

NEASBO 2014 Leadership Academy July 24-25, 2014 ASBO International's SFO[®] Certification Exam

Presented by Brenda R. Burkett, CPA, SFO
Chief Financial Officer
Norman Public Schools, Norman OK



SFO[®] Exam Content

Part 1

- Manage Accounting Systems (28%-33%)
- Manage Accounting Functions (67%-72%)

Part 2

- Conduct Financial Planning and Analysis (27%-32%)
- Conduct Budget and Reporting Activities (15%-20%)
- Conduct Risk Management Activities (10%-15%)
- Manage School Facilities (7%-12%)
- Manage Information Systems (4%-6%)
- Manage Human Resource Functions (15%-20%)
- Manage Ancillary Services (7%-12%)

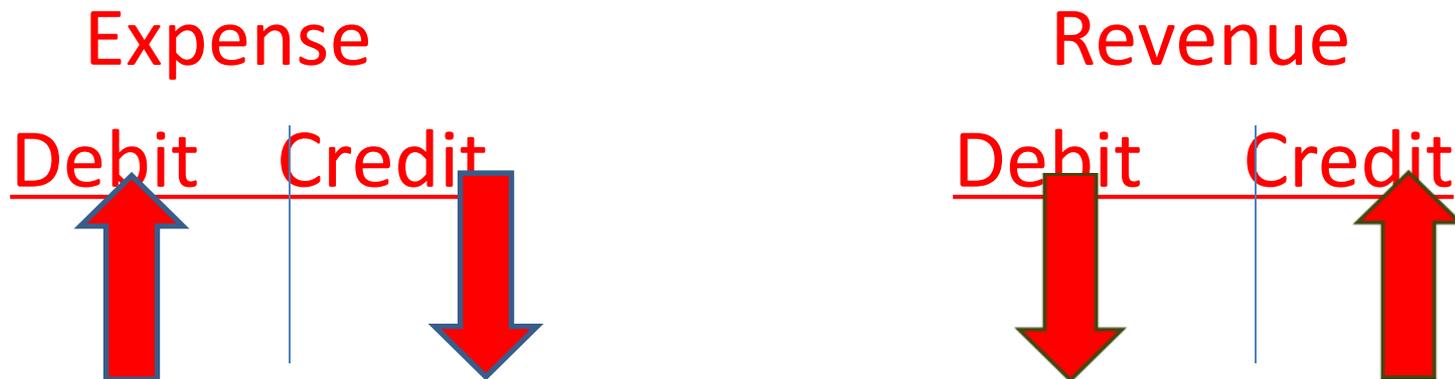


Manage Accounting Systems



What is an Accounting System?

- A series of steps, either manual or automated, that records the transactions of a business, and provides the information for financial reports



Typical Accounting Flow

- Journalize the accounting transaction in special or general journal
- Post the transaction from the journal to a subsidiary ledger
- Post the total from the journal to the General Ledger (usually journals close into ledger at month end)
- Summarize the business events by preparing a trial balance



Automated Systems

- 3 steps:
- Record Transaction
- Update Master Data
- Generate reports (and support queries)
- Password control is essential

Financial Definitions

- **Trial Balance** – list of all the general ledger accounts and their balances. The purpose of a trial balance is to prove that the value of all the debit balances equal the total of all the credit balances.
- **Balance Sheet** – reports assets, liabilities, and equity
- **Income Statement** – reports revenues and expenses during an accounting period

Basis of Accounting

- Cash Basis – revenues are recorded when cash is received, and expenses are recorded when cash is paid
- Accrual Basis– revenues are recognized when earned and expenses are recognized when a liability is incurred

Due to/Due from

- Balance monthly
- Examples:
- Internal services funds
- Field trip costs
- Other interfund transfers
- State aid “settle up”

Quiz Time!

- Quiz Questions 1-16



Online Communications Technology

- Communication networks range from those designed to link a few computers, to the internet which links most of the world's computers together

Online Communications Technology

- **LAN** (Local-area network): links several different local user machines with printers, databases, and shared devices
- **WAN** (Wide-area network): links distributed users and local networks into an integrated communications network
- **Web browsers**: software designed to allow users to easily view various documents and data sources available on the Internet

Online Communications Technology

- **Intranet:** mini internal equivalent to the Internet, links an organization's internal documents and databases that are accessible via Web browsers or internally developed software
- **Extranet:** expanding access to a company's intranet to external, trusted partners

Documentation – Internal Controls

- Sarbanes-Oxley Act of 2002 requires that organizations document internal controls over their financial reporting processes
- This documentation helps the organization know the flow of transactions through the accounting system, helps identify which areas have implemented internal controls, and can identify areas of control gaps that need to be addressed

Documentation

- Written procedures
- Flowcharts:
 - Data flow diagrams**, which portray business process activities , storage of data, and flows of data*
 - Systems flowcharts** present a comprehensive picture of the management operations, information systems, and process controls present in the business processes*

Fraud

Three factors are generally necessary for fraud to occur:

1. Pressure (motivation)
2. Opportunity
3. Rationalization

Often referred to as the fraud triangle

Fraud

- Understand what can happen –common fraud schemes
- Identify red flags to look for
- Test for the red- flag type activities

Fraud Prevention

- Especially in periods of tight money, it is important to maintain absolute integrity
- Develop and promote a district-wide culture of honesty (tone at the top)
- Dual controls-minimum of two people involved in all aspects of monetary responsibilities
- Sign offs and cross checks
- Secure passwords
- Fraud reporting process in place-internal employee, external customer tips, fraud hot line, etc.

Fraud Prevention

- External audit not designed to disclose
- Internal audit function
- Metrics to indicate anomalies
- Exception reports
- Override authority/ sharing passwords
- Multiple employees with same deposit account

Quiz Time!

