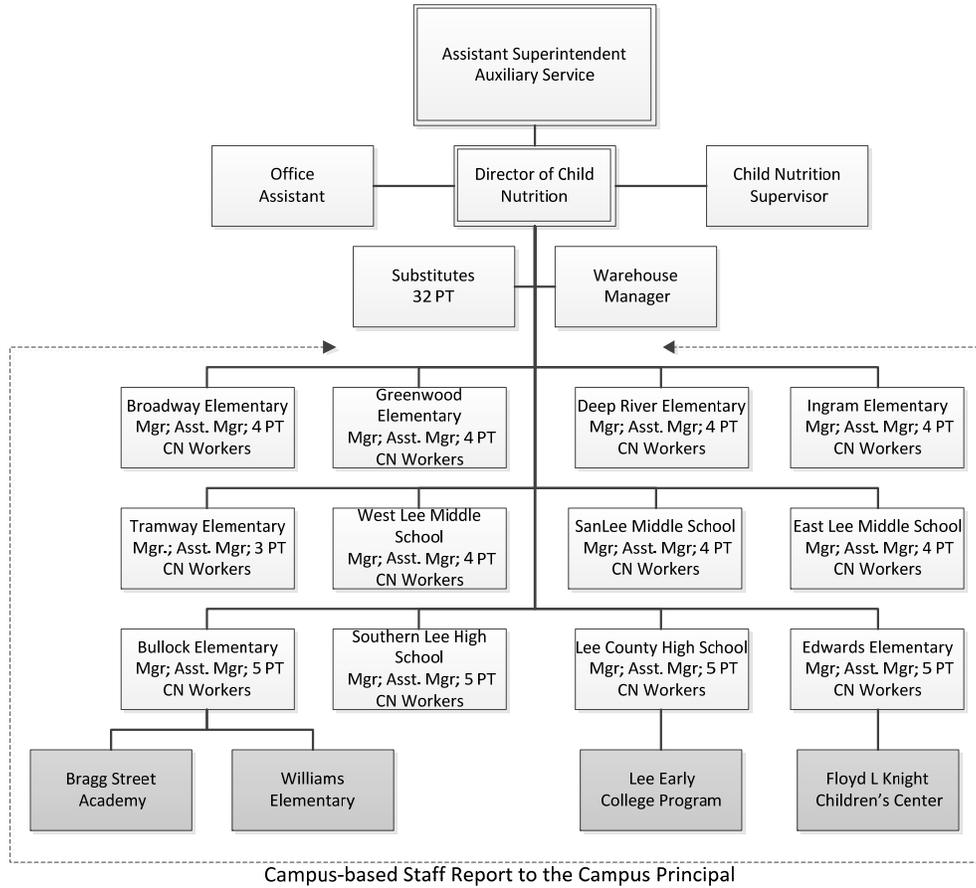
The LCS Child Nutrition Department operates 12 school kitchens, with three kitchens preparing and serving meals for four other schools. As shown by the shaded areas, the kitchen at Bullock Elementary prepares meals for Bragg Street Academy and Williams Elementary, Lee County High School prepares meals for the Lee Early College Program and Edward Elementary prepares meals for Floyd Knight Children’s Center.

Lee County uses the Meals + System for tracking and recording meals in the cafeterias. The system has a feature that flashes up a warning message when a child with special dietary needs or special parental instructions comes through the line. This allows the cafeteria workers to ensure that the student is only allowed to take the food that meets the child’s dietary requirements or the parent’s instructions.

Students are assigned an identification number that they input into a keypad as they walk through the cafeteria line. Because Southern Lee High School requires all students to wear badges, it is the only school where students can swipe their badge for meals rather than entering a number in a key pad. Meals can be paid for at the time of service or pre-paid with cash or checks. For the first time this year, parents can prepay for meals online.



Exhibit 4-33 Child Nutrition Department in Lee County Schools Organizational Chart



Source: Lee County District Offices, 2011.

Federal law requires a match for Child Nutrition Supervisors. For the state to be eligible for Section 4 federal funds, the state’s share of that cost is in excess of \$7 million. Therefore, beginning with the FY 2010-11, each LEA is required to expend \$45,000 out of Central Office Administration expenses. Consequently, \$45,000 of the Director’s salary is now paid locally.

The LCS 2011-12 meal prices for breakfast and lunch are shown in **Exhibit 4-34**.

Federal support comes in the form of a cash reimbursement for each meal served, depending on the economic status of the student. **Exhibit 4-35** compares the number of students eligible for free or reduced price lunches in Lee County to peer districts selected for this review.



Exhibit 4-34
District Meal Prices
2011-12 School Year

Breakfast	Full Price Meals	Reduced Price Meals
All Students	\$1.50	\$.30
Adult	A la carte Prices	n/a
Lunch		
Grade K-5	\$2.10	\$.40
Grades 6-12	\$2.25	\$.40
Adult	A la carte Prices	n/a

Source: Lee County Food Service Director, 2012.

Exhibit 4-35
Comparison of Students Eligible for Free or Reduced Price Meals
2010-11 School Year

County School System	Total Students ADM	Percent Free Lunch Eligible	Percent Reduced Lunch Eligible	Total Percent Needy
Lee	9,565	55.00%	7.09%	62.09%
Chatham	7,750	44.86%	5.79%	50.65%
Franklin	8,478	51.77%	7.02%	58.79%
Granville	8,545	43.87%	6.89%	50.76%
Harnett	19,211	46.65%	9.48%	56.13%
Rutherford	8,765	61.10%	7.75%	68.85%
Stanly	8,966	47.11%	8.33%	55.44%
Surry	8,443	48.48%	10.29%	58.77%
Peer School System Average	10,023	49.12%	7.94%	57.06%

Source: North Carolina Department of Public Instruction, Child Nutrition Service
<http://www.ncpublicschools.org/fbs/resources/data/>

As shown, Lee County Schools has the second highest percent of needy children among its peers, with the Rutherford County Schools having the highest. The poorest students qualify for free lunches, while others qualify for reduced price lunches. **Exhibit 4-36** shows the Lee County Schools ranked from highest to lowest in percent of students eligible for free or reduced price lunches.

All meals served according to federal guidelines receive some level of reimbursement, including those served to students who pay full price.

The federal reimbursement rates for this school year are found in **Exhibit 4-37**. Because more than 60 percent of the students qualified for free and reduced price meals, LCS falls into the Severe Need reimbursement category.



**Exhibit 4-36
Lee County Schools
Students Eligible for Free or Reduced Price Meals
2010-11 School Year**

School	ADM	Number Reduced Lunch Eligible	Percent Reduced Lunch Eligible	Number Free Lunch Eligible	Percent Free Lunch Eligible	Total Percent Needy
Warren Williams Elementary	3	2	66.67%	1	33.33%	100.00%
Bragg Street Academy	49	2	4.08%	46	93.88%	97.96%
Floyd L Knight Children's Center	69	6	8.70%	59	85.51%	94.21%
J Glenn Edwards Elementary	686	41	5.98%	492	71.72%	77.70%
Broadway Elementary	593	38	6.41%	418	70.49%	76.90%
Deep River Elementary	654	38	5.81%	463	70.80%	76.61%
Greenwood Elementary	654	74	11.31%	419	64.07%	75.38%
Benjamin T Bullock Elementary	630	45	7.14%	425	67.46%	74.60%
Sanlee Middle School	810	92	11.36%	446	55.06%	66.42%
J R Ingram Jr Elementary	677	64	9.45%	375	55.39%	64.84%
East Lee Middle	649	42	6.47%	353	54.39%	60.86%
West Lee Middle School	712	43	6.04%	340	47.75%	53.79%
Southern Lee High School	1,063	73	6.87%	493	46.38%	53.25%
Lee County High School	1,341	63	4.70%	607	45.26%	49.96%
Lee Early College	284	15	5.28%	102	35.92%	41.20%
Tramway Elementary	691	40	5.79%	222	32.13%	37.92%
Lee County Schools	9,565	678	7.09%	5,261	55.00%	62.09%

Source: North Carolina Department of Public Instruction, Child Nutrition Service
<http://www.ncpublicschools.org/fbs/resources/data/>

**Exhibit 4-37
National School Breakfast and Lunch Reimbursement Rates
Effective from July 1, 2011 - June 30, 2012**

	Breakfast		Lunch		
	Non-Severe Need	Severe Need	Less Than 60%	60% or More	Maximum Rate
Paid	\$0.27	\$0.27	\$0.26	\$0.28	\$0.34
Reduced Price	\$1.21	\$1.50	\$2.37	\$2.39	\$2.54
Free	\$1.51	\$1.80	\$2.77	\$2.79	\$2.94

Source: United States Department of Agriculture, 2011.

In June 2011, the North Carolina General Assembly enacted Senate Bill 415 (Session Law 210-342), which eliminated the NC State Kindergarten Breakfast Program. Funds originally appropriated for that program will be used to pay the cost of reduced-price breakfast meals (30 cents per meal) for all students (PreK – Grade 12) who qualify for reduced-price meals under the National School Lunch Act.

This law became effective July 1, 2011. Lee County Schools received information in August regarding the implementation plan. Beginning August 17, 2011, all students who qualified for



reduced-price meals have been able to receive breakfast at no cost. If any students purchased a reduced-price breakfast during the period of July 18, 2011 thru August 16, 2011, officials indicated that the students have been issued a credit to their accounts in the school cafeterias.

As per the NC General Assembly:

If appropriated funds are insufficient to provide school breakfasts at no cost to students qualifying for reduced-price meals, local child nutrition programs shall charge the students qualifying for reduced-price meals the allowable amount for a reduced-price breakfast under the guidelines of the National School Breakfast Program.

According to the Child Nutrition Director, if the funding becomes insufficient, Lee County Schools may charge the students who qualify for reduced-price meals a price of 30 cents per reduced-price breakfast.

FINDING

According to the Child Nutrition Director, LCS meal prices have not increased since the 2008-09 school year, and have not kept pace with rising costs and federal reimbursement rates. The history of meal price increases since 2002-03 is shown in **Exhibit 4-38**.

**Exhibit 4-38
Full-Price Meal Prices
2002-03 to Present**

Breakfast	2002-03	2007-08	2008-09
All Students	\$1.00	\$1.25	\$1.50
Lunch			
Grade K-5	\$1.60	\$1.85	\$2.10
Grades 6-12	\$1.75	\$2.00	\$2.25

Source: Lee County Child Nutrition Director, December 2011.

According to data compiled by the Division of School Business, Financial & Business Services, NC Department of Public Instruction in January 2011, the average cost of providing a breakfast and lunch, including indirect costs, during the 2009-10 school year was \$1.95 and \$3.08, respectively.

The federal reimbursement rates for free meals, shown in **Exhibit 4-38** above, are established by the federal government to match the estimated meal costs, including the cost of food, food preparation, clean-up and the like, and adjustments are made annually, as needed.

Effective July 1, 2011, Section 205 of the Healthy, Hunger-Free Kids Act of 2010 requires school food authorities participating in the National School Lunch Program to provide the same level of support for lunches served to students who are not eligible for free or reduced price lunches (i.e., paid lunches) as they are for lunches served to students eligible for free lunches. The Act directs school food authorities (SFAs) to:



- Compare the average price charged for lunches served to students not eligible for free or reduced price lunches (i.e., students receiving “paid lunches”) to the difference between the higher Federal reimbursement provided for free lunches and the lower Federal reimbursement provided for paid lunches.
- If the average paid lunch price is *less than* the difference, an SFA must either gradually adjust average prices or provide non-Federal funding to cover the difference.

According to the state representative, the minimum weighted average meal price is \$2.51. Based on 2010-11 participation, the weighted average in Lee County is \$2.16.

A March 11, 2011 memorandum from the USDA, provides the following explanation of the reason for this new provision:

Why is this provision important?

- *Historically, there have been three main sources of funds provided to nonprofit school food service accounts: Federal reimbursements, paid meal revenues, and State and local funding. The Federal reimbursement for paid meals was designed to be minimal in relation to these other sources and has always been substantially less than the reimbursement for free and reduced price meals.*
- *Research indicates that average prices charged for paid lunches in some SFAs are less than the cost of producing those lunches.*
- *Pricing paid lunches below the cost of production effectively increases Federal subsidies for higher income children because Federal funds intended for free and reduced price lunches are being used to help fill in the gap between what a paid lunch costs and what the school receives for it. Children across all income levels are negatively affected by limiting the funds available to provide nutritious meals.*
- *This provision will help ensure that schools have funding available to support serving nutritious meals to all students.*

According to the legislation, schools may choose to cover the difference in revenue with non-Federal funds instead of raising paid meal prices. The superintendent indicated that he is not in favor of raising meal prices. He said that he feels that this places an additional tax on parents who are already paying local, state and federal taxes. Maintaining this position will require the district to dedicate General Operating Funds to make up this difference, thereby exacerbating the budget cuts required in other areas of the district’s operations due to declining federal, state and local revenues.



RECOMMENDATION

Recommendation 4-14:

Institute a policy of maintaining the rounded full-priced meal prices at or near the weighted average federal reimbursement rates, in compliance with Section 205 of the Healthy, Hunger-Free Kids Act of 2010.

The law requires the incremental adjustment of meal prices by a maximum of 10 cents per year, but provides LEAs the ability to make discretionary increases of more than that amount. Given the fact that Lee County did not begin raising its meal prices in 2011-12 it would be reasonable to institute a 35 cent per meal increase in full-priced lunch rates at all levels for 2012-13. Although the focus of the Act is lunches, a corresponding 30 cent per meal increase in full-priced breakfasts should also be instituted. Annual adjustments from this point forward should then be based on adjustments to the federal reimbursement rates as envisioned by the Act.

Should some families find that they are not able to afford the price increases, LCS should provide them an application for the free or reduced price meal program. If they qualify, not only will LCS receive offsetting federal reimbursements, but by fully identifying all children eligible for the program, additional federal and state academic funds may become available.

FISCAL IMPACT

Assuming the number of paid meals served remains at 2010-11 levels, when 21,778 paid breakfasts and 227,759 paid lunches were served, the following additional revenues could be realized:

Meal	Number of Meals Served	Price Increase	Additional Revenues
Breakfast	21,778	\$0.30	\$6,533
Lunch	227,759	\$0.35	\$79,716
Total			\$86,249

The additional revenues shown below are revenues to the Child Nutrition Fund; however, additional revenues to that fund offset the corresponding need for General Operating funds to be used to show maintenance of effort.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Maintain Full-Priced Meal Rates at or near Federal Reimbursement Rates	\$86,249	\$86,249	\$86,249	\$86,249	\$86,249



FINDING

Kitchens in Lee County Schools are well-equipped and inspection results indicate high rating from the Health Inspectors.

The Evergreen Team toured three kitchens as part of the review process, including Southern Lee High School, SanLee Middle Schools and Edwards Elementary School. The tour took place just before or during the lunch serving time. Each of the food preparation areas were spotless, with no extraneous food left on the counters or in the preparation areas. Preparation areas were separated by food type, so as to limit cross contamination. Each of the kitchens had large walk-in refrigerators and freezers and ample dry storage space. All of the kitchens toured had well-equipped dishwashing areas. All but Southern Lee High School used washable serving trays. Southern Lee uses disposable wear, and the other schools indicated they had disposable wear on hand to use if a power interruption, lack of hot water, or a machine breakdown should prevent them from washing and sanitizing the trays.

Periodic inspections by the Lee County Environmental Health Department are not required for Lee Early College and Warren Williams; however, all other kitchens are inspected and given a sanitation score. Although these schools are not required to be inspected, the Director indicated that she has met with Environmental Health representatives to review their procedures at each of these schools. **Exhibit 4-39** shows the exceptional inspection scores given to the 14 school cafeterias between the 2008 and 2011 school years.

During the tour of cafeterias, each of the cafeteria managers commended their staff on the care they each give to maintaining the exception inspection scores. It is clearly a high priority for the district and a well-deserved source of great pride for the cafeteria managers and workers.

COMMENDATION

Lee County Schools has made the cleanliness and functionality of the school kitchens a high priority, which is evident by the exceptional inspection ratings received by each of its operations.

FINDING

As shown in **Exhibit 4-40**, breakfast participation rates at more than one-third of the Lee County Schools were below 20 percent in the 2010-11 school year.

Participation rates are significantly higher at schools with 70 percent or more of students eligible for free or reduced price meals and are significantly lower at the middle school and high school levels. While it is not unusual to have lower participation in the upper grades, participation rates at Lee County high schools and middle schools are particularly low.

Understanding the importance of nutrition in student achievement, the North Carolina State Board of Education adopted a resolution supporting the promotion of school breakfasts (**Exhibit 4-41**).



