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Sharpening the Pencil

Best Financial Management Practices Review

Okaloosa
County
School
District

Sharpening the Pencil

The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY

John W. Turcotte, Director

October 2002

The President of the Senate
The Speaker of the House of Representatives
The Joint Legislative Auditing Committee
The Superintendent of the Okaloosa County School District
The School Board Members of the Okaloosa County School District

OPPAGA has completed a Best Financial Management Practices Review of the Okaloosa County School District. This review was made pursuant to the Sharpening the Pencil Act (s. 1008.35, *Florida Statutes*) passed by the 2001 Legislature to improve school district management and use of resources and to identify cost savings.

OPPAGA is issuing the *Digest of Best Financial Management Practices Review, Okaloosa County School District* to comply with the law that directs OPPAGA to report to the district about its use of the best practices and cost savings recommendations.

OPPAGA and the Auditor General were responsible for fieldwork and report findings and recommendations. OPPAGA made the final determination on the district's use of Best Financial Management Practices, based on information in the final report.

Martha Wellman was the project leader for this review. Other OPPAGA employees included Yvonne Bigos, Byron Brown, Rose Cook, Art Cunkle, Mark Frederick, Michael Garner, John Hughes, Wade Melton, Rich Woerner, and Don Wolf. Auditor General employees included Jim Kiedinger and Denis Jessen, under the supervision of David Martin. We wish to express our appreciation to the employees of the Okaloosa County School District for their assistance.

Sincerely,

John W. Turcotte
Director

JWT/mc

cc: The Honorable Jeb Bush, Governor
         The Honorable Charlie Crist, Commissioner of Education
         Mr. Jim Horne, Secretary, Florida Board of Education

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Digest of the Best Financial Management Practices Review

Okaloosa County School District

Sharpening the Pencil
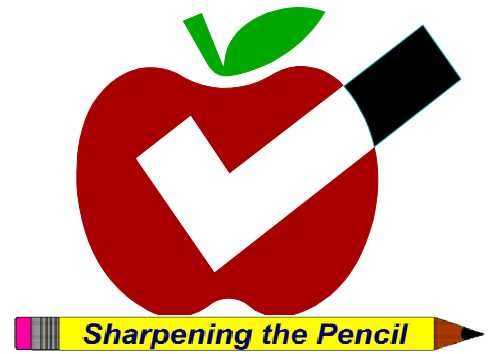
Report No. 02-53A

October 2002

Results in Brief

Enacted in 2001, the Sharpening the Pencil Act (s. 1008.35, *Florida Statutes*) is intended to improve school district management and use of resources and to identify cost savings. [1] The act directs the Commissioner of Education to adopt the best practices as standards for the Best Financial Management Practices Review and establishes meeting the best practices as the goal for all Florida school districts. The best practices are designed to encourage districts to

- use performance and cost-efficiency measures to evaluate programs;

- assess their operations and performance using benchmarks based on comparable school district, government agency, and industry standards;

- identify potential cost savings through privatization and alternative service delivery; and

- link financial planning and budgeting to district priorities, including student performance.

In accordance with the Sharpening the Pencil Act, the Office of Program Policy Analysis and Government Accountability (OPPAGA) reviewed the Okaloosa County School District during Fiscal Year 2001-02. Based on the recommendations contained in the report, the district could improve operations, save money, and demonstrate good stewardship of public resources. Currently, the district is using 71% (153 of 214) of the best practices adopted by the Commissioner and is not eligible for a Seal of Best Financial Management. (See Exhibit 1.) A detailed listing of all the best practices

that identifies the district's status in relation to each is on page 7 of this digest report.

Exhibit 1
The District Is Using 71% of the Best Practices

Best Practice Area (Total Practices)	Is the District Using Individual Best Practices?		
	Yes	No	N/A
Management Structures (12)	7	5	0
Performance Accountability System (5)	1	4	0
Educational Service Delivery (16)	11	5	0
Administrative and Instructional Technology (20)	15	5	0
Personnel Systems and Benefits (15)	13	2	0
Use of Lottery Proceeds (5)	5	0	0
Use of State and District Construction Funds (4)	4	0	0
Facilities Construction (32)	27	5	0
Facilities Maintenance (26)	14	12	0
Student Transportation (20)	10	10	0
Food Service Operations (17)	6	11	0
Cost Control Systems (31)	31	0	0
Community Involvement (11)	9	2	0
All Areas (214)	**153**	**61**	**0**

As shown in Exhibit 2, implementing report recommendations will improve operations by $4.9 million over a five-year period.

Exhibit 2
The District Could Improve Operations By $4.9 Million Over the Next Five Years by Implementing Recommendations

Recommendation(s) by Review Area	Projected Five-Year Net Fiscal Impact
Management Structures	
• Provide master board training for each of the board members. (Action Plan 3-1)	($5,000)
• Hire a consultant to assist in strategic plan development. The cost depends on the scope of the contract. Hire a professional association to assist in strategic plan. (Action Plan 3-5)	($98,000)
• Develop districtwide procedures that are relevant, up-to-date and easily accessible. (Action Plan 3-2)	($15,000)
• Establish a Division of Operations (Action Plan 3-4)	($513,540)
Administrative and Technology	
• Hire an administrator to make FTE projections. (Action Plan 6-1)	($309,104)
• De-privatize or renegotiate the cost of technology support operations currently provided by a private contractor. (Action Plan 6-2)	$2,200,000
• Provide better support for the maintenance management system. (Action Plan 6-2)	($297,264)
• Engage a contractor to provide administrative systems training which district personnel could provide in subsequent years. (Action Plan 6-3)	($25,000)
• De-privatize the purchase of computer hardware. (Action Plan 6-4)	$428,685
• Create a management information service management transition plan and hire two additional MIS administrative staff 12 months prior to key personnel retirements. (Action Plan 6-5)	($154,552)
Personnel Systems and Benefits	
• Modernize record-keeping procedures by establishing and maintaining a database containing basic information on each employee. (Action Plan 7-6)	($100,000)
Facilities Construction	
• Close one additional elementary school because of under utilization and excess capacity in the south county schools. (Action Plan 10-3)	$1,000,000
Facilities Maintenance	
• Delete three zone administrator positions. (Action Plan 11-12)	$1,195,000
• Create a maintenance/facilities director position to oversee maintenance and facilities construction. (Action Plan 11-12)	($441,380)
• Create a director of operations position to supervise five foremen. (Action Plan 11-12)	($417,810)
• Create a facilities planner position responsible for facility planning, facility, work and performance standards, training, building inspections, and surplus property. (Action Plan 11-12)	($429,840)
• Fully implement the MAXIMO System including creating work performance standards for routinely performed tasks. (Action Plan 11-9)	($175,045)
• Increase subscriptions to industry periodicals for distribution to maintenance and custodial staff. (Action Plan 11-6)	($2,500)
• Restore training budget of approximately $5,000. (Action Plan 11-14)	($25,000)
Student Transportation	
• Eliminate bus service to students that can safely walk to school to improve transportation efficiency. (Action Plan 12-1)	$672,200
• Increase average bus occupancy (the average number of students each bus carries on all of its routes). (Action Plan 12-1)	$555,080

Recommendation(s) by Review Area	Projected Five-Year Net Fiscal Impact
• Seek Medicaid reimbursement for transportation services. (Action Plan 12-4)	$44,000
• Reduce the number of spare buses held in inventory. (Action Plan 12-5)	$34,000
• Improve security for buses compounded at the Niceville bus facility. (Action Plan 12-7)	(3,500)
• Defer purchasing buses for one year. (Action Plan 12-5)	$955,318
• Obtain and implement an automated school transportation management information system that interfaces with the existing district information systems. (Action Plan 12-6)	($105,000)
Food Service Operations	
• Implement shared manager program at school cafeterias. (Action Plan 13-2)	$277,370
• Expand breakfast program to all schools. (Action Plan 13-7)	$23,335
• Increase paid meal prices. (Action Plan 13-9)	$700,000
• Shut down Carver Hill freezer to reduce utility costs. (Action Plan 13-12)	$54,120
Cost Controls	
• Implement a more formal risk assessment process that will enhance the identification of high-risk activities and assist in setting priorities for eliminating these risks. (Action Plan 14-1)	($75,000)
TOTAL	**$4,946,573**

Purpose

The 2001 Legislature passed the Sharpening the Pencil Act to improve school district management and use of resources and to identify cost savings. Florida law directs the Office of Program Policy Analysis and Government Accountability and the Office of the Auditor General to develop a system for reviewing the financial management practices of school districts. Florida law also provides that the best financial management practices, at a minimum, must instill public confidence by

1. addressing the school district's use of resources;

2. identifying ways that the district could save funds; and

3. improving the school district performance accountability systems, including public accountability.

Background

Two of the most important provisions of the Sharpening the Pencil Act are that it specifies those districts scheduled to undergo a Best Financial Management Practices Review each year of a five-year-cycle and requires public input during the review and after the distribution of the final report.

The act directs that the Commissioner of Education adopt the best practices to be used as standards for these reviews and establishes meeting the best practices as the goal for all Florida school districts. The best practices are designed to encourage districts to

- use performance and cost-efficiency measures to evaluate programs;

- assess their operations and performance using benchmarks based on comparable school district, government agency, and industry standards;

- identify potential cost savings through privatization and alternative service delivery; and

- link financial planning and budgeting to district priorities, including student performance.

In accordance with the schedule of Best Financial Management Practices Reviews in the act, the Legislature directed that OPPAGA review the Okaloosa County School District. With about 30,000 students, the Okaloosa County School District is the twenty-first largest of Florida's 67 school districts. Located in the Florida Panhandle, the district schools include 22 elementary, 8 middle/junior high, 4 senior high, 2 K-12 and 13 specialty schools. [2]

OPPAGA and the Auditor General conducted fieldwork and developed report findings and recommendations. The final report contains findings related to each best practice and detailed action plans to implement each report recommendation. These action plans were developed with input from the school district and describe the specific steps the district should take if it decides to implement the recommendation within two years. Pursuant to s. 1008.35, *Florida Statutes,* OPPAGA made the final determination on whether the school district is using best practices adopted by the Commissioner of Education.

OPPAGA expresses its appreciation to members of the Okaloosa County School Board and district employees who provided information and assistance during the review.

General Overview and District Obligations

Currently, the Okaloosa County School District is using 71% of the best practices adopted by the Commissioner and at this time is not eligible for a Seal of Best Financial Management. Appendix A contains an action plan detailing how the district could meet the best practices within two years.

By law within 90 days after receipt of a final report, the school board must

- decide by a majority plus one vote, whether or not to implement the action plan and pursue a Seal of Best Financial Management, and

- notify OPPAGA and the Commissioner of Education in writing of the date and outcome of the school board vote on whether to adopt the action plan. If the school board fails to vote on whether to adopt the action plan, the superintendent must notify OPPAGA and the Commissioner of Education.

After receipt of the final report and before the school board votes whether to adopt the action plan, the school district must hold an advertised public forum to accept public input and review the findings and recommendations of the report. The district must advertise and promote this forum to inform school and district advisory councils, parents, school district employees, the business community, and other district

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[2] Specialty schools include partnerships with the Department of Juvenile Justice and charter schools.

residents of the opportunity to attend this meeting. OPPAGA will attend this forum.

If the school board votes to implement the action plan, the district must submit two annual status reports, the first report no later than one year after receipt of the final report and the second report one year later.

After receipt of each status report, OPPAGA assesses the district's implementation of the action plan and progress toward implementing the Best Financial Management Practices in areas covered by the plan and issues a report stating whether the district has successfully implemented these practices.

If the school district successfully implements the Best Financial Management Practices within two years, it will be eligible to receive a Seal of Best Financial Management from the State Board of Education, a designation that is effective for five years. Each year during the designation period, the school board must notify OPPAGA, the Auditor General, the Commissioner of Education, and the State Board of Education of any changes that would not conform to the state's Best Financial Management Practices. If no such changes have occurred and the school board determines that the school district continues to conform to the best practices, annually the school board must report that information to the State Board of Education, with copies to OPPAGA, the Auditor General, and the Commissioner of Education.

Conclusions by Best Practice Area

Management Structures

The district meets 7 of 12 best practices established for management structures. It has recently undergone significant reorganization of its management structures. Many of these changes have improved the district, although there are still some areas experiencing difficulties.

Performance Accountability System

Currently, the district meets 1 of the 5 performance accountability best practices. The district has initiated an accountability system for its educational program. The system is tied to the budget and used to evaluate student progress on a quarterly basis. However, measurable objectives, longer-range accountability measures, and more comprehensive reporting can improve the system. The district will make some of these improvements for the 2002-03 school year. However, it has not developed similar measures for its

support programs. These measures help to ensure that the programs provide needed support in a cost-effective manner.

Educational Service Delivery

The Okaloosa County School District is using 11 of the 16 best practices for educational service delivery. The district has developed and maintained an effective, well-received educational service delivery program. Its students perform above the state average and better than most of the district's peers. With a few modest adjustments and regular oversight, the district's academic performance will remain among the best in the state.

Administrative and Instructional Technology

The Okaloosa County School District is using 15 of the 20 best practices related to administrative and instructional technology functions. The district has a broad-based approach to providing technology to classroom and administrative activities. The district has implemented an effective instructional technology strategy. However, if the district would improve districtwide coordination, develop administrative technology strategies, and create measurable objectives, the technology program could become a model. In addition, the district can reduce the cost of technology support services by de-privatizing the services or renegotiating its support service contract.

Personnel Systems and Benefits

Overall, the district is using 13 of the 15 best practices for personnel systems and benefits. It maintains a positive customer orientation, but could improve its efficiency through increased automation of personnel processes and records. In general, the district provides excellent salaries and appropriate benefits for its employees. However, the district needs to improve its performance accountability system to ensure that the personnel program is meeting its intended purpose in the most cost-efficient manner.

Use of Lottery Proceeds

The district uses all five best practices pertaining to the use of lottery proceeds. The district has defined enhancement, allocates lottery proceeds to School Advisory Councils and charter schools as required by law, and reports the costs of specific activities supported with lottery proceeds.

Use of State and District Construction Funds

Overall, the district uses all four best practices pertaining to the use of state and district construction funds. It uses construction funds in a lawful manner for intended purposes. It has recently acted to improve procedures for matching revenues with expenditures.

Facilities Construction

The district is using 27 of the 32 best practices. It has successfully privatized facilities construction, which has proved cost-effective in delivering facilities on time and within budget. The program could be improved with better documentation of procedures. In addition, the district can reduce operations and maintenance cost by closing an underused elementary school in the south zone.

Facilities Maintenance

The Okaloosa County School District is using 14 of the 26 best practices for facilities maintenance. The district is cost-effectively operating and maintaining its schools; however, further opportunities exist for reducing costs and improving the delivery of services.

Student Transportation

The district is using 10 of the 20 best practices established for student transportation. It operates an effective student transportation system. Improvements can be made that will increase the efficiency and accountability.

Food Service Operations

The district is using 6 of the 17 best practices for food service operations. The food service program is beginning to collect financial management information to ensure program efficiency and effectiveness but needs to continue to develop its accountability system to improve decision making.

Cost Control Systems

The district is using all 31 best practices established for cost control systems. District cost control systems include internal auditing, financial auditing, asset management, risk management, inventory management, financial management, purchasing, and payment processing. It could enhance aspects of internal auditing, risk management, financial management, and purchasing.

Community Involvement

The district is using 9 of the 11 best practices related to community involvement. It is actively involved with the larger community. A Community Relations Office was created only recently, but is having good success expanding community interactions. Modifications in program oversight and planning are needed to improve efficiency and effectiveness.

Okaloosa County School District
Best Financial Management Practices

Currently, the Okaloosa County School District is using 71% (153 of 214) of the best practices adopted by the Commissioner of Education, and is not eligible for a Seal of Best Financial Management. This appendix provides a detailed listing of all the best practices and identifies the district's current status in relation to each.

Best Practices	Is the District Using Best Practices?		
MANAGEMENT STRUCTURES	**YES**	**NO**	**PAGE**
1. The roles and responsibilities of the board and superintendent have been clearly delineated, and board members and the superintendent have procedures to ensure that they have effective working relationships.		✓	3-8
2. The board and superintendent have procedures to ensure that board meetings are efficient and effective.	✓		3-11
3. The board and superintendent have established written policies and procedures that are routinely updated to ensure that they are relevant and complete.		✓	3-11
4. The district routinely obtains legal services to advise it about policy and reduce the risk of lawsuits. It also takes steps to ensure that its legal costs are reasonable.	✓		3-13
5. The district's organizational structure has clearly defined units and lines of authority.		✓	3-15
6. The district periodically reviews its administrative staffing and makes changes to eliminate unnecessary positions and improve operating efficiency.	✓		3-18
7. The superintendent and school board exercise effective oversight of the district's financial resources.	✓		3-21
8. The district has clearly assigned school principals the authority they need to effectively manage their schools while adhering to district-wide policies and procedures.	✓		3-22
9. The district has a multi-year strategic plan with annual goals and measurable objectives based on identified needs, projected enrollment, and revenues.		✓	3-23
10. The district has a system to accurately project enrollment.	✓		3-24
11. The district links its financial plans and budgets to its priority goals and objectives, and district resources are focused towards achieving those goals and objectives.		✓	3-25
12. When necessary, the district considers options to increase revenue.	✓		3-26

Best Practices	Is the District Using Best Practices?		

PERFORMANCE ACCOUNTABILITY SYSTEM	**YES**	**NO**	**PAGE**
1. The district has clearly stated goals and measurable objectives that can be achieved within budget for each major educational and operational program. These major programs are: • Educational Programs: Basic Education (K-3, 4-8, 9-12), Exceptional Student Education, Vocational/Technical Education, and English for Speakers of Other Languages. • Operational: Facilities Construction, Facilities Maintenance, Personnel, Asset and Risk Management, Financial Management, Purchasing, Transportation, Food Services, and Safety and Security. Goals and objectives must be present in both the educational and operational areas to meet this best practice. The district lacks these accountability mechanisms in the operational areas.		✓	4-3
2. The district uses appropriate performance and cost-efficiency measures and interpretive benchmarks to evaluate its major educational and operational programs and uses these in management decision making.		✓	4-6
3. The district regularly assesses the performance and cost of its major educational and operational programs using performance measures and benchmark data and analyzes potential cost savings and/or cost avoidance of alternatives, such as outside contracting and privatization.		✓	4-7
4. The district formally evaluates the performance and cost of its major educational and operational programs and uses evaluation results to improve program performance and cost-efficiency.	✓		4-8
5. The district clearly reports on the performance and cost-efficiency of its major educational and operational programs to ensure accountability to parents and other taxpayers.		✓	4-10

EDUCATIONAL SERVICE DELIVERY	**YES**	**NO**	**PAGE**
1. District administrators use both academic and nonacademic data to improve K-12 education programs.		✓	5-6
2. District administrators facilitate sharing effective instructional practices to improve student performance.	✓		5-19
3. The district provides effective and cost-efficient Exceptional Student Education (ESE) programs.	✓		5-21
4. The district provides effective and cost-efficient instruction as part of its English for Speakers of Other Languages (ESOL) Program.	✓		5-27
5. The district provides effective and cost-efficient secondary vocational and adult/technical education programs.	✓		5-30
6. The district's curricular framework is linked to Florida's accountability standards and to the Sunshine State Standards.	✓		5-32
7. The district has adopted a plan for the progression of students from kindergarten through grade 12 that maximizes student mastery of the Sunshine State Standards.	✓		5-34

Best Practices	Is the District Using Best Practices?		

EDUCATIONAL SERVICE DELIVERY	**YES**	**NO**	**PAGE**
8. The district ensures that school improvement plans effectively translate identified needs into activities with measurable objectives and that school advisory councils meet statutory membership requirements.		✓	5-37
9. The district's process for selecting instructional materials ensures that instructional materials meet the needs of teachers and students.	✓		5-39
10. Each student has current and appropriate instructional materials in core courses that are aligned with the Sunshine State Standards and the district's pupil progression plan.	✓		5-40
11. The district's procedures for acquiring, maintaining, and disposing of instructional materials are cost-effective.		✓	5-41
12. The district has implemented accountability mechanisms to ensure the overall performance, efficiency, and effectiveness of its major educational programs. [3]		✓	5-43
13. The district regularly reviews its organizational structure and the staffing of the central office and schools to minimize administrative layers and processes.	✓		5-47
14. The district clearly reports on the performance and cost-efficiency of its major educational programs to ensure accountability to parents and other taxpayers.		✓	5-49
15. The district has sufficient school library or media centers to support instruction.	✓		5-50
16. The district provides necessary support services (guidance counseling, psychological, social work, and health) to meet the needs of its students in a cost-efficient manner.	✓		5-51

ADMINISTRATIVE AND INSTRUCTIONAL TECHNOLOGY	**YES**	**NO**	**PAGE**
1. The district has solicited and used broad stakeholder input in developing an integrated learning system and in setting priorities for administrative and instructional technology decisions.	✓		6-8
2. The district has a comprehensive technology plan that provides direction for administrative and instructional technology decision making.		✓	6-10
3. The district provides formal and informal support to assist educators in incorporating technology into the curriculum.	✓		6-13
4. The district provides technical support for educational and administrative systems in the district.	✓		6-14
5. The district provides technical support for hardware, software, and infrastructure in a timely and cost-effective manner.		✓	6-15
6. The district has a professional development plan that reflects the district's vision of integrating technology to enhance and enrich the learning environment, as well as improve administrative support.		✓	6-20
7. The district provides professional development for the instructional technologies.	✓		6-23

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[3] See performance accountability best practices and indicators for more information on each indicator for this best practice.

Best Practices	Is the District Using Best Practices?		

ADMINISTRATIVE AND INSTRUCTIONAL TECHNOLOGY	**YES**	**NO**	**PAGE**
8. The district bases technology acquisitions on instructional needs and makes technology acquisitions based on those needs. [4]	✓		6-25
9. The district bases technology acquisitions on the results of research, planning, and evaluations of previous technology decisions to ensure technology decisions are cost-effective.		✓	6-26
10. The district has established standards for acquiring new programs and digital content that promote the integration of technology into everyday curricular needs.	✓		6-28
11. The district has a stable and efficient infrastructure. [5]	✓		6-31
12. The district has established and communicated a policy stating appropriate uses of all types of technology resources, including computers, video equipment, software, and the Internet.	✓		6-31
13. The district supports compliance with the established policy on safe and legal use of technology resources.	✓		6-32
14. Segregation of Duties: The district segregates duties to reduce the risk that unauthorized transactions will be entered and not discovered quickly.	✓		6-33
15. User Controls: The district's user controls ensure authorization prior to processing transactions and ensure all output represents authorized and valid transactions.	✓		6-33
16. Application Controls: The district's applications are designed to provide users with reliable data.	✓		6-34
17. General Controls: The district has established general controls in the areas of access, systems development and maintenance, documentation, operations, and physical security to promote the proper functioning of the information systems department.	✓		6-35
18. The district's management information systems provide data needed by administrative and instructional personnel in a reliable and timely manner.	✓		6-37
19. The district has taken steps to minimize the number of databases that are independent of its centralized computer systems.		✓	6-38
20. Other Controls: The district has established appropriate controls related to electronic data exchange transactions, other transactions processed through electronic media, and image processing systems.	✓		6-39

PERSONNEL SYSTEMS AND BENEFITS	**YES**	**NO**	**PAGE**
1. The district has efficient and effective processes for recruiting and hiring qualified personnel.	✓		7-6
2. The district maintains a reasonably stable work force through competitive salary and benefit packages and through district-wide efforts to address and remedy factors that contribute to increased turnover.	✓		7-10

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[4] Instructional needs include incorporating technology into the curriculum and needs of students learning how to use technology.
[5] Examples of this include a Wide Area Network (WAN) and a Local Area Network (LAN).

Best Practices	**Is the District Using Best Practices?**		

PERSONNEL SYSTEMS AND BENEFITS	**YES**	**NO**	**PAGE**
3. The district provides a comprehensive staff development program to achieve and maintain high levels of productivity and employee performance among non-instructional employees.	✓		7-15
4. The district provides a comprehensive staff development program for instructional employees to attain and maintain high quality instruction and to achieve high levels of student performance.	✓		7-16
5. The district provides a comprehensive staff development program for school-based administrators.	✓		7-17
6. The district's system for formally evaluating employees is designed to improve and reward excellent performance and productivity, and to identify and address performance that does not meet the district's expectations for the employee.	✓		7-18
7. The district ensures that employees who repeatedly fail to meet the district's performance expectations, or whose behavior or job performance is potentially harmful to students, are promptly removed from contact with students, and that the appropriate steps are taken to terminate those persons' employment.	✓		7-20
8. The district maintains clear and effective channels of communication with employees.	✓		7-20
9. The district has efficient and cost-effective policies and practices for providing substitute teachers and other substitute personnel.	✓		7-21
10. The district maintains personnel records in a highly efficient and accessible manner.		✓	7-22
11. The district uses cost-containment practices for its Workers' Compensation Program.	✓		7-24
12. The district has established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the human resource program.		✓	7-25
13. The district periodically reviews the organizational structure and staffing levels of the office of human resources to minimize administrative layers and processes.	✓		7-26
14. The district periodically evaluates its personnel practices and adjusts these practices as needed to reduce costs and/or improve efficiency and effectiveness.	✓		7-26
15. For classes of employees that are unionized, the district maintains an effective collective bargaining process.	✓		7-27

USE OF LOTTERY PROCEEDS	**YES**	**NO**	**PAGE**
1. The district has defined "enhancement" in a way that the public clearly understands.	✓		8-6
2. The district uses lottery money consistent with its definition of enhancement.	✓		8-7
3. The district allocates lottery funds to school advisory councils as required by law.	✓		8-8
4. The district accounts for the use of lottery money in an acceptable manner.	✓		8-9
5. The district annually evaluates and reports the extent to which lottery fund expenditures have enhanced student education.	✓		8-10

Best Practices	Is the District Using Best Practices?		

USE OF STATE AND DISTRICT CONSTRUCTION FUNDS	YES	NO	PAGE
1. The district approves use of construction funds only after determining that the project(s) are cost-efficient and in compliance with the lawfully designated purpose of the funds and the district's five-year facilities work plan.	✓		9-3
2. The district uses capital outlay and operational funds appropriately, lawfully, and in accordance with its adopted five-year facilities work plan.	✓		9-5
3. The district minimizes construction costs by using appropriate measures from the SMART (Soundly Made, Accountable, Reasonable and Thrifty) Schools Clearinghouse Frugal Construction Standards. [6]	✓		9-5
4. When designing and constructing new educational facilities, the district incorporates factors to minimize the maintenance and operations requirements of the new facility.	✓		9-6

FACILITIES CONSTRUCTION	YES	NO	PAGE
1. The district has established a facilities planning committee that includes a broad base of school district personnel, parents, construction professionals, and other community stakeholders.		✓	10-6
2. The district has established authority and assigned responsibilities for facilities planning.		✓	10-8
3. The five-year facilities work plan provides budgetary plans and priorities based on the master plan and input from the facilities planning committee.	✓		10-10
4. The five-year facilities work plan is based on a thorough demographic study and enrollment projections.	✓		10-11
5. The five-year facilities work plan is based on an evaluation of the physical condition and the ability of facilities to meet educational needs.	✓		10-13
6. When developing the annual five-year facilities work plan the district evaluates alternatives to minimize the need for new construction.	✓		10-14
7. District planning prioritizes construction needs.	✓		10-14
8. The district can demonstrate that the construction program complies with the current *Laws of Florida*.	✓		10-15
9. For all projects with dates of construction contracted after July 1, 2001, the district can demonstrate that the construction program complies with the Florida Building Code.	✓		10-16
10. The school board ensures responsiveness to the community through open communication about the construction program and the five-year facilities work plan.	✓		10-16
11. The district develops descriptions and educational specifications for each project.	✓		10-17

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[6] The web page is: http:smartschools.state.fl.us.

Best Practices	Is the District Using Best Practices?		
FACILITIES CONSTRUCTION	**YES**	**NO**	**PAGE**
12. Educational specifications for new construction, remodeling, and renovations include a description of activity areas.	✓		10-18
13. The architectural design fulfills the building specification needs as determined by the district.	✓		10-18
14. New construction, remodeling, and renovations incorporate effective safety features.	✓		10-19
15. The district begins school site selection well in advance of future need based on expected growth patterns.	✓		10-19
16. The board considers the most economical and practical locations for current and anticipated needs, including such factors as need to exercise eminent domain, obstacles to development, and consideration of agreements with adjoining counties.	✓		10-20
17. The district has established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the construction program.		✓	10-21
18. The district has considered, and where possible implemented, the general requirements recommended in the SMART Schools Clearinghouse Frugal Construction Standards.	✓		10-22
19. The district minimizes construction costs through the use of prototype school designs and frugal construction practices.	✓		10-22
20. The district secures appropriate professional services to assist in facility planning, design, and construction.	✓		10-23
21. The district can demonstrate that funds collected for school projects were raised appropriately.	✓		10-24
22. District planning provides realistic time frames for implementation that are coordinated with the opening of schools.	✓		10-25
23. For each project or group of projects, the architect and district facilities planner develop a conceptual site plan and building specifications.	✓		10-27
24. The district follows generally accepted and legal contracting practices to control costs.	✓		10-28
25. The district has assigned one person with the authority and responsibility to keep facilities construction projects within budget and on schedule.	✓		10-28
26. The board minimizes changes to facilities plans after final working drawings are initiated in order to minimize project costs.	✓		10-29
27. The architect recommends payment based on the percentage of work completed. A percentage of the contract is withheld pending completion of the project.	✓		10-30
28. The district requires appropriate inspection of all school construction projects.	✓		10-30
29. The district conducts a comprehensive orientation to the new facility prior to its use so that users better understand the building design and function.	✓		10-31
30. The district conducts comprehensive building evaluations at the end of the first year of operation and regularly during the next three to five years to collect information about building operation and performance.		✓	10-31

Best Practices	Is the District Using Best Practices?		
FACILITIES CONSTRUCTION	**YES**	**NO**	**PAGE**
31. The district analyzes building evaluations to determine whether facilities are fully used, operating costs are minimized, and changes in the district's construction planning process are needed.		✓	10-32
32. The district analyzes maintenance and operations costs to identify improvements to the district's construction planning process.	✓		10-33

Best Practices	Is the District Using Best Practices?		
FACILITIES MAINTENANCE	**YES**	**NO**	**PAGE**
1. The district's maintenance and operations department mission, organizational structure, and operating procedures are established in writing.		✓	11-6
2. The district has established maintenance standards in its short- and long-term plans for providing appropriately and equitably maintained facilities within budget and in accordance with the district's five-year facilities work plan and annual budget.		✓	11-10
3. The district clearly identifies and communicates performance standards and expected outcomes to maintenance and operations staff.		✓	11-12
4. The district ensures that maintenance and custodial standards are regularly updated to implement new technology and procedures.		✓	11-14
5. The district obtains and uses customer feedback to identify and implement program improvements.		✓	11-15
6. The district has established and implemented accountability mechanisms to ensure the performance and efficiency of the maintenance and operations program.		✓	11-16
7. The district accurately projects cost estimates of major maintenance projects.	✓		11-18
8. The administration has developed an annual budget with spending limits that comply with the lawful funding for each category of facilities maintenance and operations.	✓		11-18
9. The board maintains a maintenance reserve fund to handle one-time expenditures necessary to support maintenance and operations.	✓		11-21
10. The maintenance and operations department regularly evaluates maintenance and operations activities to determine the most cost-effective method of providing needed services.		✓	11-21
11. The district minimizes equipment costs through purchasing practices and maintenance.		✓	11-23
12. The district uses proactive maintenance practices to reduce maintenance costs.	✓		11-25
13. The maintenance and operations department regularly reviews the organizational structure of the maintenance and operations program to minimize administrative layers and processes.		✓	11-26
14. The maintenance and operations department regularly reviews the staffing levels of the maintenance and operations program to maximize the efficient use of personnel.	✓		11-28
15. The maintenance and operations department ensures qualified staff by using appropriate hiring practices.	✓		11-31
16. The maintenance and operations department has a written job description for each position within the department.	✓		11-32

Best Practices	Is the District Using Best Practices?		