- Quiz Questions 17-18



Manage Accounting Functions



Manage Payroll Functions

- The greatest portion of the price of education is concentrated in the form of personnel
- Education is labor intensive
- Personnel costs make up 80-90% of most school budgets

Personnel Costs

- Personnel costs are the single most expensive (and most important) item in school budgets
- After estimating enrollment and envisioning programs, costing out salaries is the next most important task in successfully balancing revenues and expenditures
- A demographer may be needed to assist with studying the population and student growth of your district

Determining Staffing Needs

- Enrollment drives staffing
- Ability to properly determine staffing needs is a function of organizing and using information about the district and its current and prospective staff
- Projections indicating a need for new staff require budget input

Determining Staffing Needs

- Hiring decisions must be coordinated with the budget office, which must find money for salaries
- Must determine if budget constraints will allow for additional staff to be hired
- If so, consider whether the district should hire beginning teachers or whether it can afford more experienced staff

Data Input

- As the hiring decisions are made, and the staff member's payroll information is processed, it is critical that data be correctly entered into the payroll system
- There are many items pertaining to compensation that must be accurately keyed into the system, for a person's pay and benefits to be correct

Compensation

- Employee compensation includes negotiated benefits such as teacher's retirement, defined contribution plans and various kinds of insurance
- Compensation also includes employer costs for workers' compensation coverage, unemployment insurance, and social security

Pay Tables And Deduction Codes

- One of the most critical functions of the payroll office is to ensure that pay tables and deduction codes are set up and the percentages entered correctly into the payroll software
- It doesn't matter if you've entered the staff person's correct pay step into the computer.
- If the pay step amount is not correct in the computer, underpays or overpays will occur.

Benefits/Other Compensation

- Leave balances available to employees are handled either by regular accruals, or by days given on an annual basis or some other benchmark in the employment process
- A system must be in place for all leave requests so proper reduction of leave balances occurs, or pay docks are processed, if no leave is available

Checks and Balances

- Payroll oversight entails making sure that the amounts paid are correct, and that the benefit calculations are accurately figured
- Deduction registers should be scrutinized for reasonableness
- Random sampling should be performed to check % calculations

Salary Payment Options

- There are many different categories of employees that work in a school system, and often their start dates and contract days vary
- Many districts require 10 month employees receive their annualized pay over 12 months, to handle monthly insurance premiums or annuity deductions that continue on a year-round basis

Salary Payment Options

- Summer checks run in June (July and August checks that are for salaries to be charged in current fiscal year) will have taxes, retirement payments and other deductions withheld
- Payment of these deductions require close supervision to ensure paid in the right month and paid by certain deadlines

Manage Accounts Receivable

- The purpose of Accounts Receivable is to track revenues that are not yet received by the District
- Procedures should be set in place to accumulate, categorize, report and control revenues due the district

Manage Accounts Receivable

- Procedures and practices should remain the same across time and reports.
- If differences occur, they should be due to substantive differences in the events and conditions reported rather than because of arbitrary accruals

Manage Accounts Receivable

- The Accounts Receivable function can provide a method for accruing revenues earned for a certain period, for consistency and comparative analysis to that same period the year before.

Manage Purchasing Process

- Accountability for public money is backbone of purchasing
- Procedures must be in place that focus on getting the best bang for the buck with taxpayer funds
- As long as procedures are outlined and followed, then substantiation for purchasing decisions will be in place

How Districts Procure Goods and Services

- The District obtains quotes, at the appropriate dollar threshold, on items to be purchased and then creates purchase orders to award the contracts based on Board of Education approval
- Requisition system-used to acquire goods/services by purchase order and verify budget authority
- Purchase order – legal authority to spend
- Contracts - to delineate specific terms
- Districts should purchase from responsible business entities.

Purchasing Process

- Bidding
 - Public notice normally 10 to 20 days before
 - All bids must be sealed
 - All bids must be opened during a public bid opening where the contents are announced
 - Bids should be awarded to the lowest responsible bidder who conforms in all material aspects to the requirements and criteria set in the invitation to bid
- Request for Proposals - often used for services

Options for Purchasing

- Quotes from vendors
- State Contract pricing
- National Purchasing cooperative
 - US Communities
 - NJPA (National Joint Powers Alliance)
- allow participating governmental and municipal agencies to reduce the cost of purchased goods by leveraging their combined purchasing power.

Quiz Time!

- Quiz Questions 19-26



Manage Accounting Functions - continued

- Manage Annual Budgets
- Prepare Financial Reports
- Manage Cash Flow
- Managing Activity Accounts
- GASB

Know your funds

- Governmental Funds
 - General Fund
 - Special Revenue Fund
 - Capital Projects Fund
 - Debt Service Fund
- Proprietary Funds
 - Enterprise Fund
 - Internal Service Fund

Know your funds

- Fiduciary Funds
 - Pension Fund
 - Investment Fund
 - Private Purpose Fund
 - Agency Fund

Manage Budgets

- What is a budget?
 - An educational plan that....
 - Satisfies requirements of state, local and federal governments
 - Provides both expending and taxing authority
 - Estimate of revenues and expenditures
 - Provides a tool to measure fiscal performance
 - Attempts to accomplish the financial goals of the Board of Education and its stakeholders
 - It's an estimate.

Manage Budgets cont'd

- Philosophies
 - Business as usual
 - Student Based
 - Zero Based
 - Site Based
 - Program Based
 - Incremental
 - Combination of the above

Manage Budgets cont'd

- Begin with assumptions
 - State and federal government budget projections
 - Tax cap, if applicable
 - Contractual obligations (collective bargaining agreements, vendor contracts, etc.)
 - Programmatic changes
 - Staffing changes
 - Non-routine expenditures (e.g., textbooks, uniforms)
 - Technology needs
 - Capital projects/expenditures

Manage Budgets, cont'd

Budget revenue

- Local
- State
- Federal
 - Difficult to forecast and budget
 - Review historical trends
 - Know the program or population being served
 - Federal Grants are potentially difficult to budget because of the timing of approvals

Manage Budgets, cont'd

Budget expenses

- Review assumptions on key budget drivers, make additional assumptions and collect other expense related information, including:
 - Current and projected enrollment
 - Trend analysis
 - Cohort survival
 - Current and projected number of employees
 - Status of negotiations
 - Current fiscal year – year to date results
 - Limitations imposed by revenue projections

Manage Budgets, cont'd

Budget expenses

- Salaries
- Benefits
- Purchased Services
- Supplies & Materials
- Capital Outlay
- Other Objects
- Out of district tuition (e.g., special ed)

Manage Budgets, cont'd

- Estimating expenditures
 - Identify programs and functions
 - Determine types and quantities of resources needed
 - Estimate costs of each program or function
 - Consider the teacher contract
 - How much schedule movement can you anticipate?
 - Is there a new Master's program in town?