Exhibit 4-39
Lee County Kitchen Inspection Rating
2007-08 through 2010-11

School	Date of Inspection	Score	School	Date of Inspection	Score
Bragg Street	9/26/2008	100	Greenwood	9/24/2008	102
Bragg Street	1/7/2009	100	Greenwood	2/10/2009	102
Bragg Street	4/7/2010	102	Greenwood	4/7/2010	102
Bragg Street	9/21/2010	102	Greenwood	9/23/2010	100
Broadway	9/19/2008	100.5	Ingram	9/16/2008	102
Broadway	2/16/2009	102	Ingram	5/5/2009	101.5
Broadway	4/9/2010	102	Ingram	4/22/2010	102
Broadway	9/22/2010	102	Ingram	9/27/2010	102
Bullock	9/17/2008	101.5	Lee High	9/19/2008	101.5
Bullock	2/2/2009	102	Lee High	3/12/2009	101.5
Bullock	4/7/2009	102	Lee High	4/27/2010	102
Bullock	2/10/2010	102	Lee High	9/21/2010	99.5
Bullock	9/24/2010	102	San Lee Middle	9/5/2008	101.5
Deep River	9/24/2008	101	San Lee Middle	2/18/2009	102
Deep River	2/2/2009	101.5	San Lee Middle	4/23/2010	102
Deep River	4/8/2010	102	San Lee Middle	11/16/2010	102
Deep River	12/1/2010	102	Southern Lee High	9/23/2008	102
East Lee Middle	9/19/2008	102	Southern Lee High	2/19/2009	101.5
East Lee Middle	2/6/2009	102	Southern Lee High	4/28/2010	102
East Lee Middle	4/7/2010	100.5	Southern Lee High	9/20/2010	102
East Lee Middle	9/22/2010	102	Tramway	7/21/2008	102
Edwards	9/24/2008	102	Tramway	2/9/2009	102
Edwards	2/10/2009	102	Tramway	4/8/2010	102
Edwards	4/7/2010	102	Tramway	9/17/2010	102
Edwards	9/23/2010	100	West Lee Middle	9/24/2008	101
Floyd Knight	9/24/2008	99.5	West Lee Middle	2/17/2009	101
Floyd Knight	1/28/2009	100	West Lee Middle	4/22/2010	102
Floyd Knight	4/9/2010	102	West Lee Middle	9/27/2010	100
Floyd Knight	9/28/2010	102			

Source: Lee County Child Nutrition Director, December 2011.



Exhibit 4-40
Breakfast Participation Rates
2010-11 School Year

School	ADA	Total Percent Needy	# Of Days	Total # Of Breakfasts Served	Breakfasts Per Day	Participation Rate
Lee Early College	268	41.20%	171	2,232	13	4.9%
Lee County High	1,328	49.96%	171	18,817	110	8.3%
Southern Lee High	1,019	53.25%	179	21,521	120	11.8%
East Lee Middle	631	60.86%	179	18,048	101	16.0%
West Lee Middle	644	53.79%	179	18,854	105	16.4%
SanLee Middle	780	66.42%	179	25,506	142	18.3%
Tramway Elementary	649	37.92%	180	23,688	132	20.3%
Edwards Elementary	660	77.70%	179	27,962	156	23.7%
Greenwood Elementary	618	75.38%	179	32,777	183	29.6%
Ingram Elementary	643	64.84%	179	40,169	224	34.9%
Knight Center	107	94.20%	179	7,646	43	39.9%
Broadway Elementary	562	76.90%	179	42,971	240	42.7%
Bragg Street Elementary	46	97.96%	179	3,876	22	47.1%
Bullock Elementary	594	74.60%	179	50,215	281	47.2%
Deep River Elementary	615	76.61%	179	53,963	301	49.0%
Williams Elementary	123	100.00%	132	11,097	84	68.3%

Source: Lee County Director of Child Nutrition and the North Carolina Department of Public Instruction, Child Nutrition Service <http://www.ncpublicschools.org/fbs/resources/data/>



Exhibit 4-41
State Board of Education Breakfast Promotion Resolution



NORTH CAROLINA STATE BOARD OF EDUCATION
Resolution to Promote School Breakfast

WHEREAS, the Governor of the State of North Carolina and the North Carolina State Board of Education value the 1.5 million public school children in their trust as one of the State's most precious natural resources; and

WHEREAS, good and ample nutrition for children enhances and enables learning and attentiveness, and improves attendance and behavior at school; and

WHEREAS, North Carolina ranks second in the nation in children who suffer from hunger and food insecurity; and

WHEREAS, over half of the students enrolled in North Carolina's public schools qualify for free or reduced-price meals but only 25% participate in the school breakfast program; and

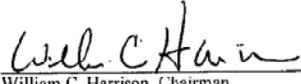
WHEREAS, scientific research indicates that students who eat school breakfast show a general improvement in academic performance, including a general increase in math and reading scores and improvements in speed and memory in cognitive tests; and

WHEREAS, research concludes that children who eat school breakfast eat more fruits, drink more milk, and consume less saturated fat and sugar than children who do not eat breakfast, thus helping to prevent childhood obesity; now, therefore, be it

RESOLVED, That, the North Carolina State Board of Education encourages Local Education Agencies to seek multiple and innovative ways of increasing school breakfast participation in their schools as an additional means of caring for and nurturing our public school children; and

THAT, the Board encourages LEAs to consider providing breakfast in the classroom during appropriate instructional and educational activities as one of the multiple options for removing barriers to participation in the school breakfast program; and

THAT, the Board directs the Secretary of the State Board of Education to enter a copy of this resolution into the official minutes of the State Board of Education.


 William C. Harrison, Chairman
 North Carolina State Board of Education

8/4/11
 Date


 June St. Clair Atkinson, Superintendent
 Department of Public Instruction

Source: North Carolina Department of Public Instruction, *Child Nutrition Regulations and Policies*.
<http://childnutrition.ncpublicschools.gov/regulations-policies/nc-state-board-policy/sbe-resolution.pdf>

Other North Carolina districts have addressed the problem of low breakfast participation by enacting innovative practices, such as breakfast carts. For example, breakfast participation at the Davie County High School and the Davie County Early College High School has significantly improved since Child Nutrition staff began taking breakfast carts around to the students each morning after the start of school.

Exhibit 4-42 shows that that the participation rates at the high school level increased by more than 300 percent from 2007-08 to 2009-10 as a direct result of this program.



**Exhibit 4-42
Breakfasts Served in Davie County Schools (NC)
2007-08 through 2010-11 School Years**

School	2007-08	2008-09	2009-10	% Change 2008 to 2010	2010-11 Projected thru June	% Change
Davie High School	14,584	50,606	61,834	324.0%	67,086	360.0%
Davie County Early College	1,379	3,610	5,990	334.4%	5,396	291.3%

Source: North Carolina Department of Instruction Unit Summary of Schools Monthly Meal Participation Report, Year-to-Date Month Ending June 2008, June 2009, June 2010, March 2011

The Lee County Superintendent and the Director of Child Nutrition indicated that they were not in favor of a breakfast in the classroom program, citing sanitation and clean-up issues as their major concern with the program. While valid issues, other school districts have found ways to effectively deal with the sanitation concerns, and at the October 20, 2011 North Carolina Department of Public Instruction Child Nutrition Director Meeting in Raleigh, directors were encouraged to explore alternative service methods, including:

- Breakfast in a Classroom;
- Breakfast after First Period (Mid-Morning Nutrition Break);
- Grab N’ Go; and
- Breakfast Carts.

Another option for increasing breakfast participation is identifying schools where Provision 2 can be implemented. According to the presentation made to Directors at the October meeting, in an effort to reduce paperwork and other administrative burdens at the local level, Congress incorporated into Section 11(a)(1) of the Richard B. Russell National School Lunch Act (42 USC 1759a) three alternative Provisions to the traditional requirements for annual determinations of eligibility for free and reduced price school meals and daily meal counts by type.

Provision 2 is one of these three alternative Provisions. Provision 2 breakfast works well in schools with greater than 75 percent of students eligible for free and reduced price meals. However, schools with fewer eligible students have operated the program successfully.

The presentation went on to list the following factors that could make Provision 2 breakfast a success:

- Stigma appears to be a factor in low participation rates.
- The number of reduced -price eligible students who eat breakfast is much lower than the number who participate at lunch.
- Teachers are supportive of breakfast and realize its importance to learning.
- Cafeteria space can accommodate increased participation.
- Breakfast in the classroom or other alternative meal services are an option.



The school district must be prepared to pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from sources other than Federal funds. Many schools, however, find that using Provision 2 at breakfast increases participation so drastically that they don't actually realize a loss from otherwise paying students.

Other ideas for increasing breakfast participation include innovative serving, marketing or menu enhancements.

The issue of breakfast participation is not only a monetary and efficiency issue for the Child Nutrition operation, but an academic and behavioral issue for children who may not have access to a nutritional breakfast.

RECOMMENDATION

Recommendation 4-15:

Explore ways to increase breakfast participation, particularly at schools with participation levels below 20 percent.

Lee County Schools should first look carefully at the conditions at each of the schools to determine whether Provision 2 implementation is feasible, and identify those schools where the potential for success is greatest. Since the program would most likely be most feasible at schools with already high participation rates, the costs for providing breakfasts to students who would otherwise have paid for breakfast can, in most cases, be held to a minimum.

For those schools not found to be good candidates for Provision 2, other options for meal delivery should be considered. Because whatever programs or methods are used to address the participation issue will require the support of teachers, custodians and campus leaders, it is important that all programs be discussed and collaboratively developed with input from campus staff and leaders.

FISCAL IMPACT

Since the goal is increased participation and not necessarily increased revenues, the fiscal impacts associated with the additional costs to the county for implementation of Provision 2 are assumed to be offset by increases in revenues and productivity at other schools where participation is increased through the use of innovative serving, marketing or menu enhancements.

FINDING

Lee County Schools is not effectively monitoring each cafeteria's productivity, and profitability is compromised by low Meal-per-labor-hour (MPLH) rates at some schools.

Productivity is measured in meals produced for labor hours worked. When more meals are produced in an hour, the labor cost for each meal is reduced. Therefore, the productivity in a



given school cafeteria can be improved by either increasing the number of meals served, or by reducing the total number of hours worked in that operation.

A meal equivalent is the rate used to compare the amount of labor needed to prepare one lunch with labor needed to prepare breakfasts, snacks, or a la carte. School lunch is used as the basis of comparison because it is the main source of revenue and it takes the most time to prepare; 1 lunch = 1 meal equivalent. Although the use of disposable plates and utensils and convenience of prepackaged foods can impact the hours used in food preparation and clean up, the standard MPLH for most child nutrition programs is 16-19 meals per labor hour.

Determining what is a meal equivalent is also impacted by several factors, but the following guidelines are used by Lee County in calculating meal equivalents (MEs):

- Total lunches served divided by 1
- Total breakfasts served divided by 2
- Total dollars of supplemental sales divided by 3
- Total after school snacks divided by 4

Applying these guidelines, **Exhibit 4-43** shows the MPLH for each kitchen.

Exhibit 4-43
Calculated Meals Per Labor Hour
Based on Meal Equivalents Served Per Day
2010-11 School Year

School	Breakfast	Lunch	Supplemental Sales	Snacks	Kindergarten Breakfast Program	Total Meal Equivalents	Hours Worked Per Day	MPLH
East Lee Middle	50	410	77	0	0	538	39.0	13.8
West Lee Middle	53	436	79	0	0	568	39.0	14.6
Tramway Elementary	66	443	37	0	0	546	33.5	16.3
Greenwood Elementary	92	522	25	0	0	639	39.0	16.4
Edwards Elementary	78	566	33	1	14	775	46.0	16.8
Ingram Elementary	112	520	34	2	0	668	39.0	17.1
Broadway Elementary	120	497	30	3	28	678	39.0	17.4
Southern Lee High	60	544	190	0	0	794	45.0	17.7
Lee County High	55	459	192	0	0	752	42.5	17.7
SanLee Middle	71	611	63	0	0	745	42.0	17.7
Deep River Elementary	151	536	40	0	0	728	39.0	18.7
Bullock Elementary	140	530	28	0	22	928	46.0	20.2
Bragg Street Elementary	11	31	4	0	0	46	0.0	See Bullock
Knight Center	21	59	2	0	0	83	0.0	See Edwards
Lee Early College	7	39	0	0	0	46	0.0	See Lee HS
Williams Elementary	42	118	2	0	0	162	0.0	See Bullock
Total	1,129	6,321	836	6	64	8,696	489.0	17.0

Source: Lee County Child Nutrition Director, December 2011.



Because most of the schools in Lee County use serving trays that need to be washed, and many of the menu components are prepared from scratch rather than using prepackaged foods, the guidelines indicate that 16-17 MPLH would be optimum. The chart above indicates that most kitchens fall into that range, with Bullock Elementary, which serves as a satellite kitchen for Bragg Street and Williams, being the most productive.

Two kitchens, East Lee Middle School and West Lee Middle School, however, fell well below the standard in 2011. After considerable discussion about the issues impacting these two schools ability to achieve higher MPLH, the Child Nutrition Director indicated that she knew that the two cafeteria managers were working to increase participation through changes in the menus, etc. Upon request, she provided a year-to-date report and calculated the MPLH as they stood through October 2011. **Exhibit 4-44** shows the following year to date information for the 2011-12 school year through October 2011.

Exhibit 4-44
Calculated Meals Per Labor Hour
Based on Meal Equivalents Served Per Day
2011-12 (through October 2012)

School	Breakfast	Lunch	Supplemental Sales	Snacks	Total Meal Equivalents	Hours Worked Per Day	MPLH
West Lee Middle	71	449	82	0	602	39.0	15.4
Broadway Elementary	118	461	31	0	609	39.0	15.6
East Lee Middle	55	467	95	0	617	39.0	15.8
Ingram Elementary	115	505	25	0.6	646	39.0	16.6
Greenwood Elementary	102	529	25	0	655	39.0	16.8
Edwards Elementary	77	582	32	0	691	46.0	16.9
Tramway Elementary	81	455	38	0	575	33.5	17.2
Lee County High	53	435	215	0	703	42.5	17.8
Bullock Elementary	111	514	29	0	654	46.0	18.5
SanLee Middle	89	634	62	0	785	42.0	18.7
Southern Lee High	65	597	179	0	841	45.0	18.7
Deep River Elementary	162	533	42	0	737	39.0	18.9
Bragg Street Elementary	14	38	6	0	58	0.0	see Bullock
Williams Elementary	40	98	1	0	139	0.0	see Bullock
Knight Center	21	65	2	0	88	0.0	see Edwards
Lee Early College	7	45	0	0	52	0.0	see Lee HS
Total	1,181	6,407	864	0.6	8,452	489.0	17.2*

Source: Lee County Child Nutrition Director, December 2011

*Average

The year-to-date information indicates that the efforts being made at the two campuses are paying off, in that the MPLH has improved. Other campuses have also improved, as has the district's overall MPLH, which is commendable; however, Broadway Elementary and Bullock Elementary Schools have declined.



As this exercise indicates, monitoring MPLH is not something that should be done annually – rather it should be monitored on a monthly basis, based on the experience for that month, and year to date. If MPLHs improve or go down in a month, management should be asking why. Did students like or dislike some meals better than others? Did a promotion work? Did a new serving method work? Cafeteria managers should talk about and share trends and best practices that are impacting productivity so that all can benefit.

RECOMMENDATION

Recommendation 4-16:

Examine MPLH on a monthly basis to ensure that all kitchens are productive and that practices that are impacting the MPLH in each kitchen (both positive and negative) are being addressed in a timely manner.

The Director should monitor the MPLH at each campus and provide each cafeteria manager a copy of that monthly report. During regular management meetings, ideas for addressing downturns and successful practices should be shared, so that all managers can make appropriate and immediate adjustments for their operation.

FISCAL IMPACT

To achieve 17 MPLH at the three schools shown in **Exhibit 4-44** that are currently in the 15 MPLH category, would require the schools to collectively reduce staff hours by 12 hours per day (4 hours per campus). Assuming that there is an average of 175 serving days in a year (adjusting for half days when some meals are not served) and the lower hourly rate of \$11.05 per hour, savings of \$23,205 would be possible (12 hours per day X 175 days X \$11.05 per hour).

The other way to improve MPLH would be to increase meal participation collectively by 150 meals per day (50 meals per day per campus). Assuming that all of the meal increases were the result of increases in breakfast participation (lowest price meal) and assuming all of the increases were in paid meals at \$1.50 (lower than the federal reimbursement rate), and assuming that one-half of the additional revenues were used to pay for the cost of food, additional revenues could be \$19,688 (150 meals per day X 175 days X \$1.50 paid per meal = \$39,375 less 50 percent food costs). If the meal increases were the result of increased participation at lunch, the additional revenues could be significantly more. An estimated savings of \$20,000 annually is used for purposes of this estimation.

The additional revenues shown below are revenues to the Child Nutrition Fund; however, additional revenues to that fund offset the corresponding need for support from the General Operating Funds to cover deficits in the Child Nutrition Fund.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Examine MPLH on a Monthly Basis to Ensure all Kitchens are Productive	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000



FINDING

Child Nutrition has addressed the unique needs of four schools, and the students they serve, through the use of satellite kitchens.

The kitchens at Bullock Elementary, Lee County High School and Edwards Elementary prepare meals for Bragg Street Academy, Williams Elementary, Lee Early College Start and Floyd Knight Children's Center. **Exhibit 4-44** shows the configuration of the satellite schools. The warehouse manager picks up and delivers the prepared food to the satellite schools, and a cafeteria worker from the preparation school sets up, serves the meals, and cleans up after service.

For example, the cafeteria staff at Edwards Elementary School prepares and serves meals for Floyd Knight (serving children with special needs). Some of the meals for Floyd Knight must be pureed, and there are other special needs that must be addressed. The secretary at Floyd Knight takes meal counts, collects money in the classroom, and after the meals are served, she enters the meal counts into the food service system. Food is transported in hot and cold containers from Edwards to Floyd Knight. One cafeteria worker goes to Floyd Knight from 7:00 to 8:30 a.m. to serve and clean up breakfast, and returns to Floyd Knight from 10:00 a.m. until 1:45 p.m., during which time she arranges the serving line, serves the food, cleans the kitchen and cafeteria, and washes the trays.

None of the satellite locations have full kitchens, which is the primary reason that food has to be prepared at another location. Floyd Knight and Bragg Street have a "serving line." Prepared food is taken in bulk to Warren Williams, and is kept either hot or cold until it is served. Service takes approximately 30 minutes. The facility where meals are served at Lee Early College has no hand sink. Consequently, all of the food taken to Lee Early College is pre-packaged or wrapped and is kept cold or hot, as necessary.