FACILITIES MAINTENANCE	**YES**	**NO**	**PAGE**
17. The district provides appropriate supervision of maintenance and operations staff.	✓		11-32
18. The district provides a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety.		✓	11-32
19. The district provides maintenance and operations department staff the tools and equipment required to accomplish its assigned tasks.	✓		11-34
20. A computerized control and tracking system is used to accurately track work orders and inventory.		✓	11-35
21. The maintenance and operations department has a system for prioritizing maintenance needs uniformly throughout the district.	✓		11-36
22. District policies and procedures clearly address the health and safety conditions of facilities.		✓	11-37
23. The maintenance and operations department identifies and implements strategies to contain energy costs.	✓		11-38
24. The district has an energy management system in place, and the system is maintained at original specifications for maximum effectiveness.	✓		11-40
25. The school district complies with federal and state regulatory mandates regarding facility health, safety, and energy efficiency conditions.	✓		11-41
26. The district is aware of and prepared for the permitting and inspection requirements of the Florida Building Code.	✓		11-42

STUDENT TRANSPORTATION	**YES**	**NO**	**PAGE**
1. The student transportation office plans, reviews, and establishes bus routes and stops to provide efficient student transportation services for all students who qualify for transportation.		✓	12-7
2. The district ensures that all regular school bus routes and activity trips operate in accord with established routines, and any unexpected contingencies affecting those operations are handled safely and promptly.		✓	12-16
3. The district effectively and efficiently recruits and retains the bus drivers and attendants it needs.		✓	12-19
4. The district trains, supervises, and assists bus drivers to enable them to meet bus driving standards and maintain acceptable student discipline on the bus.	✓		12-22
5. The district provides student transportation services for exceptional students in a coordinated fashion that minimizes hardships to students and accurately reports exceptional students transported to receive state funding.		✓	12-23
6. The district ensures that staff acts promptly and appropriately in response to any accidents that occur.	✓		12-25
7. The district ensures that appropriate student behavior is maintained on the bus at all times.	✓		12-26
8. The school district has a process to ensure that a sufficient school bus fleet is acquired economically and will be available to meet the district's future student transportation needs.		✓	12-27

Best Practices	Is the District Using Best Practices?		
STUDENT TRANSPORTATION	**YES**	**NO**	**PAGE**
9. The district provides timely routine servicing for buses and other district vehicles, as well as prompt response for breakdowns and other unforeseen contingencies.		✓	12-32
10. The district ensures that fuel purchases are cost-effective and that school buses and other vehicles are efficiently supplied with fuel.	✓		12-35
11. The district maintains facilities that are conveniently situated to provide sufficient and secure support for vehicle maintenance and other student transportation functions.	✓		12-36
12. The district maintains an effective staffing level in the vehicle maintenance area and provides support for vehicle maintenance staff to develop their skills.	✓		12-37
13. The district maintains an inventory of parts, supplies, and equipment needed to support student transportation functions that balances the concerns of immediate need and inventory costs.	✓		12-38
14. The district provides appropriate technological and computer support for student transportation functions and operations.		✓	12-39
15. The district has established an accountability system for student transportation, and it regularly tracks and makes public reports on its performance in comparison with established benchmarks.		✓	12-40
16. The district coordinates long-term planning and budgeting for student transportation within the context of district and community planning.		✓	12-43
17. The district monitors the fiscal condition of student transportation functions by regularly analyzing expenditures and reviewing them against the budget.	✓		12-44
18. The district provides regular, accurate, and timely counts to the Florida Department of Education of the number of students transported as part of the Florida Education Finance Program.	✓		12-45
19. The district has reviewed the prospect for privatizing student transportation functions, as a whole or in part.		✓	12-45
20. The district periodically reviews the organizational structure and staffing levels of the student transportation program to minimize administrative layers and processes.	✓		12-46

FOOD SERVICE OPERATIONS	**YES**	**NO**	**PAGE**
1. The food service program is clearly defined with a mission statement, operating policies and procedures, and performance expectations.		✓	13-10
2. The district regularly reviews the organizational structure and staffing levels of the food service program to enhance the efficiency of program operation.	✓		13-13
3. The district uses a comprehensive food service training program to increase productivity, improve employee performance, and enhance the food service program.		✓	13-17
4. The district identifies barriers to student participation in the school meals program and implements strategies to eliminate the barriers.		✓	13-18

Best Practices	Is the District Using Best Practices?		

FOOD SERVICE OPERATIONS	**YES**	**NO**	**PAGE**
5. The district has established cost-efficiency benchmarks based on comparable private and public sector food service programs and other applicable industry standards.		✓	13-21
6. The district regularly evaluates the school food service program based on established benchmarks and implements improvements to increase revenue and reduce costs.		✓	13-22
7. The district regularly assesses the benefits of service and service delivery alternatives, such as contracting and privatization, and implements changes to improve efficiency and effectiveness.		✓	13-23
8. The program budget is based on department goals, revenues, and expenditure projections.		✓	13-27
9. The district's financial control process includes an ongoing review of the program's financial and management practices.	✓		13-29
10. The district accounts for and reports meals served by category.	✓		13-33
11. The district regularly evaluates purchasing practices to decrease costs and increase efficiency.		✓	13-33
12. The district has developed an effective inventory control system that is appropriate to the size of the school food service program.		✓	13-35
13. The district has a system for receiving, storing, and disposing of food, supplies, and equipment.	✓		13-36
14. The district has a plan for the repair and replacement of equipment that includes preventive maintenance practices.		✓	13-37
15. The district provides school meals designed to meet the nutritional needs of students.	✓		13-38
16. The district's food production and transportation system ensures the service of high quality food with minimal waste.		✓	13-39
17. The district follows safety and environmental health practices and regulations.	✓		13-41

COST CONTROL SYSTEMS	**YES**	**NO**	**PAGE**
1. The district has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that will improve performance.	✓		14-6
2. The district obtains an external audit in accordance with government auditing standards.	✓		14-9
3. The district provides for timely follow-up of findings identified in the external audit.	✓		14-10
4. The district obtains and reviews required financial information relating to school internal accounts, direct service organizations (DSOs), and charter schools.	✓		14-10
5. Segregation of Duties: The district segregates responsibilities for custody of assets from record keeping responsibilities for those assets.	✓		14-13

Best Practices	Is the District Using Best Practices?		
COST CONTROL SYSTEMS	**YES**	**NO**	**PAGE**
6. Authorization Controls: The district has established controls that provide for proper authorization of asset acquisitions and disposals.	✓		14-14
7. Project Accounting: The district has established records that accumulate project costs and other relevant data to facilitate reporting construction and maintenance activities to the board, public, and grantors.	✓		14-14
8. Asset Accountability: The district provides recorded accountability for capitalized assets.	✓		14-15
9. Asset Safeguards: Assets are safeguarded from unauthorized use, theft, and physical damage.	✓		14-15
10. Segregation of Duties over Inventory: The district segregates responsibilities for custody of inventories from record keeping responsibilities for those assets.	✓		14-18
11. Inventory Requisitioning Controls: The district has established and implemented controls that provide for proper inventory requisitioning.	✓		14-18
12. Inventory Accountability and Custody: The district has established controls that provide for inventory accountability and appropriate safeguards exist for inventory custody.	✓		14-18
13. Inventory Management: The district periodically evaluates the inventory function to determine its cost-effectiveness.	✓		14-19
14. General: The district has a process to set objectives for risk management activities, identify and evaluate risks, and design a comprehensive program to protect itself at a reasonable cost.	✓		14-20
15. Providing for Coverage Against Risk Exposure: The district has comprehensive policies and procedures relating to acquiring and reviewing coverage for risks of loss.	✓		14-21
16. Management Control Methods: District management communicates its commitment and support of strong internal controls.	✓		14-27
17. Financial Accounting System: The district records and reports financial transactions in accordance with prescribed standards.	✓		14-29
18. Financial Reporting Procedures: The district prepares and distributes its financial reports timely.	✓		14-29
19. Budget Practices: The district has a financial plan serving as an estimate of and control over operations and expenditures.	✓		14-30
20. Cash Management: The district has effective controls to provide recorded accountability for cash resources.	✓		14-31
21. Investment Practices: The district has an investment plan that includes investment objectives and performance criteria designed to maximize return consistent with the risks associated with each investment, and specifies the types of financial products approved for investment.	✓		14-31
22. Receivables: The district has established effective controls for recording, collecting, adjusting, and reporting receivables.	✓		14-32
23. Salary and Benefits Costs: The district has effective controls that provide accountability for the payment of salaries and benefits.	✓		14-32
24. Debt Financing: The district analyzes, evaluates, monitors, and reports debt-financing alternatives.	✓		14-34

Best Practices	Is the District Using Best Practices?		

COST CONTROL SYSTEMS	YES	NO	PAGE
25. Grant and Entitlement Monitoring: The district effectively monitors and reports grants activities.	✓		14-35
26. Segregation of Duties: The district segregates purchasing responsibilities from the requisitioning, authorizing, and receiving functions.	✓		14-36
27. Requisitioning: The district has established controls for authorizing purchase requisitions.	✓		14-37
28. Purchasing: The district has established authorization controls over purchasing.	✓		14-38
29. Receiving: The district has established controls to ensure that goods are received and meet quality standards.	✓		14-39
30. Disbursements: The district has established controls to ensure disbursements are properly authorized, documented, and recorded.	✓		14-39
31. Invoice Processing: The district has established controls for processing invoices to ensure that quantities, prices, and terms coincide with purchase orders and receiving reports.	✓		14-40

COMMUNITY INVOLVEMENT	YES	NO	PAGE
1. The district has developed a meaningful community involvement mission statement and maintains ongoing community involvement activities in its strategic plan directed toward performing that mission.		✓	15-4
2. The district has established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the Community Involvement Program.		✓	15-5
3. The district solicits and incorporates parent and community involvement and support.	✓		15-7
4. The district uses a variety of methods of communicating with parents.	✓		15-7
5. The district periodically reviews the organizational structure and staffing levels of the Community Involvement Program to minimize administrative layers and processes.	✓		15-8
6. The district has active Parent Teacher Associations /Parent Faculty Organizations (PTA/PFO) and other effective methods to involve and encourage parent leadership and participation.	✓		15-8
7. The district provides activities that encourage families to be involved in the schools.	✓		15-9
8. The district uses community resources to strengthen schools, families, and student learning and consistently offers school resources to strengthen communities.	✓		15-10
9. The district has developed school-business partnerships.	✓		15-10
10. District schools maintain active and effective programs to involve volunteers in the education process.	✓		15-11
11. District schools solicit economic support through school foundations.	✓		15-12

The Florida Legislature
Office of Program Policy Analysis and Government Accountability

Visit the Florida Monitor, OPPAGA's online service. See http://www.oppaga.state.fl.us. This site monitors the performance and accountability of Florida government by making OPPAGA's four primary products available online.

- OPPAGA publications and contracted reviews, such as policy analyses and performance reviews, assess the efficiency and effectiveness of state policies and programs and recommend improvements for Florida government.

- Performance-based program budgeting (PB²) reports and information offer a variety of tools. Program evaluation and justification reviews assess state programs operating under performance-based program budgeting. Also offered are performance measures information and our assessments of measures.

- Florida Government Accountability Report (FGAR) is an Internet encyclopedia of Florida state government. FGAR offers concise information about state programs, policy issues, and performance. Check out the ratings of the accountability systems of 13 state programs.

- Best Financial Management Practices Reviews of Florida school districts. In accordance with the *Sharpening the Pencil Act*, OPPAGA and the Auditor General jointly conduct reviews to determine if a school district is using best financial management practices to help school districts meet the challenge of educating their students in a cost-efficient manner.

Subscribe to OPPAGA's electronic newsletter, Florida Monitor Weekly, a free source for brief e-mail announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.

1 Introduction

Best Financial Management Practices Reviews are designed to help districts meet the challenge of educating students in a cost-effective manner. The Florida Legislature scheduled the Okaloosa County School District's assessment as part of the 2001 Sharpening the Pencil Act.

Overview

The 2001 Florida Legislature passed the Sharpening the Pencil Act to improve school district management and use of resources and identify cost savings. One of the most important provisions of the act is that it requires each school district to undergo a Best Financial Management Review once every five years. The act identifies those districts scheduled to undergo review each year of the five-year cycle. The Okaloosa County School District was 1 of 10 districts selected for review in the first year of the first cycle. [1]

Under these reviews, The Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Florida Auditor General (AG) examine school district operations to determine whether districts are using the Best Practices to evaluate programs, assess operations and performance, identify cost savings, and link financial planning and budgeting to district policies. The Best Practices were developed by OPPAGA and the Florida AG and adopted by the Commissioner of Education's office.

The Best Practices are designed to encourage school districts to

- use performance and cost-efficiency measures to evaluate programs;
- use appropriate benchmarks based on comparable school districts, government agencies, and industry standards;
- identify potential cost-savings through privatization and alternative service delivery; and
- link financial planning and budgeting to district priorities, including student performance.

Districts found to be using the Best Financial Management Practices will be awarded a Seal of Best Financial Management by the State Board of Education. Districts that are found not to be using Best Financial Management Practices will be provided a detailed two-year action plan for achieving compliance. The district school board must vote whether or not to implement this action plan.

Florida law gives OPPAGA authority to contract with outside consultants for all or parts of the review. In the case of Okaloosa County School District, OPPAGA and the Florida Auditor General conducted the entire review.

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[1] Due to the state's budget difficulties, the Legislature reduced the number of reviews during the first cycle to six during a special session in November 2001.

Background and Scope

The Okaloosa County School District has three primary goals: 1) improve student performance; 2) adhere to and ensure proper fiscal management; and 3) meet customers' needs. The district has 22 elementary schools; 8 middle schools; 4 high schools, 2 K-12 schools and 13 special schools and centers. [2, 3] Six of these special schools and centers are facilities in conjunction with the Department of Juvenile Justice, three are charter schools, two are vocational schools, one is a K-12 school for mentally/physically challenged students unable to be other schools, and one is an evening school. In 2001, the district employed more than 3,400 full-time personnel, and served over 30,000 students in pre-kindergarten through twelfth grade. In Fiscal Year 2001-02, the district's budgeted expenditures were approximately $201 million.

Beginning in October 2001, OPPAGA and the Florida AG assessed the operations of the district under the fourteen (14) best practice review areas illustrated in Exhibit 1-1.

Exhibit 1-1

Best Financial Management Practices Review Areas

1. Management Structures	8. Facilities Construction
2. Performance Accountability Systems	9. Facilities Maintenance
3. Educational Service Delivery	10. Student Transportation
4. Administrative and Instructional Technology	11. Food Service Operations
5. Personnel Systems and Benefits	12. Cost Control Systems
6. Use of Lottery Proceeds	13. Safety and Security
7. Use of State and District Construction Funds	14. Community Involvement

Members of the OPPAGA and Florida AG teams express their sincere appreciation to the Okaloosa County School Board, the superintendent, and district and school-based employees who provided information and assistance during the review.

Methodology

In conducting this review, OPPAGA and the Florida AG used a variety of methods to collect information about the district's use of the Best Financial Management Practices. Review staff conducted several site visits to the Okaloosa County School District over the course of five months. Refer to Exhibit 1-2 for a timeline of major project activities. The review staff conducted numerous interviews with district administrators and staff, held two public forums, conducted focus groups with principals and teachers, attended school board and School Advisory Committee (SAC) meetings, and conducted site visits to schools. Staff also gathered and reviewed many program documents, district financial data, data on program activities, and data on student performance.

In an effort to put Okaloosa's programs and activities in context with other Florida school districts, OPPAGA and the Florida AG gathered information from five peer districts around the state: Alachua,

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[2] During the course of this review, the district voted to close Combs New Heights Elementary as of June 2002. This will reduce the number of elementary schools to 21.

[3] Specialty schools include partnerships with the Department of Juvenile Justice and charter schools. Because charter schools are authorized by the school district and are ultimately accountable to the school board (which can revoke a charter if the arrangement is detrimental to the district's students), students enrolled in charter schools are included in the overall student population for most statistics.

Bay, Lake, Marion, and Santa Rosa. The peer districts were selected based on their similarities with Okaloosa across a number of categories, including the size of the student population and demographic information. In some special instances, the activities of Okaloosa were alternatively compared to two neighboring districts, Escambia and Walton.

Exhibit 1-2

Okaloosa County School District
Best Financial Management Practices Review Timeline

Activity	Date
• OPPAGA and Florida AG Team Conducted First Site Visit Team members reviewed the district's self-assessment with district staff, conducted numerous interviews, collected additional data, and identified preliminary high level issues.	October 15 through October 19, 2001
• OPPAGA and Florida AG Team Conducted Two Public Forums Team members conducted two public forums to obtain input from the community on current issues and concerns as well as outstanding district services or programs. A press release was issued and members of School Advisory Councils, PTA, Parents and the Community were invited. The forums were held simultaneously at the Okaloosa Applied Technology Center and at Southside Elementary.	October 18, 2001
• OPPAGA and Florida AG Team Conducted Second Site Visit Team members conducted focus groups of principals and teachers, attended school board and SAC meetings, and interviewed district and school-based staff. Team members collected additional documentation and data to supplement the district's self-assessment and information collected during the initial site-visit.	November 13 through November 16, 2001
• OPPAGA and Florida AG Team Conducted Third Site Visit Team members conducted numerous interviews with the superintendent, assistant superintendents, program supervisors and directors to discuss preliminary findings and potential solutions.	January 14 and January 15, 2002
• Draft report submitted for district review	March 2002
• Presentation of final report to the Okaloosa County School Board	September 2002

Source: OPPAGA.

Interviews

To understand the Okaloosa County School District's practices and programs, the review team conducted over 200 on-site interviews with numerous individuals. The review team interviewed a wide range of district personnel representing all levels of staff. Interview participants included school board members, the superintendent, assistant superintendents, various program directors and supervisors, principals, teachers, district-based and school-based support staff, and bus drivers. In addition, the team held many telephone conversations and exchanged electronic correspondence with district staff to gather additional information and feedback on relevant issues.

On-Site Observations

Team members conducted on-site observations of district operations. These observations included district offices, school campuses, transportation facilities, maintenance hubs, the Okaloosa Applied Technology Center, and the district's central kitchen and school cafeterias. In total, the review teams visited seven (7) elementary schools, six (6) middle schools, four (4) high schools, two (2) K-12 schools and one (1) other educational facility as illustrated in Exhibit 1-3.

Exhibit 1-3

OPPAGA And Florida AG Team Members Visited 20 District Campuses

Elementary Schools	Middle Schools	High Schools	Other Educational Institutes
Antioch	Bruner	Choctawatchee	Okaloosa Applied Technology
Bluewater	Davidson	Crestview	Center
Bob Sykes	Destin	Fort Walton Beach	Baker (K-12)
Destin	Meigs	Niceville	Laurel Hill (K-12)
Elliot Point	Pryor		
Ocean City	Ruckel		
Shalimar			

Source: OPPAGA.

Public Forums

The review team conducted two simultaneous public forums in two Okaloosa County cities (Fort Walton Beach and Crestview), to allow citizens to express their concerns regarding current issues and obtain feedback on outstanding district programs and services. The team also distributed pamphlets with information on how the public could provide information through a 1-800 Community Input Hotline and office e-mail.

Peer School Districts

OPPAGA and the Florida AG, in consultation with the district, identified five peer districts with the purpose of putting Okaloosa's programs and activities in context with comparable Florida school districts. To gather information from the group of peers, the review team sent a request for information to the superintendent in each of the five districts. Peer district staff provided information, documents and data for comparison purposes. The review team also used data from the neighboring districts of Escambia and Walton, to compare selected aspects in the review areas of Personnel Systems and Benefits, Administrative and Instructional Technology, Construction and Maintenance, and Educational Service Delivery.

2

Statistical Profile of the Okaloosa County School District

Okaloosa County School District has three primary goals including better student performance, better fiscal and operational management, and better customer relations.

County Profile —————————————————————

This section describes the statistical characteristics of Okaloosa County and the Okaloosa County School District. Statistics include socio-economic indicators, school district information, student population descriptions, student performance indicators, and staff descriptions. We compared these statistics with five peer school districts and the state as a whole in order to put these indicators into context. The peer districts were selected based on their similarities with the Okaloosa County School District across a number of categories, including the size of the student population and demographic information. For the Okaloosa County School District, the five peer districts are Alachua, Bay, Lake, Marion, and Santa Rosa.

County History and Geography

Wilson County was formed from parts of neighboring Santa Rosa and Walton counties in 1915. The name was changed from Wilson County to Okaloosa County several years later. In the local Native American culture "okaloosa" means "pleasant place" or "beautiful place."

Okaloosa County is a medium-sized county located in the western panhandle of Florida. A large military complex creates a natural geographic division of the county into northern, central, and southern regions. The county has the major cities of Fort Walton Beach and Destin in the south, Niceville and Valpariso in the central region, and Crestview and Laurel Hill in the north. There are also a number of smaller incorporated and unincorporated cities spread throughout the county. Crestview is the county seat, although most county government departments have offices in Fort Walton Beach.

County Socio-Economic Demographics

Based on the 2000 Census, Okaloosa County has a total population of 170,498. This represents an 18.6% growth rate from 1990, lower than Florida's growth rate for the same period of 23.5%. About 24.7% of the residents of Okaloosa County were under the age of 18 and 12.1% of residents were over the age of 65 in 2000. This indicates that Okaloosa County's population is generally younger than the state as a whole. Exhibit 2-1 compares the major age groups for Okaloosa County and Florida. In 2000, the largest difference between Okaloosa's residents and the state's was in the over-65 group. The proportion of residents over-65 in Okaloosa was about 5.5% less than the state's.

Exhibit 2-1

The Size of Okaloosa's School-Aged Population Was Comparable to the State, but the Over-65 Population Was 5.5% Less Than Florida's for the Year 2000
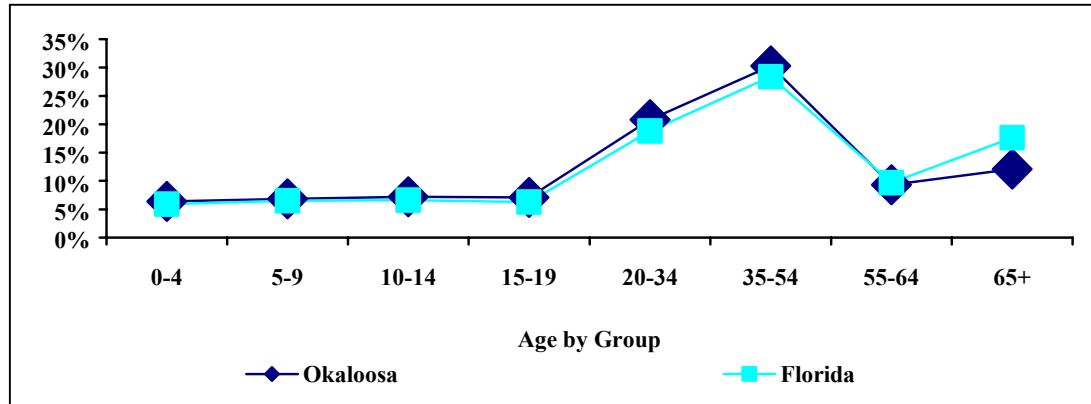
Source: US Census: Population Estimates by Age Group: April 1, 2000.

Okaloosa County has a workforce of over 83,000 people. The county's primary sources of employment are the U.S. Air Force and associated defense contractors, service industries related to tourism, retail trade, and local government.

Okaloosa County supports three military installations called the Eglin Air Force Base complex (Eglin Air Force Base, Hurlburt Field and Duke Field). Eglin is geographically the largest air force base in the world and its economic and social impact on the county is significant. The military complex occupies almost half of the total land in the county. Over 27% of all U.S. Department of Defense funding for base operations in Florida is spent in Okaloosa County. The effect on employment is that over 45,000 residents (or half of the entire county workforce) are associated with this spending. There are 14,785 active service personnel and civilians who directly make up the Eglin workforce. Five of the 10 largest private employers in the county are defense contractors with over $250 million in Department of Defense funds shared annually among these firms.

Tourism is another significant industry in the county. The economic impact of tourism in Okaloosa County is estimated at over $700 million annually and provides over 32,000 jobs. The largest private employer in the county, Abbott Resorts, is associated with tourism. The Okaloosa County School District and local government are also principal employers in the county.

As shown in Exhibit 2-2, the per capita income of Okaloosa County residents has been consistently lower than the per capita income of the state as a whole. In 1999, per capita income of Okaloosa County residents was $3,061 below the state average.

Exhibit 2-2

Per Capita Income of Okaloosa County Residents Was $3,061 Below the State Average in 1999
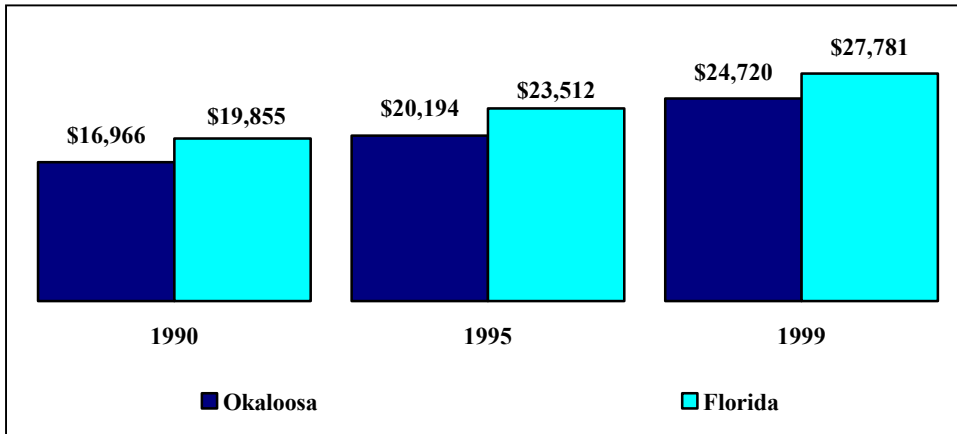
Source: Florida Research and Economic Database, 2002.

Exhibit 2-3 illustrates the level of poverty in Okaloosa County and five peer school districts in 1997. Even though the per capita income in the county is lower than the state average, Okaloosa County has the lowest percentage of total population and children below the poverty level of any of the peer districts.

Exhibit 2-3

Okaloosa Has The Lowest Percentage of Persons Under the Poverty Level

School District	Percentage of Total Population Below Poverty Level	Percentage of Children Below Poverty Level
Alachua	18.3%	23.0%
Bay	15.1%	22.4%
Lake	12.8%	22.7%
Marion	16.4%	26.7%
Okaloosa	**10.5%**	**14.7%**
Santa Rosa	11.8%	16.1%
Florida	**14.4%**	**21.8%**

Source: State and County Quick Facts, U.S. Census Bureau, 2002.

Unemployment is low in Okaloosa County. As shown in Exhibit 2-4, the unemployment rate in Okaloosa County has been lower than the state's rate for five years between 1997-2001. During these five years, Okaloosa County's unemployment rate has been on average 1.12% lower than the state's unemployment rate. The most notable exception is the unemployment figure for 2001. The state saw a significant increase in its unemployment rate in 2001, while Okaloosa County incurred only a relatively small increase. The importance of defense spending following the terrorist attacks of September 2001 has probably cushioned the economic downturn in Okaloosa County relative to the state as a whole.

Exhibit 2-4

Okaloosa's Unemployment Rate Has Been Consistently Lower Than the State's Over the Last Five Years
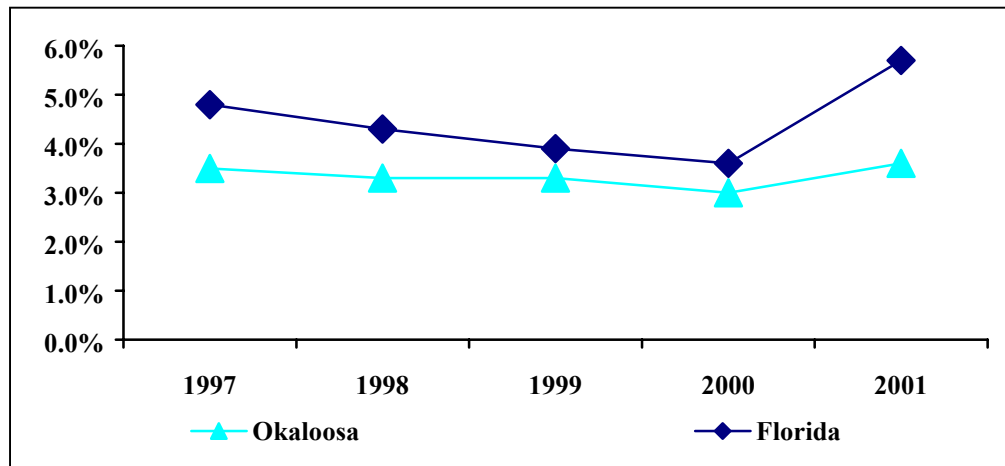
Source: Florida Agency for Workforce Innovation; Bureau of Economic and Business Research.

School District Profile ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

The following section provides a profile of the Okaloosa County School District in comparison with its five peer districts and the state. The information and data in this section is primarily obtained from standardized reports developed and published by Florida's Department of Education (DOE). Any special circumstances in the district not accounted for in the DOE data, remain excluded from this section so that peer comparisons are standardized. Information in this section is presented across four main areas.

- District Information
- Student Performance
- Student Characteristics
- Staff Characteristics

School District General Information

The Okaloosa County School District has 22 elementary schools; 8 middle schools; 4 high schools, 2 K-12 schools and 13 specialty schools and centers. [1,2] The district's main administration building is located in Fort Walton Beach, with a second office in Crestview. Most district services are headquartered in Fort Walton Beach, with the exception of Transportation and Information Services that are located in Crestview, Food Services in Niceville, and Facilities Maintenance services that are separated into three area offices.

The Okaloosa County School District has five board members and an elected superintendent. The board and the administration work closely together, although this has not always been the case. The district had significant upheaval during the 1990s, including three different superintendents, several chief financial officers, problems with the previous board attorney, and internal audit problems. The current

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[1] During the course of this review, the district voted to close Combs New Heights Elementary as of June 2002. This will leave the district with 21 elementary schools.

[2] Specialty schools include partnerships with the Department of Juvenile Justice and charter schools. Because charter schools are authorized by the school district and are ultimately accountable to the school board (which can revoke a charter if the arrangement is detrimental to the district's students), students enrolled in charter schools are included in the overall student population for most statistics.

superintendent was elected in 2000, after previously serving on the school board for six years. The superintendent is the first non-educator to hold this position.

After taking office, the superintendent immediately reorganized the district's management structures into its current design. The district was divided into three operating divisions based on the previously described geographic regions (north, central, and south). Three assistant superintendent positions were created to manage these divisions, all of which are occupied by former principals from the district.

Our Best Practice review occurred at a time when these transitions are still being implemented. The OPPAGA and Florida AG teams considered this factor in order to ascertain whether any identified issues were historical artifacts of previous administrations or the result of the current restructuring.

According to state records as of October 2001, the district served 30,858 students in grades pre-kindergarten through twelfth. These children include 13,736 elementary students, 7,331 middle school students, and 9,791 high school students. Exhibit 2-5 shows the growth in student population of Okaloosa and its peer districts for 2001 compared to1997. [3] Comparing fall 1997 student population with fall 2001, the district's student population has only grown by 544 students (approximately 1.8%), from 30,314 to 30,858 students.

Exhibit 2-5

Growth in Student Population in Okaloosa Was Less Than Three of The Five Peer District in Fall 2001 Compared With Fall 1997

School District	Student Population		Percentage of Growth
	Fall 1997	**Fall 2001**	
Alachua	30,063	29,599	-1.5%
Bay	26,023	26,033	<1%
Lake	27,123	30,626	12.9%
Marion	37,210	39,319	5.7%
Okaloosa	**30,314**	**30,858**	**1.8%**
Santa Rosa	21,563	23,228	7.7%
Peer Average (excluding Okaloosa)	**28,396**	**29,761**	**5.4%**
State	**2,290,726**	**2,495,426**	**8.9%**

Source: Profiles of Florida School Districts (Survey 2 demographic data, October, 2001), Department of Education.

In fact, the growth rate in Okaloosa is much lower than the state's rate of 8.9% for the same time period. Exhibit 2-6 shows detail of the Okaloosa County student enrollment for fall 1997 through fall 2001.

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[3] October 2001 is the most recent comparable data available at the time of the review.

Exhibit 2-6

Okaloosa's Student Enrollment Has Remained Steady Over the Past Five Years
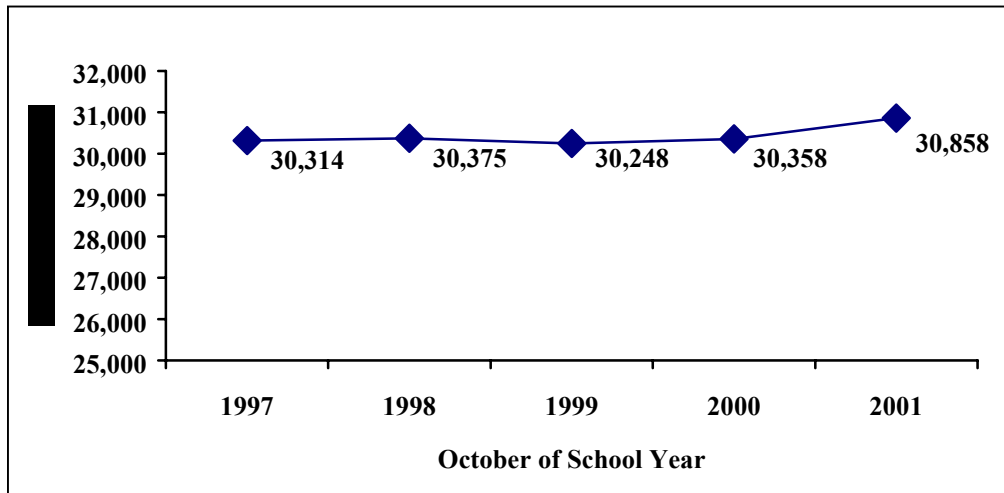
Source: Profiles of Florida School Districts (Survey 2 demographic data, October, 2001), Department of Education.

School District Financial Information

The 2001-02 budgeted expenditures for the Okaloosa County School District are approximately $201 million. The school district receives revenue from federal, state, and local sources. The majority (78%) of all state revenue is from the Florida Education Finance Program (FEFP). This funding source, established by the Legislature annually, prescribes state revenues for education as well as the level of ad valorem taxes (property taxes), which must be levied by each school district in the state. It also includes restricted funding called 'categoricals,' which are funds specified by the Legislature for selected district services, such as instructional materials (textbooks). The district's funds from federal sources are primarily associated with the military impact on the district. Exhibit 2-7 shows the district's revenue and expenditures by category for the budgeted 2001-02 year. [4]

Exhibit 2-7

District Funds Include Federal, State, and Local Sources

Estimated Revenue	General Fund	Special Revenue	Debt Service	Capital Projects	Trust & Agency	Total All Funds
Federal	$ 5,072,877.54	$13,669,437.21				$ 18,742,314.75
State	100,020,493.00	125,000.00	$1,161,825.00	$ 3,404,303.00		104,711,621.00
Local	55,517,187.00	3,745,000.00	160,000.00	13,823,078.00	$53,000.00	73,298,265.00
Total Sources	$160,610,557.54	$17,539,437.21	$1,321,825.00	$17,227,381.00	$53,000.00	$196,752,200.75
Transfers in	**$ 2,174,047.00**		**$2,759,363.12**			**$ 4,933,410.12**
Fund balance (07/01/02)	18,234,182.70	1,342,929.40	3,370,888.32	15,246,760.23	10,839.15	38,205,599.80
Total Revenue and Balances	**$181,018,787.24**	**$18,882,366.61**	**$7,452,076.44**	**$32,474,141.23**	**$63,839.15**	**$239,891,210.67**

[4] Revenues and expenses includes $5,114,608 which is, by Charter Reference 228.056(14), FS, passed through to three charter schools and therefore not under the control of the district. Also included is $313,497.00, which is, by McKay Reference 229.05371(b), FS, transferred out of the financial accounts of the district into the accounts of private voucher schools through McKay Scholarships. Such funds are entirely the province and responsibility of the private voucher schools.