Manage Budgets, cont'd

- Continuum for budget reduction
 - Obtain reduced prices for services
 - Defer spending
 - Make across the board cuts
 - Eliminate “non-essential” services
 - Reduce instructional positions and programs

Manage Budgets cont'd

- Reductions through improved efficiencies
 - Energy conservation
 - Risk management
 - Purchasing
 - Privatization
 - Training for operations/support staff
 - Use of more efficient equipment
 - Early retirement plans
 - Lower salary increases
 - Lower cash carryover (working cash)

Budgeting Adjustments

- Budget reductions due to program reductions
 - Reduce instruction staff
 - Reduce course offerings
 - Reduce support staff
 - Reduce non essential services

Manage Budgets cont'd

- Reductions are inevitable, but how can we increase revenues to avoid cuts?
 - Charge for services provided
 - Facility use by others (pool, auditorium, etc.)
 - Parking
 - Charge for non academic services
 - Transportation (if not mandated)
 - Private sector support
 - Volunteers

Manage Budgets cont'd

- The budget is “done”, the year is almost over, what now?
 - Compare budget to actuals
 - Are actual expenditures within the budgeted amount?
 - How much is left to spend?
 - Look at encumbrances

Preparing Financial Reports

- Accountability
- Transparency
- Environment of trust
- Reporting is dependant on the needs of the stakeholders
- How do you present your budget?
 - PowerPoint presentation?
 - Executive Summary?
 - Detailed spreadsheet?

Preparing Financial Reports

- Consider the Budget at a Glance reporting
- Consider Performance reporting at various levels
 - School and Department Level budgets
 - Be considered for national budget awards
 - ASBO, GFOA
 - Set the professional standard for your school district

Managing Cash Flow

- Determine cash on hand requirements
- Cash on Hand Liquidity Test = projected estimate of the number of days a district could meet operating expenditures provided no additional revenues were received.
- Review historical cash flow patterns
- Evaluate anticipated changes in patterns (recession)
- Establish Board Policy
- Create plan to build fund balances over time

Managing Cash Flow

- Cash vs. Accrual
 - Cash
 - Recognizes revenue when received
 - Recognizes expenses when paid
 - Accrual
 - Recognizes revenue before it is received
 - Recognizes expenses when they are incurred
 - Modified accrual
 - Recognizes revenue when it becomes available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred.

Which method is better for your district? Why?

Student Activity Accounts

- Activity account
 - ONLY benefit students
 - Owned, operated, and managed by organizations within the student body under the guidance of a faculty member
 - Examples?
- Convenience account
 - For faculty, staff, parent organizations, or similar non-student groups
 - Maintained by the district

Student Activity Accounts cont'd

- School Board responsibilities
 - Approve the establishment and purpose of each activity fund
 - Set policy for student participation and adult supervision of funds
 - Appoint a treasurer to oversee funds
 - Ensure appropriate recordkeeping
- Treasurer responsibilities
 - Consistent with district funds

GASB - Governmental Accounting Standards Board

- GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions
 - Clarifies fund types (general, special revenue, debt service, capital projects) and their use
 - Revises how balances are reported
 - Nonspendable fund balance
 - Restricted fund balance
 - Committed fund balance
 - Assigned fund balance
 - Unassigned fund balance

GASB - Governmental Accounting Standards Board

- GASB 67 Financial Reporting for Pension Plans
- GASB 68 Accounting and Financial Reporting for Pensions – for cities, counties, and state
 - Some say the biggest thing since GASB 34!
 - Accounting for Cost-Sharing Plans (n/a for single employer)
 - Placing the Net Pension liability on the Balance Sheet

Find out more about GASB at....



<http://www.gasb.org/st/summary/gstsm54.html>

Quiz Time!

- Quiz Questions 27-35



Conduct Financial Planning and Analysis



Serve as School Leader

- Represent the district on financial matters
- Community
- Budget
- “Data-driven” analytical resource
- Legislature
- Bond ratings

Some Questions to ponder

- What does it cost us to reduce by one child per elementary/middle/high school? What is your overall teacher-pupil ratio? How does it compare to similar districts?
- How do your function costs compare to other similar/state/provincial districts?
- How do your budget expenditures tie to the organization's stated mission?

Leadership

- “You are a fund balance manager”
- Awareness of financial trends in your state, province, or region
- Long term planning- multi-year projections
- What are the demographic trends being seen in your district, and what are the cost implications?

Legislation

- How often does the governing legislature meet?
- Is your state/ province financial system stable or constantly being changed? What data resources are available to you?

Telling Your Story

- Be ready with talking points at all times: necessary for community and elected representatives
- Be ready to provide cost data, as legislators may call on you for immediate answers when they are deliberating new laws/requirements
- Demographic trends

Financial Impact of Strategic Planning Goals

- Know ahead of time what a program is likely to cost: have metrics to know what
- Involves working closely with program developers, particularly Curriculum
- An example:
- Science scores need to improve
- Pilot run, funded at \$120,000 to provide regular rotation of science kits by grade level

Example of Budget Costs for Strategic Objective: Improve Science Scores

- Added Science materials Center Manager
- Purchased building
- Purchased initial start up supplies for kits, expanded each year
- Courier cost was absorbed in current mail delivery model
- Science scores show great improvement at all levels

Sample Goal: Want latest technology for students

- Operational definition: “Latest” (Best? Newest?)
- TCO: Total cost of ownership (CoSN model)
- What are the direct costs of the goal?(Teacher training? Other staff to support the equipment? R and D to identify the proper technologies, space (small classrooms?), computer(s) and peripherals, supplies-more printing, for example (paper, toner), training, energy, opportunity cost—what else are we giving up?
- Capital refreshment cycle
- Bring Your Own Technology (BYOT)

Develop Financial Goals

- Operating cost per student
- Cost of teacher starting salaries to be highest in region
- Fund balance policy, if not prescribed by law
- Cost of support (metrics:cost per square foot to maintain, clean, landscape)
- Long-term strategies: 10 year facilities plan

Other Financial Goals

- Tax Rate Control?
- Long-term replacement plans (buses, copiers, technology refreshment, musical instruments)
- Construction of facilities: green initiatives (LEED)
- Staff Development
- Can you point to resources in the budget that demonstrate commitment to strategic goals?