COMMENDATION

Lee County Schools is serving the needs of students at satellite schools by preparing food at central locations and transporting the food to the schools that do not have full kitchen facilities.

FINDING

The LCS Child Nutrition Department is currently operating at a profit, but is not contributing indirect costs back to the General Operating Fund.

As shown in **Exhibit 4-45**, the School Food Service Fund has ended each of the last four fiscal years with net assets in excess of \$1.5 million.

Exhibit 4-46 provides additional information on the revenues and expenses of the Child Nutrition Fund over the last four fiscal years.



Exhibit 4-45
Lee County Child Nutrition Fund
Statement of Net Assets
2008 to Fiscal 2011 Fiscal Years

Category	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	Change FY 2008 to FY 2011	% Change FY 2008 to FY 2011
Assets						
Current assets:						
Cash and cash equivalents	\$723,016	\$597,429	\$814,635	\$1,088,913	\$365,897	50.6%
Due from other governments	\$93,853	\$121,031	\$109,668	\$122,152	\$28,299	30.2%
Receivables (net)	\$7,436	\$8,687	\$6,850		(\$7,436)	-100.0%
Due from other funds	\$0	\$41,015	\$0		\$0	0.0%
Inventories	\$179,178	\$167,365	\$193,344	\$218,900	\$39,722	22.2%
Total Current Assets	\$1,003,483	\$935,527	\$1,124,497	\$1,429,965	\$426,482	42.5%
Noncurrent assets:						
Capital assets:						
Equipment, furniture and vehicles net	\$555,953	\$727,994	\$655,861	\$622,391	\$66,438	12.0%
Total Capital Assets	\$555,953	\$727,994	\$655,861	\$622,391	\$66,438	12.0%
Total Assets	\$1,559,436	\$1,663,521	\$1,780,358	\$2,052,356	\$492,920	31.6%
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	\$4,531	\$2,151	\$803	\$13	(\$4,518)	-99.7%
Due to other funds	\$1,632	\$0	\$0	\$0	(\$1,632)	-100.0%
Compensated absences	\$94,830	\$104,041	\$98,074	\$95,047	\$217	0.2%
Deferred revenue	\$0	\$143	\$56	\$0	\$0	0.0%
Unearned revenue	\$0	\$0	\$0	\$163	\$163	0.0%
Accrued salaries and wages payable	\$0	\$0	\$2,174	\$0	\$0	0.0%
Total current liabilities	\$100,993	\$106,335	\$101,107	\$95,223	(\$5,770)	-5.7%
Noncurrent liabilities						
Compensated absences	\$3,661	\$8,142	\$4,288	\$14,110	\$10,449	285.4%
Total noncurrent liabilities	\$3,661	\$8,142	\$4,288	\$14,110	\$10,449	285.4%
Total Liabilities	\$104,654	\$114,477	\$105,395	\$109,333	\$4,679	4.5%
Net assets						
Invested capital assets	\$555,953	\$727,994	\$655,861	\$622,391	\$66,438	12.0%
Unrestricted	\$898,829	\$821,050	\$1,019,102	\$1,320,632	\$421,803	46.9%
Total Net Assets	\$1,454,782	\$1,549,044	\$1,674,963	\$1,943,023	\$488,241	33.6%

Source: Exhibit 7, Lee County Schools Comprehensive Annual Financial Statements(audited) for FY 2008, 2009, and 2010; 2011 Comprehensive Annual Financial Report (Unaudited)



Exhibit 4-46
Lee County Child Nutrition Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
2008 to Fiscal 2011 Fiscal Years

Revenues and Expenditures	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	Change FY 2008 to FY 2011	% Change FY 2008 to FY 2011
OPERATING REVENUES:						
Food Sales	\$1,247,547	\$1,116,034	\$1,064,215	\$1,004,037	(\$243,510)	-19.5%
Other	\$2,200	\$1,999	\$1,836	\$12,826	\$10,626	483.0%
Total Operating Revenues	\$1,249,747	\$1,118,033	\$1,066,051	\$1,016,863	(\$232,884)	-18.6%
OPERATING EXPENDITURES:						
Business Support Services:						
Purchase of Food	\$1,529,018	\$1,561,719	\$1,551,335	\$1,199,959	(\$329,059)	-21.5%
Donated commodities	\$0	\$0	\$0	\$310,771	\$310,771	0.0%
Salaries and Benefits	\$2,164,642	\$2,218,096	\$2,189,807	\$2,223,389	\$58,747	2.7%
Indirect Costs (Full Amount Allowable)	\$330,172	\$312,058	\$0	\$0	(\$330,172)	-100.0%
Material and Supplies	\$249,095	\$254,736	\$250,611	\$222,304	(\$26,791)	-10.8%
Depreciation	\$133,489	\$139,686	\$146,734	\$107,721	(\$25,768)	-19.3%
Repairs and Maintenance	\$131,707	\$130,501	\$135,935	\$134,630	\$2,923	2.2%
Loss on disposal of capital assets	\$0	\$0	\$0	\$22,610	\$22,610	0.0%
Other	\$15,042	\$20,742	\$16,535	\$12,394	(\$2,648)	-17.6%
Total Operating Expenditures	\$4,553,165	\$4,637,538	\$4,290,957	\$4,233,778	(\$319,387)	-7.0%
Operating Income (Loss)	(\$3,303,418)	(\$3,519,505)	(\$3,224,906)	(\$3,216,915)	\$78,512	-2.4%
NON-OPERATING REVENUES:						
Federal Reimbursements	\$2,512,589	\$2,740,291	\$2,953,269	\$3,118,879	\$606,290	24.1%
Federal Commodities	\$276,634	\$287,780	\$308,098	\$310,771	\$34,137	12.3%
State Reimbursements	\$3,771	\$4,320	\$3,407	\$3,976	\$205	5.4%
Disposition of Fixed Assets	\$0	\$110	\$0	\$0	\$0	0.0%
Indirect Costs not Paid	\$115,560	\$312,058	\$0	\$0	(\$115,560)	-100.0%
Interest Earned	\$37,622	\$19,935	\$8,713	\$5,968	(\$31,654)	-84.1%
Total Non-operating Revenues	\$2,946,176	\$3,364,494	\$3,273,487	\$3,439,594	\$493,418	16.7%
Income before contributions & transfers	n/a	(\$155,011)	\$48,581	\$222,679	n/a	n/a
Capital Contributions	n/a	\$249,273	\$32,288	\$0	n/a	n/a
Transfers from other funds	n/a	\$0	\$45,050	\$45,381	n/a	n/a
Total contributions & transfers	n/a	\$0	\$77,338	\$45,381	n/a	n/a
Change in Net Assets	(\$357,242)	\$94,262	\$125,919	\$268,060	\$625,302	-175.0%
Net Assets Beginning of Year	\$1,812,024	\$1,454,782	\$1,549,044	\$1,674,963	(\$137,061)	-7.6%
Net Assets End of Year	\$1,454,782	\$1,549,044	\$1,674,963	\$1,943,023	\$488,241	33.6%

Source: Exhibit 8, Lee County Schools Comprehensive Annual Financial Statements (audited) for FY 2008, 2009, and 2010; 2011 Comprehensive Annual Financial Report (Unaudited)



In Fiscal 2008, the change in net assets shows a negative \$357,242, which reduced the total Net assets at the end of the year, signaling the fact that for that year, the fund was not profitable. In 2009, the income before contributions was also negative. In 2010 and 2011 the fund has shown a profit, and as a result, net assets have increased to nearly \$2 million.

USDA defines the indirect cost a school district incurs due to meal production and service as follows:

Indirect costs are those costs which are incurred to the benefit of school food service as well as other school functions, but are not readily identifiable to the school food account. Since these costs do contribute to the cost of producing a meal, federal policy allows that they may be claimed for reimbursement. It is to the advantage of the child nutrition operation to include these costs in their claim for reimbursement so that each program may bear its fair share of the total cost.

The last phrase is important—because Food Service revenues can only be used to support the food service operation, reimbursing the General Fund for the full amount allowed is the only way for the school system to recover any part of the costs incurred for providing administrative, financial and human resource services to that organization.

The requirements for whether or not a local board of education may assess indirect cost to the Child Nutrition program varies from state to state. In North Carolina, the annual agreement indicates that Indirect Cost may be assessed to the Child Nutrition program as long as the program remains financially solvent after the expense is paid.

In a memo dated October 15, 2009, the State provided the following clarification:

If an LEA's Child Nutrition Program has an overall positive cash fund balance at the end of the previous fiscal year that equates to at least one and one-half (1.5) months of expenditures, regardless of the net loss in the Child Nutrition Program, the LEA may charge up to the approved indirect cost rate for the coming year.

The 2011-12 Child Nutrition Agreement now defines financial solvency as being one (1) month of expenditures.

Exhibit 4-47 provides the state's calculations related to the financial position of Lee County Schools.

At its discretion, a school district may require its child nutrition department to pay 100 percent of the calculated indirect cost, or a portion thereof, or nothing. Therefore the charging of indirect costs is not an all or nothing consideration, as long as it meets the financial solvency test. As shown in the calculation above, LCS has the ability to charge some or all of the allowable indirect costs to the Child Nutrition Fund in 2011-12. However, it should be noted that the fund's profitability has fluctuated over the years. Therefore exploring ways to improve the fiscal operations of the fund will be critical if the fund is to continue being profitable in the future.



**Exhibit 4-47
Lee County Child Nutrition Financial Position
2007-08 through 2010-11 Fiscal Years**

Year	Net Cash Resource	1-Month Operating Cost	# of Months Operating Balance	Profit/ (Loss)	% Indirect Cost Paid
2007-08	\$618,362	\$505,907	1.2223	(\$357,238)	65.00%
2008-09	\$485,083	\$515,045	0.9418	(\$193,896)	13.14%
2009-10	\$709,695	\$476,722	1.4887	\$94,085	0.00%
2010-11	\$984,385	\$467,654	2.1049	\$273,459	0.00%

Source: North Carolina Department of Public Instruction SFS-FC-1A, 2007-08, 2008-09, 2009-10, 2010-11.

RECOMMENDATION

Recommendation 4-17:

Begin charging the Food Service Fund 100 percent of allowable indirect costs and establish an appropriate fund balance target, once the cost savings and revenue enhancing recommendations have been implemented.

Future operations of the LCS Child Nutrition Department should show a positive cash flow at the end of each school year, once the cost savings and revenue enhancing recommendations are implemented, thereby making it possible and prudent to charge the allowable indirect cost to the fund.

It is also important that a positive fund balance be accumulated to support and enhance the department’s operations. Establishing a policy of accumulating an appropriate level for reserves will allow the operation to fund the purchase of new, more efficient food service equipment when existing equipment must be replaced, or contribute funds when kitchens are renovated or new facilities are constructed.

FISCAL IMPACT

Based on the state agreement, LCS’ General Operating Fund can be reimbursed for indirect costs from the Child Nutrition Fund beginning immediately. According to the state representative, the allowable indirect cost percentage for Lee County in 2011-12 is 14.438 percent. This number can change each year, but for estimating purposes, a conservative figure of \$250,000 annually is used for future years.

The savings shown below are savings to the General Operating Fund that are made possible through the savings and additional revenues associated with full implementation of the preceding recommendations.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Charge 100 Percent of Allowable Indirect Costs to Child Nutrition Fund	\$0	\$125,000	\$250,000	\$250,000	\$250,000

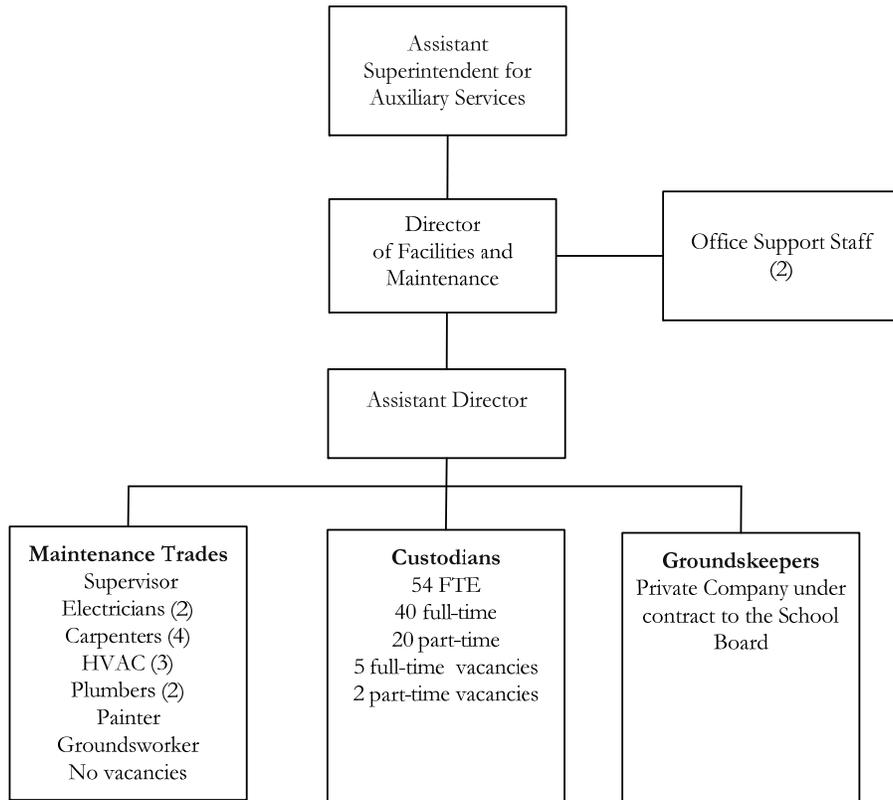


4.5 FACILITIES

Facility planning and management of construction and renovation projects are significant activities for most school districts. Planning for school facilities based on student growth, programmatic needs, and legislative requirements is essential to provide for student needs without overcrowding, use of substandard facilities, or use of costly portable alternatives. Active management of construction projects can provide cost control, ensure quality of workmanship, and help ensure timely completion. Facilities also must be maintained and cleaned on a routine basis to ensure a safe and healthy environment for students, teachers and staff.

The Department of Auxiliary Services is directed by the Assistant Superintendent for Auxiliary Services, and includes Maintenance and Facilities Services, along with Child Nutrition, Transportation, Student Resource Officers, and School Nurses. As shown in **Exhibit 4-48**, Facilities and Maintenance Services reports to the Assistant Superintendent and consists of 18 FTE maintenance employees, 54 FTE Custodians, and a private company performing groundskeeping work under contract with the Board of Education. There are one Director, one Assistant Director, and two office support staff.

**Exhibit 4-48
Organization Chart of Facilities and Maintenance Services
in Lee County Schools**



Source: Prepared by Evergreen Solutions from information supplied by Lee County Schools



The LCS building stock consists of two high schools, three middle schools, seven elementary schools, and three special program schools. Support facilities include the Board of Education Building, the Maintenance Facility, and the Bus Garage. A closed school facility, Jonesboro School, located near the bus garage, is not included in the gross square foot count. The Lee Early College (a 13th Grade first year college-level program) is also not included.

Exhibit 4-49 summarizes the gross floor area for each facility, the site acreage, and the grades/ages served. In total, these facilities comprise nearly 1.6 million square feet of gross floor area, and over 580 acres of land. Thirty-seven (37) mobile classroom units, with an additional 32,000 gross square feet, are also part of the facilities inventory.

FINDING

Lee County Schools is funding its building maintenance activities within best practice guidelines by having accumulated no deferred maintenance, and by spending annually the proper amounts for preventive and reactive maintenance, as well as capital projects for scheduled maintenance of major building components (e.g., roofs, boilers, carpet).

Exhibit 4-49
Lee County Schools by Grade/Age Level Served
Gross Floor Area

Campus Name	Grades/Ages Served	Gross Floor Area (SF)	Number of Mobile Units (SF)	Site Acreage
Benjamin T Bullock Elementary	K-5	78,768	5 (4,320)	60.51
Bragg Street Academy ¹	Grades 6 - 12	10,893	5(4,320)	17.36
Bus Garage		7,962	none	in Jonesboro
Broadway Elementary	K-5	86,615	2(1,728)	9.21
Deep River Elementary	K-5	78,768	4(3,456)	63.05
East Lee Middle School	Grades 6 – 8	95,983	none	36.94
Edwards Elementary	K-5	70,229	4(3,456)	30.9
Floyd L Knight Children's Center ²	K-12	33,073	3(2,592)	12.41
Greenwood Elementary	K-5	94,324	2(1,728)	29.7
Heins Education Building		22,344	none	2.755
Jonesboro (unoccupied) ³		44,331	none	26.4
Lee County High School	Grades 9 – 12	357,037	2(1,728)	70.4
Maintenance Facility		19,400	none	in LCHS
SanLee Middle School	Grades 6 – 8	137,396	none	in SLHS
Southern Lee High School	Grades 9 – 12	183,520	none	85.6
Tramway Elementary	K-5	78,768	2(1,728)	34.20
J R Ingram Jr Elementary	K-5	70,229	5(4,320)	43.7
West Lee Middle School	Grades 6 – 8	95,983	none	45.95
Warren Williams Elementary ⁴	Pre-K and Elementary Alternative Center; Adult Even Start	19,401	3(2,592)	13.1
TOTAL		1,572,013	37(31,968)	582.185

Source: Lee County Schools (as of 10/21/11).

¹Intervention for At-Risk Children (Alternative Program)

²Exceptional Children (Special Education)

³Jonesboro's 44,331 GSF is not counted in the total because the facility is unoccupied.

⁴Six classrooms for Pre-K; four K-5 alternative education classrooms, and two Adult Education Classrooms (English As a Second Language, Adult Basic Education, and GED); Adult Ed (Even Start) classes are handled by the Central Carolina Community College (CCCC).