Estimated Revenue	General Fund	Special Revenue	Debt Service	Capital Projects	Trust & Agency	Total All Funds
Expenditures						
Instruction	$102,731,370.04	$5,423,619.18				$108,154,989.22
Pupil Personnel Services	5,825,696.66	835,618.15				6,661,314.81
Instructional Media Services	3,391,596.29	174,091.71				3,565,688.00
Instruction & Curriculum Services	2,100,079.81	1,707,144.03				3,807,223.84
Instructional Staff Training	644,527.56	382,298.43				1,026,825.99
Board of Education	1,681,443.22					1,681,443.22
General Administration	280,696.67	362,531.53				643,228.20
School Administration	11,956,200.83					11,956,200.83
Facilities Acquisition & Construction	215,870.91	10,492.00		21,054,632.51		21,280,995.42
Fiscal Services	1,329,344.67					1,329,344.67
Food Services		7,417,035.29				7,417,035.29
Central Services	5,824,073.76	162,652.95				5,986,726.71
Pupil Transportation	6,809,329.80	12,292.29				6,821,622.09
Operation of Plant	11,164,843.38	10,070.60				11,174,913.98
Maintenance of Plant	4,178,268.24	34,116.00				4,212,384.24
Community Services	1,260,538.68	14,824.01			45,000.00	1,320,362.69
Debt Service			4,014,486.02			4,014,486.02
Total Expenditures	**$159,393,880.52**	**$16,546,786.17**	**$4,014,486.02**	**$21,054,632.51**	**$45,000.00**	**$201,054,785.22**
Transfers out				$ 4,933,410.12		$ 4,933,410.12
Fund balance (06/30/02)	21,624,906.72	2,335,580.44	3,437,590.42	6,486,098.60	18,839.15	33,903,015.33
Total Expenditures, Transfers and Balances	**$181,018,787.24**	**$18,882,366.61**	**$7,452,076.44**	**$32,474,141.23**	**$63,839.15**	**$239,891,210.67**

Source: School District of Okaloosa County, District Summary Budget 2001-02.

Okaloosa County School District's staffing ratios for 2000-01 are shown in Exhibits 2-8. In 1999-2000, the district had a total of 112 administrative staff (48 district level and 64 school level), but the number of administrative staff grew to 118 in 2000-01, with the most significant growth in school level administration (43 district level and 75 school level).

Exhibit 2-8

Okaloosa's Staffing Ratios Are Similar to Its Peers

School District	Staff Ratios					
	Administrators to Classroom Teachers	Administrators to Total Instructional	Administrators to Total Staff	Classroom Teachers to Students	Teacher Aids to Classroom Teachers	Guidance to Students
Alachua	1: 12.14	1: 14.21	1: 28.44	1: 17.71	1: 4.22	1: 404.12
Bay	1: 13.33	1: 15.13	1: 28.12	1: 16.82	1: 3.51	1: 353.58
Lake	1: 14.17	1: 15.96	1: 30.33	1: 18.30	1: 4.49	1: 361.32
Marion	1: 13.30	1: 14.69	1: 30.56	1: 17.11	1: 2.82	1: 499.59
Okaloosa	**1: 14.46**	**1: 15.83**	**1: 29.34**	**1: 17.71**	**1: 3.83**	**1: 451.46**
Santa Rosa	1: 15.37	1: 17.20	1: 27.25	1: 17.41	1: 4.87	1: 444.52
State	**1: 14.20**	**1: 15.89**	**1: 29.04**	**1: 17.68**	**1: 4.29**	**1: 438.18**

Source: Profiles of Florida School Districts, Staff and Student Data, Department of Education, 2000-01.

Okaloosa County School District's expenditures per FTE for 1998-99 are shown in Exhibits 2-9 and 2-10. [5] Okaloosa's expenditures at $5,252 per FTE were similar to those of its peer districts. The expenditures include funds from the General and Special Revenue Funds.

Exhibit 2-9

Okaloosa's 1998-99 Expenditures Per FTE Are Similar to Its Peers

School District	1998-99 Expenditures Per FTE		
	Unweighted FTE	Current Expenditures	Expenditures Per FTE
Alachua	29,072.51	$168,016,975.68	$5,779
Bay	25,524.29	137,399,527.22	5,383
Lake	27,738.36	142,632,268.59	5,142
Marion	37,097.37	200,132,649.55	5,395
Okaloosa	**30,144.02**	**158,321,451.97**	**5,252**
Santa Rosa	21,806.13	112,182,321.27	5,145
Peer Average (excluding Okaloosa)	**28,247.73**	**$152,072,748.46**	**$5,369**
State Total	**2,335,660.58**	**$13,141,468,926**	**$5,626**

Source: Florida Department of Education. Profile of Florida School Districts Financial Data.

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[5] The most recent year available for comparison among peer districts was 1998-99.

Exhibit 2-10

Okaloosa's Expenditures Per FTE Are Similar To Its Peers'
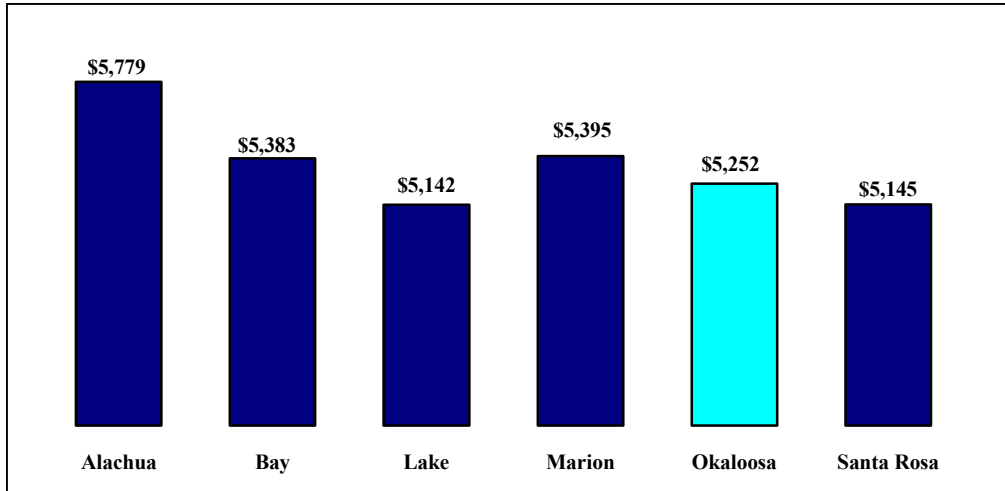
Source: Florida Department of Education. Profile of Florida School Districts Financial Data.

Exhibit 2-11 details the per pupil expenditures in the districts based on category of student. Okaloosa County School District's expenditures per regular FTE were higher than its peers and the state, but the expenditures per At-Risk and Exceptional Student FTE were significantly lower with the exception of Lake.

Exhibit 2-11

Okaloosa's Expenditures Per FTE Are Higher for Regular Students, but Much Lower for At-Risk and Exceptional Students

	2000-01 Expenditures Per FTE		
School District	**Regular**	**At-Risk**	**Exceptional**
Alachua	$4,511	$6,302	$7,340
Bay	4,453	5,288	6,932
Lake	4,023	4,830	6,063
Marion	4,238	5,523	7,597
Okaloosa	**4,567**	**5,231**	**6,203**
Santa Rosa	4,363	7,858	7,236
State	**$4,441**	**$5,424**	**$7,726**

Source: Florida District Indicators Report, Department of Education, 2002.

Student Performance————————————————————

The effective delivery of educational services is the first and most important aspect of all school district missions. Critical to the delivery of these services is how districts can maximize student performance while keeping within current budget constraints. Indicators of how well the district is accomplishing this include test scores, graduation rates, and dropout rates. This section profiles student achievement of the Okaloosa County School District, as well as performance information about its peer districts.

Student Test Scores

The Florida Comprehensive Assessment Test measures student performance on selected benchmarks in reading and mathematics that are defined by the Sunshine State Standards. The standards articulate challenging content that Florida students are expected to know and be able to do. The standards were developed in seven content areas and were adopted by the State Board of Education in May 1996. All public schools are expected to teach students the content found in the Sunshine State Standards. Students' proficiency in reading and mathematics in grades 3 through 10 is measured by the FCAT and is scored on levels 1 through 5. Exhibits 2-12 and 2-13 illustrate the standard lower and upper scoring ranges for the five levels in 2002.

Exhibit 2-12

FCAT Reading Achievement Levels and Lower and Upper Scoring Ranges for Tests Administered in 2002

Grade	Level 1	Level 2	Level 3	Level 4	Level 5
3	100-258	259-283	284-331	332-393	394-500
4	100-274	275-298	299-338	339-385	386-500
5	100-255	256-285	286-330	331-383	384-500
6	100-264	265-295	296-338	339-386	387-500
7	100-266	267-299	300-343	344-388	389-500
8	100-270	271-309	310-349	350-393	394-500
9	100-284	285-321	322-353	354-381	382-500
10	100-286	287-326	327-354	355-371	372-500

Source: Student Assessment Services Section, Department of Education.

Exhibit 2-13

FCAT Mathematics Achievement Levels and Lower and Upper Scoring Ranges for Tests Administered in 2002

Grade	Level 1	Level 2	Level 3	Level 4	Level 5
3	100-252	253-293	294-345	346-397	398-500
4	100-259	260-297	298-346	347-393	394-500
5	100-287	288-325	326-354	355-394	395-500
6	100-282	283-314	315-353	354-390	391-500
7	100-274	275-305	306-343	344-378	379-500
8	100-279	280-309	310-346	347-370	371-500
9	100-260	261-295	296-331	332-366	367-500
10	100-286	287-314	315-339	340-374	375-500

Source: Student Assessment Services Section, Department of Education.

Exhibit 2-14 provides mean scoring results for the 2001-02 FCAT reading exam and their corresponding performance levels. Okaloosa County's mean reading scores ranged from 305 to 316. As seen in this exhibit, all grades (with the exception of ninth and tenth) would be placed in level 3 for reading while ninth and tenth graders would be placed in level 2. Okaloosa students scored higher in all grade levels compared to both the state and its peers, with the exception of the Santa Rosa County School District.

Exhibit 2-14

Okaloosa's 2001–2002 FCAT Mean Reading Scores
Are Comparable to Its Peers

District	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10
Alachua	299 (3)	306 (3)	283 (2)	298 (3)	297 (2)	300 (2)	302 (2)	312 (2)
Bay	303 (3)	306 (3)	295 (3)	303 (3)	304 (3)	305 (2)	298 (2)	309 (2)
Lake	298 (3)	301 (3)	294 (3)	300 (3)	300 (3)	297 (2)	289 (2)	302 (2)
Marion	295 (3)	300 (3)	285 (2)	288 (2)	292 (2)	292 (2)	292 (2)	302 (2)
Okaloosa	**315 (3)**	**316 (3)**	**305 (3)**	**313 (3)**	**315 (3)**	**313 (3)**	**307 (2)**	**316 (2)**
Santa Rosa	320 (3)	321 (3)	306 (3)	321 (3)	325 (3)	321 (3)	311 (2)	321 (2)
State Average	**293 (3)**	**299 (3)**	**285 (2)**	**291 (2)**	**294 (2)**	**295 (2)**	**287 (2)**	**303 (2)**

Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

Exhibit 2-15 details the 2001-02 FCAT mean mathematics scores for Okaloosa County School District and its peers. Okaloosa County's mean mathematics scores ranged from 307-330. Okaloosa's students, in all grades tested, placed in level 3. Performance at a level 3 score indicates that the student has partial success with the challenging content of the Sunshine State Standards, but performance is inconsistent. Students at this level answer many questions correctly, but generally are not successful with questions that are most challenging. Okaloosa consistently scored at a higher level on average than the state and its peers, except for Santa Rosa.

Exhibit 2-15

Okaloosa's 2001–2002 FCAT Mean Mathematics Scores
Are Comparable to Its Peers

District	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10
Alachua	300 (3)	297 (2)	315 (2)	304 (2)	300 (2)	312 (3)	298 (3)	324 (3)
Bay	303 (3)	299 (3)	319 (2)	302 (2)	296 (2)	311 (3)	294 (2)	321 (3)
Lake	307 (3)	294 (2)	326 (3)	302 (2)	297 (2)	307 (2)	289 (2)	318 (3)
Marion	296 (3)	289 (2)	313 (2)	292 (2)	288 (2)	300 (2)	289 (2)	317 (3)
Okaloosa	**319 (3)**	**309 (3)**	**330 (3)**	**316 (3)**	**309 (3)**	**324 (3)**	**307 (3)**	**329 (3)**
Santa Rosa	325 (3)	313 (3)	330 (3)	319 (3)	319 (3)	329 (3)	312 (3)	335 (3)
State Average	**302 (3)**	**294 (2)**	**318 (2)**	**298 (2)**	**292 (2)**	**305 (2)**	**286 (2)**	**319 (3)**

Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

The FCAT also provides a method for evaluating student performance compared to national standards. The Norm-Referenced Test (NRT) portion of the FCAT contains questions that are scored separately from the rest of the test. Students receive a score for these questions and a National Percentile Ranking (NPR). The NPR indicates the percentage of students who earned the same score or lower on these select questions. Students who score at the national average earn a NPR of 50. Exhibits 2-16 and 2-17 present the mean NRT and NPR scores for reading and mathematics for students in Okaloosa County and its peer districts.

Exhibit 2-16

Okaloosa's 2001–2002 FCAT Mean NRT and NPR Scores in Reading Are Generally Higher Than Its Peers

	Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 9		Grade 10	
District	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**
Alachua	625	59	648	60	655	53	665	55	680	56	702	64	697	52	706	56
Bay	632	64	653	64	662	60	670	59	687	62	707	69	697	51	705	54
Lake	626	59	644	57	658	56	667	57	685	60	699	62	690	46	701	50
Marion	623	57	644	57	655	54	659	49	680	55	695	58	692	47	701	50
Okaloosa	**640**	**70**	**659**	**69**	**669**	**66**	**675**	**64**	**693**	**67**	**711**	**73**	**702**	**57**	**709**	**58**
Santa Rosa	645	74	662	72	669	66	679	68	701	74	717	77	705	59	713	61
State Average	**624**	**57**	**644**	**57**	**654**	**52**	**662**	**52**	**680**	**56**	**697**	**60**	**688**	**44**	**701**	**50**

Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

Exhibit 2-17

Okaloosa's 2001–2002 FCAT Mean NRT and NPR Scores in Mathematics Are Generally Higher Than Its Peers

	Grade 3		Grade 4		Grade 5		Grade 6		Grade 7		Grade 8		Grade 9		Grade 10	
District	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**	**NRT**	**NPR**
Alachua	618	61	636	63	653	61	668	66	688	70	694	70	714	73	720	70
Bay	623	66	640	67	657	65	669	68	683	67	690	67	709	69	713	67
Lake	624	67	635	62	658	66	668	67	683	67	689	66	703	64	712	65
Marion	618	61	635	63	653	61	662	61	680	65	682	60	703	65	710	63
Okaloosa	**630**	**72**	**645**	**72**	**664**	**71**	**678**	**75**	**694**	**76**	**701**	**76**	**718**	**77**	**722**	**74**
Santa Rosa	638	78	650	75	663	70	682	78	702	82	705	79	720	79	726	78
State Average	**618**	**62**	**634**	**62**	**653**	**61**	**664**	**63**	**680**	**65**	**687**	**64**	**704**	**65**	**714**	**67**

Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

The FCAT Writing exam is also administered throughout each of the state's 67 districts. The FCAT Writing test is an assessment that measures student writing proficiency in Grades 4, 8, and 10. The test requires students to write responses to assigned topics in a single testing period. Beginning in 2000, the Florida Writing Assessment Program (FWAP), also known as Florida Writes!, was called FCAT Writing. Prior to that year, writing was assessed separately through a test called Florida Writes! Scoring for the FCAT exams range from 1, the lowest score to 6, the highest score. Exhibit 2-18 provides 2002 FCAT Writing results. Okaloosa's mean scores ranged from 3.4 to 4.0. Okaloosa's results are similar when compared to the state average and to its peer districts.

Exhibit 2-18

Okaloosa's FCAT Writing 2002 Results Are Slightly Higher Than Its Peers

	Combined Mean Score		
District	**Grade 4**	**Grade 8**	**Grade 10**
Alachua	3.5	4.1	4.1
Bay	3.2	3.8	3.7
Lake	3.3	3.6	3.7
Marion	3.3	3.6	3.7
Okaloosa	**3.4**	**4.0**	**3.9**
Santa Rosa	3.5	4.2	4.0
Statewide Average	**3.4**	**3.8**	**3.8**

Source: Department of Education, 2002.

The 1976 Legislature created a competency test to be used as part of the requirements for a regular high school diploma. All eleventh graders must take the High School Competency Test (HSCT) and must pass both parts of the test (reading and mathematics) to qualify for a diploma. Exhibit 2-19 compares the percentage-passing rate for the Okaloosa County School District and its five peers for the 2000 HSCT exam. Okaloosa County students had passing rates comparable to its peers and the state average.

Exhibit 2-19

Percentage of Students Passing the HSCT in Okaloosa County Is Comparable to Its Peers and the State Average

| District | Grade 11: Percentage Passing | |
	Communications	Math
Alachua	81	79
Bay	77	75
Lake	71	73
Marion	78	78
Okaloosa	**80**	**78**
Santa Rosa	81	81
State Totals	**75**	**76**

Source: Department of Education.

Another indicator of performance of its students is the results of the college placement tests as taken by twelfth graders. Students are likely to take either the SAT (Scholastic Aptitude Test) or the ACT (American College Test) tests as they prepare to graduate high school. Exhibit 2-20 compares Okaloosa's results with its peers. The mean SAT score for Okaloosa students was higher than the state, but lower than the average of its peers. Both ACT composite scores were higher for Okaloosa than its peers.

Exhibit 2-20

Okaloosa Students' Average Score Was Higher Than the State Average on Both the SAT and ACT Test in 2000-01

| School District | SAT | | | ACT | | |
	Number Tested	Percentage 12th Graders Tested	Mean Score	Number Tested	Percentage 12th Graders Tested	Composite Score
Alachua	868	52.8%	1,063	559	34.0%	20.8
Bay	415	30.6%	1,039	554	40.8%	21.2
Lake	414	28.4%	1,023	547	37.5%	21.4
Marion	597	29.9%	1,009	623	31.2%	20.4
Okaloosa	**663**	**33.9%**	**1,028**	**974**	**49.8%**	**21.4**
Santa Rosa	297	23.1%	1,046	738	57.5%	21.5
State	**54,827**	**45.8%**	**993**	**40,508**	**33.8%**	**20.3**

Source: Florida District Indicators Report, Department of Education, 2002.

Graduation and Students Continuing Their Education

The Okaloosa County School District has had a greater overall decrease in its dropout rate and a greater graduation rate compared with the state average. The dropout rates and graduation rates for the Okaloosa County School District's previous three school years are compared against its peers in Exhibit 2-21. The district's dropout rate has gradually improved since the 1998-99 school year while peer districts dropout

rates have generally fluctuated. Okaloosa graduations rates are higher than both its peers and the state average.

Exhibit 2-21

Okaloosa's Dropout Rates Have Improved, While Graduation Rates Are Higher Than Its Peers and the State

School	Dropout Rate			Graduation Rate		
District	1998-99	1999-2000	2000-01	1998-99	1999-2000	2000-01
Alachua	5.7%	6.3%	6.1%	63.3%	63.7%	61.2%
Bay	2.5%	3.5%	1.6%	55.9%	65.9%	68.3%
Lake	3.6%	4.3%	4.5%	65.0%	66.3%	67.5%
Marion	5.7%	4.5%	3.6%	57.9%	60.3%	65.2%
Okaloosa	**4.4%**	**4.1%**	**3.7%**	**77.1%**	**77.5%**	**76.8%**
Santa Rosa	2.1%	2.0%	2.2%	75.4%	73.5%	75.4%
State	**5.4%**	**4.6%**	**3.8%**	**60.2%**	**62.3%**	**63.8%**

Source: Department of Education.

The percentage of Okaloosa high school graduates continuing their education was similar to the statewide average, but lower than three of its peers. The percentage of the Okaloosa County School District's graduates continuing their education is compared against its peers in Exhibit 2-22.

Exhibit 2-22

The Percentage of Okaloosa's 2001 Graduates Entering Postsecondary Education Was Significantly Lower Than Some of Its Peers

School District	Total Graduates	Total Continuing Education	Percent Continuing
Alachua	1,425	1,088	76.4%
Bay	1,206	762	63.2%
Lake	1,347	202	15.0%
Marion	1,815	1,214	66.9%
Okaloosa	**1,831**	**1,184**	**64.7%**
Santa Rosa	1,077	955	88.7%
State	**111,112**	**69,963**	**63.0%**

Source: Postsecondary Plans Report, Department of Education, 2000-01.

Most Okaloosa high school graduates continuing their education are attending a community college. Okaloosa County and its peers tend to have a higher percentage of graduates going into community colleges than the state as a whole. Exhibit 2-23 describes the type of continuing education being pursued by Okaloosa graduates and their peers.

Exhibit 2-23

Graduates By Type of Postsecondary Education Being Pursued

School District	Total Graduates Continuing Education	Florida Community College		Florida University		Non-Florida University/College		Technical/Trade/ Other	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Alachua	1,088	587	54%	372	34%	106	10%	23	2%
Bay	762	476	62%	190	25%	56	7%	40	5%
Lake	202	101	50%	67	33%	3	1%	31	15%
Marion	1,214	718	59%	353	29%	83	7%	60	5%
Okaloosa	**1,184**	**635**	**54%**	**359**	**30%**	**157**	**13%**	**33**	**3%**
Santa Rosa	955	449	47%	348	36%	110	12%	48	5%
State	**69,963**	**29,859**	**43%**	**29,324**	**42%**	**6,440**	**9%**	**4,340**	**6%**

Source: Postsecondary Plans Report, Department of Education, 2000-01.

Student Characteristics

This section provides information about the student population of the Okaloosa County School District, as well as information about five of its peer districts. The size and demographics of a school district's student population is an important consideration in understanding the challenges it faces. For instance, a different set of challenges exists for a district that is growing versus one that has a declining student enrollment. Exhibit 2-24 shows a history of pre-kindergarten through twelfth-grade membership from fall 1997 to fall 2001 for Okaloosa and its peers. Student population has remained fairly stable in Okaloosa County over the last five years. This is not consistent with the statewide trend as well as the average for the peer districts that have steadily increased over the same time period.

Exhibit 2-24

Student Population in Okaloosa Schools Has Remained Steady

School District	Fall 1997	Fall 1998	Fall 1999	Fall 2000	Fall 2001
Alachua	30,063	29,673	29,874	29,673	29,599
Bay	26,023	25,922	25,427	25,752	26,033
Lake	27,123	27,817	28,503	29,290	30,626
Marion	37,210	37,912	38,449	38,555	39,319
Okaloosa	**30,314**	**30,375**	**30,248**	**30,358**	**30,858**
Santa Rosa	21,563	22,021	22,226	22,633	23,228
Peer Average (excluding Okaloosa)	**28,396**	**28,669**	**28,896**	**29,181**	**29,761**
State	**2,290,726**	**2,331,958**	**2,376,128**	**2,430,128**	**2,495,426**

Source: Department of Education, 2002.

Exhibit 2-25 provides information regarding the racial/ethnic makeup of the 1999-2000 student population of Okaloosa County and its peers. The Okaloosa County School District's percentage of white students was generally higher than its peers, and significantly higher than the state average. The percentage of black students in Okaloosa County was considerably lower than its peers and the state's percentage of black students. Okaloosa's percentage of Hispanic students was on average with its peers, but much lower as compared with the state's percentage. Okaloosa has a higher percentage of Asian/Pacific Islander, American Indian, and multiracial students to those percentages reported by the peer districts and the state.

Exhibit 2-25

Okaloosa's White Student Population
Exceeded the State Percentage in 1999-2000

School District	White	Black(Non-Hispanic)	Hispanic	Asian/Pacific Islander	American Indian	Multi-Racial
Alachua	54.6%	37.8%	3.9%	2.3%	0.2%	1.2%
Bay	79.6%	15.5%	1.4%	2.0%	0.3%	1.2%
Lake	74.4%	16.6%	7.3%	0.9%	0.2%	0.6%
Marion	69.0%	21.8%	7.1%	0.7%	0.2%	1.1%
Okaloosa	**78.7%**	**12.2%**	**3.3%**	**2.8%**	**0.5%**	**2.5%**
Santa Rosa	90.7%	5.3%	1.6%	1.4%	0.6%	0.4%
State	**53.7%**	**25.1%**	**18.0%**	**1.8%**	**0.3%**	**1.1%**

Source: Profiles of Florida School Districts, 1999-2000.

Exhibit 2-26 provides information on the membership of Okaloosa's fall 2001 student population by grade. There were no grade level groupings in which Okaloosa County has the most students. The proportion of Pre-K and Kindergarteners in Okaloosa is the smallest of its peers and the proportion of high school students is the highest among its peers. This may indicate a shifting demographic in the population that will reduce the need for elementary resources and increase the needs of the high schools in this district.

Exhibit 2-26

Okaloosa County's Student Population Distribution
By Grade Level Was Different Than Its Peers In Fall 2001

School District	Pre-K and Kindergarten	$1^{st} – 5^{th}$ Grades	$6^{th} – 8^{th}$ Grades	$9^{th} – 12^{th}$ Grades
Alachua	3,046 (10.3%)	10,663 (36.0%)	7,044 (23.8%)	8,846 (29.9%)
Bay	2,589 (10.0%)	9,920 (38.1%)	6,403 (24.6%)	7,121 (27.4%)
Lake	2,759 (9.0%)	11,924 (38.9%)	7,357 (24.0%)	8,586 (28.0%)
Marion	3,624 (9.2%)	14,748 (37.5%)	9,457 (24.1%)	11,490 (29.2%)
Okaloosa	**2,569 (8.3%)**	**11,167 (36.2%)**	**7,331 (23.8%)**	**9,791 (31.7%)**
Santa Rosa	2,194 (9.4%)	8,317 (35.8%)	5,755 (24.8%)	6,962 (30.0%)
Peer Average (excluding Okaloosa)	**2,842 (9.5%)**	**11,114 (37.3%)**	**7,203 (24.2%)**	**8,601 (28.9%)**
State	**234,102 (9.4%)**	**963,913 (38.6%)**	**599,259 (24.0%)**	**702,887 (28.1%)**

Source: Department of Education, 2002.

Exhibit 2-27 provides information on the Exceptional Student membership of Okaloosa's 2000-01 student population by race. The Okaloosa County School District has a similar proportion of ESE students compared to its peers and the state as a whole. The racial distribution of ESE students is similar to the overall racial distribution of students in the district.

Exhibit 2-27

Okaloosa's Exceptional Student Membership
Is Similar to Its Peers and the State in 2000-01

School District	Total FTE	Total ESE	Percent ESE	White	Black (Non-Hispanic)	Hispanic	Asian/ Pacific Islander	Native American	Multi-Racial
Alachua	29,599	7,951	27%	53%	39%	3%	2%	< 1%	2%
Bay	26,033	5,419	21%	77%	19%	1%	1%	< 1%	1%
Lake	30,626	5,936	19%	71%	21%	7%	1%	< 1%	1%
Marion	39,319	7,782	20%	66%	24%	7%	1%	< 1%	1%
Okaloosa	**30,858**	**6,453**	**21%**	**77%**	**15%**	**3%**	**2%**	**< 1%**	**3%**
Santa Rosa	23,228	4,863	21%	89%	6%	2%	1%	1%	1%
State	**2,495,426**	**485,469**	**20%**	**56%**	**25%**	**16%**	**2%**	**< 1%**	**2%**

Source: Education Information & Accountability Services, Department of Education, 2002.

Exhibit 2-28 provides further detail about the district's ESE population. The Okaloosa County School District has a similar proportion of students with disabilities compared to its peers and the state, and a higher proportion of gifted students.

Exhibit 2-28

The Percentage Of Okaloosa's Students With Disabilities Is Similar to Its
Peers, While Its Percentage of Gifted Students Is Higher

School District	Percentage With Disabilities			Percentage Gifted[1]	
	Elementary	Middle School	High School	Elementary	Middle School
Alachua	15.6%	19.5%	15.2%	10.3%	15.3%
Bay	17.7%	19.1%	12.2%	2.0%	6.5%
Lake	18.2%	17.0%	14.4%	1.7%	3.4%
Marion	14.6%	17.2%	14.2%	1.9%	4.3%
Okaloosa	**15.3%**	**15.0%**	**12.0%**	**2.8%**	**8.0%**
Santa Rosa	18.5%	14.7%	11.3%	3.9%	6.3%
State	**15.2%**	**15.3%**	**12.0%**	**3.8%**	**7.0%**

[1] Percentage of high school students identified as gifted were not reported in these reports.

Source: Florida District Indicators Report, Department of Education, 2002.

Staff Characteristics

Staff characteristics provide a look at the personnel employed by the Okaloosa County School District, as well as information about five of its peer districts. Exhibit 2-29 provides information regarding the number of full-time staff (administrative, instructional, and support) employed by the district in 2000-01. The Okaloosa District had a lower number of full-time staff than two of its five peer districts.

Exhibit 2-29

The Okaloosa County School District Had a Lower Number of Full-Time Staff Than Most of Its Peers in 2000-01

	Full-Time Staff								
	Administrators		Instruction				Support		
School District	District Level	School Level	Elementary	Secondary	Excep. Education	Other	Pro	Non-Pro	Total
Alachua	62	77	661	690	322	303	181	1,658	3,954
Bay	25	90	620	577	308	236	121	1,257	3,234
Lake	17	93	655	595	226	280	108	1,363	3,337
Marion	44	125	966	928	350	239	91	2,423	5,166
Okaloosa	**43**	**75**	**752**	**728**	**212**	**177**	**72**	**1,404**	**3,463**
Santa Rosa	21	62	515	569	187	157	50	701	2,262
Peer Average (excluding Okaloosa)	34	89	683	672	279	243	110	1,480	3,591
State	2,660	6,810	56,642	49,723	22,158	22,028	7,346	107,722	275,089

Source: Profiles of Florida School Districts, 2000-01, Department of Education.

Exhibit 2-30 provides information regarding average salary for teachers in the Okaloosa County School District and its peers. Over the last few years, Okaloosa County School District teachers have an average salary higher than teachers in the peer districts and the state as a whole.

Exhibit 2-30

Okaloosa Has the Highest Teacher Salaries Compared to Its Peers

School District	Average Teacher Salaries[1]			
	1991-92	1996-97	1999-2000	2000-01
Alachua	$27,226	$29,907	$32,742	$34,216
Bay	29,340	32,203	34,557	36,029
Lake	27,832	31,656	34,576	34,465
Marion	26,349	28,204	31,509	34,850
Okaloosa	**29,439**	**32,956**	**37,819**	**40,082**
Santa Rosa	28,220	31,314	34,224	35,905
State	**$31,070**	**$33,885**	**$36,722**	**$38,230**

[1] Except for Fiscal Year 1991-92, the average teacher salaries include the Florida School for the Deaf and Blind and Dozier School.

Source: Florida Department of Education, Average Teacher Salaries by Degree Level, 2000-01.

Exhibit 2-31 provides information regarding the number of teachers by degree level for the Okaloosa County School District and its peers for 2000-01. The education attainment of Okaloosa County's teachers was above the average attainment of masters and doctorate degrees for its peers, with the exception of Alachua County. Alachua County is a significant outlier among all counties because of the presence of the University of Florida and the higher level of degree saturation that this generates.

Exhibit 2-31

In 2000-01, Okaloosa Had the Second Highest Percentage of Educators With Master's and Doctorial Degrees Compared to Its Peers

School District	Type of Degree (Number and Percentage of District Total)							
	Bachelor's		Master's		Specialist		Doctorate	
Alachua	772	40%	969	51%	121	6%	52	3%
Bay	1,114	64%	558	32%	44	3%	16	1%
Lake	1,159	66%	559	32%	25	1%	15	1%
Marion	1,704	68%	723	29%	40	2%	21	1%
Okaloosa	**1,073**	**58%**	**714**	**38%**	**40**	**2%**	**28**	**2%**
Santa Rosa	925	65%	483	34%	19	1%	6	<1%
State	**89,603**	**60%**	**53,712**	**36%**	**4,021**	**3%**	**1,665**	**1%**

Source: Florida Department of Education, Average Teacher Salaries by Degree Level, 2000-01.

Exhibit 2-32 provides information regarding the average number of years of experience for teachers by degree level for the Okaloosa County School District and its peers in 2000-01. The experience level of Okaloosa County's teachers was similar to its peers for faculty with bachelor degrees, but above the average for teachers with master's and doctorial degrees. The Okaloosa County School District and its peers had more experienced teachers than the state as a whole, for most degree types.

Exhibit 2-32

In 2000-01, Okaloosa Educators With Masters Degrees Had More Experience On Average Compared to Their Peers

School District	Type of Degree (Average Years of Experience)			
	Bachelor's	Master's	Specialist	Doctorate
Alachua	12.5	16.0	17.4	17.9
Bay	13.5	16.4	20.2	16.4
Lake	12.0	17.6	18.7	22.8
Marion	12.1	17.5	19.8	18.6
Okaloosa	**12.5**	**18.3**	**17.8**	**22.5**
Santa Rosa	11.2	17.7	20.8	24.2
State	**10.6**	**15.9**	**19.3**	**17.4**

Source: Florida Department of Education, Average Teacher Salaries by Degree Level, 2000-01.

3 Management Structures

The Okaloosa County School District has recently undergone significant reorganization of its management structures. Many of these changes have improved the functioning of the district, although there are still some areas experiencing difficulties.