Evaluate Funding Options for Debt Management

- Typically, highly regulated...you need an attorney and a financial advisor
- Bond programs require a long-term strategy
- Including community involvement, education, identification of essential projects, recognition of failing existing building systems (roofs, HVAC, e.g.), Informational materials for the general community, tax election
- Lease vs. Buy (consider state aid funding mechanisms)

Funding Options for Debt Management

- *The following are various forms of securities, which may not be legal in your state or province*
 - General Obligation Bonds
 - CIBs (Current Interest Bonds)
 - CABs (Capital Appreciation bonds)
 - RANs and TANs (Revenue and Tax Anticipation Notes-not for raising capital, only for cash management)
- Leasing (may or may not be legal in your state/province)
- Budget Notes, Public Property Finance Contractual Obligations (PPFCOs), Lease Revenue Obligations (public facility corporation is created which issues)
- Time Warrants
- Maintenance Notes, Delinquent Tax Notes, Stadium Revenue Notes, Refunding Bonds

Lease vs. Buy

- Calculate the total cost of ownership
- Calculate the cost of leasing
- Which is a better economic value?
- Which poses more risk? (for example, if you lease, what happens if your budget cannot sustain?)
- NON-APPROPRIATIONS clauses-include in all contracts

Contract Management as Financial Tool

- Central review of all documents which bind the district
- Be sure that someone does not “lease” what is actually a lease-purchase capital acquisition if your state does not permit such acquisitions

Develop Outside Funding Sources

- Financial Advisor
- Grants- cost/benefit analysis (monitor cash request submissions)
- Donors
- Foundations (MOUs)
- Fund Raising (internal controls)
- Wise investments

Economic Factors

- Slower housing may lead to slower growth in enrollment (or not! More nuclear families in one domicile)
- Unemployment may key slower tax collections (what are you using for collection rate?)

Analyze Demographic Data

- What is your cohort survival at each grade level?
- Are your lower grades more populous than your higher grades?
- What is your free/reduced percentage over time?
- Are you enrolling more harder-to-educate youngsters? What impact will that have on your costs? On your general programs?

Analyze Your Demographic Data

- Housing: any new starts? Foreclosures?
- From city planning departments: Plat approvals
- Inventory of homes: size in square feet, number of bedrooms, starter vs. move-up
- Apartments
- “Recycling” of neighborhoods (children grow up, house sells, new family with new children)

Develop Multi-year Forecast

- Use Excel as an easy tool for this
- Identify major budget drivers: enrollment, property value, income (if part of the state aid equation)
- Identify major budget costs:
- Personnel (staffing ratios) , Operating metrics (cost per square foot or student or 'x')
- Other: energy, support costs, equipment refreshment

Multi-year Forecasting

- Important to understand how various components affect your state aid calculations
- Look at least three years ahead on your debt rate, do you need to smooth it out?
- If operating rate is concern, look at combination of both tax rates (debt and operating), consider timed application of fund balance, if available

Tax Collections

- Know the local tax office officials
- Have there been any property value appraisal studies?
- Based on longitudinal data, estimate tax collections. Consider last three years, last five, last ten. If the economy is changing, shorten the comparison years.

Quiz Time!

- Quiz Questions 36-38



Conduct Budgeting and Reporting Activities



Conduct Budgeting and Reporting Activities

- Project Student Enrollment
- Evaluate Instructional Program(s) Costs
- Develop Annual Budgets
- Manage Grant Activities
- Prepare for Annual Audit

Basic Assumptions

- School budgets are under fiscal stress
 - Not enough revenue
 - Limits on increasing local tax levy
 - Reduced State Aid continues
 - Too many expenses
 - Retirement Contribution Rates remain high
 - Common Core
 - The list goes on

Basic Assumptions

- Districts have few options
 - Reduce Programs
 - Fewer electives – AP, foreign language, etc.
 - Reduced sports, music, art, library, after school, etc
 - Reduce amount of Programs
 - Fewer sections
 - Larger class size
 - Close school buildings

Enrollment Projections

Reasons for Decline in Live Births

- Aging Population
- Personal Preference
- Increase in College attendance
- Delayed Family Creation
- Smaller Families
- National Trend

Projection Methods

- Ad Hoc – “gut feeling”
- Moving Averages
- Exponential Smoothing
- Linear Regression
- Cohort Survival

Cohort Survival

- How many births “survive” to Kindergarten?
- How many Kindergarteners “survive” to 1st Grade?
- How many 1st Graders “survive” to 2nd Grade?
...and so on, and so on.

Elementary Projections

- Number of Sections Per Grade / Per Building
 - Current Year
 - Projected Year
- Class Size Guidelines
 - Identify potential for reductions
 - Too close to call?

Secondary Projections

Different Model

Number of Sections Divided by Sections per Teacher

Maximum Number of Students varies widely

- Music, Art, Gym, etc.
- AP Classes, Remedial, etc

Much harder to get good information on class size

Secondary Projections

Attrition will often be least disruptive avenue to meaningful reductions

Partial FTE adjustments are easiest

The Critical Mass Argument – pro and con:

Hard to reduce buses if drop 20 kids in one year. But...what if down 500 kids vs 10 years ago?

Q: Why still same number of buses?

A: Maybe reason justifies. Maybe more special ed?

Other Factors

- New Construction
 - Type / Status
 - Completion Date
 - Amount of Available Building Lots
- Changes in School Environment
 - Half Day to Full Day K
 - New Charter School Opening
 - Changing Demographics

Evaluate Instructional Program(s) Costs

- Salary and Benefits
- Cost vs. Results
- One time vs. Continuous

Develop Annual Budgets

- Policy / District Goals
- Budget Process, Budget Calendar
- Approaches to Budgeting
- Revenue forecast / funding per student
- State differences
- Budget – Compensation Negotiations

Purpose of Multi-year Budgeting

- Generate focus on the things that matter
- Make common sense of the obvious
- Understand how today's decisions propagate forward
- Anticipate icebergs
- Plan soft landings

Manage Grant Activities

- Grant Sources
 - Local, Private, Foundations
 - State
 - Federal
- Confirm expected funding for budget and anticipate carryover
- Key terms – Sequestration effects, if any
- Reporting to State, Federal, Local, Private Sources

Prepare for Annual Audit

- Checklist
 - Be vigilant about reconciliations, documentation
- Inventory
 - Cut-offs for determining year-end figures
- Year End Closing

Quiz Time!