Evergreen’s examination of financial data revealed no evidence of any significant deferred maintenance. Budget data show no costs that must be incurred to catch up with maintenance neglect or deferral. Second, a visual inspection by Evergreen staff of Lee County Schools facilities showed no apparent maintenance neglect. As a result, the Facility Condition Index (FCI) in Lee County Schools is zero—the best possible rating.

The FCI as a facility management tool was first published in 1991 by the National Association of College and University Business Officers (NACUBO) (http://en.wikipedia.org/wiki/Facility_Condition_Index).

FCI is used in facilities management to provide a benchmark to compare the relative condition of a group of facilities. The FCI is primarily used to support asset management initiatives of federal, state, and local government facilities organizations, as well as that of educational facilities.

Mathematically the FCI is represented as the following percentage ratio:

$$FCI = \frac{\text{Total Dollar Value of Maintenance, Repair, and Replacement Deficiencies of the Facility(-ies)}}{\text{Current Replacement Value in Dollars of the Facility(-ies)}}$$

The industry standard for FCI is as follows:

- Below 5 percent: acceptable range. (Zero or near zero is best.)
- 5 percent to 10 percent: unsatisfactory range.
- Above 10 percent: unacceptable range.

Exhibit 4-50 shows the replacement values for the Lee County Schools facilities as furnished by NCDPI (dated January 9, 2012). These figures are the ones currently used by the State of North Carolina for insurance purposes. They reflect the replacement values for buildings only. Furnishings, fixtures, and equipment (e.g., content) are not included.

According to NCDPI, the calculated replacement value of all buildings and structures owned by Lee County Schools is \$206,604,376. The amount of deferred maintenance in Lee County Schools appears to be near zero, and does not appear to approach even one percent of this amount, or \$2,066,043. This is highly commendable.

Lee County Schools currently spends at an average annual rate of \$5,242,308 to maintain its buildings. This figure is based on the categories shown in **Exhibit 4-51**.

- The first category, maintenance labor, includes all present maintenance worker and custodian salaries and benefits paid to the employees of the Maintenance Department of Lee County Schools. This is the three-year average of salaries (2009-10, 2010-11, 2011-12) as furnished by the Lee County Schools Payroll Office.



Exhibit 4-50
Building Replacement Values in
Lee County Schools
January 2012

School/Building	Gross Floor Area (SF)	Building Replacement Value
Benjamin T Bullock Elementary	78,768	\$10,820,106
Bragg Street Academy	10,893	\$1,829,657
Bus Garage	7,962	\$1,049,446
Broadway Elementary	86,615	\$11,874,669
Deep River Elementary	78,768	\$10,693,816
East Lee Middle	95,983	\$9,796,009
Edwards Elementary	70,229	\$10,514,561
Floyd L Knight Children's Center	33,073	\$4,888,661
Greenwood Elementary	94,324	\$12,065,417
Heins Education Building	22,344	\$750,000
Jonesboro (unoccupied - unused)	44,331	\$4,824,523
Lee County High	357,037	42,432,884
Maintenance Facility	19,400	\$894,964
SanLee Middle	137,396	\$25,132,721
Southern Lee High	183,520	\$29,486,808
Tramway Elementary	78,768	\$10,708,072
J R Ingram Jr Elementary	70,229	\$10,484,011
West Lee Middle	95,983	\$10,930,270
Warren Williams Elementary	19,401	\$2,340,804
Mobile Classroom Units	32,000	\$871,500
TOTAL	1,617,024	\$206,604,376

Source: Lee County Schools, for Gross Floor Area figures as of 10/21/11; NCDPI School Property Insurance Schedule of Values, 530 Lee County Schools, 01/09/12

Exhibit 4-51
Spending Profile on Preventive and
Reactive Facilities Maintenance in Lee County Schools
December 2011

• Maintenance and custodial labor, incl. benefits	\$2,922,058 ¹
• Preventive and reactive maintenance parts/supplies/equipment	\$ 884,400 ²
• Scheduled capital improvements for preventive maintenance	\$1,435,850 ³
Total Average Annual Maintenance Expenditures	\$5,242,308

¹Lee County Schools Payroll data; 3 yr. average, 2009-10, 2010-11, 2011-12, plus annual grounds contract for \$192,080.

²Average expenditures over the past three years from Lee County Schools Maintenance Department, plus \$192,113 for custodial supplies;

³Average expenditures over the past two years (2009-10, 2010-11) from Lee County Schools Maintenance Department.



- The next category, preventive and reactive building maintenance, is the three-year average of equipment and parts purchased, including custodial supply expenses.
- The third category is the three-year average of capital improvements for building maintenance, such as roof repairs, and replacements of roofs, boilers, carpet and other building elements that have worn out.

Another facilities management tool is the Asset Protection Index (API). It is a corollary to the FCI. In essence, the API provides a guideline that the annual maintenance expenditures for a facilities inventory should be in the range of from two to four percent of the replacement value of the building stock. (See *Committing to the Cost of Ownership: Maintenance and Repair of Public Buildings* of the Building Research Board of the National Research Council (http://www.nap.edu/openbook.php?record_id=9807).

Quoting from page 18 of the Building Research Board Report:

This 2 to 4 percent range is most valid as a budget guide for a large inventory of buildings and over time periods of several years. A small town or a school district may find that a severe winter, or an older building nearing the time that a substantial renovation is warranted, temporarily raises annual M&R costs above this normal range. Such a jurisdiction may also find that past decisions to reduce construction expenditures now have, as a consequence, higher M&R costs.

By having spent an average of about \$5,242,308 over the past four years, Lee County Schools has placed its maintenance budget at approximately 2.54 percent of replacement cost. ($\$5,242,308/\$206,604,376 \times 100$). In addition to having virtually zero deferred maintenance, this maintenance expenditure pattern is also a best practice and highly commendable.

COMMENDATION

Lee County Schools is commended for its pragmatic use of taxpayer funds in avoiding deferred maintenance by spending judiciously for building maintenance within the range of 2 to 4 percent of the replacement cost of its building inventory.

FINDING

As is the case with all North Carolina public schools, Lee County has submitted in 2010 a required *Facility Needs Survey* to the North Carolina Department of Public Instruction. The Minutes of the Facility and Technology Committee of November 30, 2010 show the following entry:

10. NC Public Schools Facility Needs Survey - It was consensus of the committee to approve the NC Public Schools Facility Needs Survey. This item will be placed on the 12/14/2010, agenda under Consent Agenda.

This document is mandated by the North Carolina Department of Public Instruction to be completed every five years according to a prescribed format and using a set of forms. Each of



these reports is subsequently combined with all others and presented in a summary fashion by NCDPI. The most recent such report may be found at <http://www.schoolclearinghouse.org/otherinf/FacilityNeedsSurvey/FacilityNeedsSummary2011Final.pdf>.

As shown in **Exhibit 4-52**, this report reveals that Lee County Schools has projected the following facility needs in the coming five years.

Exhibit 4-52
Facility Needs Projected by
Lee County Schools for the Next Five Years
November 2011

Facility Needs Category	Value
New Schools	none
Additions	none
Renovations	\$13,230,832
Furnishings/Equipment	none
Land	none
Total	\$13,230,832

Source: NCDPI 2010-11 Public School Facility Needs Assessment.

Lee County Schools envision neither new schools nor additions. During Evergreen's on-site work, there was considerable discussion of the need to accommodate more students in the elementary grades—either in a new elementary school or by adding onto some of the existing schools. In addition, it was noted that many of the modular classroom units of LCS now accommodate elementary grades. Thus the figures submitted by LCS in its obligatory report to NCDPI seem to be dissonant with current thoughts permeating the school system.

These facility needs surveys are not sufficient as facilities planning tools for school districts of the size of Lee County Schools. The NCDPI-mandated document focuses on self-reporting by school districts, but does not require school districts to engage in full-scale facilities master planning. Thus the facility needs survey does not serve as a sufficient substitute for a comprehensive Facilities Master Plan.

A Facilities Master Plan would examine many critical facilities issues, such as building condition; deferred maintenance; demographic/geographic population shifts; preventive maintenance requirements; and the service life of buildings, furnishings, fixtures, and equipment.

The concept of a Five-Year Facilities Master Plan has at its core the idea that Year One of the Plan becomes next year's spending plan for all facilities matters:

- new buildings (including purchases of existing buildings);
- the sale of unneeded buildings;
- building additions;
- renovations and other small capital projects as part of scheduled maintenance;
- preventive, scheduled maintenance;
- reactive maintenance;



- building cleaning and sanitation; and
- groundskeeping.

Once Year One of the Five-Year Facilities Master Plan becomes part of the coming year's adopted budget, a new Year Five is added to the Plan. The above procedure is intended to be an ongoing process. As a consequence, the Five-Year Facilities Master Plan can serve as the direct input to the Facility Needs Survey required from the district every five years.

RECOMMENDATION

Recommendation 4-18:

Initiate a formal, ongoing Five-Year Master Planning process for facilities planning and capital improvements program development in Lee County Schools.

This recommendation intends to have Lee County Schools become more deliberate and organized in facilities planning. The benefits of a more systematic process are primarily a documented thought process and clearer decision making as projects are chosen or excluded from annual facilities-related budgets based on a Five-Year Facilities Master Plan. In addition, Evergreen consultants envision the facility master planning process to include a resolute consultation of the community.

The initial Five-Year Facilities Master Plan should be prepared by Lee County Schools with the assistance of a qualified consultant, preferably an architectural/engineering (A/E) firm with significant prior experience in the creation of facilities master plans. This firm should be asked to conduct a building condition assessment of the entire inventory of facilities owned and/or operated by Lee County Schools. This building condition assessment should identify buildings requiring major renovations and other capital improvement projects within the five year time-frame of the Facilities Master Plan. If appropriate, the building condition assessment may also recommend changes to the current schedule of preventive maintenance actions. For example, it may be found as part of the assessment that an unusually high number of reactive maintenance must be performed on certain items, such as VAV boxes or ballasts. If this type of situation exists, additional preventive maintenance tasks may be scheduled as part of the Plan.

Once the building condition assessment and its related inquiries have been completed, a five-year strategy must be prepared, consisting of the following eight major plan components:

1. Identification of key actions and attendant budgeted costs for site selection, land acquisition, facilities programs, designs, construction documents, construction and other steps required for the procurement of new buildings by the Lee County Schools. (This must include the timely hiring of staff in such areas as maintenance, custodial, and groundskeeping, if necessary. It is unwise to assume that such additional staff is unnecessary, just as it would be ill-advised to hire no teachers or administrators for a new or expanded building.);
2. Identification of key actions and attendant budgeted costs for facilities programs, designs, construction documents, construction and other steps required for the procurement of



building additions and energy retrofits by the Lee County Schools. (This must include the timely hiring of staff in such areas as maintenance, custodial, and groundskeeping, if necessary);

3. Identification of budgeted costs and anticipated revenues resulting from the sale of buildings by Lee County Schools;
4. Identification of budgeted costs for building renovations and other small capital projects that will need to be completed as a part of scheduled, preventive maintenance;
5. Identification of budgeted costs for all tasks, (labor, materials, parts, equipment) related to preventive, scheduled maintenance;
6. Identification of budgeted costs for all anticipated reactive maintenance tasks, (labor, materials, parts, equipment);
7. Identification of budgeted costs for custodial tasks (labor, materials, parts, equipment); and
8. Identification of budgeted costs for groundskeeping tasks (labor, materials, parts, equipment).

The A/E firm selected to create and update the Five-Year Facilities Master Plan should not only have extensive experience in facilities master planning, but also have offices within a half-day’s travel distance from Sanford, North Carolina. The firm should be hired from a group of respondents to an RFQ (Request for Qualifications), on the basis of qualifications rather than “low bid.” The firm should be hired under a long-term contract to assure LCS a continuity of attention and institutional memory as updates are prepared. Appropriate contractual provisions for termination of services should, however, be included. To avoid any conflict of interest, the hired firm must agree to be excluded from competition for any design services procurements with Lee County Schools, while under contract to perform the master planning work.

LCS has already formed a Facilities and Technology Committee. This Committee should oversee the facilities master planning process, and the A/E consultant hired to prepare and update the plan. The Committee should work with the local planning board(s) on issues of public facilities planning.

FISCAL IMPACT

Although some cost savings may be possible from implementation of a Five-Year Facilities Master Plan, they are not included as part of this estimate.

The initial cost of hiring a qualified A/E firm to prepare a Five-Year Facilities Master Plan may range from \$70,000–\$90,000. The cost every five years to update the Plan is likely half of the original plan development cost, or \$30,000–\$50,000.

In the timeline below an average cost for A/E services fees of \$80,000 for plan creation and \$40,000 for plan updating are shown in years one and five, respectively.



Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Implement and Annually Update a Five-Year Facilities Master Plan	(\$80,000)	\$0	\$0	\$0	(\$40,000)

FINDING

Lee County Schools has made significant efforts in its recent new schools construction and in renovations to improve the energy performance of its buildings. For example, the renovation and additions to Lee County High School include a major upgrade to the heating and cooling plant, and an efficient ice storage system for cooling. A mezzanine design that places most HVAC components under the roof for easier servicing, fewer classroom interruptions, and greater equipment longevity, is found in the additions to Lee County High School, and in the new SanLee Middle School (see **Exhibit 4-53**).

Exhibit 4-53
Protected Mezzanine at SanLee Middle School (left) and
Ice Storage Facility at Lee County High School
2011



Source: Evergreen Solutions, 2011.

Moreover, since 2009, Lee County Schools has worked with on a State Energy Grant with rebates from Progress Energy to perform re-lamping of schools, consisting generally of replacing T-12 lamps and high energy ballasts with lower energy consuming T-8 lamps and lower energy consuming ballasts. This work was completed in December 2011. While this effort is in itself commendable, LCS has used this grant and rebate opportunity—as well as other energy savings dollars from earlier years—to structure its own, internally-funded energy conservation program. Instead of spending money on interest and fees to an Energy Service Company (ESCO) in a performance contracting arrangement, LCS uses the savings from energy conservation measures to invest in additional energy conservation actions. As a consequence, LCS has over the past six years added energy management control systems at several locations throughout the system.

At Southern Lee High School, for example, LCS added CO2 sensors to all HVAC units to help energy consumption by regulating the mix of inside and outside air. All of these actions were completed as funds became available. Upcoming projects using energy savings dollars include chiller replacements at Benjamin Bullock Elementary School and energy management controls at Bragg Street Academy.

COMMENDATION

Lee County Schools is commended for its advocacy of innovative approaches to energy conservation in its new buildings and renovations.

FINDING

Lee County Schools has additional opportunities to upgrade the energy efficiency of its buildings. The 1,457,747 square foot building inventory listed in **Exhibit 4-54** consists of buildings with a wide variety and age of heating and cooling systems, lighting, insulation and other energy-related building components. While there is no doubt that many occasions will present themselves to implement a wide variety of energy conservation actions, it is the Five-Year Facilities Master Plan's building condition assessment procedure in **Recommendation 4-18** that will help reveal a definite and more precise litany of such potential projects, their optimum priorities, and their respective likely energy savings.

Exhibit 4-54
Energy Consumption (Electricity, Natural Gas, Propane)
in Lee County Schools Buildings
2010

School/Building	Prorated Floor Area (SF)*	2010 Energy Cost	2010 Energy Cost/SF	Above/ Below Average
Benjamin T Bullock Elementary	80,496	\$122,554	\$1.52	above
Bragg Street Academy	15,213	\$18,668	\$1.23	below
Broadway Elementary	88,343	\$119,040	\$1.35	below
Deep River Elementary	82,224	\$125,712	\$1.53	above
East Lee Middle	95,983	\$142,294	\$1.48	above
Edwards Elementary	72,821	\$90,610	\$1.24	below
Floyd L Knight Children's Center	35,665	\$55,778	\$1.56	above
Greenwood Elementary	95,188	\$129,666	\$1.36	below
Lee County High	299,469	\$369,693	\$1.23	below
SanLee Middle	137,396	\$188,174	\$1.37	below
Southern Lee High	183,520	\$308,594	\$1.68	above
Tramway Elementary	80,496	\$111,954	\$1.39	below
J R Ingram Jr Elementary	75,549	\$102,340	\$1.37	below
West Lee Middle	95,983	\$146,047	\$1.52	above
Warren Williams Elementary	19,401	\$20,319	\$1.05	below
TOTAL	1,457,747	\$2,051,443	\$1.41	average

Source: Prepared by Evergreen Solutions from data supplied by Lee County Schools, 2011.

*The Prorated Floor Area shown represents the heated and cooled floor area of LCS' building inventory.



Exhibit 4-54 shows the energy consumption of the major buildings owned and operated by Lee County Schools. The school system operates a computer-based energy management system for most of its buildings. The control features of such systems no doubt permit the District to save some energy by using night setbacks for heating and cooling, and by monitoring the performance of individual equipment components. Yet, such management systems are only one answer to the achievement of optimum energy use. The overall energy efficiency of all components and systems is at least equally important, or perhaps more important.

As seen in **Exhibit 4-54**, the average energy cost for electricity, natural gas, and propane at LCS was \$1.41 per square foot, ranging from a low of \$1.05 for Warren Williams Elementary School, to a high of \$1.68 for Southern Lee High School. The energy cost per square foot typically fluctuates with energy cost, and depends on the mix of fuels used. But the measure of cost per square foot is useful to pinpoint the schools that are performing above and below average in the school system.

RECOMMENDATION

Recommendation 4-19:

Include a comprehensive energy condition assessment and energy savings strategy in the Five-Year Facilities Master Plan by focusing on an overall reduction in energy use, but emphasizing the buildings performing above the average of \$1.41 per square foot.