Conclusion

The Okaloosa County School District (the district) meets 7 of 12 of the best financial management practices for management structures. However, the five remaining best financial management practices are of significant concern.

The district meets the majority of the best financial practices for management structures. For example, the district operates its board meetings in an efficient manner. Board meetings are accessible and agenda items are considered and managed effectively. The district routinely obtains legal services to advise it about policy and to reduce the risk of lawsuits. Current legal services are satisfactory, but the district should evaluate legal costs on a regular basis to determine whether they could be obtained in a more cost-effective manner. The district and superintendent have structured the district's administration in an efficient manner by reducing staffing levels and decentralizing some district staff to individual schools. The district carefully exercises effective oversight of financial resources. The district has assigned school principals the authority they need to manage their schools, especially to meet the goals and objectives outlined in their individual budgets and A+ Plans. The district effectively and accurately projects student enrollment. The district has also shown strong ability to increase revenue when necessary, especially in the area of school construction and improvement. Despite these accomplishments, there are areas where the district could improve.

- The district has developed clearly delineated roles and responsibilities for the board and superintendent, but these roles are not strictly adhered to in some circumstances. The board is conducting some functions that are more appropriately the role of the superintendent and district staff.

- The district could benefit from establishing mechanisms to ensure effective working relationships, especially in times of disagreement. Mechanisms to ensure good relationships include advanced training for board members and an annual assessment of board operating effectiveness. While the current board and superintendent are working well together, this has not always been the case.

- Another area of concern is that there are few districtwide procedures that are routinely updated to ensure that they are relevant and complete.

- The district recently restructured its administration, but the lines of authority may still be too broad and additional reorganization may improve efficiency and effectiveness.

- Finally, the district does not have a functioning strategic plan and the budget is not tied to the district's goals and objectives, except at the level of individual schools.

During the course of this review, OPPAGA identified a number of district accomplishments in its management structures, some of which are included in Exhibit 3-1 below.

Exhibit 3-1

The District Has Had a Number of Notable Accomplishments in Management Structures in the Last Three Years

- The district reduced the size of its administration through reorganization in 2001 and 2002. This reduced district staff by 24 positions, resulting in annual cost savings of $1,063,196.57.

- The district decentralized 28 district office positions (and their funding of $1,516,659) to schools to provide principals greater control over staff resources.

- The district moved to performance-based budgeting that ties a school's budget to its goals and objectives. For the first time in this district, this creates a mechanism to evaluate a particular school's ability to meet its goals and objectives.

- The district was able to obtain a voter-approved, one-cent sales tax for construction and school improvement. This tax generated over $67 million and was used to build three new schools and improve over 30 existing facilities.

Source: Okaloosa County School District.

Overview of Chapter Findings ───────

OPPAGA reviewed the district's management structures using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. OPPAGA employed several methodologies to develop chapter conclusions and action plans. For instance, we conducted on-site interviews with school board members, the superintendent, district-level administrators, and other stakeholders in the county, as well as focus groups with school principals from across the district. Questions varied depending on the persons surveyed and the results have been validated and incorporated into this chapter where applicable. The OPPAGA team also reviewed significant documentation including 1) the district's policies and procedures; 2) budgets for the current and past years; 3) reorganization plans; 4) billing records; and 5) board meeting minutes. An overview of chapter findings is presented below.

Fieldwork was concluded in July 2002, therefore any subsequent district action is not reported in this report but will be presented in a follow-up review.

Responsible Management of the District

1. The roles and responsibilities of the board and superintendent have been clearly delineated, but the board is conducting some administrative functions that should be performed by district administration. Board members and the superintendent do not have formal procedures to ensure that they have effective working relationships. (Page 3-8)

2. The board and superintendent have procedures to ensure that board meetings are efficient and effective. (Page 3-11)

3. The board and superintendent have established written policies that are routinely updated. However, there are no districtwide, easily accessible procedures that are routinely updated to ensure that they are relevant and complete. (Page 3-11)

4. The district routinely obtains legal services to advise it about policy and reduce the risk of lawsuits. However, it has not taken steps to ensure that its legal costs are reasonable. (Page 3-13)

Effective and Responsible Operation

5. The district's organizational structure has clearly defined units; however, its lines of authority may be too broad and certain functions may be more appropriately managed under a different structure. (Page 3-15)

6. The district periodically reviews its administrative staffing and makes changes to eliminate unnecessary positions and improve operating efficiency. (Page 3-18)

7. The superintendent and school board exercise effective oversight of the district's financial resources. (Page 3-21)

8. The district has clearly assigned school principals the authority they need to effectively manage their schools while adhering to districtwide policies and procedures. (Page 3-22)

Allocation of Resources

9. The district does not have a functioning multi-year strategic plan with annual goals and measurable objectives based on identified needs, projected enrollment, and revenues. (Page 3-23)

10. The district has a system to accurately project enrollment. (Page 3-24)

11. The district links its school budgets to their priority goals and objectives, but the operational units do not have similar connections in their budgets. (Page 3-25)

12. When necessary, the district considers options to increase revenue. (Page 3-26)

Fiscal Impact of Recommendations

A number of this chapter's recommendations could have a direct fiscal impact depending on how they are implemented. The development of a strategic plan would require contracting with a consultant and possibly additional staff resources. Also, providing master board training to the board would result in a five-year cost to the district of approximately $5,000. Together these recommendations would cost the district between $25,000 and $103,000 over the next five years.

Exhibit 3-2

One Management Structures Action Plan Recommendation Has Fiscal Impacts

Recommendation	Five Year Fiscal Impact
• Providing master board training for each of the board members would cost $1,000 per member.	• Total fiscal impact to the district would be $5,000.
• Hiring a professional association to assist in strategic plan development would cost between $20,000 and $55,000, depending on stakeholder input. Hiring a consultant to develop a strategic plan and implementation plans for one year would be between $91,000 and $98,000.	• Total fiscal impact to the district would be between $20,000 and $98,000.
• Developing districtwide procedures that are relevant, up-to-date and easily accessible.	• Could cost up to $15,000 if the district needs outside assistance.
• Establishing a Division of Operations	• Total fiscal impact of position of Chief Operations Officer $513,540

Source: OPPAGA.

Background

The Okaloosa County School District has five board members and an elected superintendent. The board and the administration work closely together, although this has not always been the case in this district. The district had significant upheaval during the 1990s, including three different superintendents, several

chief financial officers, problems with the previous board attorney, and internal audit problems. These problems appear to be under control at the current time.

The district's board members are elected for four-year terms. The board's districts were redrawn in 1999 in order to provide more direct representation to the northern part of the county. As a result, one board member lost his seat, but was re-elected into the board seat vacated by the newly elected superintendent. The newest member of the board was elected after the re-districting. Exhibit 3-3 shows the length of time board members have served and their previous experience.

Exhibit 3-3

Okaloosa's School Board Members Are Relatively Experienced

Board Member	Tenure	Experience
Rodney Walker, Chair	Elected in 1994, re-elected in 1998, current term ends in 2002	Twenty-seven years as an educator in the district, retired
Cindy Frakes, Vice Chair	Elected in 1998, first term ends in 2002	Realtor, speech and special ed teacher
Howard Hill	Elected in 1996, re-elected in 2000, second term ends in 2002	U.S. Air Force, retired, activist parent
Lloyd Taylor	Elected in 1996, re-elected in 2000, second term ends in 2004	Educator, boat captain, businessman
Cathy Thigpen	Elected in 2000, first term ends in 2004	Speech clinician, educator

Source: Okaloosa School District.

The current superintendent, Don Gaetz, was elected in 2000, after previously serving on the school board for six years. He is the first non-educator to hold this position. After taking office, the superintendent immediately reorganized the district's management structures into its current design. Exhibit 3-4 illustrates the current district administrative structure. [1]

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[1] The restructuring is based on a two-year plan that was midway through implementation at the time of this review.

Exhibit 3-4

District Level Management Structures Functions Are Performed by the Superintendent and His "Cabinet"

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                    │        Customers        │
                    └─────────────────────────┘
                    ┌─────────────────────────┐
                    │      School Board       │
                    └─────────────────────────┘
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                    │ Superintendent of Schools│
                    └─────────────────────────┘
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                    │     Chief Officer       │
                    │    Quality Assurance    │
                    └─────────────────────────┘
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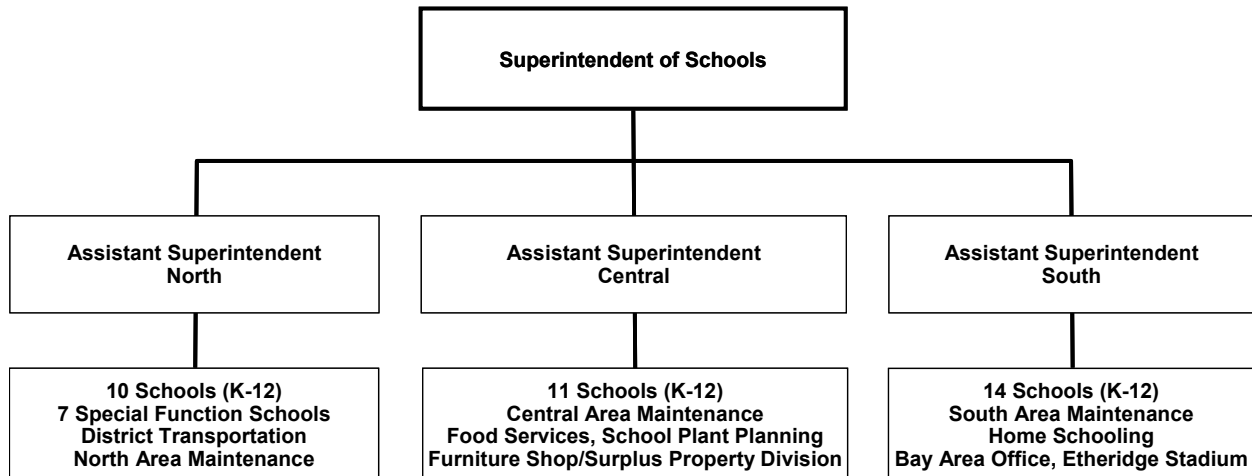| Chief Quality Assurance Officer | Chief Human Resources Officer | Chief Financial Officer | Assistant Superintendents for North, Central, and South Areas | Program Director Community Relations |
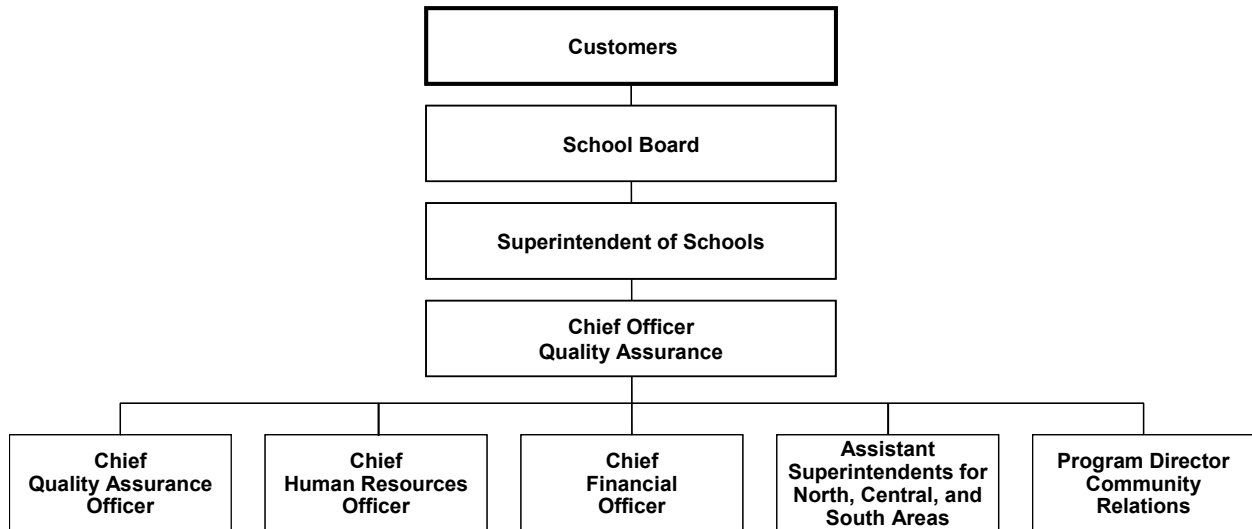
Source: Okaloosa County School District.

The district was divided into three operating divisions based on geographic regions (north, central, and south). Three assistant superintendent positions were created to manage these divisions, all of which are occupied by former principals from the district (Exhibit 3-5).

Exhibit 3-5

Assistant Superintendents Supervise Schools, Plus Operational Areas

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                    ┌─────────────────────────┐
                    │ Superintendent of Schools│
                    └─────────────────────────┘
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| Assistant Superintendent North | Assistant Superintendent Central | Assistant Superintendent South |

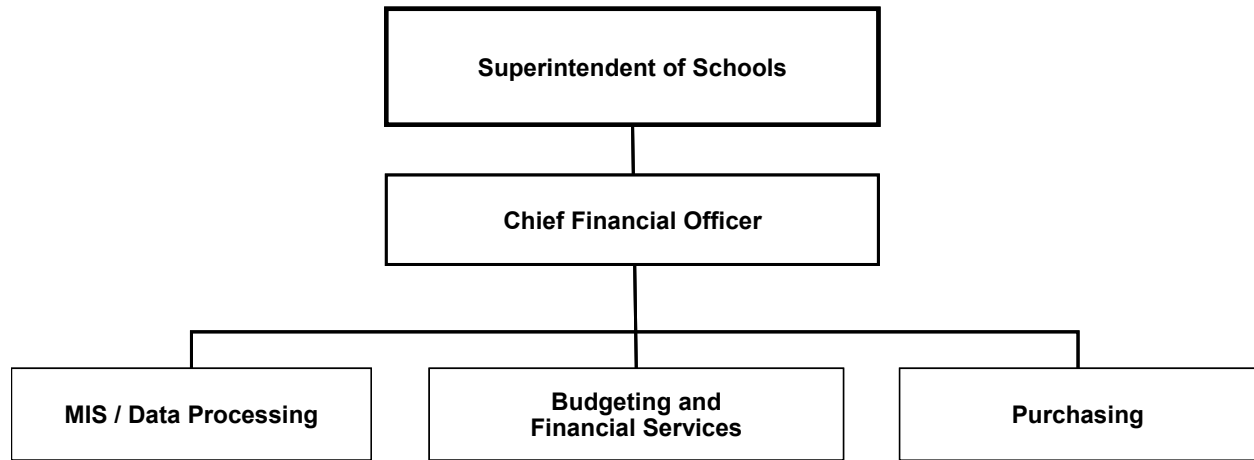| 10 Schools (K-12) 7 Special Function Schools District Transportation North Area Maintenance | 11 Schools (K-12) Central Area Maintenance Food Services, School Plant Planning Furniture Shop/Surplus Property Division | 14 Schools (K-12) South Area Maintenance Home Schooling Bay Area Office, Etheridge Stadium |

Source: Okaloosa County School District.

As part of the reorganization, financial, budgeting, and information services areas were maintained under a chief financial officer (CFO). The current CFO was hired in 2001 after serving at a neighboring district school district and has instituted a number of procedures to improve the fiscal condition of the district.

Exhibit 3-6

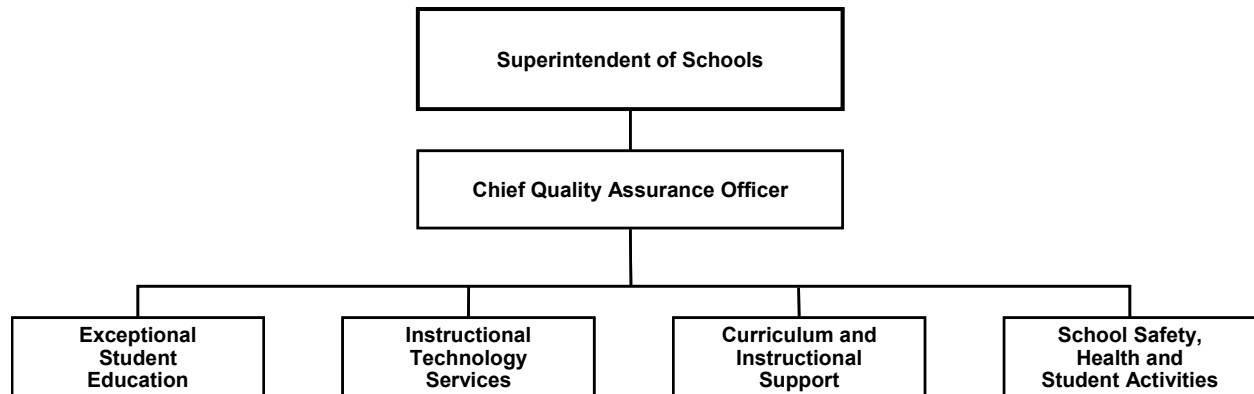## Chief Financial Officer Manages Budgeting, Information Systems, and Human Resources

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                   ┌─────────────────────────────┐
                   │   Superintendent of Schools  │
                   └─────────────────────────────┘
                                 │
                   ┌─────────────────────────────┐
                   │   Chief Financial Officer    │
                   └─────────────────────────────┘
                                 │
       ┌─────────────────────────┼─────────────────────────┐
┌──────────────────┐   ┌──────────────────┐   ┌──────────────────┐
│ MIS / Data       │   │ Budgeting and    │   │   Purchasing     │
│ Processing       │   │ Financial        │   │                  │
│                  │   │ Services         │   │                  │
└──────────────────┘   └──────────────────┘   └──────────────────┘
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Source: Okaloosa County School District.

Finally, as part of the original reorganization, the Departments of Elementary Education, Secondary Education, Exceptional Student Education, Title I, and Student Services were combined into the new Division of Quality Assurance headed by the new position of chief officer of Quality Assurance. A former principal from the district serves in this position.

Exhibit 3-7

Chief Officer for Quality Assurance Manages Several Educational Support Areas in the District

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                   ┌─────────────────────────────┐
                   │   Superintendent of Schools  │
                   └─────────────────────────────┘
                                 │
                   ┌─────────────────────────────┐
                   │ Chief Quality Assurance Officer │
                   └─────────────────────────────┘
                                 │
       ┌──────────────┬──────────┴───────────┬──────────────┐
┌────────────┐ ┌────────────┐ ┌────────────┐ ┌────────────┐
│ Exceptional│ │ Instruct-  │ │ Curriculum │ │ School     │
│ Student    │ │ ional      │ │ and        │ │ Safety,    │
│ Education  │ │ Technology │ │ Instruct-  │ │ Health and │
│            │ │ Services   │ │ ional      │ │ Student    │
│            │ │            │ │ Support    │ │ Activities │
└────────────┘ └────────────┘ └────────────┘ └────────────┘
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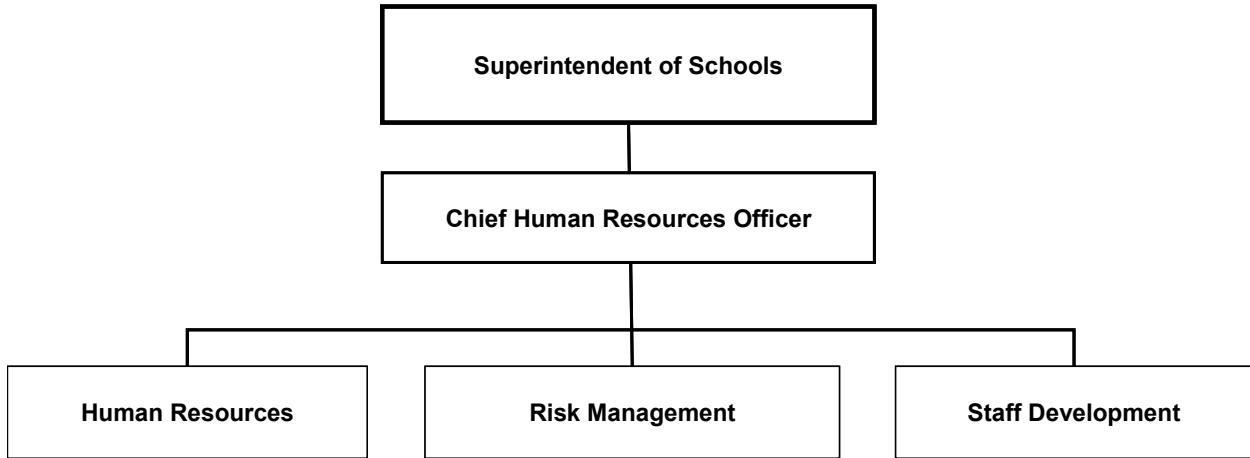
Source: Okaloosa County School District.

Since the start of this review, the district has made minor changes to its organizational structure. Specifically, the Chief Officer for Human Resources now reports directly to the superintendent. Exhibit 3-8 illustrates this organizational relationship.