- Quiz Questions 39-42



Conduct Risk Management Activities: *Plan, Prepare, Protect*



What will we cover?

- What is School Risk Management?
- How do you perform a Risk Audit?
- How to follow up a risk audit?
- How to analyze available insurance options.



School Risk Management for Dummies!

The process of analyzing the risks to the health and welfare of our students and staff then finding ways to effectively mitigate that risk!

The process of analyzing the risks to the stability and well being of our physical assets, our schools and finding ways to mitigate them.

Making intelligent financial decisions regarding how to best manage that risk.



What is a risk audit?



It is an exercise in history and predicting the future.

A risk audit begins with a historical analysis of incidents that have occurred in your schools, including Workers Comp Claims and Incident Reports.

What happened and when?

Predicting the future?

Perform a trend analysis!

- Look at weather or flood predictions.
- Review long term community growth trends.
- Review crime statistics and discuss possible future trends.

Flood Data From NOAA



What's Next?

Mitigation Planning



- Review ways to reduce risks associated with historical or possible future threats.
- Purchase products or create policies to reduce risks associated with operating a school.
- **NEVER STOP!** The cycle continues!!!

Insurance Management

Outside Insurance Firms

- Review available options from commercial business insurers.
- Allow them to help provide you with a risk assessment!
- Don't trust the agent who tries to sell you flood insurance for your school on TOP of the Mountain!

Self Insurance

- What are the risks?
- What is your current Situation?



Other Options?



- Insurance Pool?
- State Office of Insurance?
- Combination planning.
 - Legal insurance.

Quiz Time!

- Quiz Questions 43-46



Manage School Facilities

If you build it...
They will come!



What would school look like without walls?



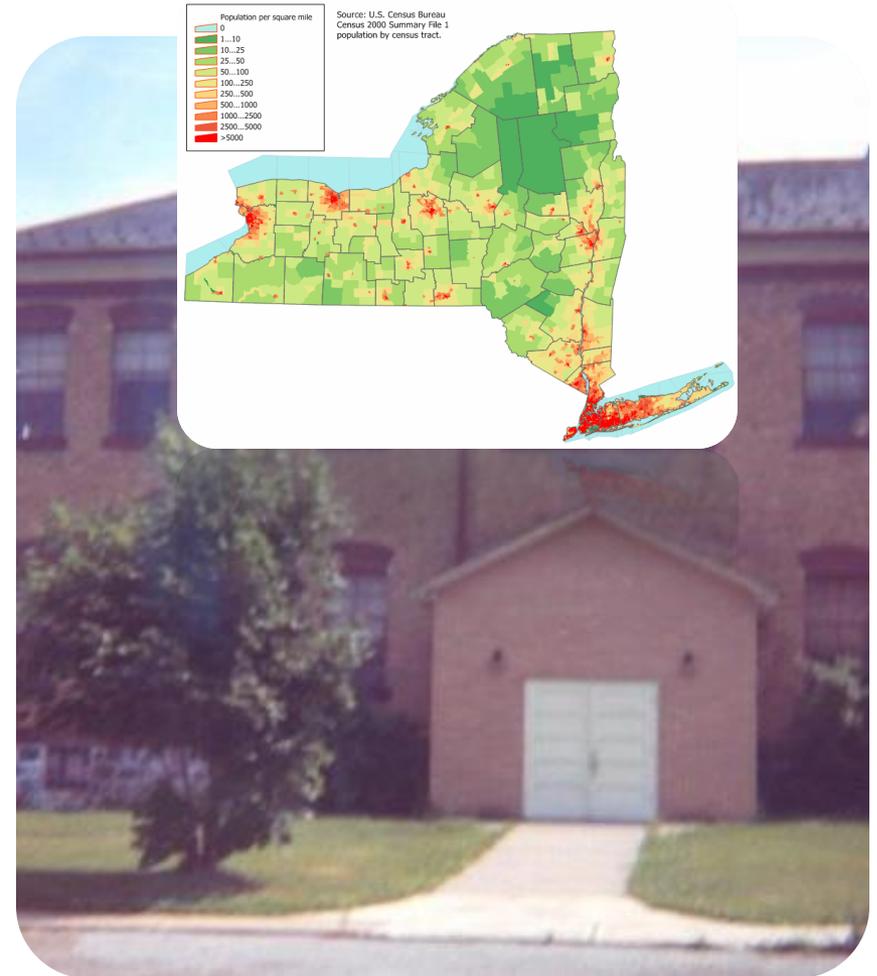
So we know we need walls!

- We will review how we plan our schools.
 - How do we maintain our schools?
 - How do we build new schools?



You need a plan!

- How many schools do you need?
- How many schools WILL you need?
- How many schools do you have?
- How long will the schools that you have last?



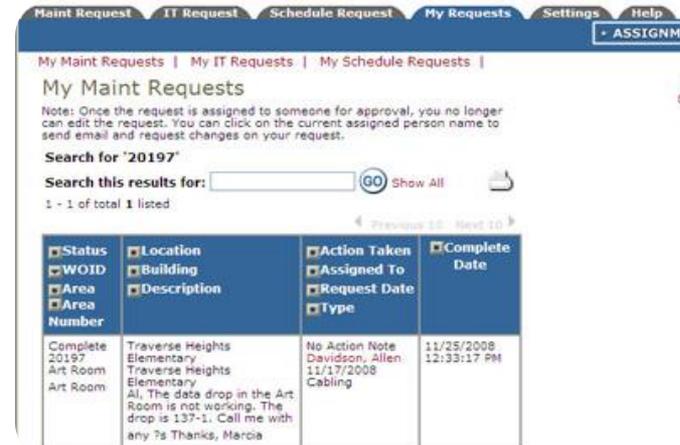
Did you know?



- The average age of a school in the US is 42 years old!
- 1927 new schools were opened in 2008.
- 2120 schools were closed!
- Public school enrollment is expected to increase by 12% before 2017.

How do we maintain them?

- A strong maintenance team is necessary to extend the service life of schools.
- Focus on preventive maintenance, use electronic work orders.
- Perform life cost analysis rather than the early savings!