It is clear from the foregoing that Lee County Schools should undertake a comprehensive energy condition assessment of all insulation, heating, cooling, ventilation, water heating and lighting components (with the possible exception of those installations in new buildings and recent renovations) in its buildings. As a consequence of such an assessment, a plan of action for the implementation of energy conservation measures should become part of the first Five-Year Facilities Master Plan (see **Recommendation 4-18**). Such action will bring into focus the many possible energy savings opportunities Lee County Schools should consider in order to effect a major reduction in its energy bills.

The buildings performing above the \$1.41 average (see **Exhibit 4-55**) should serve as the agenda for this effort, but not necessarily be limited to those buildings alone. A qualified mechanical engineer on the consulting team for the Five-Year Facilities Master Plan should prescribe the condition assessment protocol. Depending on when this effort is started, the 2011 and 2012 energy use data should be examined in like manner.

FISCAL IMPACT

Specific energy savings cannot be calculated at this time, but they will be a result of the recommended energy condition assessment. For the present time, a probable savings of at least 10 percent of the LCS energy bill for heating, cooling, lighting and water heating is a reasonable, but conservative, estimate. According to the Energy Star site, a 30 percent reduction may be possible.



Exhibit 4-55
Buildings in Rank Order Performing Above and Below the Average \$1.41/sf
Based on 2010 Energy Use Data

School/Building	2010 Energy Cost/SF
Southern Lee High	\$1.68
Floyd L Knight Children’s Center	\$1.56
Deep River Elementary	\$1.53
Benjamin T Bullock Elementary	\$1.52
West Lee Middle	\$1.52
East Lee Middle	\$1.48
Average	\$1.41
Tramway Elementary	\$1.39
J R Ingram Jr Elementary	\$1.37
SanLee Middle	\$1.37
Greenwood Elementary	\$1.36
Broadway Elementary	\$1.35
Edwards Elementary	\$1.24
Bragg Street Academy	\$1.23
Lee County High	\$1.23
Warren Williams Elementary	\$1.05

Source: Prepared by Evergreen Solutions from data supplied by Lee County Schools, 2011.

The nation’s 17,450 K-12 school districts spend more than \$6 billion annually on energy — more than is spent on computers and textbooks combined. As much as 30 percent of a district’s total energy is used inefficiently or unnecessarily. By being more energy efficient, schools can help prevent greenhouse gas emissions and improve the students’ learning environment. School districts can and have used the savings from improved energy performance to help pay for building improvements and other upgrades that enhance the learning environment.

http://www.energystar.gov/ia/business/challenge/learn_more/Schools.pdf

Based on the data shown in **Exhibit 4-55**, the energy consumption attributable to buildings in Lee County Schools is \$2,051,443 for 2010. Thus a 10 percent savings would amount to about \$205,000 annually. This savings estimate should be considered as a placeholder until the energy condition assessment has been completed. It is shown in the timeline below beginning in year two and reaching its full effect in year four.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Conduct Comprehensive Energy Condition Assessment	\$0	\$70,000	\$140,000	\$205,000	\$205,000



FINDING

LCS has staffed its maintenance function appropriately, based on industry standards, as part of its plan to avoid higher cost repairs and renovations in the future.

A staffing ratio for maintenance workers in schools of approximately 80,000 to 90,000 square feet per maintenance worker is frequently cited in the literature. The aforementioned 38th Annual ASUMAG Survey shows 92,074 square feet maintained per full-time maintenance worker.

(<http://asumag.com/exclusive/square-footage-details-200904/>)

A typical excerpt from the Arkansas Schools Custodial and Maintenance Manual

(<http://arkansasfacilities.arkansas.gov/documents/Manuals/Custodial%20and%20Maintenance/Final%20Manual.pdf>) notes:

Maintenance personnel include skilled, technical or specialized staff, such as painters, HVAC technicians, plumbers, electrical technicians and carpenters. The recommended staffing level for school facilities maintenance personnel for the State of Arkansas is 80,000 to 90,000 square feet per full-time employee based on an eight hour shift. Maintenance personnel staffing is a far more complicated matter. The average of one maintenance worker per 80,000 to 90,000 square feet is a very vague generalization and is to be used as a guide only. Maintenance personnel who possess a working knowledge of all aspects of a large complex building are extremely rare. Most often a school district needs specialized assistance in the maintenance of its facility components. The requirements for licensing of electricians, plumbers and HVAC repairmen, coupled with the lesser known specialty areas such as asbestos and hazmat repairs, necessitate that the district develop a custodial/maintenance staff which combines the personnel necessary for daily preventive maintenance measures, emergency repairs, and inspections with contract specialized firms. The guide of one maintenance worker per 80,000 to 90,000 square feet allows for minimum care. The district maintenance program can also be augmented through contract work.

In Lee County Schools, there are a total FTE of 18 maintenance employees. Divided into the total of 1,603,981 square feet (including modular classrooms) of LCS building inventory, this results in 89,110 square feet per maintenance worker. This figure is within the benchmark staffing range for maintenance workers.

Observation by Evergreen consultants of the level of maintenance performed, including the absence of any significant maintenance deferral, makes this level of staffing commendable.

COMMENDATION

LCS is commended for maintaining maintenance staffing at appropriate levels, which is helping the school system avoid much higher costs in the future due to maintenance deferral and underfunding.



FINDING

Current demographic data in the LCS service area point to a possible increase in pupils at the lower grades contributing disproportionately to ADM. **Exhibit 4-56** shows these numbers.

In K-5, there is an average of 767 students per grade in the elementary schools. The remaining population (5,050) averages 631 students per grade for grades 6 through 13. This school population characteristic has been the subject of discussion at Lee County Schools concerning the possible need for additional space in the elementary grades. (Note: There appears to be sufficient school capacity in the upper grades to handle the current elementary population as it passes through the upper grades.) However, this argument of facilities need in elementary schools depends on whether or not the elementary population will, in all likelihood, continue to be proportionally higher.

As shown in **Exhibit 4-56** below, since 2005, enrollment increases can be seen in grades 2, 3, 4, 5, 6,10,11 and 12, whereas enrollment decreased in Kindergarten and grades 1, 7, 8, and 9.

Exhibit 4-56
Lee County Schools Average Daily Membership
2005 to 2011

Year	KIND	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	Total
2005	810	748	704	708	710	700	707	713	737	815	612	590	502	0	9,056
2011	764	736	806	773	779	752	779	703	729	781	719	666	548	30	9,565
# Change 2005-2011	-46	-12	102	65	69	52	72	-10	-8	-34	107	76	46	30	509
% Change 2005-2011	-5.7%	-1.6%	14.5%	9.2%	9.7%	7.4%	10.2%	-1.4%	-1.1%	-4.2%	17.5%	12.9%	9.2%	n/a	5.6%

Source: 2005 & 2011, Table A1 Final Pupils by Grade -- Statistical Profile/ Public Schools of North Carolina.

Exhibit 4-57 provides the month one numbers for 2010-11 to 2011-12, which indicate increases in Kindergarten and Grade 1, and slowing growth or even declines in many of the grades that had previously shown growth.

Exhibit 4-57
Lee County Schools ADM - Month One
School Years 2011 to 2012

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	Total
2011	750	729	802	775	776	754	776	704	722	828	738	666	562	32	9,614
2012	826	778	714	797	765	777	757	798	717	819	736	681	559	42	9,766
# Change	76	49	-88	22	-11	23	-19	94	-5	-9	-2	15	-3	10	152
% Change	10.1%	6.7%	-11.0%	2.8%	-1.4%	3.1%	-2.4%	13.4%	-0.7%	-1.1%	-0.3%	2.3%	-0.5%	31.3%	1.6%

Source: 2011=Table A1 Final Pupils by Grade -- Statistical Profile/ Public Schools of North Carolina; 2012= Preliminary Data Request - Supplied by Lee County Schools



A slowing of growth at the secondary level and an increase in student feeding into the system in the early grades could be a one-time occurrence; however, if the trend continues, LCS will need to respond accordingly, both with facility and staffing shifts.

For the moment, that argument appears to be won by those Lee County Schools officials who included no need for new buildings or additions in the coming five years in its 2010 submission of the Facility Needs Report to NCDPI (see **Exhibit 4-52**).

However, another argument may speak more convincingly for new construction or additions at the elementary school level. There are about as many elementary classrooms in modular units as might normally constitute a new elementary school. **Exhibit 4-49** reveals that 27 of the 37 modular classroom units in LCS are at elementary schools. Each of the LCS elementary schools currently have between 2 and 5 portable classrooms.

RECOMMENDATION

Recommendation 4-20:

Include an analysis of elementary school facilities needs as part of the Five-Year Facilities Master Plan.

As LCS prepares its Five-Year Facility Master Plan, analysis and documentation of future needs at the elementary level should be included for planning purposes.

FISCAL IMPACT

This analysis will be included as part of the costs of developing the Facilities Master Plan.

FINDING

Lee County Schools may have an opportunity to enter into a small cooperative undertaking with Lee County Government. Until recently, the Lee County Public Library operated two branches, in addition to its main library facility in Sanford. The branch in Jonesboro was closed recently, and the branch in Broadway remains open only because of vocal citizen opposition, but is still under pressure to be closed.

An opportunity may exist whereby the Jonesboro branch could be reopened, and library services in Broadway be allowed to continue, provided that a way is found to use available school facilities for public library support. In nearby Greenwood, the Jonesboro branch could reopen at the Greenwood Elementary School. Greenwood Elementary School's library could be reconfigured inexpensively to serve a "double-breasted" function with access by students, faculty and staff on one side, and public library patrons on another. Arrangements could be made for keeping the public library branch access open after school hours. In like manner, the existing Broadway library branch building could be converted to a police station, and a double-breasted library established at Broadway Elementary School.



Such shared library functions (sometimes called joint-use libraries) while not commonplace, are also not rare or unusual. The LCS Superintendent has had experience with establishing such a library in his previous school district.

RECOMMENDATION

Recommendation 4-21:

Work with Lee County Government officials to explore the possibility of establishing joint-use libraries at Broadway and Greenwood Elementary Schools.

The establishment of joint-use libraries presents a tangible, rather than symbolic, cooperation opportunity for Lee County Schools and Lee County Government.

The School Superintendent and the County Manager should establish initially an informal Library Joint-Use Discussion Group on this matter. The Group should be small—not more than three persons each for County Schools and County Government. The mission of this informal Group would be to decide whether or not to proceed with a detailed probe of joint-use libraries for Lee County. It should attempt to establish ground rules for schools and county cooperation, and assess the feasibility of cooperative success between the schools and the county. The Group should study examples of joint-use schools and read related studies to reach its decision.

The following URLs lead to accounts of similar programs and projects:

- Guidelines for combining school and public library branches may be found at:
<http://dpi.wi.gov/pld/comblibs.html>
- A bibliography of works dealing with joint use libraries may be found at:
http://www.ala.org/Template.cfm?Section=Library_Fact_Sheets&Template=/ContentManagement/ContentDisplay.cfm&ContentID=25419
- Examples of combined libraries are shown at:
<http://www.lfpl.org/branches/westport.htm>
<http://news.arlingtonva.us/pr/ava/new-reed-school-westover-library-199182.aspx>

If the Group decides to proceed, an architect should be hired to create conceptual re-designs for joint-use of the libraries at Broadway and Greenwood Elementary Schools. The eventual closure required would be the approvals of a joint-use design, joint-use cooperative rules, and appropriate budget line items by the Board of Education and the Board of County Commissioners.

FISCAL IMPACT

Lee County Schools and Lee County Government should aim to keep the cost of this cooperative effort at a minimum by making only absolutely necessary changes to the existing configuration of each of the two elementary school libraries. In addition, both parties should attempt to either lower operating costs slightly, or to keep them at current levels. Over the long term, it should be expected that this move should have neither significant cost savings nor substantial cost



increases. Instead, the purpose of this joint-use cooperative effort should be the continuation of the branch library services in Broadway and Greenwood.

FINDING

Lee County Schools has conducted an active discussion of the advantages and disadvantages of outsourcing its custodial operation; however, the Board has not moved forward to approve the outsourcing option, despite evidence that savings and more consistent services may be possible. Custodian outsourcing is a step that should be taken thoughtfully and with careful preparation. Moreover, custodial productivity has increased significantly not only with outsourcing arrangements, but also with in-house staff. For example, the North Carolina Department of Public Instruction (DPI) has some time ago developed a detailed custodial staffing allocation formula. This formula produces an average performance level of ten teachers per custodian, 260 students per custodian, and 15,000 square feet of cleanable floor area per custodian:

$$(\# \text{ of Teachers} / 10) + (\# \text{ of Students} / 260) + (\text{Total Square Footage} / 15,000)$$

The resulting figure is then divided by three to obtain the custodial allotment. According to Lee County Schools, the present teacher count is 619, and the Average Daily Membership 9,742. The ‘cleanable’ floor area (as opposed to the gross square footage) is 1,390,000 square feet.

The NCDPI formula calculation for Lee County Schools FTE custodians is:

$$\frac{619/10 + 9,742/260 + 1,390,000/15,000}{3} = 64$$

3

According to this formula, Lee County Schools should have approximately 64 FTE custodians on its staff. Lee County Schools currently employs 54 FTE custodians to clean approximately 1,390,000 cleanable square feet, or 25,741 square feet per FTE custodian. (Five full-time custodian positions are currently vacant, as are two part-time positions.) This is ten FTE fewer than suggested by the NCDPI formula. Yet, with 54 FTE custodians, Lee County Schools appears to conduct a cleaning program that is acceptable from all aspects. The monthly “Clean School” competition may also contribute to this performance level. Also, the figure of 25,741 square feet per FTE custodian is larger than recommended benchmarks from many state departments of education.

Exhibit 4-58 shows the square feet per FTE custodian in several key states: Arkansas, Florida, North Carolina, and Texas.

Moreover, the latest (38th) Annual Survey of Maintenance and Operations Costs in Schools by *American School and University Magazine* (ASUMAG) cites the median square footage cleaned by custodians in 2009 as 32,100 (<http://asumag.com/exclusive/square-footage-details-200904/>).



**Exhibit 4-58
Custodial Benchmarks in Selected States
Arkansas, Florida, North Carolina, Texas**

State	Approximate Benchmark of Square Feet per FTE Custodian	Source
Arkansas	18,000 – 20,000	http://arkansasfacilities.arkansas.gov/documents/Manuals/Custodial%20and%20Maintenance/Final%20Manual.pdf
Florida	19,000 +	http://www.fldoe.org/edfacil/pdf/5_0.pdf
North Carolina	15,000	NCDPI Formula
Texas	18,000 – 20,000	http://www.nationalproclean.com/id144.html

Source: Prepared by Evergreen Solutions sources indicated.

In addition, another key reference from the National Center for Educational Statistics (NCES) summarizes cleaning levels and the expected corresponding floor areas that a custodian should be able to clean:

Planners, administrators, and community members must agree on what constitutes “cleanliness.” While there is not a nationwide standard for describing standards of cleanliness, a five-tiered system of expectations is emerging to help guide decision-making:

Level 1 cleaning results in a “spotless” building, as might normally be found in a hospital environment or corporate suite. At this level, a custodian with proper supplies and tools can clean approximately 10,000 to 11,000 square feet in an 8-hour period.

Level 2 cleaning is the uppermost standard for most school cleaning, and is generally reserved for restrooms, special education areas, kindergarten areas, or food service areas. A custodian can clean approximately 18,000 to 20,000 square feet in an 8-hour shift.

Level 3 cleaning is the norm for most school facilities. It is acceptable to most stakeholders and does not pose any health issues. A custodian can clean approximately 28,000 to 31,000 square feet in 8 hours.

Level 4 cleaning is not normally acceptable in a school environment. Classrooms would be cleaned every other day, carpets would be vacuumed every third day, and dusting would occur once a month. At this level, a custodian can clean 45,000 to 50,000 square feet in 8 hours.

Level 5 cleaning can very rapidly lead to an unhealthy situation. Trash cans might be emptied and carpets vacuumed on a weekly basis. One custodian can clean 85,000 to 90,000 square feet in an 8-hour period.

The figures above are estimates. The actual number of square feet per shift a custodian can clean will depend on additional variables, including the type of flooring, wall covers,



and number of windows, all of which must be taken into account when determining workload expectations.

Source: <http://nces.ed.gov/pubs2003/2003347.pdf>

Taking into account all of this information, it appears that Lee County Schools is staffing its custodial services at a level that accommodates a mixture of Level 2 and Level 3 cleaning. That assumes, however, that all custodial positions are filled and are not left vacant for any great length of time.

The Superintendent said that the turnover rate among custodians is high, and because of the pay and dual employment scenarios that result in some part-time employees who do not receive benefits, recruiting and retaining custodial employees is difficult.

As shown in **Exhibit 4-48**, there were five full-time and two part-time custodial vacancies at the time of the review.

About one year ago, a School Board discussion included a presentation of a quote by one vendor (SSC Service Solutions) and related options and procedures. Among the key provisions of the SSC Service Solutions quote were the following:

- cost of service adjustment at contract anniversary based on Consumer Price Index change over prior 12 months;
- minimum wage adjustments (Federal and/or State) added to CPI calculation;
- emergency services part of regular quote cost, except after hours, when billed at \$18.00/hr;
- training includes not only standard procedures for optimum efficiency and productivity, but also in emergency procedures and responses; and
- full service for the entire school district includes:

All custodial labor, custodial equipment, custodial supplies, two contract managers, and cleaning coverage of all school-related activities, as well as training programs and quality assurance programs for the entire school district...

The quote was for \$1,435,378, or \$0.96 per square foot. Based on the quote, Lee County Schools estimated the potential annual savings from custodial outsourcing to range from \$313,000 to \$626,000. The lower figure reflected a slower outsourcing based on attrition, whereas the higher figure was for a full outsourcing from the beginning.