Exhibit 3-8

Chief Quality Assurance Officer Manages Several Educational Support Areas

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                    ┌──────────────────────────────┐
                    │  Superintendent of Schools   │
                    └──────────────────────────────┘
                                   │
                    ┌──────────────────────────────┐
                    │ Chief Human Resources Officer │
                    └──────────────────────────────┘
                                   │
        ┌──────────────────────────┼──────────────────────────┐
┌─────────────────┐       ┌─────────────────┐       ┌─────────────────┐
│ Human Resources │       │ Risk Management │       │ Staff Development│
└─────────────────┘       └─────────────────┘       └─────────────────┘
```

Source: Okaloosa County School District.

The Okaloosa County School district also changed its budgeting process as part of the recent reorganization. The primary goal of the district is to shift the maximum percentage of funds to individual schools to achieve their selected goals and objectives. In doing so, the district has shifted 90% of revenue generated for student education to the schools. Each school is responsible for indicating how these funds will be spent and what goals and objectives they plan to achieve. These goals and objectives are outlined in each school's "A+ Plan." The area assistant superintendents review and evaluate the school's progress in meeting their stated goals and objectives. While this has increased funding to the schools, they are now responsible for paying for certain services that were previously paid by the district (i.e., utilities). This is causing significant changes at the school level.

For example, funding for some district support staff (e.g., psychologists, staffing specialists, student service workers) was decentralized to the schools. The purpose of this decentralization was to ensure the schools could direct the resources toward meeting their individual school's goals and objectives. As a result, reading specialists previously operating at the district level may now only be in those schools that have specified improvement in reading scores as one of their main objectives.

The district still provides some support services including training, maintenance, transportation, and food services. The district also provides information and data to individual schools concerning student achievement, student enrollment and projections, and school costs and expenditures. Schools use this information for budgetary purposes and performance evaluation and monitoring.

Typically, a school district's management structures function includes communicating with and engaging different segments of the community, including parents, local businesses, and other local groups. The notion of "management structures" in a public school district includes activities to provide supplemental resources to the schools, get students involved with the community, and enhance parental involvement in student and school activities. Most of these activities take place at the school rather than the district level in Okaloosa County, and are coordinated through the district's Community Affairs office. (For more discussion of the district's community involvement activities, see Chapter 15).

In summary, the Okaloosa County School District has undergone significant reorganization over the last year. During the course of our review, we found that the district meets 7 of 12 of the best financial management practices for management structures. However, the five remaining best financial management practices not met are of significant concern.

Responsible Management of District

1 **The roles and responsibilities of the board and superintendent have been clearly delineated, but the board is conducting some administrative functions that should be performed by district administration. Board members and the superintendent do not have formal procedures to ensure that they have effective working relationships.**

The Okaloosa County School District has policies that delineate roles and responsibilities, but the board is conducting some administrative functions

The district has policies that delineate the roles and the responsibilities of the board and the superintendent. These policies are found in the district's *School Board Governance and Operations Manual*. The goal of these policies is to ensure that the board functions as a policy making body, while the superintendent implements its policies.

We found that the district generally adheres to this separation of powers, with the serious exception that the board chairman serves as the co-owner-representative for the construction/ technology contract with Sverdrup/Delta, along with the superintendent. In addition, we found that the board, as a whole, has served as a "selection committee" making recommendations related to this contract's implementation. In the role of this committee, board members selected the program management team that would oversee the development of the construction program, and then voted on the recommendations at the following board meeting. This is of serious concern because it is contrary to the idea of separation of powers between the board and the superintendent. In general, the board should serve as the policy-making entity in the district, while the superintendent, as executive officer of the board, should administer these policies.

The reason the board chairman serves as co-owner-representative for this contract is a historical artifact of the poor relations between the board and previous administrations. During the early 1990s, the district was faced with a number of fiscal problems, including gross mismanagement of auditing functions and problems with the previous board attorney. In 1994, the county's voters passed a one-cent sales tax to fund construction and renovations of their schools. The board made a commitment to maintain strong oversight of these funds in order to gain approval of its constituents. With voter approval behind them, the board selected a contractor and in 1998, the chair was designated as the owner-representative. Relations between the board and superintendent have improved considerably since the early 1990s, and the majority of the Sverdrup/Delta construction contract was fulfilled successfully by 1999 (the contract still has an active technology provision component).

However, while this practice is not contrary to state law, having the board chairman serves as the co-owner-representative and the board as a selection committee is not a best management practice. These arrangements can limit the objectivity of the board as a reviewer of district administration. Again, while this is not illegal and we did not find any evidence that this position was abused, it may raise concerns in the public about the board's objectivity that could be easily remedied by transferring full owner-representative designation to the superintendent, or his staff, for the remaining time left in the construction contract (the construction component of the contract expires in November 2002).

The board and superintendent appear to have good working relationships, but could benefit from procedures to improve their operations and interactions

The board and superintendent appear to be working very well together. For example, they were able to implement a significant reorganization of the district and are working closely on managing the fiscal downturn in the local and state economy. According to interviews, this is in contrast to the poor relationships between the board and previous administrations.

However, the board and superintendent rely on informal interactions and deference to maintain these working relationships. The board and superintendent do not meet on an annual basis to assess their roles, responsibilities, and working relationships. The district does not assess whether it is accomplishing its goals and objectives, and the board does not evaluate its own performance. While board members do receive some training from the Florida School Board Association and the board attorney, they have not sought master board certification.

Although the district is working well right now, we are concerned that any breakdown in relationships could hinder the progress the district has made over the last year. The district could avoid reverting to poor interactions that were present in this district during the 1990s, in the event that conflicts arise, by improving the training of the board, reinforcing and adhering to the delineation of roles and responsibilities, and by formally assessing district operations. Based on experience in other districts (e.g., Manatee, St. Lucie), these mechanisms can improve and promote effective working relationships between the board and superintendent. Since our first site visit in the district when these issues were discussed, the board has voted to seek master board certification and three members have applied to attend training.

Recommendations —————————————————————

- *We recommend that the district re-assign the owner-representative designation for the Sverdrup/Delta contract solely to the superintendent or his staff as of November 2002.*

- *We recommend that board members should not function as the selection committee for any future decisions related to the contract. This will prevent any concerns of its objectivity.*

- *We recommend that the board move forward on seeking master board certification. This will encourage productive operations and establish a precedent for future boards to seek advanced training. This will also assist the district in efforts to develop a strategic plan.*

- *We recommend that the board and superintendent meet on a regular basis to develop and evaluate performance measures to ensure efficiency of the district's management structures.*

Action Plan 3-1 provides the steps needed to implement this recommendation.

Action Plan 3-1

Adhere to Delineated Roles and Responsibilities; **Assess and Improve Management Structure Functioning**		
Strategy	The board should reassign all of the owner-representative designation for the Sverdrup/Delta contract to the superintendent or his staff.	
Action Needed	Step 1:	The board and superintendent should consult with the board attorney about steps necessary to amend the owner-representative designation.
	Step 2:	The board should consult with the superintendent concerning the appropriate person within the administration to serve as owner-representative. (See Action Plan 3-4 on page 3-17 for possible placement.)

	Step 3:	The chairman should resign from the owner-representative designation.
	Step 4:	The board should appoint a new owner-representative based on the recommendation of the administration.
	Step 5:	The board should require periodic reporting from the administration concerning contract implementation and monitoring.

Who Is Responsible	Board, superintendent, and board attorney
Time Frame	November 2002
Fiscal Impact	This recommendation can be completed with existing resources.

Adhere to Delineated Roles and Responsibilities; Assess and Improve Management Structure Functioning

Strategy	The board should not function as the selection committee for decisions related to the contract.	
Action Needed	Step 1:	District administration should suggest selection committee representatives for board approval.
	Step 2:	No more than a single board member should be allowed on the selection committee.
	Step 3:	Selection committee recommendations should be sent to the board.

Who Is Responsible	Board, superintendent
Time Frame	November 2002
Fiscal Impact	This recommendation can be completed with existing resources.

Adhere to Delineated Roles and Responsibilities; Assess and Improve Management Structure Functioning

Strategy	Board members should continue seeking master board training.	
Action Needed	Step 1:	The board should approve request from other board members seeking training.

Who Is Responsible	Board
Time Frame	As necessary
Fiscal Impact	The cost of training school board members for master board certification is estimated to be $5,000. This estimate assumes that each board member attends two training sessions at an average cost of $500 per session for registration fees, travel, lodging, and per diem expenses.

Adhere To Delineated Roles and Responsibilities; Assess an

Strategy	The board and superintendent should meet on a regular basis to develop and evaluate performance measures to ensure efficiency of the district's management structures.	
Action Needed	Step 1:	The board and superintendent should set an annual date to review the board performance and its interactions with the administration.
	Step 2:	The board and superintendent should establish performance measures based on goals and objectives described in the district's strategic plan. (See Action Plan 3-5 on page 3-23 for strategic plan development.)
	Step 3:	The board and superintendent should identify information and data needed to facilitate the evaluation of selected performance measures.
	Step 4:	The board and superintendent should analyze this information.
	Step 5:	The board and superintendent should meet to discuss outcomes, evaluate working relationships, and determine possible changes in performance needed to satisfy the strategic plan.

Who Is Responsible	Board, superintendent
Time Frame	January 2003, annually thereafter
Fiscal Impact	This recommendation can be completed with existing resources.

Source: OPPAGA.

2 The board and superintendent have procedures to ensure that board meetings are efficient and effective.

The district has incorporated new procedures to improve the efficiency and effectiveness of the board meetings

The Okaloosa County School district runs very efficient board meetings. Board meetings are scheduled twice a month, and are held in locations (Fort Walton Beach and Crestview) and at times (6:00 p.m. every other Monday) that are easily accessible to most of the district's citizens. The board also holds special meetings in areas of the county when citizen input is especially important on a particular issue (i.e., rezoning in the northern part of the county). Each board member reported that district staff provides materials explaining agenda items that are easily understandable and timely. Board meetings use staff and the public's time effectively. Issues are pulled from the consent agenda for discussion upon request, and the administration works closely with the board to resolve controversial issues with minimal conflict, usually through workshops prior to the regularly scheduled board meeting. These workshops are advertised and open to the public in compliance with Florida's Government-In-The Sunshine law.

The district has recently initiated agenda submission forms that include standard, important information on the topic to be discussed. The forms are structured around the elements described in the Best Financial Management Practices self-assessment. The district is also creating a new website that will include a master calendar of all-important dates for both the schools and the district.

3 The board and superintendent have established written policies that are routinely updated. However, there are no districtwide, easily accessible procedures that are routinely updated to ensure that they are relevant and complete.

The district has a need for districtwide procedures that are up-to-date, relevant, and accessible

The Okaloosa County School District maintains updated and relevant polices, but lacks districtwide, accessible procedures. District policies reviewed for this report were no more than two years old and many were updated as recently as September 2001. Most policies are clear, although there are some areas in which more in-depth policies would be beneficial. For example, although the roles and responsibilities of the board and superintendent are defined in the policies manual, board members are conducting some functions that are more appropriately conducted by administrative staff (see Management Structures Best Management Practice 1 on page 3-7 for more discussion of this issue). The board could add language to the existing policy to explicitly forbid this type of activity in the future. Another area to consider adding more explicit language includes the policy on access to the board attorney by district staff. In general, however, we found that most policies were up-to-date and relevant, and we believe that this area is not a serious concern.

In contrast, we found that there are no districtwide, updated procedures that are easily accessible. Currently, procedures are scattered throughout operational areas and do not cover all activities conducted in the district. This is a problem because operational procedures ensure that the district maintains the knowledge of how to perform certain tasks in the event of significant turnover of staff. This may be a particular problem for the Okaloosa School District because many of its top administrators in operational

areas are close to retirement. For example, the chief information officer (CIO) has the primary responsibility of projecting student enrollment for the district. In conjunction with principals and other district staff, the CIO uses several techniques to conduct these projections and must pull information from multiple sources, including interactions with a large military complex in the county (Eglin Air Force Base). If the CIO were to leave the county unexpectedly, there could be a significant interruption in the function without updated and easily accessible procedures.

We believe that these problems could be addressed by developing districtwide procedures that are easily accessible by district staff and principals. The administration could survey the operational areas to determine which have written procedures and then review them for relevancy. Once all procedures are reviewed, they should be updated and new procedures developed for those functions without formal written procedures. Professional educational associations (e.g., Florida Association of District School Board Superintendents) can provide assistance in this activity for far less than a private consultant.[2] The administration should provide the updated procedures to operational areas and the schools as well as post them on the district's new web page. The web page should include a comprehensive search engine that will allow staff to scan the procedures for specific content.

Recommendations

- *We recommend that the district survey its operational areas for current procedures, update them as necessary, develop new procedures as needed, and make them easily accessible, preferably through the new district website.*

Action Plan 3-2 provides the steps needed to implement this recommendation.

Action Plan 3-2

Distric	
Strategy	The superintendent and his administration should develop districtwide procedures that are relevant, up-to-date, and easily accessible.
Action Needed	Step 1: The superintendent should survey operational areas to identify existing procedures.
	Step 2: The administration should review and amend procedures to ensure that they are current, effective, and efficient.
	Step 3: The superintendent should distribute procedures to the operational areas and through the district web page.
	Step 4: The web page should include a comprehensive search engine to help operational areas identify appropriate procedures.
Who is Responsible	Superintendent, administrators from operational areas
Time Frame	July 2003
Fiscal Impact	This recommendation can be completed with existing resources or could cost up to $15,000 if the district needs outside assistance from FADSS.

Source: OPPAGA.

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[2] The Florida Association of District School Superintendents (FADSS) will assist districts develop policies and procedures, as well as help districts implement action plans under the Sharpening the Pencil Act reviews, for approximately $15,000. FADSS is able to offer this assistance at this price because part of the overall costs are subsidized (in the amount of $25,000 per review) by the Department of Education (DOE).

4 The district routinely obtains legal services to advise it about policy and reduce the risk of lawsuits. However, it has not taken steps to ensure that its legal costs are reasonable.

Current legal services are satisfactory, but the district should evaluate legal expenses to determine if internal counsel may be more cost effective

The Okaloosa County School district currently contracts with the external law firm of Anchors, Foster, McInnis and Keefe, P.A. for all legal services. This contract has been in effect since 1990. Board members and the superintendent express confidence in counsel's abilities and report no concerns over current representation.

The board attorney is an active member of the district's management structure. Counsel reviews board agenda items, recommends board action on policies and contracts, and provides legal advice to district staff and school administrators. The board attorney also manages any contracts for additional legal services in the event of legal actions against the district that require very specific legal expertise (e.g., federal Title IX lawsuits).

During Fiscal Year 2000-01, expenditures for the board attorney totaled $137,657. [3] Exhibit 3-9 shows monthly expenditures for contracted legal services for January 1999 through June 2001. [4] This graph shows a significant spike in expenditures in late 2000, but this was the result of legal services needed to facilitate the transition of the new administration in the district by January 2001. As the graph illustrates, expenditures patterns reverted to more common levels in the months following the transition.

Exhibit 3-9

Monthly Legal Expenditures Spiked During the Recent Transition
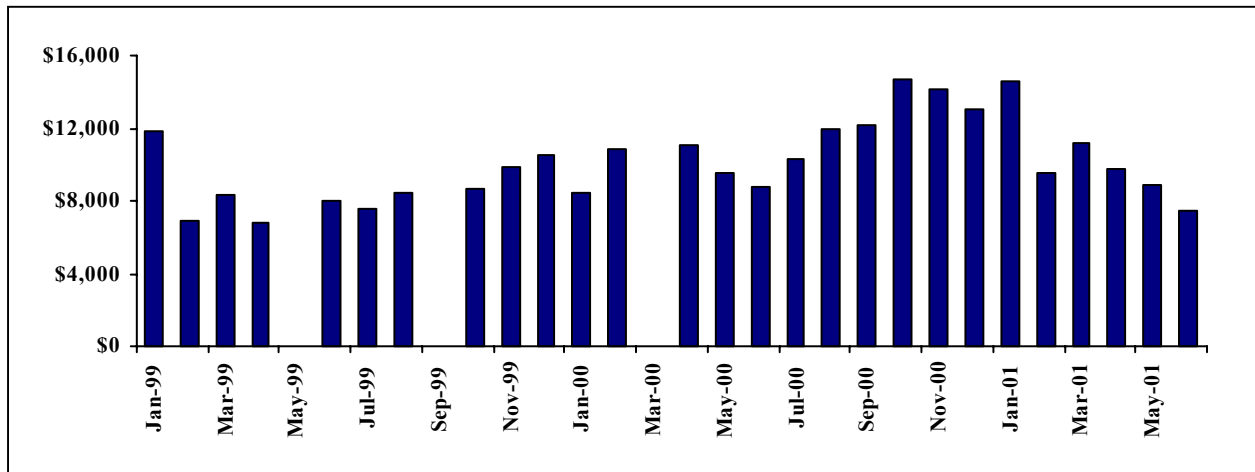
Source: Anchors, Foster, McInnis and Keefe, P.A. Note: Monthly billing records were unavailable for May 1999, September 1999, and March 2000.

We also examined how the district was using the board attorney's time. The largest amount of his time (43%) was spent on direct board activities such as developing agendas for board meetings, consulting board members, attending meetings, and developing and reviewing district policies. The second major allocation of time (32%) was related to legal actions in the district. This work included reviewing cases

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[3] These expenditures do not include supplemental contracts with other firms for special actions against the district.
[4] Monthly billing records were unavailable for May 1999, September 1999, and March 2000.

and statutes, depositions, preparing letters of action against staff or students (e.g., terminations, expulsions), and consultations with other attorneys. A smaller, yet significant, amount of time (16%) was spent developing and reviewing contracts for the district. The remaining time (9%) was spent on personnel issues and miscellaneous activities.

Finally, we compared the hourly rate and total expenditures for the board attorney for Okaloosa County School District and its five peer districts. Exhibit 3-10 describes the hourly billing rate and expenditures for Fiscal Year 2000-01. The Okaloosa district board attorney's hourly rates were similar to its peers, but its annual expenditure for Fiscal Year 2000-01 was significantly higher than average. The district attributes this high level of attorney fees during this timeframe to the transition of the new administration and legal activities associated with two federal Title IX lawsuits.

Exhibit 3-10

Board Attorney Billing Rates and Total Expenditures Are Similar Among Peers

School District	Hourly Billing Rate	Total Expenditures, 2000-01
Alachua	$ 150.00	$ 130,620[1]
Bay	150.00	
Lake	120.00	92,588
Marion	118.00	130,000
Okaloosa	**125.00**	**137,657**
Santa Rosa	75.00	50,381
Peer Average (excluding Okaloosa)	**$122.60**	**$ 100,897**

[1] Alachua has both a board and a staff attorney. The annual expenditures for the board attorney was $50,000 and the staff attorney was $80,620.

Source: OPPAGA. Peer district survey responses.

As part of this review, we found that the district has not analyzed its expenditures for all legal services to determine whether it would be more cost-effective to hire an internal board attorney. The current contract for legal services has not been evaluated since its adoption in 1990, other than an increase in hourly rates in 1998. But, based on how the current attorney's time is being used and past expenditure patterns, it is unlikely that a full-time staff attorney would be more cost-effective for this district. Total expenditures for a staff attorney, office assistant (either a legal secretary or a paralegal), office space, law library, and other incidentals, would likely cost as much or more than is currently being paid to the external firm. However, a more in-depth analysis of all legal costs may produce different conclusions. Irrespective, we believe that a periodic assessment of whether a full-time staff attorney may be more cost-effective than external council is appropriate for this district.

Recommendations ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

- *We recommend that the district periodically evaluate whether hiring a full-time staff attorney may be more cost-effective than the current contract for legal services.*

Action Plan 3-3 provides the steps needed to implement this recommendation.

Action Plan 3-3

Attorney Costs Should Be Periodically Reviewed		
Strategy	The district should determine whether a full-time staff attorney would be more cost-effective than the use of an external law firm.	
Action Needed	Step 1:	The board and superintendent should calculate total expenditures for legal services, including subcontracts for legal services. Expenditures should be separated by task performed.
	Step 2:	The board and superintendent should calculate settlement costs (this is used as a benchmark to assess counsel's effectiveness).
	Step 3:	The board and superintendent should research comparable legal costs of similar-sized districts. The research objective should be to see if the district could reduce its routine legal costs either by hiring an in-house attorney to do some of the more routine work now performed by the contract attorney. This research could be conducted in house or through a contract with an entity such as the Florida School Board Association.
	Step 4:	The board should take steps necessary to implement the recommendations that result from this research.
Who is Responsible	Board, superintendent	
Time Frame	January 2003, every three to five years thereafter.	
Fiscal Impact	This recommendation can be completed with existing resources.	

Source: OPPAGA.

Effective and Responsible Operation

5 The district's organizational structure has clearly defined units; however, the lines of authority may be too broad and certain functions may be more appropriately managed under a different structure.

A district should create a Division of Operations under the superintendent to better manage support services

The district reviewed and made significant changes to its organizational structure in 2001. As part of this restructuring, the assistant superintendent for administration and central support was eliminated and three area assistant superintendent positions were created to oversee schools based on geographic area (north, central, and south). Each assistant superintendent is responsible for the performance of the elementary, middle, and high schools in his area. This includes the performance of the principals in meeting the goals and objectives detailed in their individual schools budget and A+ Plan. Each school and principal develops these goals and objectives in conjunction with the area assistant superintendent, who later evaluates the school against these performance measures. The area assistant superintendent is then ultimately responsible for working with the school to modify their plans if they are unable to meet their goals and objectives.

Most principals report that the availability of the assistant superintendent under the new structure has been a positive experience and beneficial to their school management. They went on to state that the previous assistant superintendent rarely met on an individual basis with each school, and direct contact is much more frequent under the current structure. In general, we found that the division of schools into

three areas under separate assistant superintendents has improved the lines of authority and made the district more responsive to individual schools.

But, the division of the district into three areas has some drawbacks. For example, in addition to managing the schools in their areas, certain support services were placed under each of the assistant superintendents. Specifically, district transportation was placed under the assistant superintendent for north schools operations. Placement was based on the location of the transportation hub and service shop in the northern part of the county, as well as the expertise of the assistant superintendent. Likewise, food services was placed under the assistant superintendent for central schools operations because the central kitchen was physically located in the central part of the county (Niceville). In addition, the assistant superintendent had certain business knowledge that the superintendent believed could be used to solve some of the problems in the central kitchen. [5] The assistant superintendent for south schools operations does not have a unique operational area under his authority, because he has the largest number of schools (16) and coordinates the district's interaction with home schooling students. Finally, the district's maintenance department was divided into three geographic areas and each assistant superintendent manages the maintenance division in his area.

We found that the district's organizational placement of these support services under the area superintendents may impede its ability to function smoothly and effectively. Assistant superintendents spend between 20% and 30% of their time managing these support services. This is time taken away from working with schools as a liaison to the whole district. School-level staff reports that they feel isolated from other schools because of the new division into geographic areas. The time spent working on support service issues could be applied to better communication among schools for purposes of sharing information and best practice. The assistant superintendents could also use this time to provide assistance to individual schools in implementing their A+ Plans.

Furthermore, placing these operational areas under the three assistant superintendents prevents coordination toward common district goals. There is a temptation for assistant superintendents to be more responsive to their schools in the operational area for which they have management responsibilities. We saw a good example of this occurring in the one shared support service area, maintenance. Recently, one of the assistant superintendents decided to provide lawn maintenance services to the elementary schools, paid for through the district's maintenance budget for his area. Elementary schools in the other two areas became frustrated with this arrangement because they were responsible for purchasing lawn maintenance out of their own school's budget. Questions of equity were raised and the policy was discontinued.

As a whole, we found that the division of schools under three assistant superintendents has been beneficial; however, the separation of operational/support functions is hindering the district's performance. This problem could be addressed by additional restructuring. This restructuring would group food services, transportation, and maintenance under a single administrator, preferably a person with business training. This person would become the chief operations officer (COO) over a new Division of Operations. The COO would be of the same pay grade and staff level as the current assistant superintendents and other chief officers. In addition, other support services, such as construction and contract management, could be included under this division. Currently, the board chair, the board attorney, and the superintendent are managing these functions. Exhibit 3-11 illustrates the possible reorganization (please see Chapter 6 for a discussion of the placement of the chief information officer as a "cabinet"-level position).

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[5] Food services were originally included under the chief financial officer. However, the CFO was tasked with correcting serious fiscal problems within her division and the food services area needed a time-commitment that would have diminished her effectiveness. The assistant superintendent for central schools operations requested the opportunity to manage food services and the area was transferred under his authority.

Exhibit 3-11

The District Should Have an Operations Division
and the Chief Information Officer Should Be a "Cabinet-Level" Position

Superintendents	**Officer**	n **Officer**	**Assurance Officer**	**Operations Officer**	**Community Affairs**
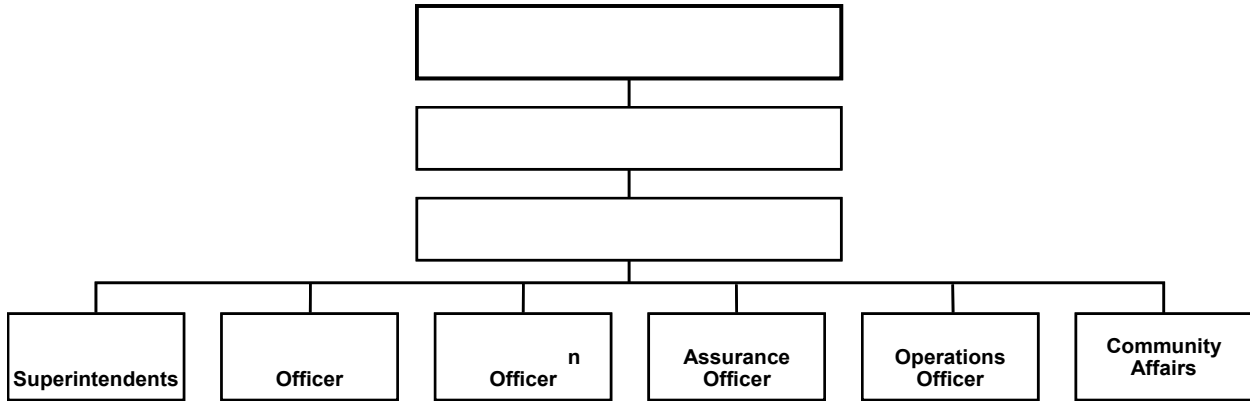
Source: OPPAGA.

Irrespective of how this restructuring is accomplished, we believe that the inclusion of all support services under a single administrator with business management experience would be beneficial to the district. This could help the district avoid some of the previously mentioned problems and could address other problems as well. For example, one of the consistent problems we identified in other chapters is that support areas have difficulty providing unit cost information for the services and products they provide (see Chapters 10 through 13). An experienced business administrator should be able to implement policies and procedures to determine these unit costs.

Recommendations ————————————————

- *We recommend that the district create a Division of Operations. The division will be managed by the new position of chief operations officer. A person with business administration training and experience should fill this position. This position should report directly to the superintendent.*

- *We recommend that transportation, food services, contract management, construction and maintenance functions be placed under this new division.*

Action Plan 3-4 provides the steps needed to implement this recommendation.

Action Plan 3-4

Division of Operations Should Be Created	
Strategy	The district should establish the Division of Operations that includes transportation, food services, contract management, construction and maintenance.
Action Needed	Step 1: The superintendent should develop a workplan to describe the benefits and drawbacks to additional restructuring of the management structures. The workplan should include the justification for creating a Division of Operations, describe its placement in management structures, describe the activities to be included under the division, detail the qualifications and duties of a chief operations officer, and detail potential costs of this transition.

	Step 2:	The board should consider the workplan and work with the administration to implement its recommendations.
	Step 3:	Staff should be selected for the position of chief operations officer.
	Step 4:	The superintendent should develop goals and objectives with new division staff and determine performance measures for its activities.
Who is Responsible	Superintendent, board	
Time Frame	July 2004	
Fiscal Impact	The development of a reorganization plan can be completed with existing resources. The fiscal impact for the new position would be approximately $102,708 annually. This position could be paid for through costs savings identified in the review, including savings from transportation, increased revenues from food services, and cost savings from maintenance and construction. Please see these chapters for fiscal impacts.	

Source: OPPAGA.

6 The district periodically reviews its administrative staffing and makes changes to eliminate unnecessary positions and improve operating efficiency.

The district recently reviewed its administrative staffing and eliminated many positions

As previously discussed, the district reviewed and adjusted its administrative staffing as part of a general reorganization by the new superintendent in 2001. Since the start of this review, the district has continued to pursue efficiencies in staffing by making additional reductions in 2002. The district had a net reduction in district staff by 24 positions, resulting in annual cost savings of $1,063,196.57. These net reductions will equal $5,315,982.85 over five years. The district also decentralized 28 district office positions to schools to provide principals greater control over staff resources and to reduce district administrative costs (see Exhibit 3-12).

Exhibit 3-12

Cost Savings From Staff Changes Through Reorganization in 2001 and 2002

Action		Cost Impact
Eliminated/Unfilled	(56)	($3,249,617.82)
Decentralized	(28)	($1,516,658.52)
Added	32	$2,186,421.24
TOTAL NET DISTRICT STAFF REDUCTIONS **[(Eliminated/unfilled+ decentralized)- added=Total net reductions in district staff]**	**(52)**	**($2,579,855.10)**

Source: Okaloosa School District.

Exhibits 3-13 through 3-15 detail the positions and cost impact of staff changes due to reorganization in 2001 and 2002.

Exhibit 3-13

District Staff Eliminated or Left Unfilled
Due to Reorganization In 2001 and 2002

Positions	
Director - Secondary Education	$ 84,129.72
Director – Elementary Education	80,951.59
Safety Specialist	65,495.45
Technology Specialist	65,280.54
Assistant Superintendent – Administration and Central Support	100,660.42
Assistant Superintendent – Curriculum and Instruction	100,660.42
Director – HR (Staff Development)	90,735.93
Secondary Ed Specialist (3 positions)	187,948.57
Program Director – Safe Schools/ Discipline	82,812.22
Secretary – Elementary Ed	34,461.69
Secretary - Superintendent	40,124.15
TOSA – TAPP and Student Health	69,936.18
Accountant – Financial Services	38,274.04
Specialist – Financial Services	60,533.78
Program Director – Elementary Education	82,812.22
Director MIS	84,129.72
Director – Exceptional Student Education	0
Program Director – ESE (3 positions)	181,278.18
Specialist – Elementary Ed (2 positions)	103,896.00
Program Director – Title 1	4,000.00
Director - Student Services	85,567.00
Specialist – Student Services	57,538.00
Secretary 10-month - Superintendent	32,288.00
Leaderman - Maintenance	41,700.00
Secretary 12-month – Quality Assurance	28,763.00
Audio – Visual Clerk	38,027.00
Audio – Visual Clerk	38,268.00
Teacher - Gifted	49,992.00
Specialist – Curriculum Support	71,618.00
Specialist – Curriculum Support	68,810.00
Heavy Equipment Operator	39,625.00
Electrician 1 – North Zone (2 positions)	69,636.00
Specialist - Maintenance	74,427.00
Electrician 1 – Central Zone	34,478.00
Foreman – Heavy Equipment/Grounds	48,529.00
Administrative Intern – North Zone	60,084.00
Administrative Intern – Central Zone	63,524.00
Administrative Intern – South Zone	61,779.00
TSA/Student Health and Safe Schools	73,185.00
District Media Specialist	76,602.00
Program Director/Health and Safe Schools	86,180.00
Principal – Evening Alternative Education	94,475.00
District Level Secretary 1 – Transportation North	39,510.00
Program Director – Federal Title 1	89,899.00
District Level Secretary - Finance	39,724.00
District Level Secretary - Finance	40,327.00
Office Manager – Finance	54,705.00
Leaderman – Central Maintenance	41,535.00

Positions	Cost Saving From Reduction
Foreman – North Maintenance	53,189.00
Payroll Clerk - Finance	37,513.00
TOTAL	**$3,249,617.82**

Source: Okaloosa School District.

Exhibit 3-14

District Staff Decentralized Due to Reorganization in 2001

Positions	Cost Transfer From Dec on
Staffing Specialists (12 positions)	$ 684,883.98
Psychologists (10 positions)	572,352.55
Student Service Worker / Student Intervention Worker (6 positions)	259,421.99
TOTAL	**$ 1,5**

Source: Okaloosa School District.

Exhibit 3-15

District Staff Added Due to Reorganization in 2001 and 2002

Positions	Added Co
Assistant Superintendent – School Ops (3 positions)	$ 285,106.31
Chief Officer - Quality Assurance	93,648.92
Admin on Special Assignment (3 positions)	202,229.70
Office Manager – Superintendent Office	47,084.26
Specialist – Grants and Non-operating Income	68,958.57
Program Director – Evaluation and Academic Support	77,882.09
Specialist - Evaluation and Academic Support (2 positions)	132,022.39
Program Director – Student Health and Safe Schools	77,882.09
Manager – Student Health and Safe Schools (TOSA)	69,936.18
Program Director – ESE (Quality Assurance)	77,882.09
Contract Coordinator - ESE	69,936.18
School Support Coordinator - ESE	69,936.18
Program Director - Budgeting	71,243.18
Program Director - Accounting	71,243.18
Chief Officer – Information Services	93,648.92
Assistant Principal on Special Assignment	69,740.00
Assistant Principal on Special Assignment	70,924.00
Specialist – Safety, Health and Student Services	60,248.00
Specialist, Health and Safe Schools	67,011.00
Instructional Technologist	72,967.00
Web Technician	48,703.00
TSA/Prevention and Safe Schools	55,087.00
District Level Secretary – Transportation North	26,017.00
Accountant - Finance	42,225.00
Specialist - Finance	61,163.00
Specialist - Finance	61,163.00
Payroll Supervisor - Finance	42,533.00
TOTAL	**$ 2,1**

Source: Okaloosa School District.

As part of our analysis, we compared staffing rations of the Okaloosa County School District to those of its peer districts. Exhibits 3-16 compares the Okaloosa County School District's staffing ratios to its peers for 2000-01. As a result of the previously discussed reorganization, Okaloosa's administrator to teacher and administrator to total staff ratios are similar to its peers and the state. The most significant effect was the reduction of district-level administrators, although much of this was accomplished by transferring administrators to the individual schools. In 1999-2000, the district had a total of 112 administrative staff (48 district level and 64 school level), but the number of administrative staff grew to 118 in 2000-01, with the most significant growth in school level administration (43 district level and 75 school level).

Exhibit 3-16

Okaloosa's Staffing Ratios Are Similar to Its Peers

	Staff Ratios					
School District	**to Classroom hers**	**to Total Instructional**	**Administrators to Total Staff**	**Classroom Teachers to Students**	**Te Classroom Teachers**	**Guidance to Students**
Alachua	1: 12.14	1: 14.21	1: 28.44	1: 17.71	1: 4.22	1: 404.12
Bay	1: 13.33	1: 15.13	1: 28.12	1: 16.82	1: 3.51	1: 353.58
Lake	1: 14.17	1: 15.96	1: 30.33	1: 18.30	1: 4.49	1: 361.32
Marion	1: 13.30	1: 14.69	1: 30.56	1: 17.11	1: 2.82	1: 499.59
Okaloosa	**1: 14.46**	**1: 15.83**	**1: 29.34**	**1: 17.71**	**1: 3.83**	**1: 451.46**
Santa Rosa	1: 15.37	1: 17.20	1: 27.25	1: 17.41	1: 4.87	1: 444.52
State	**1: 14.20**	**1: 15.89**	**1: 29.04**	**1: 17.68**		**1: 438.18**

Source: Profiles of Florida School Districts, Staff and Student Data, Department of Education, 2000-01.

In general, we found that this reorganization has eliminated unnecessary positions and improved responsiveness of the district to the needs of individual schools. However, there are some problems that have developed due to the reorganization, particularly in support services. The position of assistant superintendent for administration and central support was eliminated, and certain operational areas previously under this position were placed under the new assistant superintendents for school operations. This may have created lines of authority that are too broad for the assistant superintendents. These problems are discussed in detail on pages 3-15 through 3-17.

7 The superintendent and school board exercise effective oversight of the district's financial resources.

The district has budget materials that are relatively easy to understand and fiscal resources are closely monitored

The district changed the format and function of the budget as part of its general reorganization in 2001. The Fiscal Year 2001-02 budget was produced in two formats. The first format was the same used in previous years. The second format reflected the move to performance-based budgeting and included details about the goals and objectives of each school, the strategies the school would use to achieve these goals and objectives, as well as how the budget allocations will be used to implement these strategies. The district provided workshops for board members and worked closely with the schools to develop the information included in the budget. The superintendent and chief financial officer also worked closely with individual board members to ensure that they understood revenue and expenditures by major categories. Board members reported that they found this information very useful.

We found that the district has effective oversight of fiscal resources. The district closely monitors and reports key financial indicators. School expenditures are monitored for deviations from the budget and plans are developed if it appears that an individual school will exceed its appropriations. The district maintains a reserve fund that is within best practice standards. The district monitors expenditures and has set maximum spending limits that may occur without formal approval.

8   The district has clearly assigned school principals the authority they need to effectively manage their schools while adhering to districtwide policies and procedures.

The district's new budgeting process increased the authority principals have to manage their schools through the concept of site-based management

One of the primary goals of the restructuring and the new budgeting process in the district is to increase the authority and control of principals over their individual schools through the concept of site-based management. In site-based management, the district develops its budget in close coordination with principals. Each principal develops his/her school's plan for improvement in conjunction with their respective School Advisory Counsels (SACs), Parent/Faculty Organizations (PFO) and the local community. The principal then works together with the area assistant superintendent to establish how appropriations will be used to meet the school's goals and objectives, and how the school will be evaluated in its efforts to meet these plans. For example, if a principal determines that his/her school needs to improve its students' performance in reading, he/she may choose to use some funds to hire a reading specialist. The school will then be assessed using a standard reading aptitude test to see if the plans have been accomplished. Other principals, however, may choose to increase counseling staff or a music teacher. In each case, it is the principal, in conjunction with district administration, who has the authority to direct appropriations toward meeting his/her school's goals and objectives.