The screenshot shows a web application interface for managing maintenance requests. At the top, there are navigation tabs: 'Maint Request', 'IT Request', 'Schedule Request', 'My Requests', 'Settings', and 'Help'. Below these, there are sub-tabs for 'My Maint Requests', 'My IT Requests', and 'My Schedule Requests'. The main heading is 'My Maint Requests'. A note states: 'Note: Once the request is assigned to someone for approval, you no longer can edit the request. You can click on the current assigned person name to send email and request changes on your request.' There is a search bar with the text 'Search for '20197'' and a 'GO Show All' button. Below the search bar, it says '1 - 1 of total 1 listed'. A table displays the request details:

Status	Location	Action Taken	Complete Date
Complete 20197 Art Room Art Room	Traverse Heights Elementary Traverse Heights Elementary Art Room	No Action Note Davidson, Allen 11/17/2008 Cabling	11/25/2008 12:33:17 PM



Train your team

- They must focus on good work skills.
- They should have a strong sense of ownership in the facilities.
- They can be a key resource for any energy saving initiatives!



Build your next school!

- Once you know that you need a new school...
- Where can you build it?
- How much money will it cost to build?
- How will you pay for it?



Marketing for school facilities

- Use your parents as key stakeholders
- Sell your School Board
- Sell your elected officials
- Sell your voters or the public!



Caution: Most states do not allow schools to advocate , only to inform with facts regarding school district bonds

Once you pass a bond or budget funding



- Find the right architect.
- Decide what construction model you would like to use: Managing Architect versus Construction Manager.
- Begin planning!

What else?

- Outside groups using school facilities.
- Recreational and sports facility management.
- Green cleaning initiatives.
- Fixed assets.
- IPM programs.
- Energy purchasing and conservation programs.
- Life safety management programs.

Quiz Time!

- Quiz Questions 47-51



Manage Information Systems



Technology Leadership

- Maintain technology systems
 - Computer Support for all staff...and students
 - Software upgrade provisions
 - Budget to replace computers on regular schedule
 - Plan retrofits to accommodate new technology
 - When possible, make improvements when schools are being built or renovated
 - Plan for connectivity with enough bandwidth to manage current and future needs

Assist in Developing Technology Plan

- What is the district's Technology Vision?
- What is desired for children to use and to know?
- Roles include automational, transformational, communications, efficiency
- "Mission critical"
- What is mandated?
- What does it take to get there?

Assist in Developing Technology Plan

Consider:

- Infrastructure, telecommunications (e-rate)
- Training of staff (critical!)
- Equipment standards and refreshment
- Accessibility of printers to classrooms (cost factor)
- Standardization of software
- Disaster and recovery (share with other schools?)
- Business interruption insurance
- Security

Important Things to Remember

- Internet Based Systems – need capacity
- Security: are your records housed either manually or on-line?
- In a location that is protected from intrusion? In fire-proof cabinets?
- Back-up: are your electronic records backed-up at least each night?
- If there were an emergency, have you assigned records responsibility to anyone?
- Do you have Business Interruption Insurance?
- Is your data encrypted when attached to an email?
- Do you have “secure” thumb drives?

Assist in Developing Technology Plan

- High degree of attention needs to be placed on security
- Secure versus non-secure sites
- Many textbook companies are offering online textbook enhancements, but the sites are not secure: FERPA and privacy concerns

Assist in Developing Technology Plan

- Open source computing vs. proprietary software
 - Open source refers to a computer program in which the source code is available to the general public for use and/or modification from its original design.
 - Proprietary software is owned by a company and usually has restrictions to its use, and you must purchase a license to use. Its source code is usually kept secret
- Scope agreement – due diligence about project scope (avoid ‘scope creep’)
- Cloud computing

Internet-based Systems (Cloud Computing)

- **Cloud computing** is a metaphorical term referring to a model of network computing where a program or application runs on a connected server or servers rather than on a local computing device such as a PC, tablet or smartphone.
- Cloud computing services provide ease of access to remote computing sites provided by the Internet, and web-based tools or applications that users can access and use through a web browser, as if it were a program installed locally on their own computer.
- Allows for 'simpler' devices to be used

Maintain Technology and Telecommunications Systems

- Platform decisions-cost and complexity
- Staffing ratios for support - fixing and teaching
- R&D: emerging trends and technologies
- Cloud computing, in-house programming, open-source
- VoIP, POTS
- Refreshment cycles, and how funded
- E-rate decisions
- Security policies, spam filtering, content blocking

Maintain Technology Systems/Oversee Telecommunications Systems

- Capacity should always be measured: when will you need more (ports? shelves? band width?) Conduct predictive exercises
- Planning for capacity is multi-year effort (budget and bonds)
- License compliance
- Acceptable use policies, employment consequences
- Policies on social media-risks and benefits

Manage Technology and Telecommunications Systems

- Staffing: expertise and staying competitive with market
- Preventive Maintenance schedules
- Service Level Agreements

Quiz Time!

- Quiz Question 52



Manage Human Resource Functions



Manage Hiring of Good Employees

- Recruitment
 - Review the necessary qualifications by appropriate personnel: HR, principals, supervisors
 - Utilize exit interview paperwork

Manage Hiring of Good Employees

- Vacancy Notice
 - Include job description or summary job description
 - Work Schedule
 - Hourly rate
 - Salary

Manage Hiring of Good Employees

- Application
- Qualifications
- Reference Check
- Interviews
 - Use at least teams of two
 - Ensure at least one individual on the team is knowledgeable of job functions
 - Document questions and answers
 - Ensure questions are appropriate
 - Prohibit comments that are personal and subjective

Manage Hiring of Good Employees

- Orientation Goals
 - To Promote the new employee's identification with the school entity
 - To facilitate the new employee's successful adjustment to the entity and to the position to which he/she has been assigned

Manage Hiring of Good Employees

- Probationary Period
 - 30 days to 1 year
 - Formal evaluation

Develop Compensation Structure

- Compensation Management
 - Internal Equity
 - Range of pay for positions in organization and the relative value/rate of pay assigned
 - External Equity
 - Rate of pay for a position as compared to the “market”
 - “Market” for school districts is surrounding districts
 - For some trades and technology other external data may be relevant
 - Critical to attracting and retaining qualified candidates

Manage Staff Development and Training Programs

- Link Training with ASBO/ Local ASBO
- Look for appropriate college opportunities for staff development
- Bring effective Personnel through internal and external development programs

Manage Evaluation Process

Purpose of Evaluation

- First, it acts as the tool to evaluate administrator performance
- Secondly, it provides the documentation necessary to award merit increases as a result of demonstrated performance
- Third, it provides the documentation necessary to dismiss or non-renew