Exhibit 4-59 displays the peer districts and their use of outsourced custodial services. As can be seen, two of six responding peer districts use custodial service outsourcing, but retain some in-house custodians as well. Four of the comparison districts have in-house custodial staff, as is currently the case at LCS. One of the seven peer districts (Granville) did not submit information. LCS should consult these districts to learn about their decision making, outsourcing terms and



conditions, custodial cleaning specifications, as well as the other districts who have remained with in-house operations, to learn why they chose not to outsource at this time.

**Exhibit 4-59
Comparison of Custodial Services
in 2010-11 School Year**

County School System	Outsourced or In-House?	Name of Outsource Company	\$ Amount of Outsource Contract	Contracted Positions	Contract Include Cleaning Supplies?
Lee	In-house	n/a	n/a	n/a	n/a
Chatham	Both	Saffelle, Inc.	\$199,740	n/a	Yes
Franklin	Both	Cornerstone Cleaning & Superior Professional Cleaning	\$189,056 \$208,432	19.5 FTE	Yes No
Granville	Did not respond	n/a	n/a	n/a	n/a
Harnett	In-house	n/a	n/a	n/a	n/a
Rutherford	In-house	n/a	n/a	n/a	n/a
Stanly	In-house	n/a	n/a	n/a	n/a
Surry	In-house	n/a	n/a	n/a	n/a

Source: Evergreen Solutions from data supplied by peer school systems, 2012.

According to the Superintendent it appears that the reason that the Board did not move forward on this proposal was the potentially negative impact that outsourcing would have on existing employees.

As part of this ongoing “due diligence operation” aimed at the possible implementation of custodial outsourcing, the LCS Superintendent said that he is now in the process of preparing a Request for Proposal (RFP) for Custodial Services and is seeking approval from the Board of Education to issue the RFP. While the quote of a year ago from SSC Service Solutions gives an indication of the possible level of service from outsourcing, and the potential savings over internal costs, it is not a competitively procured bid. Thus, an RFP must be issued to permit qualified bidders to offer competitive proposals. This process, however, does not ensure that the Board will reverse its previous stance regarding the negative impact that such a decision could have on current LCS employees. For example, if the generated savings of outsourcing is limited to a large extent merely from the elimination of most benefits, as well as a lowering of hourly rates paid to custodians, then the savings are achieved not through more efficient management and greater productivity.

In some districts, the implementation process discussed in the RFP asks the vendors to specifically propose a process that will ensure that existing employees are either picked up by the vendor, or that implementation is progressive, so that many of the eliminated positions are handled through attrition. However, if outsourcing cannot prove its value through greater productivity and improved efficiency, the ethics of the claimed savings might be called into question.



RECOMMENDATION

Recommendation 4-22:

Outsource all or part of the custodial function if true savings can be achieved through improved efficiency and productivity, rather than merely by a reduction in wages and benefits.

One important consideration will be the outsourcing of day custodians (sometimes referred-to as day porters). Many school districts have decided to keep day custodial staff in-house, and only outsource the overnight cleaning crews. These day custodians have an especially important rapport with their site principals and others in the district, serving these major functions:

- assuring a rapid response to clean up spills, accidents, clogged commodes, etc.;
- minimizing the amount of clean-up required after hours;
- serving as a separate set of eyes and ears to identify and report possible concerns for building maintenance; and
- calling to the attention of teachers and administrators any issues concerning the behavior of students, or any emergency needs they may have.

LCS will also need to carefully analyze the dual employee roles and responsibilities (e.g., custodian/bus driver, custodian/cafeteria worker, etc.) of current custodial staff, and plan for appropriate and workable changes in the staffing patterns. This should be done in collaboration with school site leaders, so that the impact on instructional programs can be minimized as some dual role employees are shifted away from their custodial duties.

Consulting with the peer school districts that have outsourced their operations may also provide LCS sound advice on how to proceed, based on lessons learned in those districts.

FISCAL IMPACT

Based on the conservative low estimate of savings of \$313,000 in the first year, as discussed above, the timeline below reflects savings of \$313,000 beginning in 2013-14, and escalating to \$626,000 in 2016-17, when full implementation is assumed to be completed. These figures may differ significantly, if competitive bids result in greater potential savings, or if LCS decides to keep a portion of its custodial staff in-house.

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Outsource Custodial Services	\$0	\$313,000	\$413,000	\$513,000	\$626,000



FINDING

LCS has developed and implemented an internal “Clean School of the Month” award. The Minutes of the Facilities and Technology Committee for September 28, 2010, for example, reflect the monthly winner:

Clean School of the Month Award Recipient-Jerry Pittman reported that Deep River Elementary School will receive the first Clean School of the Month Award. Dr. Moss and Dr. Atkinson will make the presentation at the Board meeting on October 12, 2010.

(<http://lee.schoolfusion.us/modules/groups/homepagefiles/cms/929615/File/Committees/F%20%26%20T%20f%26minutes-9-28-2010.pdf?sessionid=71405e3b93ecfbf7f7e527abb69380f>)

In **Exhibit 4-60**, details are also in this announcement from SanLee Middle School:

Exhibit 4-60
Clean School of the Month Announcement
From SanLee Middle School



Clean School Award

SanLee Middle School was announced Clean School of the Month. The clean school award is designed to recognize building level custodians that excel in providing a clean, safe, working and learning environment for our students and staff throughout the year. Congratulation to Freddie Atkins, Monica Hawes, Fred Martin, Alice McIver, and David McLean.

Source: <http://lee.sms.schoolfusion.us/?sessionid=71405e3b93ecfbf7f7e527abb69380f1&t>.

This program is unlike any initiative Evergreen Solutions has encountered in its work with school districts. By accounts from LCS administrators, the program has resulted in a noticeable improvement in custodial work quality throughout the District. **Exhibit 4-61** shows a copy of the *School Inspection and Rating Sheet* used by Facilities and Maintenance managers on a monthly basis.



**Exhibit 4-61
Sample Cleaning Checklist for
Clean School of the Month Competition**

LEE COUNTY SCHOOL MAINTENANCE	SCHOOL INSPECTION AND RATING		
SCHOOL NAME: _____	DATE: _____		
INSPECTED BY: _____	SCORE: _____		
<i>Comments regarding issues that are unsatisfactory, and recommended improvements will be made in each area 'Comments' section. Area expectations, and additional comments can be noted on the back of this form.</i>			
AREA:	POINTS POSSIBLE:	UNACCEPTABLE to EXCELLENT	SCORE:
OUTSIDE AREAS	5	0 thru 5	_____
<i>Comments:</i> _____			
ENTRANCE AREAS	5	0 thru 5	_____
<i>Comments:</i> _____			
OFFICES, FACULTY AREAS	10	0 thru 10	_____
<i>Comments:</i> _____			
HALLWAYS	15	0 thru 15	_____
<i>Comments:</i> _____			
RESTROOMS	20	0 thru 20	_____
<i>Comments:</i> _____			
CLASSROOMS	20	0 thru 20	_____
<i>Comments:</i> _____			
CUSTO, CLOSETS, GENERAL REPAIR & EQUIPMENT	5	0 thru 5	_____
<i>Comments:</i> _____			
GYM, MEDIA, MISC. ROOMS	10	0 thru 10	_____
<i>Comments:</i> _____			
SAFETY REG. & DOCUMENTS	10	0 thru 10	_____
<i>Comments:</i> _____			
			<i>Final Score:</i> _____



**Exhibit 4-61 (Continued)
Sample Cleaning Checklist for
Clean School of the Month Competition**

All grades will be derived from the cleanliness level of...

Ceiling, Floor, Walls, Glass, Fixtures, Furniture, Trash, Other, and as listed below.

OUTSIDE AREAS....walkways clear, lawn/bushes trimmed, absence of litter/debris.

BUILDING ENTRANCE AREAS...matting, lighting/exit signs.

OFFICE & FACULTY AREAS, HALLWAYS, CLASSROOMS, GYM/MULTI-PURPOSE, MEDIA CENTER...
emphasis on commonly touched surface.

CUSTODIAL CLOSETS, GENERAL REPAIR & EQUIPMENT...
clean, organized, products properly labeled, lights working
equipment clean & in working order, and repairs made in building.

RESTROOMS...heavy buildup (hard water, calcium, etc.), odor, well stocked.

HALLWAYS...emphasis on commonly touched areas, sand/dirt on floor.

SAFETY REGULATIONS & DOCUMENTS...PPE (Personnel Protective Equipment), MSDS, Fire Extinguishers.

More Notes/Comments/Suggestions:

Horizontal lines for notes and comments.

Source: Lee County Schools, 2012.



Although this friendly competition has met with a quality improvement success, it has also helped to identify some schools that are harder and easier to clean due to their overall use of materials and designs of space configurations. Because of its uniqueness, the program can serve as a role model for other schools.

COMMENDATION

Lee County Schools is commended for its initiative in developing and implementing the Clean School of the Month Program.

FINDING

The LCS Career and Technology Program is involving students in the real-life building trades, and generating offsetting income in the process.

On the Lee County High School grounds, a “carpentry project” is currently underway. This project is a single family home, to be auctioned at the time of its completion. A similar house was auctioned in 2011, as shown in **Exhibit 4-62**. Proceeds of the auction supplement the cost of materials and equipment for the next project house. This is an ongoing project of Lee County Schools Career and Technical Education. **Exhibit 4-63** contains photographs of the house presently under construction.

**Exhibit 4-62
2011 Auction Announcement for
Carpentry Project House**

HOUSE AUCTION
Rain or Shine

Saturday, May 21, 2011
10:00 A.M. at
Southern Lee High School
2301 Tramway Road, Sanford, NC 27332
Carpentry Project House

Frame dwelling house completely finished with two bathrooms and bathroom fixtures, kitchen sink, electric water heater, electric stove, dishwasher and electric heat. All floors are covered with wall-to-wall carpet, laminate or vinyl floor covering. Walls are finished and painted drywall. The kitchen has custom built-in cabinets. The house is complete with light fixtures. It features a metal roof with 36' x 6' roof extension, for a covered front porch. The house is now on temporary pillars and must be removed from the premises after sale is complete.

1,428 square feet

SALE TO BE CONDUCTED BY:
LISA YORK, AUCTIONEER

Phone (919) 775-5444 919) 880-9225
BROKER LICENSE: 254467 • NCAL 8582 • FIRM BROKER LICENSE: 17384 • FIRM AUCTIONEER LICENSE: 8622

For more information, contact Chris Nance at Southern Lee High School (718-2400 ext. 3249) or
Aaron Fleming, Director Career & Technical Education, Lee County Schools (774-6226, ext. 1242).

Source: Lee County Schools, 2011.



Exhibit 4-63
Pictures of the Carpentry Project House
Being Built at Lee County High School



Source: Taken by Evergreen Solutions, 2011.

COMMENDATION

Lee County Schools is offering students and opportunity for hands-on carpentry and home construction experiences in a way that benefits the community and recovers the cost of materials.

FINDING

The architectural design services firm selected most recently by Lee County Schools for design of the new, four-year-old SanLee Middle School and the renovation of Lee County High School (scheduled for completion in 2012) has provided quality architectural and engineering services resulting in a middle school of very low total cost of ownership for maintenance, cleaning, and energy use, and a renovated high school of like performance and promise.

For example, SanLee Middle School's energy performance is at \$1.37 per square foot, below the LCS average of \$1.41 (see **Exhibit 4-55**). Its straightforward space configurations make it easier to clean than spaces with many "nooks and crannies." Its 'Clean School of the Month' award is not accidental. As noted previously, the building has an enclosed mezzanine that permits all of its HVAC components to be serviced away from the heat, cold, rain or snow on the exterior, and without having to disrupt classroom activity. Moreover, the protected location of HVAC components assures a longer service life.

The renovated parts of Lee County High School have already resulted in its excellent energy performance of \$1.23 per square foot, the second lowest, and at 333,000 square feet, by far the largest facility in Lee County Schools' building inventory. This excellent energy use is due in part to the new ice storage facility, and the new, energy efficient heating and cooling plant.



When a design firm establishes a desirable track record with a large building owner like Lee County Schools, it is a legitimate and appropriate client action to offer such a firm a longer-term continuing services contract. Such a contract assures that the firm in question is available on short notice to perform its services at a level of consistency and quality comparable to past services. An example of a continuing services contract is shown on the following website: <http://www.osceola.k12.fl.us/depts/Purchasing/documents/CONTINUINGSERVICECONTRACT.pdf>.

Policy Code: 8750 Purchase of Services

Services shall be purchased in a manner consistent with the board's purchasing goals. Competitive bidding is not required for the purchase of services; however, contracts for services shall be made under conditions which foster competition among potential providers when feasible and after careful pricing.

Legal References: G.S. 115C-36

Cross References: Goals of the Purchasing Function (policy 8700)

Adopted: March 18, 2002

RNC: 4/29/09

RECOMMENDATION

Recommendation 4-23:

Use the Continuing Services Contract method whenever the longer-term retention of a contractor is beneficial to Lee County Schools.

Contracts that are not subject to bidding because they do not fall within either of these categories include (1) service contracts (but note special rules for contracts with architects, engineers, surveyors, and construction managers at risk, discussed below), (2) contracts for the purchase of real property, and (3) contracts for the lease of personal property (but note that lease-purchase or lease contracts with an option to purchase are subject to bidding). Contracts that fall below the informal bidding threshold (see Part III) also are not subject to any procedural requirements.

Many local governments have policies that require them to conduct bidding procedures for contracts that are not subject to the mandatory bidding requirements, and some may do so on a case-by-case basis by local discretion. In these situations, the local unit is not required to use the statutory procedures, but it may opt to use some or all of them, or it may develop procedures of its own. While establishment of local procedures is not legally mandated, failure to comply with established local procedures may invalidate the resulting contract.

D. Use and Selection of Design Professionals/Construction Managers at Risk

1. Use of design professionals [G.S. 133-1.1(a)]

a. Plans and specifications for public building construction or repair projects must be prepared by a registered architect or a registered engineer (or both, depending upon the requirements of the project) when the expenditure exceeds



- i. \$300,000, for projects that do not include “major structural change in framing or foundation support systems;” *Additional Requirements for Construction Contracts 13*
- ii. \$100,000, for the repair of public buildings “affecting life safety systems;”
- iii. \$135,000, for projects that include “major structural change in framing or foundation support systems;” or
- iv. \$135,000, “for the construction of, or additions to, public buildings . . .”

2. Selection of design professionals/construction managers at risk [G.S. 143-64.31]

a. *Requirements for architectural, engineering, surveying, and construction management at risk services must be “announced,” and providers must be selected based on “demonstrated competence and qualification . . . without regard to fee other than unit price services . . .” Good faith efforts must be used to notify minority firms of the opportunity to submit qualifications for consideration by the public entity. [G.S. 143-64.31]*

The use of this contracting method is especially fitting with design services firms, as their work is procured on the basis of qualifications and not price. Architects and engineers are paid according to established percentages of construction cost, and are not asked to offer a competitive price bid. Selection on the basis of qualifications is the variable, and price is a given.

Consequently, when a firm has proven itself to a client after several successful commissions, and that client wants to use that firm’s services on future jobs, a continuing services contract is the vehicle of choice. Boards of Education make frequent use of this contracting method, especially when a particular design firm has become familiar with their requirements and needs. The promise of a new school or school addition that performs with a low total cost of ownership is in the interest and to the benefit of Lee County Schools, and the taxpayers. Similarly, if the A/E firm eventually hired to prepare the first Five-Year Facilities Master Plan performs its job as desired, then a continuing services contract may also be in the LCS interest for its ongoing services.

FISCAL IMPACT

By continuing to hire a design firm with a proven track record of designing facilities with a low total cost of ownership, Lee County Schools will assure itself of obtaining future buildings and additions that have a low cost of operations and maintenance. The long-term savings produced by such buildings—as opposed to buildings requiring more money because they are not designed in this manner—are a respectful use of the taxpayer funds provided to operate the schools.

FINDING

Lee County Schools uses the School Dude Software to manage all capital improvements as well as routine maintenance work orders; however, it does not use the available School Dude module for managing the community use of its facilities (CommunityUse). Rather, the management of community use of facilities is handled manually.



LCS is well-organized to rent or lease its facilities to community organizations when they are not in use for school functions. Policy 5030 (http://policy.microscribepub.com/cgi-bin/om_isapi.dll?clientID=79502519&advquery=lease%20of%20facilities&depth=8&headingswithhits=on&hitsperheading=on&infobase=lee.nfo&record={167F}&softpage=PL_frame) prescribes in considerable detail the School Board’s requirements for community use of facilities. In addition, forms and documents for leasing or renting facilities are available online at http://auxiliary.lee.schoolfusion.us/modules/locker/files/group_files.phtml?parent=4759564&gid=992451&sessionid=0e26be926a84e3c59c44a0dfcbb7f61b .

The following documents are available in pdf. format:

- Facility use application form
- Definitions for facility use
- Equipment usage agreement
- Facility check-off list
- Fee schedule
- Hold harmless agreement
- Kitchen use request
- Policy 5030 (see reference above)
- Procedures for facility use

As stated previously, LCS is well-prepared and organized for the proper lease or rental of its facilities to community organizations and businesses. However, the available School Dude module for community use of facilities is not being used by LCS, even though the school system is heavily invested in most other available School Dude software. Instead, a manual registration system is used.

Exhibit 4-64 shows an average of \$5,600 collected by LCS in rental, lease, and related fees for community use of facilities from 2006 to 2011.