We found that principals have the authority they need to effectively manage their schools under the site-based system. Principals report that they clearly understand what is expected under the new budgeting system, and have become more aware of all aspects of the school's fiscal demands. For example, schools are now required to pay their utility bills for the first time (they were provided increased appropriations to pay for these services). Many principals only then realized the true expense of these services. As a result, many schools implemented new water and electricity conservation plans to reduce these costs.

But, some principals feel that the decentralization of services and appropriations may be too comprehensive. Some principals feel that they have lost the ability to contact familiar district personnel to obtain resources. They report that they can no longer call District Employee X to have a maintenance problem addressed more quickly. Principals must now work with unfamiliar personnel and state they do not feel they have the same level of support services at the district level. However, when given an alternative between increasing district staff by cutting school-based staff, we found that most principals would rather keep all of their staff then re-centralize a position back to the district level to provide support services.

Allocation of Resources

9   **The district does not have a functioning multi-year strategic plan with annual goals and measurable objectives based on identified needs, projected enrollment, and revenues.**

The district has not established goals and measurable objectives for operational areas, but instead focuses at the school level

Although the district had strategic plans in the past, there is currently no functioning districtwide strategic plan. Instead, the administration has focused primarily at the school level to develop goals and objectives. As a result, district operational areas activities are not linked to the overall direction of the district. In lieu of a strategic plan, the administration has three general goals by which it assesses policy decisions and the activities of operational areas. These goals include

- How will the activity improve student performance?
- How does the activity adhere to and ensure proper fiscal management?
- How does the activity meet customers' needs?

The district has developed strategic plans for certain policy issues (i.e., a reform plan for Exceptional Student Education), but the superintendent reports that it will be another year before a districtwide strategic plan will be developed.

Recommendations ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

- *We recommend that the district develop a districtwide strategic plan that contains measurable goals and objectives. Such a plan should help ensure that all district activities are directed toward commonly held goals and objectives, and that each of its operational units understands how its activities contribute to these goals and objectives. To develop such a plan, the district needs to hire a consultant for districtwide planning and evaluation. Without such a consultant, the responsibility for planning and evaluation activities will remain within the operational areas, which are likely to give these activities lower priority than they give the day-to-day activities needed to run the district. The consultant should be charged with overseeing the development of a plan for the approval of the superintendent and school board. The plan should contain high-level goals and measurable objectives and benchmarks for the district and each of its major programs and departments. It should also contain the strategies the district will use to achieve those goals and objectives, the units responsible for implementing these strategies, and the timeline for implementation. The plan should cover a five-year period and should be updated annually.*

  Action Plan 3-5 provides the steps needed to implement this recommendation.

Action Plan 3-5

A Strategic Plan Should Be Developed		
Strategy		The district should develop a five-year strategic plan with measurable goals and objectives.
Action Needed	Step 1:	The board should solicit bids from consultants experienced in developing strategic plans.
	Step 2:	The board, with cooperation and input from the superintendent, should select a consultant.
	Step 3:	The consultant should hold public hearings to solicit community input on the strategic plan.
	Step 4:	The consultant should hold a series of workshops to solicit input from the schools and their stakeholders.
	Step 5:	The consultant should solicit input from the board, central administrative staff, and school-based staff.
	Step 6:	Based on the input it has received, the consultant should develop a draft of a strategic plan, including measurable goals and objectives and specific strategies, responsibility assignments, and timelines for the superintendent and assistant superintendents.
	Step 7:	The superintendent and staff should review the draft and present it to the board for comment.
	Step 8:	The consultant should incorporate their comments into a final draft.
	Step 9:	The superintendent should present the final draft to the board for approval.
Who is Responsible		The board and superintendent
Time Frame		The plan should be completed by December 2003 and implemented by July 2004.
Fiscal Impact		The fiscal impact will vary based on how the district chooses to implement this recommendation. If district staff develops the strategic plan without outside assistance, the plan could be developed within existing resources. This is especially true if the board and superintendent pursue master board training. [6] The district could also hire the Florida Association of District School Board Superintendents at a cost of $20,000-$55,000 (depending on the level of stakeholder input desired). Hiring a private consultant to produce a strategic plan with appropriate performance in a one-year period of time is estimated to cost between $91,000 and $98,000.

Source: OPPAGA.

10 The district has a system to accurately project enrollment.

The district has student enrollment projections that are consistently over 98% accurate

The district's chief information officer (CIO) is primarily responsible for projecting student enrollment. The CIO uses two different projection methodologies that utilize past enrollment, birth statistics, and census information to make projections. The CIO also contacts the county and city planning departments, as well as administrators of the military complexes in the county, to evaluate changes in development and housing requirements across the county.

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[6] Other districts that have completed master board training report that it was beneficial in helping them develop their strategic plan, allowing staff to develop the plan more economically.

We found that these methodologies consistently produce accurate assessments of student enrollment and distribution across the county. Exhibit 3-17 details accuracy rates for student enrollment projections for Fiscal Years 1996-97 through 1999-2000.

Exhibit 3-17
Student Enrollment Projections Are Consistently Accurate

Fiscal Year	te	Error Rate
1996-97	99.213%	.787%
1997-98	99.403%	.597%
1998-99	98.670%	1.33%
1999-00	98.490%	1.51%

Source: Okaloosa School District.

The district and individual schools use these projections extensively. The district uses these projections for budgetary purposes and for rezoning, and schools are more reliant than ever on the projections as their budgets are more closely tied to enrollment projection than in the past.

11 The district links its school budgets to their priority goals and objectives, but the operational units do not have similar connections in their budgets.

The district does not link its overall budget to specific goals and objectives

We found that the district has not formally developed strategies and objectives to improve its performance at the district-level. As previously discussed, school budgets do link goals and objectives to their appropriations, but the operational units in the county have no similar process.

District administration plans to link the district's goals and objectives to the budget after the development of a strategic plan. The district was able to implement a system of accountability for its schools within existing resources, and we believe that the district could develop similar systems for its operational areas. Best financial management practice number nine in this section (page 3-23 and 3-24) describes the issues associated with strategic plan development in this district.

Recommendations ━━━━━━━━━━━━━━━━━━━━━━━

- *We recommend that after the district develops a five-year strategic plan, it incorporates the goals and objectives described in the plan into the budget, similar to the way the schools' budgets are linked to their goals and objectives.*

Action Plan 3-6 provides the steps needed to implement this recommendation.

Action Plan 3-6

Districtwide Goals and Objectives Should Be Linked to the Budget		
Strategy	The district should link the goals and objectives developed in the strategic plan to its budget allocations.	
Action Needed	Step 1:	During the strategic planning process, the superintendent needs to direct the consultant to work with the assistant superintendents and chief officers to identify strategies they believe will be most effective in attaining the district's goals and objectives.
	Step 2:	The consultant should determine the likely cost of implementing the selected strategies in conjunction with the chief financial officer.
	Step 3:	The consultant should identify changes in current operations that could offset the cost of implementing the strategies in conjunction with operational area administrators.
	Step 4:	A written report should be developed detailing ways to implement the districts strategies and their fiscal impact.
	Step 5:	The superintendent should forward the report to the board for consideration.
	Step 6:	The board should review the report, modify the recommendations as needed, and adopt them. It should then direct the superintendent to base the upcoming budget on the recommendations.
Who is Responsible	The board and superintendent	
Time Frame	The recommendations should be implemented with six months of the adoption of a strategic plan.	
Fiscal Impact	This recommendation could be implemented with resources allocated in Action Plan 3-5.	

Source: OPPAGA.

12When necessary, the district considers options to increase revenue.

The district seeks additional revenue as needed

We found that the district has considered various options to increase revenue in times of need. In 1994, the district was able to obtain a voter-approved, one-cent sales tax for construction and school improvement. This tax generated over $67 million and was used to build three new schools and improve over 30 existing facilities. The tax ended in 1999 and there are currently no plans to request another ballot initiative. The district has also established a foundation administered by the Community Affairs division to increase revenue from private grants and donations (see Chapter 15 for more discussion of the foundation).

The district is currently seeking flexibility in its ad valorem tax revenue to shift funds between operational and educational services in order to manage the budget reductions required by the Florida Legislature in December 2001.

4 Performance Accountability System

The district has initiated an accountability system for its educational program. The system is tied to the budget and used to evaluate student progress on a quarterly basis. Measurable objectives, longer-range accountability measures, and more comprehensive reporting can improve the system. The district will make some of these improvements for the 2002-03 school year. However, it has not developed similar measures for its support programs. These measures help to ensure that the programs provide needed support in a cost-effective manner.

Conclusion

The Okaloosa County School District (the district) is in the process of developing accountability systems for its educational and support programs. This process began with the election of a new superintendent, who took office in January 2001. As a businessman, he was interested in developing accountability information that could be used to improve performance and cut costs.

The district began with developing an accountability system for its schools' K-12 education programs for students expected to obtain regular diplomas. This system, which is documented in each school's A+ plan, uses test scores to identify students who are not performing according to expectations. During the planning and budgeting process, each school targets the students it wants to focus on and then develops strategies for improving the performance of these students. These strategies and the funds needed to implement them become part of the school's budget. During the course of the school year, the school uses quarterly test scores to assess the progress of the targeted students. If students are not progressing according to expectations, the schools develop individualize strategies to improve their performance.

Although this accountability system shows promise in that it is actively used to manage the district's educational strategies, it needs improvement. During the next school year, the district intends to modify the system to include all students and to develop measurable objectives or benchmarks by which to judge performance both at the school and district level.

In addition to these planned improvements, the district should develop measures for longer-term outcomes such as drop-out rates and student performance in higher educational institutions. It also should report on the progress of special populations of students, such as exceptional students and students receiving free or reduced-price lunches.

The district has not yet developed similar accountability systems for its support programs. According to the superintendent, developing these systems will be a district priority during the next few years, and the district is beginning to gather baseline data for its food service and maintenance programs.

During the course of this review, OPPAGA noted a number of district accomplishments in the performance accountability system, some of which are included in Exhibit 4-1 below.

Exhibit 4-1

The District Has Had a Number of Notable Accomplishments
in Performance Accountability Systems in the Last Three Years

- The district has developed a promising accountability system that it uses to evaluate, manage, and continually improve its educational programs for students expected to obtain regular diplomas.

- The district has tied student performance to school budgets.

- The district uses performance information in its evaluation of principals and teachers.

- The district uses evaluative information to improve its performance.

- The district uses a number of mechanisms, including brochures and its website, to report performance information about its education program to parents and community members

Source: Okaloosa County School District.

Overview of Chapter Findings ─────────────

OPPAGA staff reviewed the district's performance accountability system using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. The best practices team employed several methodologies to develop chapter conclusions and action plans. These included review of district self-assessments and supporting documentation, interviews with district managers, and focus groups with teachers and principals. We also reviewed school budgets and A+ plans and gathered documentation for how student performance indicators are used to evaluate schools, principals, and teachers.

Fieldwork was concluded in July 2002. Any subsequent district action is not reported in this report, but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Accountability of Programs

1. The district has broad goals for improving student performance, district management, and customer relations. However, it has not developed measurable objectives that can be used to judge its performance in achieving these goals. (Page 4-3)

2. The district has appropriate performance measures to manage and evaluate most of its educational programs. However, it does not have performance measures for its support programs. (Page 4-6)

3. The district regularly assesses the performance of its educational programs and employs alternative strategies when performance does not meet expectations. Without accountability systems for support programs, the district bases decisions to use alternative service strategies, such as outsourcing, on other factors. (Page 4-7)

4. The district evaluates its programs and activities and uses evaluation results to improve program performance and cost-efficiency. (Page 4-8)

5. The district reports the performance of its basic educational programs, but it does not report the performance of other programs such as ESE and ESOL. (Page 4-10)

Fiscal Impact of Recommendations ──────────

The fiscal impact of recommendations in this chapter is included in the fiscal impact for recommendations Action Plans 3-5 and 3-6 in Chapter 3, Management Structures.

Background ──────────

In 2001, the Okaloosa County School System developed a new accountability system for its basic education programs in 2001. Under this system, each school's budget contains baseline data on its past performance, the revenues the school is expected to generate from its FTEs, and how it will use those revenues to improve performance. The area assistant superintendents, chief quality assurance and curriculum support officer, chief financial officer, superintendent, and school board must approve each school's proposed budget. Area assistant superintendents and the chief financial officer monitor school performance in achieving desired outcomes and staying within budget during the school year. If this monitoring indicates that the school is not progressing as expected, the school must develop a corrective action plan.

Although the district relies strongly on principals to identify and implement strategies to improve performance, it is beginning to provide them with tools they need to succeed. For example, the district recently has trained all principals on how to disaggregate and analyze data on student performance. It also has provided them ready access to student performance data.

Accountability of Programs

1 **The district has broad goals for improving student performance, district management, and customer relations. However, it has not developed measurable objectives that can be used to judge its performance in achieving these goals.**

The Okaloosa County School District developed three district-wide goals: better student performance, better management, and better customer relations. It has not developed measurable objectives for these overall goals; however, on its website, it reports its performance in achieving these goals in the following manner. (See Exhibit 4-1)

Exhibit 4-1

Absent Measurable Objectives, the District Uses Descriptive Information to Report its Performance in Achieving District-wide Goals to the General Public

Better Student Performance
"This year nearly every grade in every school is doing better in reading, writing, and mathematics. Our schools earned $1.4 million in state performance bonuses. Every school has a plan to achieve the state's highest academic rating."

Source: Okaloosa County School District website.

The district has not established measurable objectives for its education program

The district's primary goal for its educational programs is better student performance. The district measures its progress in improving student performance primarily through test scores, particularly the Florida Comprehensive Assessment Test (FCAT) scores. These scores are used throughout Florida to measure the success of K-12 education programs. In addition, the district tracks school attendance and readiness-for-college rates.

The past year's FCAT scores for each school are shown in its A+ Plan and budget, each of which contains the number and percentage of the school's students who scored above and below expectations on the FCAT tests for reading, writing, and math in the previous fiscal year. School budgets also show their past year's attendance rates, and high school budgets contain their past year's readiness-for-college rates. Although this baseline information can be used to chart the schools' performance in improving student performance, not all schools have set measurable objectives or standards for the improvement they expect to achieve during the current school year. In addition, the district has not developed a districtwide objective for the gains it expects to achieve in student performance. Without this information, the district may not be able to objectively determine whether school or district progress meets expectations.

Currently the district's accountability system focuses on students who are expected to obtain regular diplomas. It has not established measurable objectives for its students who are expected to obtain special diplomas; nor has it developed objectives for other indicators of school performance, including attendance rates, graduation rates, and post-graduation measures, such as employment or remediation rates.

During the next year, the district intends to improve its accountability system for educational programs. A presentation to school administrators indicates that each school is to set objectives for student performance in reading, writing, and mathematics in its A+ Plan for the 2002-03 fiscal year. The objectives are to be specific, measurable, attainable, research-based, and time-phased.

Schools are to tie these objectives to district and state objectives and the desired results of their school advisory committees. The district has not yet established district-wide measurable objects for its educational program, but intends to do so. This objective will be included in school A+ Plans. In addition, the plans are to specify the strategies schools will employ to achieve their objectives, the target group of students to whom these strategies apply, and the funds schools will use to implement the strategies. Schools are also being instructed to include in their A+ Plans a description of the actions they will take to provide training to their teachers and improve customer relations. However, the draft plans do not specify the outcomes schools expect to achieve by implementing these strategies.

The district has not established measurable objectives for its support programs

The district's general goals of better management and improved customer satisfaction apply to its support programs, such as the personnel, student transportation, safety and security, food services, construction, and maintenance programs. However, it has not developed measurable objectives for these programs. This limits its ability to judge the their performance.

Recommendations ———————————————

- *We recommend that the district continue its efforts develop an accountability system that includes measurable goals and objectives for all of its educational programs. In addition, it should develop goals, objectives, performance measures and measurable objectives for its support programs. This accountability system development process should be a part of the district's strategic planning efforts.*
- *To improve its ability to assess the effect of its educational programs, we recommend that the district develop more long-term objectives for its educational program. These could include*
  - *the percentage of students dropping out of school;*
  - *the percentage of those going to college who need remediation;*
  - *and the percentage of those not going to college who are employed.*

Action Plan 4-1 provides the steps needed to implement this recommendation.

Recommendations for specific objectives pertaining to support programs are included in the chapters for those programs.

Action Plan 4-1

Develop an Accountability Systems for All Educational and Support Programs		
Strategy	Develop measurable objectives for all district educational and support programs.	
Action Needed	Step 1:	Assign one of the area superintendents the responsibility for overseeing the development of an accountability system for all educational and support programs. The system should include longer-term outcomes for presentation to the board and public and short-term outcomes that are useful to program managers.
	Step 2:	Work with key staff in each program to develop useful measures. Proposed measures should be made available to stakeholders for comment.
	Step 3:	If necessary, hire a consultant to take district staff through a process to help them develop an accountability system and strategic plan.
	Step 4:	Make proposed measures available to stakeholders for comment.
	Step 5:	Revise the proposed measures as needed.
	Step 6:	Submit the objectives to the board for approval.
	Step 7:	Develop systems for collecting reliable data on the approved measures.
	Step 8:	Periodically review the measures to ensure that they are still useful or whether new measures should be developed.
Who Is Responsible	Superintendent	
Time Frame	December 2003	
Fiscal Impact	Included in the fiscal impact of Action Plan 3-5 and 3-6.	

Source: OPPAGA.

2 The district has appropriate performance measures to manage and evaluate most of its educational programs. However, it does not have performance measures for its support programs.

The district uses performance measures to evaluate and manage most of its educational programs. The district uses three measures to evaluate the success of its K-12 educational programs: FCAT test scores, attendance rates, and readiness-for-college rates. Performance data for these three measures are included in each school's budget document. [1] Each school receives approximately 90% of the funds generated by its student population for educational programs from local, state, and federal sources. Schools are expected to use these funds to increase the percentage of their students with acceptable FCAT scores. To accomplish this, each school develops a strategy for using budgeted funds to operate the school and improve the performance of a targeted population of students. Currently most schools have targeted students whose past performance places them in the school's lowest quartile. However, according to district staff, during the next budget cycle, the schools' targeted population will be expanded to include all students expected to obtain regular diplomas.

Because FCAT scores are not available until the end of the school year, each school uses one or more normed instruments to gauge the progress of its targeted students during the school year. [2] Schools administer these tests at the beginning of the school year and at eight-week intervals. If one of the targeted students fails to meet performance expectations, the assistant area superintendents and principals work with the student's teacher to develop an individualized plan for increasing that student's performance. The district also uses student performance information to evaluate the performance of individual principals and teachers.

The district maintains normed test and FCAT scores for all targeted students who are expected to obtain regular diplomas. Principals or quality assurance staff can use this data to gauge the performance of special sub-populations of students, such as non-English speaking (ESOL) or exceptional student education (ESE) students. However, the district does not maintain other indicators that can help evaluate these programs, such as the percentage of ESE students who receive services in a timely manner. The district also does not aggregate performance information for special education students who are not expected to obtain regular diplomas. These types of indicators can help the district to ensure that its special education programs are performing well.

Although test score and attendance measures are reasonable indicators of the district's progress in achieving its short-term goals, they fall short of measuring progress in achieving longer-term goals, such as adequately preparing them for higher education or work. By tracking its performance on higher-level measures, the district can determine how well high test scores and attendance rates correlate with more long-term outcomes.

The district also has developed accountability measures for its applied technology center. These measures and standards and performance data for Fiscal Year 1999-2000 are included in the center's 2001-02 budget. Although many of the technology center's measure are interim outcome or process measures, it does have one true outcome measure—the percentage of program completers who are employed in their respective trades. However, the district has not developed a measure of the wages these employed program completers receive.

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[1] Only high schools report readiness for college rates graduation rates for their college-bound students.

[2] Schools can select their own instruments but their area assistant superintendent and the chief quality assurance and curriculum support officer must approve their selection.

The district does not have performance measures for its support programs

With the exception of construction services, the district has not developed and used performance to manage its support programs. The district has developed performance measures that it uses to assess the services it receives from its contracted construction management company, and these measures are discussed in detail in Chapter 9. It also reports some student transportation data to the Department of Education; however, it does not use this data to make decisions on how to manage the transportation program. (See Chapter 12, page 57).

Because it does not collect or use performance data, the district cannot effectively evaluate the efficiency and effectiveness of its support services. According to the superintendent, the district intends to develop performance measures and collect data for all of its support programs. For example, district staff is beginning to implement systems to collect timeliness and cost data on its maintenance and food service programs. However, when the superintendent took office in January 2001, he gave highest priority to developing a performance accountability system and collecting data to manage the district's educational program. Once the accountability systems for those programs are complete and in use, the district will begin to develop similar systems for its support programs.

Recommendations —————————————————————

- *The district should improve its performance measurement system for its educational programs for students who are expected to receive regular diplomas, expanding it to include all students by adding some long-term measures on student outcomes such as employment rates and developing some process measures to allow it to better monitor services to special groups of students such as ESE students. The district should also develop performance accountability systems for all of its support programs and use them in managing the programs.*

    The steps needed to implement this recommendation are included in Action Plan 4-1.

3 The district regularly assesses the performance of its educational programs and employs alternative strategies when performance does not meet expectations. Without accountability systems for support programs, the district bases decisions to use alternative service strategies, such as outsourcing, on other factors.

As discussed on page 4-5, the district uses performance data to regularly assess the performance of it education programs for targeted students who are expected to obtain regular diplomas. When a targeted student's performance does not meet expectations, the district develops alternative educational strategies for that student. The board uses each school's past performance of FCAT scores, attendance rates, and dropout rates as benchmarks and will compare current performance to those benchmarks. It does not formally compare its performance to that of peer districts; however, the superintendent and board members were aware of how the district performed in relationship to other Florida districts.

Although the district uses performance information to manage its educational programs, it has not used them to make decisions about whether to outsource these programs. However, the district would be unlikely to outsource these programs because education is its main business line.

The district has not developed performance measures for its support programs; therefore, it has not used performance information to make decisions about outsourcing these programs. Instead, it has used information about its capacity to perform the work needed to carry out the program. For example, when the district obtained the penny sales tax for school construction, it planned to implement a short-term construction program that would meet its construction needs for the foreseeable future. Instead of hiring the permanent staff to carry out this construction program, the district contracted out the work to a qualified construction management firm. (See Chapter 10.)

However, as previously discussed, the district is planning to develop performance accountability systems for its other programs and to use accountability information to make decisions about these programs. The district could also use accountability information to assess the efficiency and effectiveness of its support programs by benchmarking it against the performance of other, similar districts.

Recommendations ———————————————————

- *The district should develop performance information for all of its programs and use this information to make management decisions, including outsourcing decisions.*

Action Plan 4-1 provides the steps needed to implement this recommendation.

4 The district evaluates its programs and activities and uses evaluation results to improve program performance and cost-efficiency.

The district uses a number of different techniques to evaluate the performance and cost of its educational and support programs. These include ongoing, formative evaluations of its educational programs for students who are expected to obtain regular high school diplomas, periodic summative evaluation of particular instructional techniques, and periodic process evaluations of other programs and activities. It uses the results of its evaluations to improve program efficiency and effectiveness.

Evaluation for Educational Programs

The district uses test scores to conduct ongoing, formative evaluations of its educational programs for students expected to obtain regular high school diplomas. As previously described, each school regularly administers normed tests to its students and uses the results to determine whether new strategies are needed to improve that student's performance. Thus, the district is constantly evaluating the results of its educational programs on student performance and taking steps to change its instructional strategies to meet the needs of individual students.

To help teachers select appropriate instructional strategies, the district has entered into a contract for evaluation services with the University of West Florida. The district uses these evaluation resources to conduct in-depth studies of the effectiveness of a variety of educational or support strategies, including the use of educational software, counseling services, etc. According to the district's quality control and curriculum support officer, the district selects the topics of these evaluations in part by looking at instructional strategies that are becoming popular with teachers and therefore could represent a significant future investment for the district. In addition, these evaluations may be triggered by concerns that a particular strategy is not working effectively.

The results of these evaluations are disseminated to schools when they select the educational strategies they intend to use to improve performance. The Office of Quality Control and Curriculum Support reviews each school's proposed strategies and may make suggestions for changes based on the evaluation information it has received. However, according to school principals and teacher focus groups, they need more information on the effectiveness of various educational strategies. They also need better information on how well the normed tests they administer correlate with FCAT scores.

The University of West Florida also summarizes and reports back on an annual survey the district conducts of pupils, parents, and community members. District schools disseminate these surveys to all interested parties once a year. However, low response rates and a poorly designed survey instrument have limited the usefulness of these surveys. To address these concerns, the superintendent has recently directed district staff to develop a new survey instrument.

Other Evaluations

The district also performs other evaluations at the direction of the board or superintendent. Many of these are process evaluations done in response to concerns about a program or process. District staff or specially-appointed committees generally perform these evaluations. In addition, the evaluation may include participation by outside experts such as staff from the Department of Education. The evaluations generally result in written reports with recommendations to improve district operations. Examples of these evaluations are described below.

- An evaluation by district and DOE staff of the exceptional educational program. This evaluation addressed issues raised by the parents of ESE students, including transportation, preparation of individual education plans, and communication between schools and parents. The evaluation resulted in the decentralization of ESE specialists, a study of the location of ESE programs, and increased emphasis on communication between district staff and ESE parents

- An evaluation of paperwork requirements by a committee by district staff. The evaluation analyzed teacher paperwork requirements, the source of the requirements, and the content of each required report. It resulted in the elimination of some and streamlining of other paperwork requirements.

- An evaluation of the routes of school buses performed by transportation staff. This evaluation looked at routing safety and resulted in the elimination of many bus stops on Highway 98, a busy roadway that had been the site of previous accidents involving school buses, and the elimination of unnecessary bus stops.

Currently, the district is in the process of developing information that can be used to evaluate and improve the efficiency and effectiveness of its food service and maintenance programs.

However, the district can improve its evaluation process by developing more systematic methods for determining which programs and functions would most benefit from an evaluation. These methods could include developing performance measures for all district programs and focusing evaluation resources on programs that are not meeting expectations or on unproven, high-cost strategies. It also could improve its customer survey to better elicit instances in which students, parents, or other interest groups have problems with district services.

Recommendations

- *We recommend that the district develop a more systematic method for disseminating the results of evaluations of educational strategies to teachers and principals.*

- *We also recommend that the district improve its methods for selecting evaluation topics by using performance indicators and survey results to identify areas of highest concern.*

Action Plans 4-2 and 4-3 provide the steps needed to implement this recommendation.

Action Plan 4-2

Disseminate the Results of Evaluations of Instructional Strategies		
Strategy	The district should develop a more systematic method for disseminating the results of its evaluations of educational strategies to teachers and principals.	
Action Needed	Step 1:	The area assistant superintendents should periodically meet with principals to discuss which educational strategies appear to be effective and which do not. Principal should then disseminate this information to teachers.
	Step 2:	The district should publish the results of its evaluations of instructional strategies on its intranet site.
	Step 3:	The quality control and curriculum officer should routinely discuss evaluation findings with the area assistant superintendents.
Who is Responsible	The area superintendents, quality control and curriculum officer, and chief information management officer.	
Time Frame	November 2002	
Fiscal Impact	This can be accomplished with existing resources.	

Source: OPPAGA.

Action Plan 4-3

Use Performance Measures and Customer Surveys to Improve Selection of Research Topics		
Strategy	The district should develop a more systematic method for identifying programs or activities in need of evaluation by using performance measures and customer surveys to identify areas in need of improvement.	
Action Needed	Step 1:	After it develops an accountability system for all of its programs, the district should use performance measures to identify activities and programs that are not meeting expectations and focus its evaluation resources on those activities and programs.
	Step 2:	After it improves its customer satisfaction survey, the district should use the survey results to determine which programs and activities would most benefit from an evaluation.
Who is Responsible	The school board and superintendent	
Time Frame	December 2003	
Fiscal Impact	This can be accomplished with existing resources.	

Source: OPPAGA.

5 The district reports the performance of its basic educational programs, but it does not report the performance of other programs such as ESE and ESOL.

The district reports the performance of its school's basic education programs through informational pamphlets, school budgets, and its website. Currently the school budgets contain information on the

number and percentage of its students performing at or above a satisfactory level in math, reading, and writing and the average percentage of students who attend class daily. [3] In addition, high schools report the number of their students who are seeking college degrees and, of those, the number who are considered to be ready for college in reading and math. The school board reviews and approves these budgets.

Since this means of budgeting is in its first year of implementation, it is not clear how school performance will be reported to the board in the next fiscal year. However, next year's budget documents should contain information about each school's performance in the most current year as well as its performance in the prior year. This would allow board members to see how much progress schools are making in improving student performance.

In addition, the district's website lists each school's average FCAT scores in reading, math, and writing, and compares them to the average scores for all students in the Okaloosa County School District and in Florida public schools. Parents can easily access this information to determine how well their school's performance compares with other schools in the district, the district average, and the state average. However, they cannot use this information to determine whether their school has improved its performance and how much improvement has been made.

Information about school performance is also published in the local newspaper. For example, in September 2001, the *Northwest Florida Daily News* reported that 25 of the district's 37 schools earned an A letter grade in the state's school ranking system. According to district staff, the *Northwest Florida Daily News* also routinely reports the results of FCAT tests.

However, parents and other stakeholders do not routinely receive information on how special groups of students, such as ESE and ESOL students, are performing, and how the performance of these students compares with that of basic students. As required by law, the district submits to the Department of Education a detailed report on the performance of its ESE students, and district staff present information from this report to the board. But the district does not otherwise report this information. The district appropriately expects special groups of students seeking regular diplomas to perform at the same level as basic students; however, these students face special challenges and the district receives more resources with which to serve them. To be accountable for the services it provides for these students, the district needs disaggregate their performance data from that of regular students. Since the number of special students attending any one school can be low, the district should present performance information about these students on a district-wide basis.

Since the district has not developed accountability systems for its support programs, it does not report on the performance of these programs to the board or public. However, it does publish school bus route and school lunch information on its web page.

Recommendations

- *Once the district develops accountability information on its support systems, it should provide this information to the board members and, if deemed necessary, to the public.*

Action Plan 4-4 provides the steps needed to implement this recommendation.

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[3] As measured by FCAT scores.

Action Plan 4-4

Accountability Information Should be Better Reported to the Public	
Strategy	Report accountability information for support programs to the board and public.
Action Needed	Step 1: The district should annually report should report on the performance of special groups of students, such as ESE, ESOL, and at-risk students to both the board and the general public. Because these groups may comprise relatively small numbers of children at the school level, the district may want to report this information districtwide.
	Step 2: After it develops accountability measures for its support programs, the district should report this information in the budget document that is approved by the boards.
	Step 3: The district should consider reporting performance data for special groups of students and support programs on its website. This information would be most helpful if the district included comparative information on basic students or from similar programs in other districts.
Who is Responsible	The superintendent
Time Frame	March 2003
Fiscal Impact	This can be implemented with current resources.

Source: OPPAGA.

5 Educational Service Delivery

The Okaloosa County School District has developed and maintained an effective, well-received educational service delivery program. The district's students perform above the state's average and better than most of the district's peers. With a few modest adjustments and regular oversight, the district's academic performance will remain among the best in the state.