Manage Personnel Administration

- **Pertinent Regulations**
 - **Family and Medical Leave Act of 1993 (FMLA)**
 - The U.S. Department of Labor’s Employment Standards Administration, Wage and Hour Division, administers and enforces the Family and Medical Leave Act (FMLA) for all private, state and local government employees, including school entities. FMLA became effective on August 5, 1993 and entitles eligible employees to take up to 12 weeks of unpaid, job-protected leave in a 12-month period for specified family and medical reasons. The employer may elect to use the calendar year, a fiscal year or a 12-month period prior to or after the commencement of leave as the 12-month period.
 - The law contains provisions on employer coverage, employee eligibility for the law’s benefits, entitlement to leave, maintenance of health benefits during leave, job restoration after leave, notice and certification of the need for FMLA leave and protection for employees who request or take FMLA leave. The law also requires employers to keep certain records.
 - School entities should adopt policies to clarify specific aspects of the law.
 - **Consolidated Omnibus Budget Reconciliation Act (COBRA)**
 - Federal law requires that employers offer eligible employees and their dependents the opportunity for a temporary extension of health coverage called continuation coverage at group rates in certain instances, or Qualifying Events, where coverage under the plan would otherwise end.
 - **The Health Insurance Portability and Accountability Act of 1996 (HIPAA)**
 - HIPAA protects health insurance coverage for workers and their families when they change or lose their jobs.
 - <http://www.hhs.gov/ocr/privacy/>
 - **Drug-Free Workplace Act of 1988**
 - Required of any organization who receives federal funding

Manage Personnel Administration

– Omnibus Transportation Employee Testing Act of 1991

- requires all school entities to establish programs and practices designed to help prevent accidents and injuries resulting from the misuse of alcohol or controlled substances by drivers of commercial vehicles subject to the commercial driver's license (CDL) requirements

– Harassment Policy

- Equal Employment Opportunity Commission guidelines on discrimination because of sex define sexual harassment as any unwelcome sexual conduct that “has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.”

– Americans with Disabilities Act (ADA)

- Activities covered under the ADA include but are not limited to walking, talking, seeing and hearing. People with a record of such impairment and those regarded as having an impairment are protected under the ADA.

– Age Discrimination in Employment Act (ADEA)

- prohibits employment discrimination against any individual forty years of age or older.

– Pregnancy Discrimination Act (PDA)

- Employees who are pregnant must be treated the same as other employees with similar disabilities or limitations. An employer cannot refuse to hire a woman because she is pregnant nor may an employer terminate a woman simply because she becomes pregnant.
- If an employee is temporarily unable to perform the requirements of a job due to pregnancy, the employer must treat her like any other temporarily disabled employee

– State Regulations

- Veterans Preference
- State Certification Guidelines

Manage Employee Benefit Programs

- The most important and overlooked aspect of employee benefits administration is communicating the value of these benefits to staff
- Benefits can average 25-30% of total compensation for most entities

How to Communicate Benefit Information

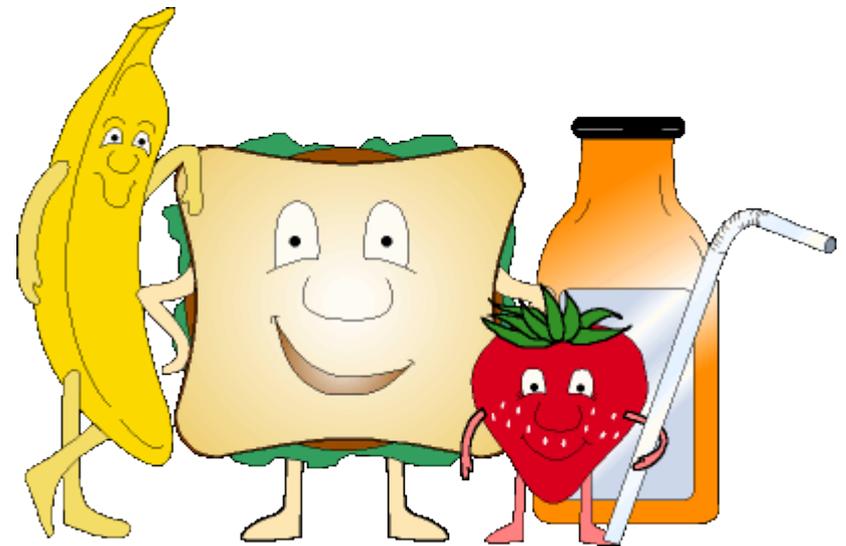
- Personalized statements sent periodically to each employee showing the employee's salary and an itemized list of the benefits available to that employee and the entity's cost to provide those benefits
- Benefit booklets written so that they can be easily read and understood by the employee
- Periodic meetings to review changes in coverage utilizing insurance company representatives to explain coverage, answer questions, etc.
- Orientation programs for new employees

Quiz Time!

- Quiz Questions 53-61



Manage Ancillary Services



Manage Ancillary Services

- There is a tendency in society to see the mission of schools as exclusively instructional
- The unfortunate outcome is other areas are ignored when they should also be valued for their role in providing equal opportunity and meaning to the social and educational mission of schools

Transportation and Food Service Programs

- Schools would be negatively impacted without these operations
- Every child has a right to a good education without regard for socioeconomic status
- Every child should be able to get to school without hardship and attend classes free from hunger

Transportation and Food Service Programs

- There is no equal opportunity when educational programs are physically inaccessible or when children are underfed
- All stakeholders in education should be concerned with organizing and operating efficient systems for transporting and feeding children.