Exhibit 4-64
Community Use of Facilities Income
2006-2011

School Year	Facility Use Income
2006-07	\$4,315
2007-08	\$8,608
2008-09	\$3,764
2009-10	\$5,810
2010-11	\$5,505
Average Annual Income	\$5,600

Source: Lee County Schools, 2012.

The Community Use Module of School Dude is described at <http://www.schooldude.com/products/communityuse/> . An excerpt from this site reads as follows:

CommunityUse is a powerful online facility use calendaring system that manages the facility use requirements of community organizations.



CommunityUse streamlines the process of managing your facility use program from event request and risk assessment, to invoicing and payment.

In addition to greatly simplifying the facility usage request process and improving relations with community groups, CommunityUse allows members of community organizations to register online, and accept conditions of use – reducing data entry by district personnel.

Based on information obtained from School Dude, the cost recovery of the top 10 percent of school districts they work with is at least \$30 per student, \$15 - \$30 per average district, and as little as \$5 or less per below average district (see “rationale” in right field of second box in **Exhibit 4-65**). In the case of Lee County Schools, with about 9,700 students, the high average \$30 per student would result in annual revenues of \$291,000, at \$15 per student about \$145,000, and at \$5 per student about \$48,500.

Instead, the actual cost recovery at LCS, at an annual average of \$5,600, is approximately 58 cents per student ($\$5,600/9,700 = \$.58$)—a drastically below average condition. Using the automated School Dude software, there would appear to be no reason for LCS to recover at least \$2 per student, or about \$19,400. While this is still a below average condition in the experience of School Dude, it is much more than three times the current facility use income at LCS.

A School Dude representative noted the following about **Exhibit 4-65**:

I would challenge (LCS) to answer the questions (on the cost recovery analysis spreadsheet.). Are they recovering their costs? If they do not have a concrete tracking system, how do they know? If they had a better system, would they be able to utilize their facilities more? ...my guess would be that there is a lot that falls through the cracks with a manual system. With a powerful tool like FSDirect to handle the process from booking to invoicing, and everything in between, they will recover much more than what they are right now. Our average client is recovering \$17.91 per student in annual income. If they are at roughly 9,000 students, that is over 160k per year. Do you know how many events they are doing per year? Do they know?

Source: e-mail from Heather Hudson May, Senior Account Manager, SchoolDude.com, heather@schooldude.com

RECOMMENDATION

Recommendation 4-24:

Consider the purchase, installation, and use of an automated system for managing the community use of LCS facilities.

Evergreen Solutions is not affiliated with School Dude and derives no income or favors of any kind from recommending the purchase of School Dude products; however, because Lee County Schools is already using School Dude, adding the module for managing the community use of its facilities appears to be a logical choice, rather than purchasing a separate system.



Exhibit 4-65 Facility Scheduling Cost Recovery Analysis

LEGEND:			
Fields for you to fill out			
Calculating Fields (you may edit if needed)			
Calculated Estimates (no need to fill out)			
Facility Scheduling Cost Recovery Analysis			
Input your information:	Quantity	Units	Notes:
SIZE OF INSTITUTION (IN STUDENTS)	9,000	Students	Change to reflect your district.
NUMBER OF EVENTS	9,900	Events	
AVERAGE HOURS OF AN EVENT	2	Hours	
AVERAGE DAILY OPERATING HOURS	9		
TYPICAL OPERATING DAYS IN A YEAR	215		
TYPICAL OPERATING HOURS IN A YEAR FOR A FACILITY	1,935		Average is usually 1.2 events per student > 1.5 indicates High Usage .5-1.5 indicates Median Usage <.5 indicates Low Usage
# OF FACILITIES	53		
TYPICAL OPERATING HOURS IN A YEAR	102,555		
TOTAL HOURS OF AFTER-HOURS EVENTS	9,900		
EVENTS PER STUDENT	1.10		

Annual Cost Recovery Analysis	Rationale
Annual Amount Invoiced for Facility Use	\$600,000.00
YOUR Cost Recovery Per Student	\$66.67
Top 10% Say You Should Recover	\$270,000.00
Average Numbers Say you should Recover	\$180,000.00
Below Ave. Numbers Say you should Recover	\$45,000.00

Category	Amount
What You Invoice	\$600,000
Top 10%	\$270,000
Average	\$180,000
Below Average	\$45,000

Where do you stand in Recovering Cost?	Results
Comparatively: Positive Means You made did well, Negative means you lost money	
Versus the Top 10% charging organizations?	\$330,000.00 Excellent: You recovered more money than this group.
Versus the Average charging Organization?	\$420,000.00 Uh oh: You didn't charge enough compared to this group
Versus the Lowest Charging Organizations?	\$555,000.00 Excellent: You recovered more money than this group.

How much staff time is consumed managing community events? What is the average time spent per event by each staff member below, <u>enter data as minutes</u> .		Notes:
a. School Administrator	20	Checking calendars to make sure area is available, getting approvals
b. District Coordinator	20	Coordinating with staff to support event, getting approvals, approving
c. School Finance	15	Creating invoices
e. Energy Manager	10	Doing EMS Overrides per event
f. Other	0	
Total Minutes Per Event	65	
Total Hours Per Event	1.08	
Total Hours Annually (events * hours)	10725.00	
Estimated Per Hour Pay including benefits for these roles?	\$25.00	



**Exhibit 4-65 (Continued)
Facility Scheduling Cost Recovery Analysis**

Enter Your Own Estimates or Quantities in blue		National Averages Estimate You at:	Statistics and Numbers <i>(based on industry standards you may edit)</i>	
ANNUAL STAFF TIME TO PROCESS EVENTS. <i>This information comes from the above work sheet.</i>	10,725.0	3300	\$20	Minutes per event
ANNUAL EVENT COORDINATION COST <i>This information comes from the above work sheet.</i>	\$268,125.00	\$82,500.00	\$25	Salary per hour
ANNUAL CUSTODIAL COST <i>Usually relates 1 hour of custodial time for each event.(setup, breakdown, clean up, lock/unlock and other services) This relates to around \$20-30 per hour.(fully loaded costs, benefits, vacation, sick days, holiday and other imbedde</i>	\$247,500.00	\$247,500.00	\$25	Change this number to reflect your area's average
ANNUAL ENERGY COST ASSOCIATED WITH EVENTS <i>Clients who implement energy management programs to only heat/cool areas used after hours have seen 10% savings on energy use. Therefore, after-hours events cost at least 10% to 20% of your total utility budget.</i>	\$270,000.00	\$270,000.00	10%	Enter as a %
WEAR/TEAR/REPAIR DUE TO EVENTS <i>AS&U states on average you spend \$500 per student for M&O on your buildings every year (not including technology needs). We estimate 2% is what you spend to handle typical wear and tear.</i>	\$90,000.00	\$90,000.00	2%	Enter as a %
Other				
Total	\$875,625.00	\$690,000.00		

In Summary, What Percentages of your costs are you recovering?			
You Invoiced for:	\$600,000.00		
Your Estimated Percentage of Recovery is	69%	of your costs.	
National Averages Say You Recovered	87%	of your costs.	
What Should you Charge per Event?			
You Currently Charge	\$60.61	per event.	
According to your ESTIMATED COSTS, you should be charging:	\$88.45	per event.	
According to National Averages, you could be charging:	\$69.70	per event.	

Source: www.school dude.com/communityuse

A system for managing the community use of its facilities promises to streamline the process LCS employs for community use of facilities, making all steps more efficient and productive, as well as accurate. In addition, the School Dude product contains mechanisms whereby LCS can optimize its fee schedule, and examine which organizations should be given free or discounted registration. Moreover, the product allows LCS to ask School Dude for a realistic income goal from community use, based on the LCS profile.

FISCAL IMPACT

According to School Dude, the additional module will cost LCS about \$5,000 annually. The timeline below shows an initial improvement of income from community use of facilities from \$2.00 per student and eventually to \$6.00 per student, with the implementation of



automated software. This assumption is significantly below what is achieved by School Dude’s average clients: \$17.91 per student. A much lower assumption is shown because it is possible that the average per student cost recovery rate simply cannot be achieved in the relatively low population density and geography of Lee County, North Carolina. In addition, it has been pointed out by LCS officials that Health Department regulations impose a costly and cumbersome permitting process for organizations seeking to rent or lease food service facilities and cafeteria (<http://www.lee-countync.gov>). This potential constraint is also factored into this fiscal impact examination.

Category	2012-13	2013-14	2014-15	2015-16	2016-17
Rate per Student	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00
Increase in Revenues	\$19,400	\$29,100	\$38,800	\$48,500	\$58,200
Less Average Revenues Already Achieved	-\$5,600	-\$5,600	-\$5,600	-\$5,600	-\$5,600
Less Annual Cost of System	-\$5,000	-\$5,000	-\$5,000	-\$5,000	-\$5,000
Net Increase in Revenues	\$8,800	\$18,500	\$28,200	\$37,900	\$47,600

Recommendation	2012-13	2013-14	2014-15	2015-16	2016-17
Increase Revenue from Community Use of Facilities	\$8,800	\$18,500	\$28,200	\$37,900	\$47,600

4.6 TECHNOLOGY

Twenty-five years ago, technology in public education and other parts of the public sector was just entering a stage when the most progressive districts were exploring how they could impact the education of students as well as the efficiency of administrative operations through the implementation of technology. Technology was very much viewed as a nice-to-have but not yet essential component of everyday life. Things have certainly changed since that time not too long ago. Today, technology is the cornerstone of practically every successful learning environment. It certainly cannot replace skilled educators and administrators, but the degree to which technology has integrated itself into the daily lives of students away from the classroom has had a significant impact on those student’s expectations and appetites for technology inside the classroom.

The IT Department in Lee County Schools has undergone strategic and measured growth in response to the district’s increased commitment to integrating technology into the classroom. This section is intended to provide a review of technology management and the status of these systems.



FINDING

LCS has committed itself to an initiative one-to-one (1:1) ratio of laptops to students in their schools. This has been done with the commitment in mind of truly integrating technology into the classroom at the individual student level. This progressive step has effectively put a laptop computer in the hands of each and every student. For many of these students who come from less affluent family backgrounds, this is often the only computer they have had access to. Introducing them to this technology is preparing them, in many cases, for more successful futures which demand a higher level of technological competence. What the district has essentially said is that they are not willing to let the socioeconomic status of its students stop them from bringing a technology-strengthened curriculum to its students. The 1:1 program has brought approximately 8,000 new laptops into service for Lee County Schools.

A program such as this is progressive among rural school districts. The increased volume of computers will undoubtedly increase the demand for technical support of both hardware and software; however to account for this, the department has budgeted to hire three new support technicians at the start of 2012. It is unclear if three additional technicians will be sufficient, however it is a good start.

COMMENDATION

Lee County Schools district is commended for its commitment to making technology available to all students through the 1:1 laptop initiative.

FINDING

Based on budget planning data provided by LCS for the coming 2012 fiscal year, an additional 2,700 computer purchases are being requested as a part of the planned three year replacement schedule. The Superintendent expressed in an email communication that funding for these purchases would come from State of North Carolina PRC 31 (Low-Wealth Counties Supplemental Funding), 61 (Classroom Materials/Instructional Supplies and Equipment), and 69 (At-Risk Student Services), and he could not produce a budgeted line item which detailed the planned purchase. It is unclear how much Lee County money is scheduled for the purchase of these computers. He explained that the goal is to replace computers after the end of their three-year warranty. There is no formal written replacement plan in place, just this informal goal associated with warranty expiration. Such a replacement schedule should be part of a formal plan so that it can remain a budget priority moving forward.

According to LCS sources, a total of \$55,427 was spent on maintenance over the past three years. Despite Evergreen's attempts to request budget line-item data detailing these expenses, none were provided. Although LCS has stated plans to replace computers within their warranty period, replacing some equipment on a four-year cycle could produce nominal additional maintenance expenses, and help spread the total cost over time.

Other alternatives that districts have used to enhance the cost of replacing computer equipment include equipment refurbishing that potentially extends the warranty period by several years or the use of desktop lease agreements that include an automatic cyclical refresh of equipment.



Even the extension of three-year warranties into four-year warranties could spread the cost of full replacement out for a larger period.

RECOMMENDATION

Recommendation 4-25:

Formalize a computer replacement plan that considers not only the cost of replacing equipment on a three-year cycle, but compares the cost and benefit of alternative scenarios.

Research and careful planning concerning the maintenance and replacement of technology are critical. Care should be given when considering alternatives to factor in the cost for increased maintenance after the warranty period, should a three-year replacement cycle not prove cost effective in all cases.

With formal planning and established guidelines for how computer equipment should be replaced, and considering frugality, LCS stands to save substantial sums of money on its technology purchases.

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The IT Department has developed its own helpdesk tracking software called Tech Tracker. Tech Tracker is currently in its second full version so is known as “Tech Tracker 2” and serves as a conduit for funneling technology related requests through the proper channels in IT. Every employee of the district has access to the system and can add help tickets (known as “queues”). Each queue has a field for the following vital details:

- Ticket Type
- Priority level
- Location (school site)
- Room Number
- Contact Info (for the requesting employee)
- Technician (employees have the ability to select their technician from a dropdown list)

When a queue is filed, it automatically launches an email which is delivered to the selected technician on their mobile device (smartphone). The person filing the queue also has the option of sending a copy of the request to a third party such as the principal of their school site or another related individual of their choosing.

Principals have the administrative ability to view all open queues for their schools to help them track and manage the technology resources of their employees.



Perhaps the most innovative and progressive feature of the Tech Tracker 2 software is the way it integrates with the purchasing process. If the result of a queue is the need to purchase a replacement piece of hardware or software the queue itself becomes the request vehicle for that procurement and normal purchasing practices are followed.

The ability for this system to both track the requests and transition into a procurement vehicle is outstanding. The fact that this system was developed internally is a major boon for the district. Future development of more advanced features and streamlining of the system should continue. **Exhibit 4-66, 4-67, and 4-68** show screenshots of various functional areas of Tech Tracker 2 including the ability to insert photographs of relevant problem areas, the interface for entering new queues, and lastly the ability for management to track closed tickets in a dashboard environment. Overall, this is a high quality tool.