Conclusion

The Okaloosa County School District (the district) effectively delivers its educational services. The district's major programs, such as K-12, Exceptional Student Education, English for Speakers of Other Languages, and Workforce Development are generally effective. However, the district should establish mechanisms to regularly monitor the performance of its major programs, to review programs with problematic performance, and report to the public on the district's overall progress.

During the course of this review, OPPAGA identified a number of district accomplishments in the educational service delivery, some of which are included in Exhibit 5-1 below.

Exhibit 5-1

The District Has Had a Number of Notable Accomplishments in Educational Service Delivery in the Last Three Years

- The district provided data analysis training for all principals and/or their designees so that each school can analyze its own performance data and use that to develop improvement strategies.

- The district consolidated three different school improvement plans—the district's A+ Plans, the state-required School Improvement Plans, and the school plans developed for accreditation by the Southern Association of Colleges and Schools. The consolidated plans contain the elements of the original plans while facilitating establishing school-based performance goals and strategies.

- The Southern Association of Colleges and Schools renewed the accreditation of all elementary schools (middle and high schools are on a different accreditation schedule but all are accredited).

- The district initiated a major review and restructuring of the Exceptional Student Education Program. This review incorporated feedback from parents, teachers, and the Florida Department of Education.

- The district was chosen by the College Board as one of five Florida districts to pilot Advancement Individual Determination (AVID), a middle grades program to increase the number of students who go on to post-secondary education.

Source: Okaloosa County School District.

Overview of Chapter Findings

OPPAGA reviewed the district's educational service delivery using the Best Financial Management Practices adopted by the Commissioner of Education and the associated indicators. The review team employed several methodologies to develop chapter conclusions and action plans. For instance, OPPAGA conducted on-site interviews with district level managers and gathered and evaluated information on the educational service delivery activities such as the district's educational service

delivery policies and procedures. To receive additional input, OPPAGA staff conducted focus groups with principals, teachers, school advisory committees, and parents. OPPAGA staff also surveyed teachers. Questions varied depending on the groups surveyed or interviewed and the results have been incorporated into this chapter where applicable. An overview of chapter findings is presented below.

Fieldwork was concluded in July 2002, therefore any subsequent district action is not reported in this report but will be presented in a follow-up review.

Effective and Cost-Efficient Programs

1. The district effectively uses academic data to improve K-12 educational programs at the school level but needs to expand the process to develop educational strategies for all groups of students. (Page 5-6)

2. The district recognizes outstanding teachers but needs to ensure that it facilitates the sharing of effective instructional practices. (Page 5-19)

3. The district provides effective Exceptional Student Education (ESE) programs but should regularly review and monitor its performance. (Page 5-21)

4. The district provides effective instruction as part of its English for Speakers of Other Languages Program. (Page 5-27)

5. The district provides effective and cost-efficient secondary vocational and adult/technical education programs. (Page 5-30)

6. The district's curricular framework is linked to Florida's accountability standards and to the Sunshine State Standards. (Page 5-32)

7. The district has adopted a plan for the progression of students from kindergarten through grade 12 that maximizes student mastery of the Sunshine State Standards. (Page 5-34)

8. The district ensures that school advisory councils meet statutory membership requirements but needs to ensure that the council members are well trained and able to participate in the district's accountability process. (Page 5-37)

Cost-Effective Instructional Materials

9. The district's process for selecting instructional materials ensures that instructional materials meet the needs of teachers and students. (Page 5-39)

10. Each student has access to current and appropriate instructional materials in core courses that are aligned with the Sunshine State Standards and the district's pupil progression plan. (Page 5-40)

11. The district has cost-effective procedures for acquiring, maintaining, and disposing of instructional materials but needs to monitor collections for lost and damaged textbooks. (Page 5-41)

Educational Program Effectiveness and Efficiency

12. The district has developed, but not yet implemented, an accountability mechanism to ensure the overall performance, efficiency, and effectiveness of its major educational programs. (Page 5-43)

13. The district recently reviewed its organizational structure and the staffing of the central office and schools to minimize administrative layers and processes but does not have a policy for future reviews. (Page 5-47)

14. The district reports on the performance of its K-12 program but does not report on the performance of other major educational programs. (Page 5-49)

Library Media and Student Support Services

15. The district has sufficient school library or media centers to support instruction. (Page 5-50)

16. The district provides the necessary support services (guidance counseling, psychological, social work, and health) but should regularly monitor service levels. (Page 5-51)

Fiscal Impact of Recommendations

None of this chapter's recommendations have direct fiscal impacts.

Background

School District General Information

Okaloosa is a medium-sized Florida school district, ranking 21[st] out of the 67 school districts. During the 2000-01 school year the district enrolled 30,858 total students; 13,736 elementary students, 7,331 middle school students, and 9,791 high school students. During the same year, the district had 22 elementary schools, 8 middle schools, 4 high schools, 2 K-12 schools and 13 special schools. [1, 2]

Okaloosa's school district has grown very little over the past five years. Exhibit 5-2 shows that the district's student population grew by about 500 students between 1997 and 2001. The majority of that growth occurred between fall 2000 and fall 2001.

Exhibit 5-2

Okaloosa's Enrollment Grew Slightly Over the Past Five Years
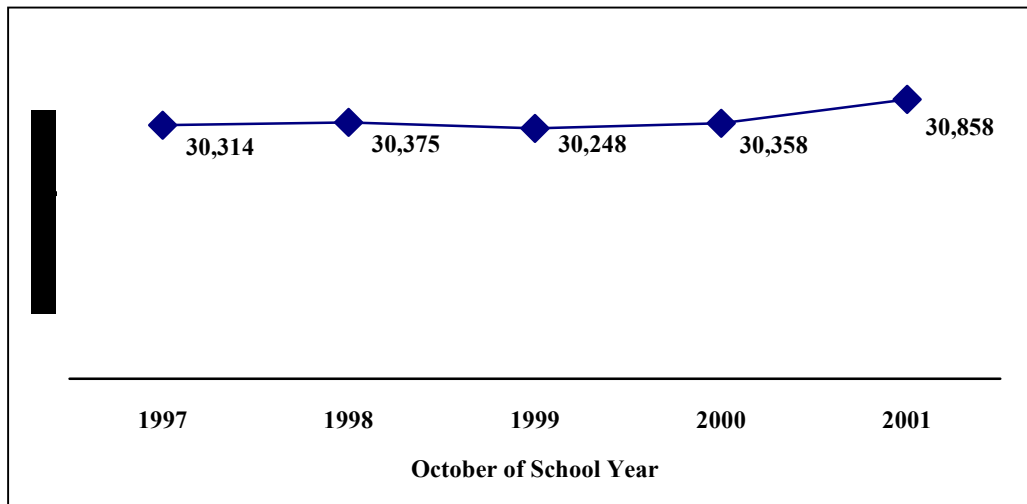
30,314	30,375	30,248	30,358	30,858
1997	1998	1999	2000	2001

October of School Year

Source: Profiles of Florida School Districts (Survey 2 demographic data, October, 2001), Department of Education.

For the same time period, Okaloosa's student population grew less than most of its peers. Exhibit 5-3 shows the growth of the student population of Okaloosa and its peer districts for 2001 compared to 1997. Okaloosa's growth rate was lower than three of the five peer district during this five-year period. Comparing fall 1997 student population with fall 2001, the district's student population grew about 1.8%,

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[1] During the course of this review the district voted to close Combs New Heights Elementary as of June 2002. This will leave the district with 21 elementary schools.
[2] Specialty schools include partnerships with the Department of Juvenile Justice and charter schools. Because charter schools are authorized by the school district and ultimately accountable to the school board (who can revoke a charter if the arrangement is detrimental to the district's students), students enrolled in charter schools are included in the overall student population for most statistics.

from 30,314 students to 30,858. By contrast, three peer districts grew faster than Okaloosa while two peer districts had smaller enrollment growth than Okaloosa. During this same time period the state's K-12 enrollment grew 8.9%.

Exhibit 5-3

Okaloosa's Student Population Grew Less Than Three of the Five Peer Districts in Fall 2001 Compared with Fall 1997

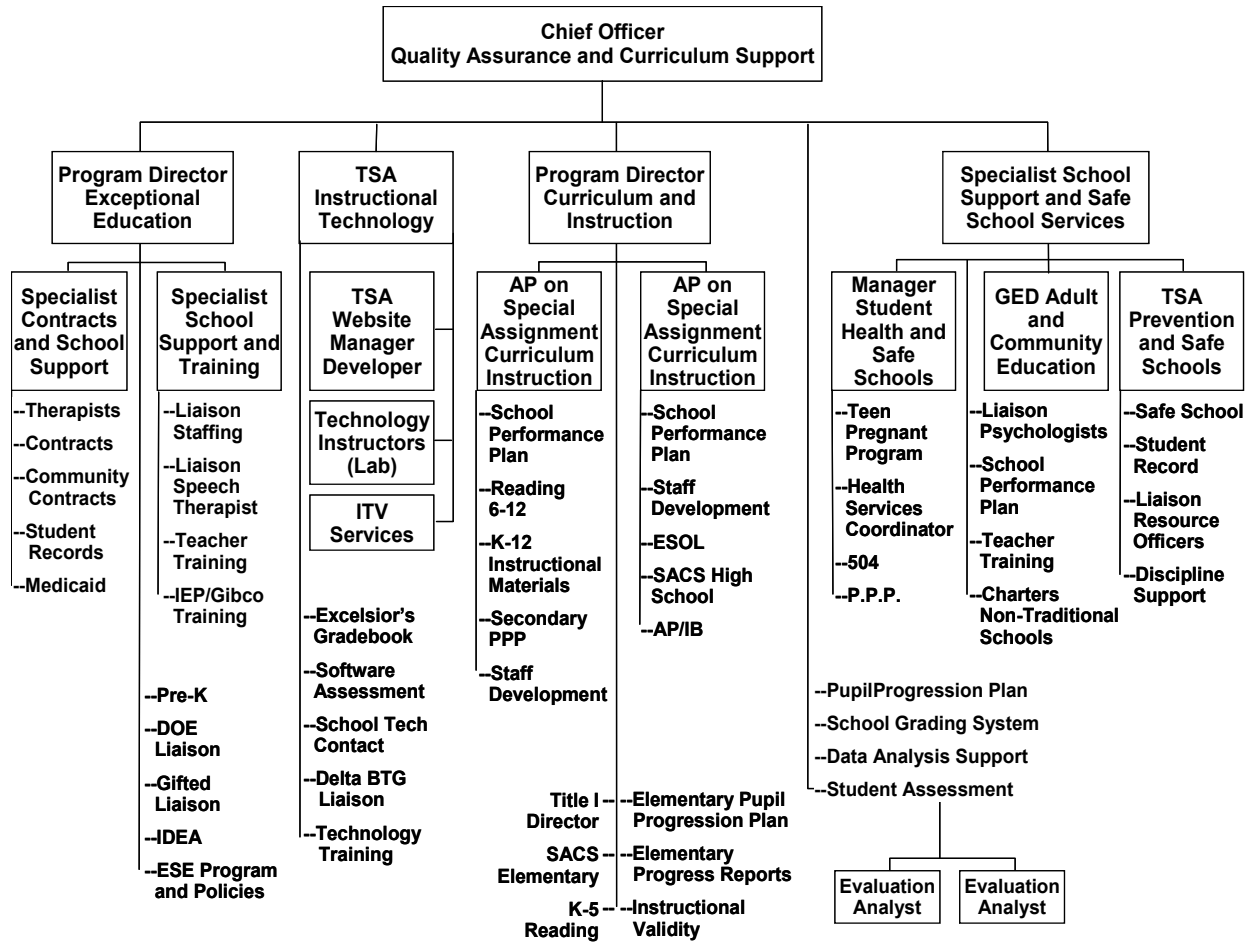| School District	Student Population		Percentage of Growth
	Fall 1997	**Fall 2001**	
Alachua	30,063	29,599	-1.5%
Bay	26,023	26,033	<1%
Lake	27,123	30,626	12.9%
Marion	37,210	39,319	5.7%
Okaloosa	**30,314**	**30,858**	**1.8%**
Santa Rosa	21,563	23,228	7.7%
State	**2,290,726**	**2,495,426**	**8.9%**

Source: Profiles of Florida School Districts (Survey 2 demographic data, October, 2001), Department of Education.

Office of Quality Assurance and Curriculum Support oversees educational services

The Office of Quality Assurance and Curriculum Support oversees the educational service delivery functions of the Okaloosa County School District. This office was reorganized in 2001 and the superintendent and school board appointed the new chief quality assurance and curriculum support officer. Exhibit 5-4 shows the most recent organizational chart for the quality assurance and curriculum support office. Four offices report directly to the chief officer who is also directly responsible for district functions related to pupil progress, student assessment, and school grades and evaluation.

Exhibit 5-4

The Office of Quality Assurance and Curriculum Support Provides the District's Educational Service Delivery Functions

Chief Officer
Quality Assurance and Curriculum Support

Program Director Exceptional Education

TSA Instructional Technology

Program Director Curriculum and Instruction

Specialist School Support and Safe School Services

Specialist Contracts and School Support
--Therapists
--Contracts
--Community Contracts
--Student Records
--Medicaid

Specialist School Support and Training
--Liaison Staffing
--Liaison Speech Therapist
--Teacher Training
--IEP/Gibco Training

--Pre-K
--DOE Liaison
--Gifted Liaison
--IDEA
--ESE Program and Policies

TSA Website Manager Developer

Technology Instructors (Lab)

ITV Services

--Excelsior's Gradebook
--Software Assessment
--School Tech Contact
--Delta BTG Liaison
--Technology Training

AP on Special Assignment Curriculum Instruction
--School Performance Plan
--Reading 6-12
--K-12 Instructional Materials
--Secondary PPP
--Staff Development

Title I Director

SACS Elementary

K-5 Reading

AP on Special Assignment Curriculum Instruction
--School Performance Plan
--Staff Development
--ESOL
--SACS High School
--AP/IB

--Elementary Pupil Progression Plan
--Elementary Progress Reports
--Instructional Validity

Manager Student Health and Safe Schools
--Teen Pregnant Program
--Health Services Coordinator
--504
--P.P.P.

GED Adult and Community Education
--Liaison Psychologists
--School Performance Plan
--Teacher Training
--Charters Non-Traditional Schools

TSA Prevention and Safe Schools
--Safe School
--Student Record
--Liaison Resource Officers
--Discipline Support

--PupilProgression Plan
--School Grading System
--Data Analysis Support
--Student Assessment

Evaluation Analyst   **Evaluation Analyst**

Source: Okaloosa County School District.

In 2000-01, the overall district staffing level was generally comparable to its peers. Exhibit 5-5 shows that, except for Santa Rosa, Okaloosa had fewer administrators per classroom teacher when compared to its peers, thereby indicating that the district was not especially top heavy. The district also had about the same number of students per teacher when compared to its peer districts. However, this exhibit does not reflect the results of the recent reorganization of district staff (see Chapter 3 for more details). [3]

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[3] The district's current superintendent was elected in November 2000. In January 2001 the district began a major reorganization that continued into the 2001-02 school year.

Exhibit 5-5

The Okaloosa County School District
Had Staffing Comparable to Its Peers in 2000-01

District	Classroom Teachers per Administrator	Total Instructional staff per Administrator	Total Staff per Administrator	Students per Teacher	Classroom Teachers per Teacher Aid
Alachua	12.14	14.21	28.44	17.71	4.22
Bay	13.33	15.13	28.12	16.82	3.51
Lake	14.17	15.96	30.33	18.30	4.49
Marion	13.30	14.69	30.56	17.11	2.82
Okaloosa	**14.46**	**15.83**	**29.34**	**17.71**	**3.83**
Santa Rosa	15.37	17.20	27.25	17.41	4.87
State	**14.2**	**15.89**	**29.04**	**17.68**	**4.29**

Source: Profiles of Florida School Districts, Staff and Student Data, Department of Education, 2000-01.

On average, Okaloosa's teachers earn more than teachers in peer districts. Exhibit 5-6 shows that in 2000-01 Okaloosa teachers' average salaries were above that of the statewide average and above those of any peer district. The district's teachers have traditionally earned more than peer teachers. This is likely because of the district's policy to increase the money available to teachers and the fact that the district has teachers with more average experience and generally higher degrees (see Exhibits 2-31 and 2-32 for more details).

Exhibit 5-6

Okaloosa Had the Highest Teacher Salaries Compared to Its Peers

School District	Average Teacher Salaries		
	1996-97	1999-2000	2000-01
Alachua	$29,907	$32,742	$34,216
Bay	32,203	34,557	36,029
Lake	31,656	34,576	34,465
Marion	28,204	31,509	34,850
Okaloosa	**32,956**	**37,819**	**40,082**
Santa Rosa	31,314	34,224	35,905
State	**$33,885**	**$36,722**	**$38,230**

Source: Florida Department of Education, Average Teacher Salaries by Degree Level, 2000-01.

Effective and Cost-Efficient Programs

1 The district effectively uses academic data to improve K-12 educational programs at the school level but needs to expand the process to develop educational strategies for all groups of students.

The Okaloosa school district's students perform better than the statewide average and better than the students of most peer districts. The district can help ensure continued strong performance by regularly monitoring and reviewing its educational programs. Best practices recommend that school districts

evaluate their performance at both the district and school level. The district does this at the school level for selected student populations but needs to expand its reviews to include all students and the district as a whole.

During the 2001-02 school year, the Okaloosa school district began using an accountability system that focused on school based accountability plans but did not include district level performance measures or expectations. These plans also focused on students scoring at the lowest achievement levels but did not include educational strategies for other groups of students. The district plans to improve its accountability system for the 2002-03 school year by setting standards for the district as a whole and by including educational strategies for students at all achievement levels. Once fully implemented, this accountability system could provide a very effective process to evaluate and improve the district's educational programs.

The district has good academic and non-academic performance

Student performance lies at the heart of educational services and Okaloosa students generally perform better than the state average and better than the students in most of its peer districts. Student performance can be difficult to define precisely and so districts should use a variety of performance measures and comparisons to develop an accurate assessment of student performance. Such measures can include scores on the Florida Comprehensive Assessment Test (FCAT), scores on national standardized tests such as the SAT or ACT, graduation rates, and the percentage of students going on to post-secondary education. Based on these measures, Okaloosa compares favorably to peer districts and the state as a whole.

Student's FCAT scores compare favorably to peers and the state

The Florida Comprehensive Assessment Test (FCAT) measures student performance in reading and mathematics against the Sunshine State Standards (SSS). These standards articulate the content that Florida students are expected to master. The standards cover seven content areas and were adopted by the State Board of Education in May 1996. All public schools are expected to teach students the information necessary to master the Sunshine State Standards.

Students' proficiency in reading and mathematics in grades 3 through 10 is measured by the FCAT. The FCAT has five achievement levels and the Department of Education establishes the scores needed to meet the minimum standards for each achievement level. Students scoring at levels 1 or 2 have demonstrated limited or little success in mastering the content of the Sunshine State Standards. A level 3 score indicates that the student has demonstrated partial success with the content of the Sunshine State Standards, but performance is inconsistent. Students scoring at this level answer many questions correctly, but generally do not correctly answer the most challenging questions. Students scoring at levels 4 and 5 have demonstrated success with most of the content of the SSS and, at level 5, success with the most challenging content of the standards (see Exhibits 2-12 and 2-13 for the score ranges for each achievement level).

Based on FCAT reading tests administered in 2001-02, Okaloosa's students performed better than the state average and better than students in 4 of 5 peer districts. Only one peer district, Santa Rosa, had higher average scores. Exhibit 5-7 shows that the district's mean reading scores ranged from 305 to 316, depending on the grade level. The exhibit also shows that except for ninth and tenth graders, Okaloosa's students averaged level 3 on the 2001-02 FCAT.

Exhibit 5-7

Okaloosa's 2001–02 FCAT Mean Reading Scores Are Higher Than Most Peers

District	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10
Alachua	299 (3)	306 (3)	283 (2)	298 (3)	297 (2)	300 (2)	302 (2)	312 (2)
Bay	303 (3)	306 (3)	295 (3)	303 (3)	304 (3)	305 (2)	298 (2)	309 (2)
Lake	298 (3)	301 (3)	294 (3)	300 (3)	300 (3)	297 (2)	289 (2)	302 (2)
Marion	295 (3)	300 (3)	285 (2)	288 (2)	292 (2)	292 (2)	292 (2)	302 (2)
Okaloosa	**315 (3)**	**316 (3)**	**305 (3)**	**313 (3)**	**315 (3)**	**313 (3)**	**307 (2)**	**316 (2)**
Santa Rosa	320 (3)	321 (3)	306 (3)	321 (3)	325 (3)	321 (3)	311 (2)	321 (2)
State Average	**293 (3)**	**299 (3)**	**285 (2)**	**291 (2)**	**294 (2)**	**295 (2)**	**287 (2)**	**303 (2)**

Note: each entry represents the mean FCAT score for students in that grade level. The equivalent achievement level is included in parentheses.
Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

In math, Okaloosa's students also outperformed the state as a whole and all peer districts except Santa Rosa. As shown in Exhibit 5-8 Okaloosa County's mean mathematics scores ranged from 307-330 and every grade averaged level 3, meaning the average student reached the minimum standards.

Exhibit 5-8

Okaloosa's 2001-02 FCAT Mean Mathematics Scores Are Higher Than Most Peers

District	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10
Alachua	300 (3)	297 (2)	315 (2)	304 (2)	300 (2)	312 (3)	298 (3)	324 (3)
Bay	303 (3)	299 (3)	319 (2)	302 (2)	296 (2)	311 (3)	294 (2)	321 (3)
Lake	307 (3)	294 (2)	326 (3)	302 (2)	297 (2)	307 (2)	289 (2)	318 (3)
Marion	296 (3)	289 (2)	313 (2)	292 (2)	288 (2)	300 (2)	289 (2)	317 (3)
Okaloosa	**319 (3)**	**309 (3)**	**330 (3)**	**316 (3)**	**309 (3)**	**324 (3)**	**307 (3)**	**329 (3)**
Santa Rosa	325 (3)	313 (3)	330 (3)	319 (3)	319 (3)	329 (3)	312 (3)	335 (3)
State Average	**302 (3)**	**294 (2)**	**318 (2)**	**298 (2)**	**292 (2)**	**305 (2)**	**286 (2)**	**319 (3)**

Note: each entry represents the mean FCAT score for students in that grade level. The equivalent achievement level is included in parentheses.
Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

The FCAT also provides a method for comparing student performance with national standards. The norm-referenced test portion of the FCAT contains questions that are scored separately from the Sunshine State Standards portion. These questions are based on slightly different content so that the results can be compared to national averages. Each student receives an overall score for these questions along with a National Percentile Ranking (NPR). The NPR indicates the percentage of students nationwide who earned the same score or lower on these questions. Students with an NPR of 50 have scored at the national average.

The reading norm-referenced scores for Okaloosa's students are generally higher than the national and state averages as well as those of all but one peer district. Exhibit 5-9 shows the rankings for reading for Okaloosa and its peer districts (see exhibit 2-16 for actual average reading scores). The district's average NPR ranges from a low of 57 (ninth grade) to a high of 73 (eighth grade), indicating that Okaloosa's average is higher than the national average. In addition, Okaloosa's average is consistently higher than the state average and, except for Santa Rosa, is better than all of its peers.

Exhibit 5-9

Okaloosa's 2000-01 FCAT Mean National Percentile Ranking Scores for Reading Are Generally Higher Than Its Peers

District	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10
Alachua	59	60	53	55	56	64	52	56
Bay	64	64	60	59	62	69	51	54
Lake	59	57	56	57	60	62	46	50
Marion	57	57	54	49	55	58	47	50
Okaloosa	**70**	**69**	**66**	**64**	**67**	**73**	**57**	**58**
Santa Rosa	74	72	66	68	74	77	59	61
State Average	**57**	**57**	**52**	**52**	**56**	**60**	**44**	**50**

Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

The mathematics percentile rankings for Okaloosa's students are also higher than the national and state averages as well as all but one peer district. Exhibit 5-10 shows the percentile rankings for math for Okaloosa and its peer districts (see exhibit 2-17 for the actual math scores). The district's average ranks range from 71 (fifth grade) to 77 (ninth grade), indicating that Okaloosa's average is higher than the national average for all grade levels.

Exhibit 5-10

Okaloosa's 2001-02 FCAT Mean National Percentile Ranking Scores in Mathematics Are Generally Higher Than Its Peers

District	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	Grade 10
Alachua	61	63	61	66	70	70	73	70
Bay	66	67	65	68	67	67	69	67
Lake	67	62	66	67	67	66	64	65
Marion	61	63	61	61	65	60	65	63
Okaloosa	**72**	**72**	**71**	**75**	**76**	**76**	**77**	**74**
Santa Rosa	78	75	70	78	82	79	79	78
State Average	**62**	**62**	**61**	**63**	**65**	**64**	**65**	**67**

Source: Department of Education. District FCAT Reading and Mathematics Results 2002.

Okaloosa's students also performed better than the state as a whole on the state's writing test. The FCAT includes an exam to assess student writing proficiency in Grades 4, 8, and 10. The test requires students to write responses to assigned topics in a single testing period. [4] Scores for the FCAT writing exams range from a low of 1 to a high of 6. In 2001-02, Okaloosa's students performed equal to or better than the state average. Exhibit 5-11 shows that Okaloosa's mean scores ranged from 3.4 to 4.0. Two peer districts, Alachua and Santa Rosa counties, scored higher than Okaloosa across all three grade levels.

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[4] Prior to 2000 writing performance was assessed through a test called Florida Writes! when it became the FCAT Writing test.

Exhibit 5-11

Okaloosa's 2001-02 FCAT Writing Results Are Higher Than Most of Its Peers

District	Combined Mean Score		
	Grade 4	Grade 8	Grade 10
Alachua	3.5	4.1	4.1
Bay	3.2	3.8	3.7
Lake	3.3	3.6	3.7
Marion	3.3	3.6	3.7
Okaloosa	**3.4**	**4**	**3.9**
Santa Rosa	3.5	4.2	4
Statewide Average	**3.4**	**3.8**	**3.8**

Source: Department of Education, 2002.

As a result of its good performance on the FCAT, the district's schools have received good grades on the state's accountability report. In July 1999, the Florida Department of Education (DOE) established criteria for identifying schools with similar performance characteristics through the use of letter grades, based primarily on Florida Comprehensive Assessment Test (FCAT) reading and mathematics scores as well as Florida Writes!. Exhibit 5-12 illustrates Okaloosa's 2001-02 grades compared to its peers. For the 2001-02 school year, Okaloosa had the highest percentage of "A" schools among all of its peer districts and no schools received a "D" or "F" on the state report card.

Exhibit 5-12

Almost All Okaloosa Schools Earned an "A" or "B" on the State's Report Card (2001-02)

	Percentage of Schools Scoring				
	A	B	C	D	F
Alachua	46%	19%	24%	8%	3%
Bay	35%	35%	24%	7%	0%
Lake	24%	38%	38%	0%	0%
Marion	23%	30%	43%	5%	0%
Okaloosa	**70%**	**24%**	**5%**	**0%**	**0%**
Santa Rosa	68%	28%	4%	0%	0%

Note: New schools were not graded in 2002. Totals may not add due to rounding.

Source: Florida Department of Education, 2001-2002 School Accountability Reports.

The State of Florida established the School Recognition Program to reward public schools that demonstrate sustained or significantly improved student performance. Schools that receive an "A" or improve by at least one grade are eligible for school recognition. Based on its 2000-01 performance, Okaloosa's schools earned over $1.4 million in school recognition funds.[5] As Exhibit 5-13 shows, 39% of the district's schools earned recognition awards. This is about average when compared to the district's peers. In Bay and Santa Rosa counties, 52% and 55% of the schools earned recognition awards while Marion, Alachua, and Lake ranged from 28% to 35%.

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[5] The 2001-02 school recognition funds awards were not available as of June 2002.

Exhibit 5-13

The Percentage of Okaloosa Schools Earning
School Recognition Funds Is Similar to That of Its Peers

Summary	Total Awards	Number of Schools Earning Awards	Percent Earning Awards
Alachua	$1,083,085	13	33%
Bay	$1,111,878	15	52%
Lake	$ 925,741	13	35%
Marion	$1,258,874	13	28%
Okaloosa	**$1,425,932**	**16**	**39%**
Santa Rosa	$1,212,623	16	55%

Source: Department of Education School Recognition Program.

Okaloosa's students compare favorably on other performance measures

The district's students generally performed well on the State's High School Competency Test (HSCT). The 1976 Legislature created a competency test to be used as one of the requirements for a regular high school diploma. All eleventh graders must take the HSCT and must pass both parts of the test (communications/reading and mathematics) to qualify for a diploma. Exhibit 5-14 compares the percentage-passing rate for the Okaloosa County School District and its five peers for the 2000 HSCT exam. Okaloosa County students had better passing rates in communications/reading than three of its five peers and the state average. In math, the district's students scored slightly better than those in two of the peer districts and slightly below those of two other peer districts.

Exhibit 5-14

Percentage of Students Passing the HSCT in Okaloosa County
Was Higher Than the State Average for 2000

District	Grade 11: Percentage Meeting Assessment Requirement	
	Communications/Reading	Math
Alachua	81	79
Bay	77	75
Lake	71	73
Marion	78	78
Okaloosa	**80**	**78**
Santa Rosa	81	81
State Totals	**75**	**76**

Source: Department of Education 2000 Grade 11 HSCT District/State Report.

Okaloosa's students performed better than the state average on college entrance exams, but the district's performance was mixed with regard to its peers. Students generally take either the SAT (Scholastic Aptitude Test) or the ACT (American College Test) tests as they prepare to graduate from high school and seek to enter college. Exhibit 5-15 compares the scores for Okaloosa's students with its peers. The mean SAT score for Okaloosa students was higher than the state average but lower than the scores for several peers. The ACT composite scores for the district were higher for Okaloosa than its most of its peers as well as the state average. Taken together this indicates that Okaloosa's seniors are better prepared, on average, than seniors across the state and about as well prepared as seniors in most peer districts.

Exhibit 5-15

Okaloosa Students' Average Score Was Higher Than the State Average on Both the SAT and ACT Test in 2000-01

| School District | SAT | | | ACT | | |
	Number Tested	Percentage 12th Graders Tested	Mean Score	Number Tested	Percentage 12th Graders Tested	Composite Score
Alachua	868	52.8%	1,063	559	34.0%	20.8
Bay	415	30.6%	1,039	554	40.8%	21.2
Lake	414	28.4%	1,023	547	37.5%	21.4
Marion	597	29.9%	1,009	623	31.2%	20.4
Okaloosa	**663**	**33.9%**	**1,028**	**974**	**49.8%**	**21.4**
Santa Rosa	297	23.1%	1,046	738	57.5%	21.5
State	**54,827**	**45.8%**	**993**	**40,508**	**33.8%**	**20.3**

Source: *Florida District Indicators Report*, Department of Education, 2002.

The district students scored well on readiness for college tests

The percentage of students qualifying as college ready provides another indication of preparation for college. The state requires that every freshman in a public community college or university in Florida demonstrate certain basic skills before beginning college-level courses. The state tests "readiness for college" using the Florida College Placement Test (CPT). Students who achieve minimum scores on the Elementary Algebra, Reading Comprehension, and Sentence Skills portions of the CPT are considered "ready" for college-level math, reading, and writing, respectively. [6] Okaloosa's students scored well on the readiness tests, outperforming the students in most peer districts and scoring above the statewide average. Exhibit 5-16 shows that 74% of the Okaloosa students who entered postsecondary institutions qualified as ready for college level math. This compares favorably to the state and all peer districts except for Bay County. Similarly, 83.6% and 85.2% of the students entering postsecondary institutions scored as college ready in reading and writing. For both reading and writing, Okaloosa students outperformed three of the district's five peers. Moreover, 70% scored as ready for college in all three subjects. Only Bay County had a higher overall percentage scoring as college ready.

Exhibit 5-16

Okaloosa's Student Score Well in Readiness for College When Compared to Peer Students

| District | Percentage Testing Ready in | | | |
	Math	Reading	Writing	All Three Subjects
Alachua	70.3	76.7	83.0	64.5
Bay	78.9	85.2	90.2	72.9
Lake	61.5	76.6	81.8	56.4
Marion	61.4	75.1	79.6	56.6
Okaloosa	**74.0**	**83.6**	**85.2**	**70.0**
Santa Rosa	72.0	85.3	88.4	68.4
State	**67.4**	**74.4**	**80.2**	**60.5**

Note: Test scores only include students who graduated with a standard diploma in 1999-00 and entered a Florida public university or community college as a degree seeking student.
Source: Department of Education, *Readiness for College Report*, 2002.

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[6] The minimum scores are established by State Board of Education rule 6A-10.0315. However colleges may exempt students from these tests if they score high enough on the SAT or ACT.

The district has good graduation and dropout rates

The Okaloosa County School District has a generally low dropout rate and a relatively high graduation rate. However, while the district has reduced its dropout rate over the past three years, the district's graduation rate has remained relatively stable. Exhibit 5-17 shows the dropout rates and graduation rates for the Okaloosa County School District's previous three school years compared to its peers. The district's dropout rate has consistently decreased since the 1998-99 school year and was about average compared to its peers in 2000-01. Only one other peer district, Marion, has seen its dropout rates decline in each year. The graduation rate for Okaloosa has fluctuated over the past three years but remains higher than its peer districts and the state average. Only Santa Rosa has a comparable graduation rate.

Exhibit 5-17

Okaloosa's Dropout Rates Have Generally Decreased While Graduation Rates Are Higher Than Peer Districts

School District	Dropout Rate			Graduation Rate		
	1998-99	1999-2000	2000-01	1998-99	1999-2000	2000-01
Alachua	5.7%	6.3%	6.1%	63.3%	63.7%	61.2%
Bay	2.5%	3.5%	1.6%	55.9%	65.9%	68.3%
Lake	3.6%	4.3%	4.5%	65.0%	66.3%	67.5%
Marion	5.7%	4.5%	3.6%	57.9%	60.3%	65.2%
Okaloosa	**4.4%**	**4.1%**	**3.7%**	**77.1%**	**77.5%**	**76.8%**
Santa Rosa	2.1%	2.0%	2.2%	75.4%	73.5%	75.4%
State	**5.4%**	**4.6%**	**3.8%**	**60.2%**	**62.3%**	**63.8%**

Source: Department of Education.

The percentage of high school graduates continuing their education provides a measure of the district's ability to not only prepare its students for post-secondary education but also to encourage them to pursue it. As shown in Exhibit 5-18, the percentage of graduates continuing their education was similar to the statewide average, but lower than three of its peers.

Exhibit 5-18

The Percentage of Okaloosa's 2001 Graduates Entering Postsecondary Education Was Lower Than Most of Its Peers

School District	Total Graduates	Total Continuing Education	Percentage Continuing
Alachua	1,425	1,088	76.4%
Bay	1,206	762	63.2%
Lake	1,347	202	15.0%
Marion	1,815	1,214	66.9%
Okaloosa	**1,831**	**1,184**	**64.7%**
Santa Rosa	1,077	955	88.7%
State	**111,112**	**69,963**	**63.0%**

Source: Postsecondary Plans Report, Department of Education, 2000-01.

Most Okaloosa high school graduates continuing their education attend a community college. Okaloosa County and its peers tend to have higher percentages of graduates going into community colleges and lower percentages attending a university or college than the state as a whole. Exhibit 5-19 shows the types of continuing education being pursued by Okaloosa graduates and their peers.

Exhibit 5-19

Graduates by Type of Postsecondary Education Being Pursued

School District	Total Graduates Continuing Education	Florida Community College		Florida University		Non-Florida University/ College		Technical/ Trade/ Other	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Alachua	1,088	587	54%	372	34%	106	10%	23	2%
Bay	762	476	62%	190	25%	56	7%	40	5%
Lake	202	101	50%	67	33%	3	1%	31	15%
Marion	1,214	718	59%	353	29%	83	7%	60	5%
Okaloosa	**1,184**	**635**	**54%**	**359**	**30%**	**157**	**13%**	**33**	**3%**
Santa Rosa	955	449	47%	348	36%	110	12%	48	5%
State	**69,963**	**29,859**	**43%**	**29,324**	**42%**	**6,440**	**9%**	**4,340**	**6%**

Source: *Postsecondary Plans Report*, Department of Education, 2000-01.

Okaloosa spends more on regular students than its peer districts

Exhibit 5-20 shows that Okaloosa's per pupil expenditures for regular students are higher than those of its peers. Expenditures alone do not offer a good measure of district policy or administration. Rather, expenditures should be compared to performance. In this case, the district spends more per student but has good performance to show for it. However, Santa Rosa achieves generally better results with slightly lower expenditures. Given the proximity of Santa Rosa to Okaloosa, the district should consider reviewing Santa Rosa's operations for possible ideas to improve performance or cost-efficiency.

Exhibit 5-20

Okaloosa's Expenditures Per FTE
Are Higher Than Peers For Regular Students

School District	2000-01 Expenditures Per FTE for Regular Students
Alachua	$4,511
Bay	4,453
Lake	4,023
Marion	4,238
Okaloosa	**4,567**
Santa Rosa	4,363
State	**$4,441**

Source: Florida District Indicators Report, Department of Education, 2002.

The district examines disaggregated student performance data to improve the performance of its schools

Best practices recommend that districts evaluate student performance at both the district and school level. This information should then be used to target areas needing improvement and develop appropriate instructional strategies. Similarly, best practices recommend that districts analyze data to assess the performance of specific subgroups of students. Such information can aid in developing or selecting instructional approaches that meet the unique needs of the district's students.

During the 2001-02 school year the Okaloosa school district began an accountability system, called the A+ School Improvement Plan (A+ plan), which incorporates evaluation at the school level for some students. Though also an accountability system (see Section 12 below), the A+ plans provide a process to

evaluate student performance data and develop strategies for improvement. This plan requires each principal to conduct evaluations of the school's educational programs using student scores on the FCAT and other tests. Principals then develop A+ plans that outline the goals, objectives, and strategies for improving student performance.

As with any new process, to ensure consistency across schools the district must carefully monitor each school's plan. The district uses two mechanisms to monitor school plans. First, all A+ plans must be approved by the chief officer for quality assurance and curriculum support, the chief financial officer, the area superintendent responsible for that school, and the school board. This provides several opportunities for district leaders and policy makers to review the contents of each A+ plan. Second, the area superintendents regularly meet with the principals in their regions and review each school's progress towards meeting its objectives.

During the 2001-02 school year the district provided each principal with training in data analysis. The district hired a consultant to provide a three-day workshop for school principals or their designees. The workshop covered understanding various types of student data such as demographic, process, and trend data; conducting data analysis using Excel; and developing action plans based on the data. At the culmination of the workshop, principals used data from their schools to develop action plans for the upcoming year.

The district provides each principal with a variety of data in standardized reports. These reports include data on individual student FCAT scores, test scores matched to the previous year's scores, and test scores for each class and teacher. All reports are provided electronically so that principals can readily analyze them.

The A+ planning process requires principals to use this student data as a basis for developing their action plans. This ensures that principals analyze school level data and use it to develop strategies to improve student performance. If implemented effectively, Okaloosa's A+ planning process will accomplish two things.

- By tying principal evaluations to the A+ Plans, the district holds principals accountable for student performance and improvement.
- By developing instructional strategies for specific student populations, principals and teachers focus on providing the educational support needed to improve the performance of selected groups of students.

The district uses disaggregated data for selected sub-groups of students

Okaloosa evaluates the performance of selected sub-groups of students through its A+ plans. Best practices recommend disaggregating students into sub-groups such as those receiving exceptional services (ESE) or in English for Speakers of Other Languages (ESOL) programs. The district requires principals to include strategies for students likely to score level 1 or 2 (the two lowest levels) on the FCAT in its A+ plans. While this does not separate students by program, such as ESE or ESOL, it serves a similar purpose. By developing strategies for students based on likely FCAT scores the district can target students for specialized instruction or make changes to the curriculum based on the needs of those students.

However, the emphasis on level 1 and 2 students in the 2001-02 plans leaves out much of the student population. The choice to focus on these students was part of the district's phase-in of the new evaluation process. District staff decided that it would not be practical to require principals to develop improvement strategies for all groups of students the first year. Instead, the district decided to focus on the lowest performing students to make the first year of implementation more manageable. However, the district plans to require principals to develop objectives and strategies to improve the performance of students in

each FCAT level in its 2002-03 plans. This will help ensure that each school's strategies for improving performance address all groups of students.

The district needs to analyze cohort data

The district does not regularly track performance using student cohorts. Tracking cohorts would allow the district to measure the progress of the same group of students over time. This can help the district identify when students are not making appropriate progress. Cohort studies can also help the district evaluate the success of educational programs by following the progress of the students who participated. But while the district does not currently conduct cohort analyses, the district expects principals to conduct such analyses once the FCAT includes cohort data in 2002-03.

The district needs to regularly compare its performance with that of peer districts

The district does not regularly compare its overall performance with that of its peers. The district occasionally compares itself to selected peers, particularly the Santa Rosa County School District, but this is done on an inconsistent and ad hoc basis. Peer comparisons would be especially helpful for evaluating the progress of the district since it provides an external benchmark against which the district can measure its progress. Peer comparisons would also enable the district to track its progress over time, relative to that of similar districts. For example, if the district's A+ plans improve FCAT test scores then the district should see improvement relative to its peers.

Effective peer comparisons, however, require that districts compare themselves to similar districts. As shown in Exhibits 5-8 through 5-20, with the exception of Santa Rosa, Okaloosa outperforms the districts it selected as peers. However, several of those districts may not be comparable because they have significantly higher proportions of students receiving free and reduced lunch than Okaloosa. Since the proportion of students receiving free and reduced lunches is a strong predictor of overall district performance, comparing Okaloosa with districts that have larger free and reduced lunch populations will tend to overstate Okaloosa's performance. We recommend the district use the following districts as its peers instead: Clay, Citrus, Charlotte, Hernando, Lake, Leon, Martin, Santa Rosa, and Sarasota. [7]

The district uses limited non-academic data in its evaluation process

While the emphasis on FCAT in the A+ Plans is understandable, district administrators and school principals need to evaluate performance in other areas. Information such as graduation rates, retention, disciplinary actions, and absenteeism can help district staff and principals develop strategies to improve their performance at each school and throughout the district. The district reports on the non-academic performance of its schools through the School Improvement Plan Reports. These reports contain a variety of academic and non-academic information and are provided to the public.

However, the district does not use this information to identify or address systemic, district-wide problems. Best practices recommend that district administrators review district-wide performance information and use it to guide district policy. Instead, the district provides non-academic information to principals who use it at their discretion to make site-based decisions. However, the district requires absenteeism to be included as a performance measure in each school's budget. This more closely matches the recommendation of the best practices. The district should expand this practice by incorporating a broader range of non-academic data in its planning process

The district plans significant improvements for the 2002-03 plans

To help principals prepare their 2002-03 A+ plans and to provide more consistent oversight the district has provided each principal with a standardized planning template. Exhibit 5-21 shows a draft reading

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[7] To select these peer districts OPPAGA developed a cluster analysis of all 67 districts in the state. Cluster analysis uses multiple criteria to find districts that have similar characteristics. For our purposes size and the percentage of students receiving free and reduced lunch were key criteria. Other criteria included the percentage of ESOL students, the percentage growth in enrollment, and student mobility.

plan for Lewis Middle School using the new template. The plan includes areas for the district's goal (which is to be determined), the subject area, and the information related to the targeted student population. In this example, the subject area is reading and the targeted groups are students scoring at level 1 or 2 on the FCAT or students who have dropped a level on their FCAT score. The district plans to require each principal to use the template in preparing the 2002-03 A+ plans for math, reading, and writing. These plans will then go to the school's advisory council for revision and adoption (see section 8 for more on advisory councils). The school board will then approve the plans for each school. If the district fully implements this process it will provide an effective method to evaluate and develop strategies to improve school and student academic performance.

Exhibit 5-21

The New A+ Plan Template Provides Guidance
for Developing the 2002-03 Plans

School: Lewis Middle School _____	
School Focus:	**Reading**
District Goal:	**___% of Okaloosa County students will achieve adequate yearly progress in reading as defined by the State of Florida during the 2002-2003 school year.**
State Education Goal:	**3.1, 3.2, 3.3, 3.4, 3.7, 4.1 Student Performance, Learning Environment, Teachers and Staff, Parental, Family, and Community Involvement**
SACS Correlation:	**Thinking and Reasoning Skills, Expanding & Integrating Knowledge, Learning to Learn, Personal & Social Responsibility, Communication**
School Objective:	**During the 2002-2003 school year, 57% of eligible students in all curriculum groups will achieve adequate progress in Reading as defined by the state of Florida.**

TARGET GROUP(S)	SUPPORTING DATA (Summary)	STRATEGIES (Include Technology and Instructional Materials)	TRAINING (Identify Measurable Teacher Outcomes)	CUSTOMER RELATIONS (Community/ Parent Awareness)	RESOURCES	ADEQUATE PROGRESS (Completed at Year-End)