Transportation

- These operations are large and complex regardless of school district size
- Urban districts use many buses to transport thousands of students over short distances
- Rural districts also need many buses, despite low pupil population, to travel over countless open miles

Transportation

- Actual costs may be similar, and large and small systems alike face issues of safety, insurance, and so on
- Billions are spent annually, making it a major industry
- Complex issues of liability, safety, and equal access
- State and federal regulations

Transportation Function

- No doubt one of the most visible services in schools
- Bright yellow school buses arrive in front of homes of more than half of all school children each morning
- And the bus is often the last school contact of the day

Transportation Function

- Also involves taking students on field trips and to athletic and academic events
- Also assist with other services such as special education

“When floors shine, the schools seem good”

- When buses are late or when problems arise, everything about schools seems suspect
- As a result, transportation is one of the most important and visible non-instructional activities of schools

Complexity of Transportation

- Variables such as population density, number of pupils to be transported, topography, road conditions, and length of routes affecting the size of buses on routes
- Movement of population within a community may create new transportation demands
- Racial integration may require new school attendance boundaries

Director of Transportation Services

Requires a variety of talents and skills:

- Ability to efficiently organize a large transportation fleet and to consistently demonstrate human relations skills in working with personnel problems
- Skilled in decision-making to manage effectively
- Knowledge of diverse topics, including computer routing, budgeting, labor relations, inventory, drug testing, underground storage tanks, and hazardous materials

Comprehensive Transportation Manual

- Document should be open to public, and in-service should be held with transportation staff to clarify the policies of the district
- Special emphasis must be given to driver training, pupil discipline, energy conservation, disability issues, public relations, bus routes, and bus schedules

Transportation Funding

- Some states provide a transportation allowance based on hazardous walking conditions
- In some states, transportation aid is tied to the general fund formula
- One basic similarity: in most states, transportation aid almost NEVER covers the entire cost

What other Transportation issues are relevant?

- Owning or Contracting
- Computerizing Transportation Services
- Purchasing Buses
- Maintenance and Safety

Owning or Contracting

- Contracting avoids the cost of buying buses
- Contracting avoids the high maintenance cost of older buses
- It's argued that contracting lowers capitalization costs, reduces personnel and administration costs, and provides greater efficiency through contractors whose sole business is transportation

Contracting Transportation

Counterarguments, however, include:

- how to ensure quality performance by a contractor when the district no longer controls the public relations aspect of the contractor's behavior
- the need for insuring against liability for acts of contractors.

District Ownership of Transportation

Arguments for district ownership:

- Provides more flexibility, provides selection, training, and supervision of transportation employees, and ensures control over changes in operational costs

Computerizing Transportation Services

- Every year more districts are using computerized routing systems
- These plans are cost-effective in that they can apply mathematical formulas for routing efficiency
- Aid in mapping routes, including census data, highway time delay studies, and other manual data supplied

Maintenance and Safety

- Maintenance, safety, and staff are inseparable in any discussion of transportation
- Good drivers cannot offset bad buses, nor can new equipment offset bad drivers.
- Transportation utmost duty: To ensure student safety

Food Service Programs

- Like transportation, the food service function is a key to effective and efficient operation of schools
- Less visibly related to the primary mission of schools, but provides vital support to the instructional process

Food Service Function

Need to understand the following:

- How it operates
- How meal prices are set under federal, state, and local participation
- How revenues and expenditures in food service budgets are allocated
- Much more regulation on meal content

Linking School Performance to Nutrition

- Undernourishment due to poverty and ignorance is still sizable in today's era of economic progress
- Data exists that links poor school performance to nutrition
- The role of food service in schools has increased with time, as seen in the fact that most U.S. schools now have both breakfast and lunch programs

Relevant Issues

- Often the biggest problem is rising costs associated with purchasing and preparing foods such as supply price increases, labor costs, and equipment and facilities – all of which must factor into what the district ultimately charges for meals.

Compliance Requirements

- Compliance is a common concern whenever outside aid is provided. Assurances are directed to the federal government in return for dollars and commodities
- Districts must assure states of compliance so the state can provide its own assurances to the fed govt.

Federal Rules and Regs

- Operate a nonprofit program
 - Only a 3 month operating balance may be kept on hand and still be nonprofit
- Serve meals that meet nutrition requirements
 - Programs can offer single menu, fast food choice menu, or a' la carte menu

Federal Rules and Regs

- Price meals as a unit
 - To count as reimbursable, meals must be priced as a unit. This does not prohibit single item sales
- Supply free and reduced meals
 - To eligible needy children
- Agree to avoid discrimination
 - No child may be refused because of inability to pay, race, gender, or national origin

Federal Rules and Regs

- Keep accurate records of income and expenditures
 - Records are subject to intensive state and federal audits
- Complete a formal reimbursement claim
 - Claims must be sent on a timely basis each month to the state

Federal Rules and Regs

- Distribute applications for free and reduced meals
 - Districts must actively inform each student of the program
- Review and act on F&R applications
 - Parents or guardians must be notified regarding decisions
- Develop and implement verification procedures
 - A method of verifying accuracy of applications must be followed

Federal Rules and Regs

- Maintain accurate participation records
 - The district must establish procedures for obtaining accurate meal counts
- Establish and implement purchasing procedures
 - Purchasing procedures must comply with state and federal regulations

Federal Rules and Regs

- Use federally donated foods or commodities
 - This includes the ability to store commodities properly without spoilage
- Approved programs provide meals based on daily nutritional requirements
 - Must provide approx 1/3 of the recommended dietary allowance (RDA)

Food Service Management

- Options on types of management systems best suited to a district's needs:
 - Management companies
 - Centralized in-house operations
 - Decentralized in-house food service
- Careful cost analysis necessary since each has its benefits and problems

Management Companies

- Use of outside management companies centers around debate of whether it is more cost-effective
- The main reason many districts have decided to contract for food service has been a benefit stemming from fiscal and managerial efficiency

Benefits to Contracting

- Administrators have more time for curriculum
- Wage and benefit costs, disputes, and grievances have been reduced because the district no longer handles personnel
- Menu planning is improved by use of food professionals

Benefits to Contracting

- In-house record-keeping requirements are reduced
- There is strong incentive for food service to become a profit center with high client satisfaction

In-House Operations

- Centralize or de-centralize services
- On-site food preparation vs. satelliting from central kitchens
- ‘Satelliting’ means delivering cooked food with finishing kitchens on-site, in contrast to on-site food prep
- Major benefit is mass preparation and non-duplication of full facilities
- Concern could be loss of site control and responsiveness, and over standardization

In-House Operations

- Full time director highly trained to assure the efficient and cost-effective operation.
- Needs skills to work closely with principals and central office, as well as supervising service workers
- Must work with district budget director, and provide leadership in setting meal prices

Ancillary Wrap up

- Ancillary services are a vital contribution to educational outcomes
- Although often lacking in glamour, they represent vast expenditure outlays and significant liability
- They are interrelated parts of a complete educational system. Each piece makes a vital contribution and can't be slighted without significant harm to children