Exhibit 4-66
Lee County Schools
Tech Tracker 2 Capability Example

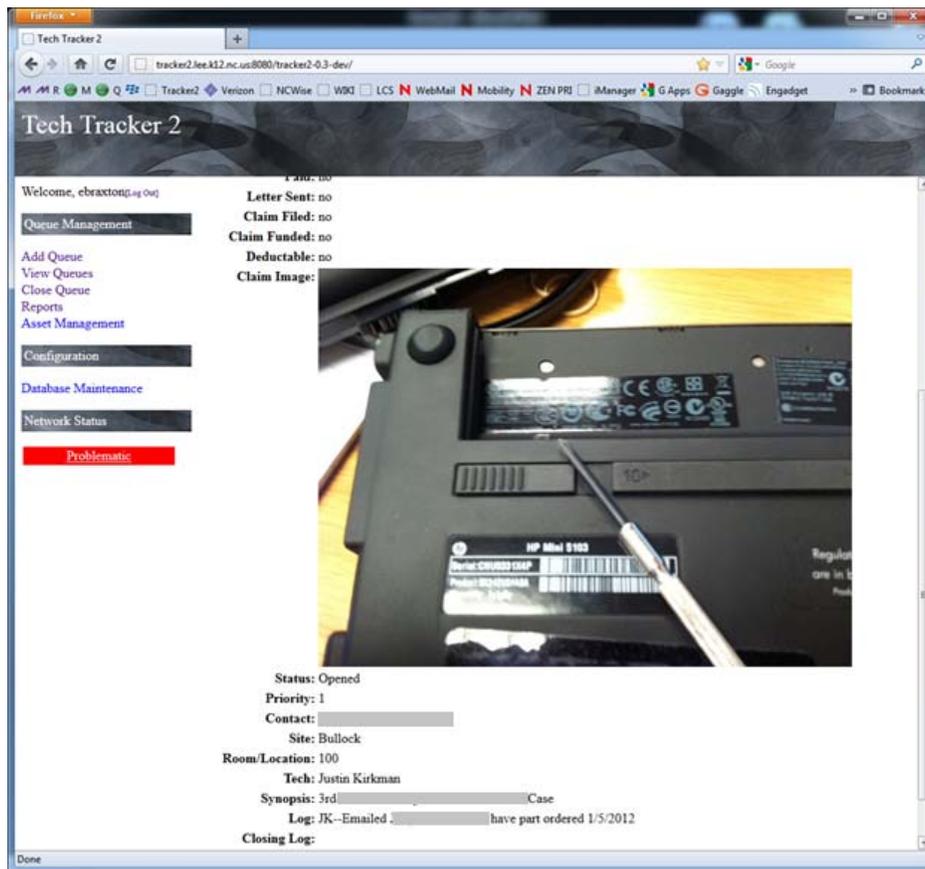


Exhibit 4-67 Lee County Schools Tech Tracker 2 Queue Entry Screen

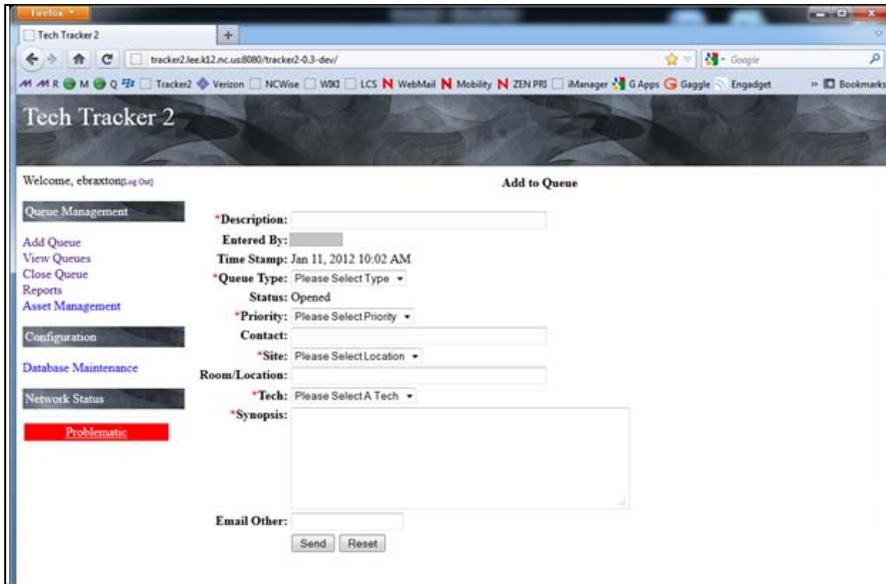
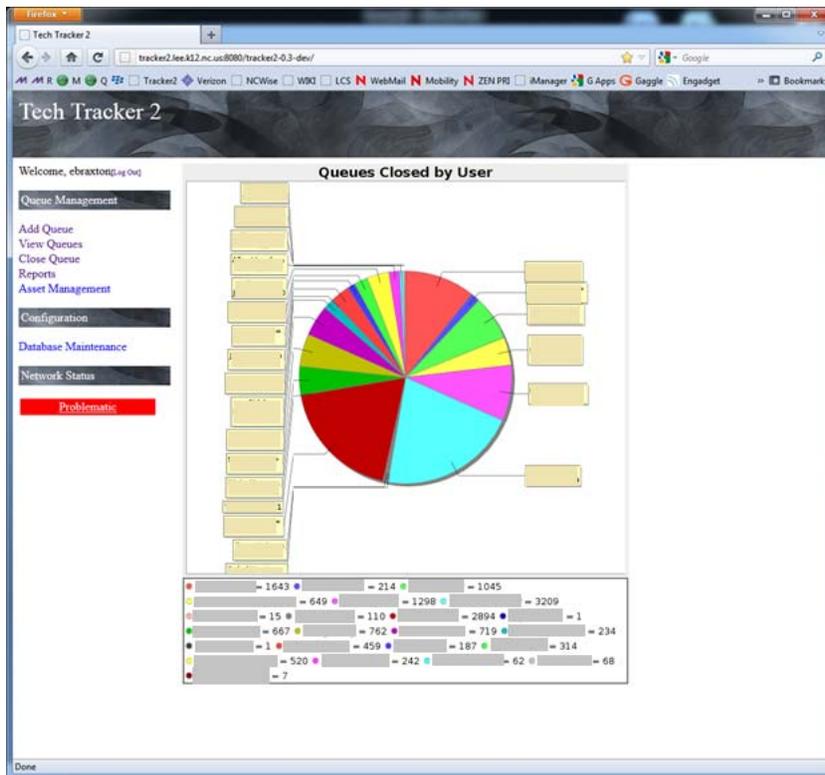


Exhibit 4-68 Lee County Schools Tech Tracker 2 Dashboard Screen



COMMENDATION

The LCS IT Department is commended for developing a multi-layered IT help desk tracking program.

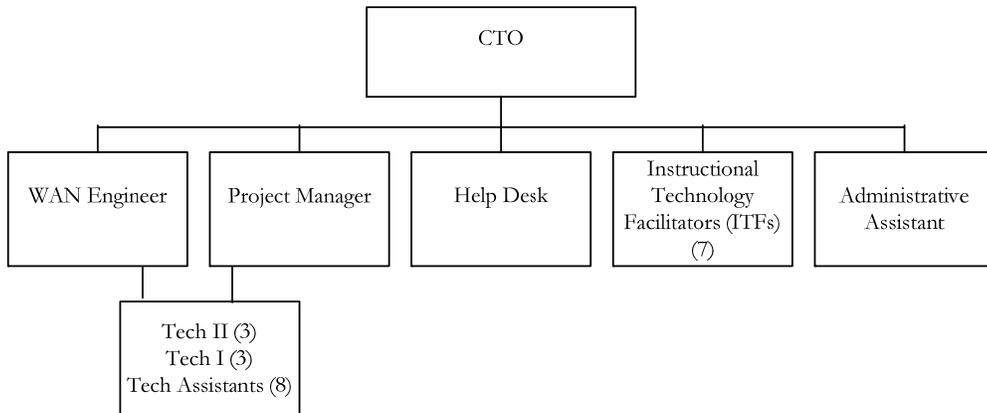
FINDING

Technology employees within Lee County Schools currently consist of nine total job classifications which are held by a combination of 26 individual employees. Those job classifications and their respective headcounts are listed below:

- Chief Technology Officer
- WAN Engineer
- Project Manager
- Help Desk
- Instructional Technology Facilitators (ITF) (7)
- Administrative Assistant
- Technology Technician I (3)
- Technology Technician II (3)
- Technology Assistant (8)

The list of employees is based on the organizational chart shown in **Exhibit 4-69** for reference.

Exhibit 4-69
Technology Department in Lee County Schools
Organizational Chart



Source: Lee County Schools Technology Department, 2011.

Organizationally, the structure in place for LCS is adequately arranged so as to avoid unnecessary levels of middle management. Data were collected from peer school districts relative to technology staffing ratios to computing devices in service. A summary of these data is shown in **Exhibit 4-70**.



**Exhibit 4-70
Lee County Schools and Peer District
Technology Staffing Levels
2011-12 Fiscal year**

County School System	Total County FTE (2011-2012)	Total FTE IT Personnel (2011-2012)	Total Count:			
			Laptops	Desktops	Laptops plus Desktops	Servers
Lee	1,200	26	10,441	2,720	13,161	34
Chatham	1,236	17 ¹	7,101 ²	1,760	8,861	50
Franklin	1,057	11 ³	526	2,427	2,953	88 ⁴
Granville	1,013	9	3,151	1,949	5,100	32
Harnett	2,211	9 ⁵	n/a	n/a	9,623	52
Rutherford	1,309	n/a	n/a	n/a	n/a	n/a
Stanly	1,135	64.2 ⁶	1,600	3,400	5,000	62 ⁷
Surry	1,131	9 ⁸	n/a	n/a	6,500	50
Peer Average without Lee	1,299	19.9	3,094.5	2384	6339.5	55.7

Source: Peer District Survey Conducted by Evergreen, 2011.

¹10 School Based Technicians, 7 System Admin/Technical Administration Positions

²3,000 part of 1:1 Student Laptop Program

³Includes 6 instructional tech facilitators (teachers), 2 technicians, 1 director, 1 admin assistant, and 1 LAN/WAN engineer

⁴49 physical servers and 39 virtual servers

⁵Does not include 24 school based Instructional Technology Facilitators.

⁶Includes 1 CTO, 1 IT Director, 1 LAN Engineer, 0.2 LAN Engineer (Contract), 1 Helpdesk Cord., 2 IT Technicians, 1 Temp IT Tech, 6 Instructional Technology Specialists, 8 Technology Assistants, 19 Media Cord, 1 Info Systems Cord., 1 Info Systems Assistant, and 22 Data Managers.

⁷16 Physical Servers and 46 virtual servers.

⁸Director of CTE/Technology (Administrative), (1) lead technician, (7) technicians.

These data show that some of the peer school systems surveyed have taken similar initiatives with respect to implementing large numbers of laptop computers into the classroom. With 7,101 laptops (approximately 3,000 of which are a part of their own 1:1 initiative) and 17 total FTE, Chatham appears to be operating a slightly leaner technology department than Lee County Schools. Some peer districts, however, such as Stanly County Schools included positions such as Media Coordinators and Data Managers in their total count of 64.2 FTE. It is likely that these people do not spend 100 percent of their time in support of district technology. Regardless, it is evident that the methods and measures of technology staffing are varied depending on the philosophy of the district in which the technology is housed.

LCS maintains a higher number of computers than all districts in the peer group and, with the exception of Stanly, does so with a larger technology staff count as well. LCS currently has a computer to technology staff person ratio of 506:1. Compared to peers such as Granville (566:1), Chatham (521:1), Surry (722:1) and Harnett (1069:1), LCS ratio is comparable or slightly lower than its peers.

Based on the relative rarity of 1:1 laptop initiatives, the long-term impact on staffing for these programs is difficult to discern, but warrants continued attention into the future. While some parallels can be drawn between instructional technology as found in the 1:1 laptop initiative and administrative technology found at the central office or county government levels, staffing



models are often much different in these instances. Because of the tighter constriction on user access to hardware and software settings, computers as those in the 1:1 laptop initiative operate more like terminals in a computer lab environment than individual user work stations. As such, schools most often have much larger ratios of computers to technicians.

RECOMMENDATION

Recommendation 4-26:

Continue to track IT staffing levels to ensure adequate ratios of technicians to computers in service.

Regardless of the LCS plan to replace computers before major repairs are required outside of the warranty period, an increase in active machines will undoubtedly produce more ongoing requests for service related to software, drivers, and other typical operational glitches that require attention from technical staff.

FISCAL IMPACT

This recommendation can be implemented using existing resources.

FINDING

One of the requested data items associated with this study was an electronic copy of a technology inventory. This inventory or one like it would allow an analysis of staffing ratios to be calculated on an FTE or technician to computers basis. Such an inventory was not available electronically from LCS, rather data on computer counts is submitted to the State annually in a different format, which is not conducive to this type of recordkeeping. As a result, precise staffing ratios were impossible to calculate for Lee County Schools IT positions. With the pursuit of the 1:1 laptop initiative, these ratios become most important.

RECOMMENDATION

Recommendation 4-27:

Develop a detailed, electronic technology inventory in Lee County Schools.

From a fiscal control standpoint, inventory management of these assets is critical and producing an electronic technology inventory should be a relatively simple process.

FISCAL IMPACT

This recommendation can be implemented using existing resources.

FINDING

E-Rate is the common name of a program properly called the *Schools and Libraries Program* and is administered by United Services Administrative Company (USAC) under the supervision



of the Federal Communications Commission. Its purpose is to provide discounted pricing or reimbursement for the purchase of affordable telecommunications products and services as well as Internet access. E-Rate was initiated in 1996 as a part of the Telecommunications Act.

Relevant to this report, school districts request reimbursement from the E-Rate program for expenditures in four basic categories:

- Telecommunications Services;
- Internet Access;
- Internal Connections; and
- Basic Maintenance.

The level of reimbursement received for these expenditures depends on the level of need which exists in the district. Reimbursement amounts may be between 20 and 90 percent depending on the level of poverty in the district and its urban or rural status.

Lee County Schools is fortunate in that its Chief Technology Officer has worked for years as an E-Rate consultant, assisting other districts with their E-Rate filings and is well versed in maximizing the reimbursement received. E-Rate data were downloaded from usac.org or 2008, 2009 and 2010 budget years for Lee County Schools and its identified peer districts. A comparison of these data are shown in **Exhibit 4-71**.

Exhibit 4-71
E-Rate Summary in Peer School Systems
2008-2010

County School System	2008			2009			2010		
	Count of Requests	Average Discount Percentage	Total Annual Discount	Count of Requests	Average Discount Percentage	Total Annual Discount	Count of Requests	Average Discount Percentage	Total Annual Discount
Lee	11	81%	\$813,711.01	7	77%	\$794,727.68	5	79%	\$819,624.77
Chatham	7	60%	\$233,106.80	6	59%	\$246,004.04	8	56%	\$281,802.42
Franklin	3	85%	\$43,383.10	4	84%	\$76,625.20	1	74%	\$19,848.58
Granville	10	73%	\$154,733.78	30	74%	\$353,599.32	13	84%	\$1,462,089.66
Harnett	7	76%	\$657,360.45	9	77%	\$818,550.09	10	79%	\$844,647.30
Rutherford	7	88%	\$591,842.83	3	78%	\$181,187.49	3	80%	\$182,843.81
Stanly	13	76%	\$602,936.39	10	73%	\$484,698.18	9	83%	\$807,315.92
Surry	6	83%	\$267,314.65	7	83%	\$1,062,287.69	8	89%	\$2,078,040.75
Peer School System Average	8	77%	\$364,382.57	10	75%	\$460,421.72	7	78%	\$810,941.21

Source: compiled by Evergreen Solutions from <http://www.usac.org>, 2012.

Analysis of these data show that compared to peer averages, LCS has filed more requests than average in 2008, and just less than average numbers of requests in 2009 and 2010. Lee County Schools also shows higher than average total reimbursement amounts in each of the three studies years and higher average discount amounts in each year as well. It is evident that Lee County Schools is doing an admirable job of managing the E-Rate program.



COMMENDATION

Lee County Schools is commended for leveraging the E-Rate knowledge of its CTO to maximize E-Rate reimbursement.



***CHAPTER 5:
SUMMARY OF SAVINGS***



5.0 COSTS AND SAVINGS SUMMARY

The Evergreen Team has developed 35 recommendations in this report. Fourteen (14) of the recommendations have fiscal implications. **Exhibit 5-1** shows the total costs and savings for study recommendations that have a fiscal impact. As can be seen, the total net savings is approximately \$5.8 million over five years for efficiencies in both financial and non-financial operations in Lee County Schools. It is important to keep in mind that the identified savings and costs are incremental and cumulative.

**Exhibit 5-1
Summary of Annual Costs and Savings by Year
over Five Years for Report Recommendations**

Costs and Savings	Years					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
	2012-13	2013-14	2014-15	2015-16	2016-17		
TOTAL SAVINGS	\$391,326	\$909,026	\$1,438,726	\$1,388,426	\$1,811,126	\$5,938,630	
TOTAL COST	(\$600)	(\$600)	(\$600)	(\$600)	(\$40,600)	(\$43,000)	(\$80,000)
TOTAL NET SAVINGS	\$390,726	\$908,426	\$1,438,126	\$1,387,826	\$1,770,526	\$5,895,630	(\$80,000)
TOTAL FIVE-YEAR NET SAVINGS							\$5,815,630

Exhibit 5-2 shows costs and savings by chapter for recommendations in **Chapters 3** and **4**.

There are 21 additional recommendations in this report that do not have a fiscal impact. These recommendations are included in **Chapters 3** and **4** of the full report.



**Exhibit 5-2
Summary of Annual Costs and Savings by Year**

Chapter/Recommendation		Estimated (Costs)/Savings					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
		2012-13	2013-14	2014-15	2015-16	2016-17		
CHAPTER 3: FINANCE DEPARTMENT OPERATIONS AND MANAGEMENT								
3-2	Reduce Payroll Staff	\$58,538	\$58,538	\$58,538	\$58,538	\$58,538	\$292,690	
3-3	Improve Budget Document	(\$600)	(\$600)	(\$600)	(\$600)	(\$600)	(\$3,000)	
Chapter 3 Subtotal		\$57,938	\$57,938	\$57,938	\$57,938	\$57,938	\$289,690	\$0
CHAPTER 4: NON-FINANCIAL MANAGEMENT AND OPERATIONS MANAGEMENT AND OPERATIONS								
4-4	Reduce Legal Costs	\$30,800	\$30,800	\$30,800	\$30,800	\$30,800	\$154,000	
4-8	Reduce Staffing or Months of Employment at the Central Office Level	\$160,797	\$160,797	\$160,797	\$160,797	\$160,797	\$803,985	
4-11	Consolidate Additional Bus Routes	\$17,712	\$17,712	\$17,712	\$17,712	\$17,712	\$88,560	
4-12	Take Over Fuel Purchasing Function	\$8,430	\$8,430	\$8,430	\$8,430	\$8,430	\$42,150	
4-13	Implement a Staggered Bell System	\$0	\$0	\$225,000	\$0	\$300,000	\$525,000	
4-14	Maintain Full-Priced Meal Rates at or near Federal Reimbursement Rates	\$86,249	\$86,249	\$86,249	\$86,249	\$86,249	\$431,245	
4-16	Examine MPLH on a Monthly Basis to Ensure all Kitchens are Productive	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000	
4-17	Charge 100 Percent of Allowable Indirect Costs to Child Nutrition Fund	\$0	\$125,000	\$250,000	\$250,000	\$250,000	\$875,000	
4-18	Implement and Annually Update a Five-Year Facilities Master Plan	\$0	\$0	\$0	\$0	(\$40,000)	(\$40,000)	(\$80,000)
4-19	Conduct Comprehensive Energy Condition Assessment	\$0	\$70,000	\$140,000	\$205,000	\$205,000	\$620,000	
4-22	Outsource Custodial Services	\$0	\$313,000	\$413,000	\$513,000	\$626,000	\$1,865,000	



**Exhibit 5-2 (Continued)
Summary of Annual Costs and Savings by Year**

Chapter/Recommendation		Estimated (Costs)/Savings					Total 5-Year (Costs) or Savings	One-Time (Costs) or Savings
		2012-13	2013-14	2014-15	2015-16	2016-17		
4-24	Increase Revenue from Community Use of Facilities	\$8,800	\$18,500	\$28,200	\$37,900	\$47,600	\$141,000	
Chapter 4 Subtotal		\$332,788	\$850,488	\$1,380,188	\$1,329,888	\$1,712,588	\$5,605,940	(\$80,000)
TOTAL SAVINGS		\$391,326	\$909,026	\$1,438,726	\$1,388,426	\$1,811,126	\$5,938,630	
TOTAL COST		(\$600)	(\$600)	(\$600)	(\$600)	(\$40,600)	(\$43,000)	(\$80,000)
TOTAL NET SAVINGS		\$390,726	\$908,426	\$1,438,126	\$1,387,826	\$1,770,526	\$5,895,630	(\$80,000)
TOTAL FIVE-YEAR NET SAVINGS MINUS ONE-TIME COSTS								\$5,815,630

Source: Evergreen Solutions, 2012.