Students in grades 6, 7, 8 who performed in reading levels 1 and 2 on the 2002 FCAT	For all curriculum groups, on the reading 2001 FCAT 146 students in grades 6, 7, 8 or 23% of students scored in levels 1 and 2. Sixth Grade: Level 1 - 12, Level 2 - 25 Seventh Grade: Level 1 - 17, Level 2 - 18 Eighth Grade: Level 1 - 26, Level 2 - 48	Based on student need, utilization of: - Marie Carbo Reading Styles - Interactive Reader - Brainchild Achiever! Software - FCAT Explorer website - Aligned instruction with SSS using multiple assessments that mirror FCAT - Tutoring through Americorp mentor - FCAT practice materials	- CRISS training for 90% of teachers - Six Traits of Reading training for 90% of teachers - Utilization of textbook resources - Alignment of instruction with SSS by 100% of teachers - Explore software/training with programs that mirror the SSS	Communication via: - Agenda book to promote student responsibility - Conferences - AIP conferences - Phone - Homework hotline - Weekly auto call - Newsletters - Parent Internet Viewer - E-mail - Web page	- SAI for remedial teachers, $25,000 - Appropriate instructional materials, $26,000 - Training for Six Traits of Reading, $1,000 - Training for CRISS, $1,000 - Americorp mentor, $1,500 - Reading Styles Inventory disks	
Students in grades 6, 7, 8 who regressed from a higher level in FCAT reading to below a level 3	March 2002 FCAT results compared to 2001 show that in grades 6, 7, 8 ___ students or ___% regressed to below a 3.	- STAR/ Accelerated Reader for all students to establish reading range - Gates MacGinitie pre, mid, and post	- Training for science and social studies teachers to instruct and score the rubric for written responses for FCAT reading - Opportunities will be provided to attend conferences to	- Open House - Progress reports - Brainchild CD for parents to work with child and become familiar with FCAT requirements - Media Center check outs See above	- Training from textbook companies purchased or being considered, $0 - Staff development for conferences, $500 See above	

TARGET GROUP(S)	SUPPORTING DATA (Summary)	STRATEGIES (Include Technology and Instructional Materials)	TRAINING (Identify Measurable Teacher Outcomes)	CUSTOMER RELATIONS (Community/ Parent Awareness)	RESOURCES	ADEQUATE PROGRESS (Completed at Year-End)
		tests for students in reading classes	support the improvement of reading			
		- Reading FCAT-like selections in social studies and science/writing responses using two and four point rubric three times per year	*Principal monitors implementation See above			
		- Utilization of texts aligned with the SSS				
		- Great Leaps				
		Remediation of deficit skills using above strategies for students regressing from level 3 to level 1 or 2				

Source: Okaloosa County School District.

Recommendations

- *We recommend that the 2002-03 A+ plans include performance improvement strategies for all student groups.*

- *We recommend the district incorporate non-academic data into its planning process.*

Action Plan 4-1 provides the steps needed to implement these recommendations.

- *We recommend that the district regularly compare its performance to peer districts and report on the results to the public and the school board.*

Action Plan 5-1 provides the steps needed to implement this recommendation.

Action Plan 5-1

Compare Performance and Strategies to Peer Districts		
Strategy		The district will regularly compare its performance to peer districts and report on the results to the public and the school board.
Action Needed	Step 1:	The superintendent and the chief officer of quality assurance should select peer districts from the following list: Clay, Citrus, Charlotte, Hernando, Lake, Leon, Martin, Santa Rosa, and Sarasota.

	Step 2:	The chief officer of quality assurance and curriculum support contacts her counterpart in each peer district and arranges an information sharing process. Information would include the most up-to-date data available for that district along with any performance information not available from the state.
	Step 3:	The Office of Quality Assurance and Curriculum Support reviews the peer data and identifies areas in which peers outperform Okaloosa.
	Step 4:	The chief officer of quality assurance and curriculum support contacts her counterparts in districts with stronger performance to discuss the services and policies of those districts.
	Step 5:	Based on the results of those interviews, the chief officer of quality assurance and curriculum support prepares an action plan that incorporates some of the strategies identified by high-performing peers.
	Step 6:	Report on performance through district publications, web site, and to the school board.
Who is Responsible	Office of Quality Assurance and Curriculum Support	
Time Frame	July, 2003	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

2 The district recognizes outstanding teachers but needs to ensure that it facilitates the sharing of effective instructional practices.

Districts need to encourage and support the efforts of teachers to improve their instructional abilities. Okaloosa encourages teachers through a variety of methods ranging from simple recognition to release time and stipends. However, over the past year the district has changed the types of support offered to help teachers improve their instructional strategies. As a result, teachers in focus groups expressed concerns regarding the loss of familiar forms of instructional support. The district is addressing this through a variety of new support activities but should monitor teacher satisfaction to ensure that teachers receive needed support.

The district has several processes in place to recognize effective instructional practices

Innovative and creative teachers often develop effective ways to teach their subjects. While teachers often do this to perform their jobs better, incentives and recognition can provide teachers with additional motivation to improve their own instructional practices. The district has several processes in place to recognize exemplary teachers and reward those who work to improve their instructional performance.

- The district has a teacher of the year program.
- Teachers receive additional pay for having higher degrees.
- Teachers receive planning and release time.
- Teachers receive stipends and in-service points for attending after-hours training sessions.
- The chief officer of quality assurance and curriculum support and the district superintendent personally recognize teachers who receive national board certification. Teachers who earn national certification also receive a pay increase.

The district needs to monitor how it helps teachers identify and share effective instructional practices

The district's reorganization has changed the mix of resources available to help teachers identify and share effective instructional practices. The reorganization represents management's choice to provide fewer centralized resources and, instead, to provide principals the flexibility to choose the resources offered at each school. As a result, the district has stopped providing some services while offering new ones instead.

Prior to reorganization, district-level curriculum specialists provided teachers with support in preparing lesson plans that incorporated effective instructional strategies. The curriculum specialists visited classrooms around the district and observed different teachers and their various instructional practices. During these visits the specialists would share their observations from others and in this way help teachers learn new instructional strategies. While this sharing was done on an informal basis, interviews with teachers indicated they felt this was an important and helpful service.

After reorganizing the district office and reducing the number of curriculum specialists, the district reduced the role of its site visits. District staff still meets individually with teachers on a request basis. Teachers can contact the district curriculum specialists who can then provide either one-on-one help or offer training to address widespread issues. However, the recent trend has been to replace site visits with a variety of alternative resources to help teachers identify and share effective instructional practices.

- The chief officer of quality assurance and curriculum support shares articles of interest with principals and teachers.
- The district identifies exemplary teachers through annual staff evaluations. Other teachers can observe these exemplary teachers as a way to identify effective practices.
- The Office of Quality Assurance and Curriculum Support and area superintendents host meetings with language arts, science, and math department chairs to foster collaborative sharing among the secondary schools.
- The district's web page has links to instructional development resources that can provide teachers assistance in identifying effective practices.
- The district offers on-line forums where teachers can discuss their ideas with each other.
- The district provides on-line access to lesson plans in the Beacon database which contains plans developed by other Florida teachers.
- District teachers can search a database of on-line lesson plans developed by other Okaloosa teachers.
- The district has prepared lists of best practices for various subject areas. These practices offer teachers advice on types of instructional practices to emphasize or de-emphasize based on their effectiveness.

Teachers are generally satisfied with training and support but feel the district does not provide sufficient incentives to use and share effective instructional practices

Overall, teachers express mixed feelings regarding the district's support and encouragement of using effective instructional practices. On the one hand, most teachers surveyed agreed that they received the support they need to use effective strategies in the classroom. Teachers also agreed that they have the opportunity to participate in professional development and have received appropriate training. This suggests that the district is meeting the support and training needs of its teachers but because the district changed its curriculum support in 2001-02, its support policies are still in transition. Thus, it may be too soon to conclude the new services are sufficient. To ensure curriculum support is, and remains, sufficient, the district should regularly collect teacher feedback and use this information to revise its system of curriculum support as needed.

On the other hand, few teachers felt that the district offers sufficient incentives to encourage the sharing and use of effective instructional practices. Districts should foster collaborative cultures that encourage teachers to share the effective strategies they have found or developed and to try those that have been effective for others. The district should collect feedback from its teachers to determine why many feel the current incentives are insufficient to foster a collaborative working environment. By collecting feedback from teachers the district may be able to identify new mechanisms to foster collaboration among teachers. For example, the district could dedicate one or two in-service days for the sharing of effective strategies or the district could use newsletters or public meetings to acknowledge teachers who have developed particularly effective instructional strategies.

Recommendations ─────────────────────────

- *We recommend that the district regularly survey teachers regarding curriculum support and sharing instructional strategies to determine whether additional resources should be provided.*

Action Plan 5-2 provides the steps needed to implement this recommendation.

Action Plan 5-2

Monitor Teacher Satisfaction with Curriculum Support	
Strategy	By annually monitoring teacher satisfaction with its services, the district can determine whether or not it needs to do more to provide curriculum support or to help facilitate sharing instructional practices.
Action Needed	Step 1: Modify the School Climate Survey, or use some other survey instrument, to collect teacher feedback regarding curriculum support. Questions should ask about the level of curriculum support and incentives for identifying and sharing instructional strategies.
	Step 2: If the level of satisfaction is low, develop and implement an action plan for improved services. For example, the district could dedicate one or two in-service days for the sharing of effective strategies or the district could use newsletters or public meetings to acknowledge teachers who have developed particularly effective instructional strategies.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	December, 2002
Fiscal Impact	This can be implemented with existing resources.

Source: OPPAGA.

3 The district provides effective Exceptional Student Education (ESE) programs but should regularly review and monitor its performance.

Exceptional Student Education (ESE) is an important part of the educational services provided by any school district. Exceptional students are those with some form of learning disability, physical disability, or those labeled "gifted." The district's ESE program performs well in comparison to its peer districts and state averages. However, teachers indicated some concerns with the levels of ESE support and the district needs to implement a system to track the placement of ESE students.

The district's placement procedures meet the requirements of the Individuals with Disabilities Education Act

Placing students into an exceptional education program requires several steps, each guided by federal and state law, such as the Individuals with Disabilities Education Act (IDEA). The district's placement process conforms to the IDEA requirements as outlined in Exhibit 5-22.

Exhibit 5-22

Steps to Meet Requirements of IDEA

- When a student experiences academic problems in regular education, a team of teachers and support specialists meet to develop strategies (interventions) to address the student's problems. The teachers then implement these strategies in a regular classroom setting. If the interventions do not improve the student's performance, that student is referred for a more detailed evaluation.

- Once a student has been referred for a detailed evaluation, the school psychologist assesses the student and provides the result to the staffing committee. The staffing committee, made up of teachers, counselors, psychologists, parents, and staffing specialists, then evaluates the student's needs.

- Initial ESE placement is made through a staffing or placement committee, which reviews the student's assessment and determines whether the student qualifies for exceptional student educational services. If so, the committee develops an individualized education plan (IEP) which indicates the services to be provided. Parents are included as active participants in developing the student's IEP.

- The IEP provides a guide to the services the student will receive. An IEP will typically indicate how much time the student will spend in regular education, the type of service delivery model, whether the student will receive related services like speech therapy or counseling, whether the student needs specialized transportation, and other considerations required by state and federal law. The IEP also includes the educational goals for the student.

- Each year after a student's initial qualification and placement the staffing committee reviews the student's file to ensure the provision of an appropriate program for the student. During this time the IEP will be evaluated and revised. Some elements of the IEP will be revised each year, such as the student's educational goals. Other elements, such as the type of transportation, will not require regular revision.

- Every three years, the student is given a comprehensive individual assessment. Another IEP meeting is held to discuss the results of the re-evaluation and determine if the student still requires ESE services. If the student still requires ESE services, then the staffing committee revises the IEP.

- If the student no longer requires ESE services, the district can either dismiss the student from the ESE program or place the student on monitor status. If a student is dismissed, then ESE services are no longer provided. If a student is placed on monitor status, the district reviews the student's records every nine weeks to ensure that appropriate progress is being made. Each monitored student is assigned to an on-site ESE teacher for monitoring and support.

Source: Okaloosa County School District.

The district's ESE program is generally effective

The district's ESE program is generally effective at providing educational services to exceptional students. Based on several measures of ESE performance, the district compares well to its peers and the state.

The district has good participation by its ESE population in FCAT testing. The participation rate indicates that ESE students are being incorporated into the standard curriculum. Exhibit 5-23 shows that Okaloosa's participation rate for its ESE population exceeds both the state average and that of three of its five peers. Bay and Santa Rosa school districts have higher participation rates for some grades or subjects and lower rates for others.

Exhibit 5-23

The FCAT Participation Rate of ESE Students in Okaloosa Is Good

	Percentage Participating in the 2000-01 FCAT test					
District	Grade 4 Reading	Grade 5 Math	Grade 8 Reading	Grade 8 Math	Grade 10 Reading	Grade 10 Math
Alachua	83%	84%	77%	77%	51%	52%
Bay	91%	90%	82%	81%	69%	70%
Lake	78%	74%	77%	76%	60%	60%
Marion	83%	81%	71%	70%	52%	50%
Okaloosa	**89%**	**91%**	**79%**	**78%**	**77%**	**75%**
Santa Rosa	94%	89%	83%	84%	74%	73%
State Average	**85%**	**85%**	**76%**	**76%**	**59%**	**59%**

Source: Department of Education, 2002 LEA Profile.

The District's ESE students generally perform better on the FCAT than those from most peer districts. Exhibit 5-24 shows that a higher percentage of Okaloosa's ESE students scored level 3 or higher when compared to peer districts. Only Santa Rosa's students consistently scored higher than Okaloosa's.

Exhibit 5-24

FCAT Scores for ESE Students Are Generally Better Than Peer Districts

	Percentage of ESE Students scoring Achievement Level 3 or Higher on the 2000-01 FCAT test					
District	Grade 4 Reading	Grade 5 Math	Grade 8 Reading	Grade 8 Math	Grade 10 Reading	Grade 10 Math
Alachua	22%	17%	16%	20%	15%	28%
Bay	29%	12%	15%	18%	11%	19%
Lake	31%	22%	12%	20%	12%	27%
Marion	22%	13%	8%	13%	7%	17%
Okaloosa	**26%**	**21%**	**17%**	**25%**	**13%**	**25%**
Santa Rosa	38%	30%	24%	34%	13%	31%

Source: Department of Education, 2002 LEA Profile.

The district also does an effective job of graduating ESE students with a standard diploma. The district has a written policy to place as many students as possible on a track for a regular diploma instead of a special one. Based on the evidence in Exhibit 5-25, this policy is effective. Among all peer districts and compared to the statewide average, Okaloosa graduates the highest percentage of its ESE students with a standard diploma.

Exhibit 5-25

Most Okaloosa ESE Students Graduate With a Standard Diploma

District	1998-99	1999-00	2000-01
Alachua	51%	48%	67%
Bay	85%	60%	48%
Lake	66%	58%	44%
Marion	39%	33%	24%
Okaloosa	**89%**	**77%**	**73%**
Santa Rosa	89%	69%	61%
State Average	**66%**	**56%**	**51%**

Source: Department of Education, 2002 LEA Profile.

The district has an effective policy for ensuring that exceptional students are placed in the least restrictive learning environment. In general, students should be placed in the least restrictive learning environment possible, which is typically a regular classroom. The district's placement policy favors placing students in the least restrictive environment by establishing specific criteria that must be met before placing students in more restrictive settings. Exhibit 5-26 shows that the district places a high percentage of its students into the least restrictive environment. Moreover, the district compares well to its peers; for two of the past three years the district had the highest percentage of ESE students placed in a regular setting. [8]

Exhibit 5-26

The District is Effective at Placing ESE Students in the Least Restrictive Environment

District	Percentage of Students Placed in the Least Restrictive Environment		
	1999-2000	**2000-01**	**2001-2002**
Alachua	44%	42%	45%
Bay	43%	43%	43%
Lake	53%	54%	55%
Marion	38%	30%	36%
Okaloosa	**67%**	**55%**	**77%**
Santa Rosa	61%	60%	58%
State	**49%**	**48%**	**48%**

Source: Department of Education, 2002 LEA Profile.

Exhibit 5-27 shows that the district spends less per exceptional student than most of its peers. Lower spending can be a sign of cost-efficiency if the district's performance is also good. Given the results presented above, the district is doing an effective job of serving its ESE population. That the district does this with lower average expenditures is an indication of an efficient program.

Exhibit 5-27

Okaloosa's Expenditures Per FTE Are Lower Than Most Peers for Exceptional Students

School District	2000-01 ESE Expenditures Per FTE
	Exceptional
Alachua	$7,340
Bay	6,932
Lake	6,063
Marion	7,597
Okaloosa	**$6,203**
Santa Rosa	7,236
State	**$7,726**

Source: *Florida District Indicators Report*, Department of Education, 2002.

The district needs improved reporting and tracking of ESE students

The district does not have a process to track and report on the placement of ESE students. Timely assessment of students with disabilities is an important issue in special education and the state is in the process of considering a requirement that assessments be completed within 60 to 90 days. However, the district cannot document how long it takes to place its students. Given that less than half of the teachers

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[8] Placement in a regular setting means that the student spends 80% or more of his or her time in a regular classroom as opposed to a special ESE classroom.

in our survey agree that the district places ESE students in a timely manner, this is an area of possible concern. The district should, and plans to, implement a tracking system for the 2002-03 school year.

The district should review the number of students placed in ESE after the October FTE count

The October full-time equivalent (FTE) count provides a good example of the need to track the timeliness of placing ESE students. The state requires districts to report the number of ESE students, including special education and gifted students, in October and February. Once a student is included in one of these counts, the state provides the district with additional funding. If a student is placed into the ESE program after October, the district loses one-half of the additional state funding. However, because the district does not currently track the placement dates of its students, it is not clear if the district is placing a significant number after the October FTE count. The district should review those placement dates and track them on an annual basis to determine if more students could be placed prior to the October count.

The district should review the implementation of Individual Education Plans

The district also does not have a regular process for reviewing the implementation of the individualized education plans (IEPs). IEPs describe the student's academic goals, the instructional strategies, and any accommodations that students should receive in order to enhance their learning. In Okaloosa, principals and staffing specialists share the responsibility of implementing IEPs and ensure that students receive appropriate accommodations.

We interviewed 12 principals regarding the implementation of IEPs at their schools. We found that elementary principals typically meet with teachers one-on-one to discuss student IEPs. Middle and high school principals often delegate this responsibility to either an assistant principal or to guidance staff. In all cases, the principals had good processes in place to track students and their IEPs. However, teachers responding to our survey indicate some concern regarding ESE accommodations. While this is not sufficient evidence to conclude the district has problems in this area, combined with the lack of a review process, it could indicate a potential problem. The district should establish a mechanism to collect feedback from ESE students or their parents regarding their satisfaction with the accommodations provided. This can then be combined with the monitoring of teacher satisfaction and other performance measures for the overall program.

The district has recently begun claiming reimbursement for direct Medicaid services

In March 2002, the district began claiming reimbursement for direct Medicaid services provided to ESE students. Some ESE students require specialized therapies such as physical, occupational, or speech that school districts typically provide using therapists or therapist assistants. School districts are eligible to receive Medicaid reimbursement for providing these services, as well as others, to ESE students. Until March 2002, the district provided the therapies for its ESE students but did not bill Medicaid for reimbursement, in part because the district perceived that administrative costs would outweigh the amount earned through the reimbursements. However, based in part on the Best Financial Management Practices review process the district began to bill for direct services in March 2002. Based on initial billings the district will likely receive between $40,000 and $60,000 per year, some of which will be offset by the costs of completing the required paperwork.

The district has completed a major review of its ESE program and now needs to monitor its progress

To meet the best practices the district should regularly review and evaluate its ESE program. During the 2000-01 school year during which the district conducted a major review of the ESE program, it identified issues of concern to teachers and parents and then responded to each concern. In some cases the district simply clarified its policies but in most instances the district took some action to change the ESE

program. The report, *Working Together for a Better ESE*, includes a list of actions that the district took or planned to take and is available at www.okaloosaschools.com.

The district's ESE review provides a good model for reviews of other programs, but it is still only a starting point. The district should regularly monitor its ESE program to ensure it is meeting the needs of its students. To do this the district should establish a set of key performance measures for the ESE program. These should include academic measures, such as those discussed in Exhibits 5-23 to 5-27 as well as program related measures such as timeliness of assessment and the number of students placed after the October FTE count. In addition, the district should monitor the satisfaction of parents and teachers with ESE services.

For example, responses to our survey of teachers show general satisfaction with ESE services but there were still some areas of concern. Most teachers agree that students are placed in the least restrictive learning environment and that the district does an effective job of providing appropriate instruction and services. These opinions match the results shown in Exhibit 5-23 to 5-26 above. However, between one-quarter and one-third of the teachers who responded expressed concerns with the timeliness of placing students, the level of support for integrating ESE students into the regular classroom, and the support for ensuring that students receive appropriate accommodations. These results highlight the need for the district to regularly collect feedback regarding the ESE program and make the necessary adjustments to ensure satisfaction.

Recommendations ———————————————

- *We recommend that the district implement a tracking system that collects and reports on the placement of ESE students.*

Action Plan 5-3 provides the steps needed to implement this recommendation.

- *We recommend that the district implement a process to ensure it regularly monitors its ESE program and addresses any issues raised.*

Action Plan 5-4 provides the steps needed to implement this recommendation.

Action Plan 5-3

Establish a Tracking System for Placing Exceptional Students		
Strategy	Track placement of ESE students to determine if they are assessed within 60 days and to determine if they placed in a timely matter. Also, determine if more students can be placed before the October FTE count.	
Action Needed	Step 1:	Develop a tracking form based on the key steps in the process to place exceptional students. This could include such milestones as the initiation of classroom interventions, the referral date, the placement date, and the reevaluation date.
	Step 2:	Solicit feedback regarding the tracking form from the staffing specialists who will complete the form.
	Step 3:	Finalize and begin tracking student placement.
	Step 4:	Analyze information to determine if students are placed in a timely manner, whether more students could be placed before the October FTE count, and whether some schools have consistently slower placement.
Who is Responsible	Office of Exceptional Student Education	
Time Frame	December 2003	
Fiscal Impact	This can be implemented with existing resources	

Action Plan 5-4

Use Performance Data to Identify Areas in Need of Evaluation and Review	
Strategy	By closely monitoring the district's performance on key indicators, the district can identify areas of weakness at the school and district level. The district can then target those areas for a detailed review.
Action Needed	**Step 1:** The district should identify a few key performance measures for the ESE program. The performance measures should include both academic and non-academic data and reflect on all major aspects of the ESE program. For example, performance measures could include student performance on FCAT, the percentage of students in the least restrictive environment, timeliness of placement, and satisfaction of teachers and parents with ESE services. Teacher and parent satisfaction could be collected through the School Climate Survey if appropriate questions are added.
	Step 2: The district should then monitor its performance on these measures over time and in comparison to its peers. The district can then target any areas in which performance declines or fails to match peers.
	Step 3: If necessary, the district should conduct a more detailed evaluation of targeted areas to identify more specific issues.
	Step 4: The district should then develop and implement appropriate changes to the program. The district should follow up on the actions taken and the changes in performance during the next year. If appropriate improvement has been made, the district should then return to monitoring the area. If appropriate improvement has not been made, the district should evaluate the area again.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	August 2003
Fiscal Impact	This can be implemented with existing resources.

Source: OPPAGA.

4 The district provides effective instruction as part of its English for Speakers of Other Languages Program.

The Okaloosa School District has a generally effective program for English for Speakers of Other Languages (ESOL). The district's ESOL program performs well in comparison to peer districts and the state average.

The district has a small population of students who have limited English proficiency

Only about 1% of the district's students are classified as having limited English proficiency (LEP), of which over half (56%) speak Spanish. Having a small ESOL population means that most teachers will have little ESOL responsibility and allows the district to use ESOL center schools, as discussed below. Exhibit 5-28 shows that Okaloosa's LEP population is smaller than most of its peers and much smaller than the state average.

Exhibit 5-28

The District Had a Small Population
of Limited English Proficient Students in 2000-01

District	Percentage of all Students classified as Limited English Proficient
Alachua	2%
Bay	1%
Lake	3%
Marion	3%
Okaloosa	**1%**
Santa Rosa	< 1%
Statewide	**11%**

Source: District ESOL Annual Status Reports to the Department of Education, 2000-01.

The district's policies are consistent with federal and state laws

The district's procedures for identifying students eligible for ESOL programs are consistent with federal and state laws and the Multicultural Education Training and Advocacy (META) agreement. In addition, the district's ESOL procedures have been approved by the Department of Education.

The procedures for identifying and placing ESOL students are relatively simple. All students and their families are given a Home Language Survey when they register for school. If a student responds that his or her home language is anything other than English, the student is to be classified within 20 days. Exhibit 5-29 shows that Okaloosa took an average of 3.27 days to assess and classify its limited English proficiency students. By contrast, the statewide average is 8.43 days and all but one peer district takes considerably longer than the district.

Exhibit 5-29

The District Assessed Students for Limited English Proficiency
in a Timely Manner in 2000-01

District	Average days for classification
Alachua	1.32
Bay	10.86
Lake	11.82
Marion	24.31
Okaloosa	**3.27**
Santa Rosa	7.14
Statewide	8.43

Source: District ESOL Annual Status Reports to the Department of Education, 2000-01.

The district serves its ESOL population in an effective manner

The district effectively serves most of its ESOL students in several center schools. If a student requires ESOL services, the district offers students the choice of attending either the school for which they are zoned or one of six center schools. [9] The center schools are regular elementary, middle, and high schools where the ESOL students attend classes while also receiving additional support from teachers with specialized ESOL training. Most (92%) Okaloosa ESOL students choose to attend one of the center schools.

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[9] The center schools are OakHill Elementary, Southside Elementary, Davidson Middle School, Meigs Middle School, Crestview High School, and Choctawhatchee High School.

The center school approach works well for Okaloosa, helping the district accomplish three major goals. First, it helps ensure that students receive meaningful integration into all-English instructional environments. Students spend most of their day in a regular classroom, working in an English environment. The students then spend part of the day working with an ESOL support teacher who can provide specific guidance and assistance. Second, the center school approach helps ensure that the curriculum for ESOL students will include the same standards for mastery of listening, speaking, reading, and writing English. Third, it helps promote sharing and communication between the ESOL specialists and the regular classroom teachers. Since the ESOL specialists and regular classroom teachers are co-located and students work with both throughout the week, the staff has strong incentives to collaborate. Exhibit 5-30 shows that Okaloosa's students spend less time in ESOL programs than do students statewide or in peer districts. This indicates that students are becoming English proficient in a timely manner.

Exhibit 5-30

The District Helps Students Achieve English Proficiency in a Relatively Short Period of Time

District	Length of Time Served In ESOL Programs (years)
Alachua	1.84
Bay	3.78
Lake	3.06
Marion	3.65
Okaloosa	**1.55**
Santa Rosa	2.79
Statewide	**3.09**

Source: District ESOL Annual Status Reports to the Department of Education, 2000-01.

The district needs to regularly monitor the performance of its ESOL program

Given the good performance and small size of the ESOL program, the district does not need a major review of the program at this time. Instead, the district should establish a process to monitor its ESOL performance, both over time and in relation to peers. The district should select several key performance measures such as length of time in ESOL programs, average time for classification, and performance of ESOL students on FCAT tests. In addition, the district should collect regular feedback from the teachers at the ESOL center schools as well as the parents of ESOL students. The district should then monitor its year-to-year performance and make adjustments as problems are identified.

Recommendations ————————————————

- *The district should establish a process to regularly monitor the performance of the ESOL program.*

Action Plan 5-5 provides the steps needed to implement this recommendation.

Action Plan 5-5

Use Performance Data to Identify Areas in Need of Evaluation and Review

Strategy	By closely monitoring the district's performance on key indicators, the district can identify areas of weakness at the school and district level. The district can then target those areas for a detailed review.

Action Needed	Step 1:	The district should identify a few key performance measures for the ESOL program. The performance measures should include both academic and non-academic data and reflect on all major aspects of the ESOL program. For example, performance measures could include student performance on FCAT, the average time to classify ESOL students, the average length of time in the ESOL program and the level of satisfaction of teachers and parents with ESOL students. Teacher and parent satisfaction could be collected through the School Climate Survey if appropriate questions were added.
	Step 2:	The district should then monitor its performance on these measures over time and in comparison to its peers. The district can then target any areas in which performance declines or fails to match peers.
	Step 3:	If necessary, the district should conduct a more detailed evaluation of targeted areas to identify more specific issues.
	Step 4:	The district should then develop and implement appropriate changes to the program. The district should follow up on the actions taken and the changes in performance during the next year. If appropriate improvement has been made, the district should then return to monitoring the area. If appropriate improvement has not been made, the district should evaluate the area again.
Who is Responsible	Office of Quality Assurance and Curriculum Support	
Time Frame	August 2003	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

5   The district provides effective and cost-efficient secondary vocational and adult/technical education programs.

The district has an effective adult/technical education program

The district's adult/technical education program is housed at the Okaloosa Applied Technology Center (OATC). The center provides for technical education in several trade areas such as computers, plumbing, cabinet making, culinary arts, and nursing. The district has an effective process for selecting the crafts or trades to offer, for updating the curricula and technology of the crafts, and for coordinating with stakeholders. The district also has an active adult education program.

The district effectively includes business, industry, and other stakeholders

The district uses Craft Advisory Committees to review each craft or occupational program. The advisory committees comprise people from the local community with interest in and knowledge of the program under consideration. For example, the automotive service advisory committee includes managers and owners of local auto repair businesses such as Auto Zone, Carquest, and car dealerships. Committees review the program curricula, workshops, and equipment and provide feedback to the instructor of the program.

In addition, the district also consults with a local economic research organization, the Haas Center for Business Research and Economic Development at the University of West Florida. The Haas Center provides economic data such as regional business activity, employment statistics, and retail sales. This helps the district estimate the demand for particular crafts and to tailor its curricula to local business needs.

Technical programs are kept up to date

The Craft Advisory Committees help ensure that the district's programs are both up-to-date and relevant for local businesses. If specific courses are not up to date, the district revises them with the input of the relevant advisory committee. Similarly, if a vocational program is not relevant for local businesses, it is revised or dropped. The district also reviews the potential income that its graduates can earn for each program and uses that information to help determine whether or not to continue a program. Overall, the district's use of advisory committees has helped ensure that its offerings are appropriate for the local job climate and useful to local businesses.

The district adds and drops vocational programs to mirror industry trends

The Workforce Development Board produces an annual list of targeted occupations. These represent occupations for which the Workforce Development Board has projected a need in a particular region. Okaloosa uses the annual list to add and remove crafts from its vocational program. For example, the district recently reviewed and subsequently dropped its childcare program after it was dropped from the state targeted occupation list.

If the county or region has an apparent need for a particular vocation not included on the targeted occupation list, the district petitions the Workforce Development Board. For example, the district conducted a survey in 1999 to document local employer interest in hiring people trained in cosmetology and small gas engine repair. The district collected data from local businesses to demonstrate the need for the programs. Both programs were added in the fall of 2000 with graduates averaging just over $10 per hour. By contrast, the wages for child care workers made it difficult to justify offering the program and so the district did not petition to continue that program.

The district regularly assesses its performance

The Okaloosa Applied Technology Center uses three methods to assess its performance. First, the school advisory council sets performance goals in the school improvement plan. The improvement plan includes goals, objectives, and general standards for the school to meet. The OATC met 10 of its 13 objectives for 2000-01. However, the district could improve this process by setting more specific standards. Many of the objectives lack specific standards, thus making it easy for the school to meet the objective. For example, one objective was to "increase the number of new students in job preparation programs." Since the improvement plan did not set a specific goal any increase would qualify as meeting the objective. In this case the district did increase the percentage of Job Preparatory students by four percentage points (from 48% to 52%) thereby meeting the objective and making substantial improvement.

Second, the school receives an annual review by the Council on Occupational Education (COE). The Council on Occupational Education accredits technical schools throughout the state of Florida. As part of the accreditation process the OATC must collect and report a variety of performance related information such as the completion rate, the placement rate, and the licensure exam pass rate. Exhibit 5-31 shows this information for the two most recent years. The district's completion rate and exam pass rates rose in 2000-01 while the placement rate dropped slightly. All three measures, however, suggest that the technical center has good performance.

Exhibit 5-31

The Okaloosa Applied Technology Center Has Good Performance

Completion Rate		Placement Rate		Licensure Exam Pass Rate	
1999-00	2000-01	1999-00	2000-01	1999-00	2000-01
68.9%	82.2%	80.6%	77.1%	90.9%	100%

Source: Council on Occupational Education, 2000 and 2001 Annual Reports.

The district offers several adult general education programs

The district offers three main programs for its adult students. First, the largest program, with 184 students enrolled in 2001-02, provides English literacy courses for ESOL students. Second, the district helps students earn a High School diploma through a GED certificate (46 enrolled in 2001-02). Third, the district offers a variety of community education courses such as Introduction to Computers, Creative Writing, and Sign Language. These courses are self-supporting in that students pay for them through their fees. The district had a total of 164 students enrolled in such courses during 2001-02.

Adult education is funded by the state based on performance

The state uses a performance based funding formula for adult programs. When students successfully complete their program, such as by passing the test required for a GED, the district earns "completion points." The state has established standards for literacy completion points (LCPs) and occupational completion points (OCPs). By increasing the number of completion points the district can earn additional funding.

The district was able to exceed its adult general education goals in 2000-01, and that performance translated into increased funding for the program. Exhibit 5-32 shows the district's performance funding for 2002-03. The formula starts with 85% of the district's 2000-01 budget. This guarantees that all districts receive a minimal amount of funding. Then the state provided performance money for each completion point earned in 2000-01. In this case the district earned 609.5 completion points, earning it a total of $26,097. When added to the base allocation this represented a $15,743, or 23%, increase to its 2000-01 budget.

Exhibit 5-32

**The Adult Education Program Earned $15,743
by Exceeding Previous Performance**

2000–01 Funding	Base (85% of 2000-01)	Completion Points	Performance Funds	Final Budget 2002-03	Increase/ (Decrease)	Percentage Change
$69,028	$58,674	609.5	$26,097	$84,771	$15,743	22.8%

Source: Okaloosa School District.

6 The district's curricular framework is linked to Florida's accountability standards and to the Sunshine State Standards.

Instructional materials generally align with the Sunshine State Standards

The Sunshine State Standards (SSS) should form the core of any district's curricula. As such, instructional materials should be closely linked to the state's standards. The district has three ways to ensure that its instructional materials align with the SSS. First, the publishers of all new texts reviewed and selected by the district provide a table that shows the Sunshine State Standards and cross-references them with the appropriate pages in the text. Every text reviewed has a 'Florida edition' that incorporates the state's standards. Second, for older texts, teachers develop lesson plans that incorporate the grade level standards and benchmarks. The district uses a standardized form that provides spaces for marking the relevant state standards and benchmarks. Third, teachers may use supplemental materials if the current text does not cover a particular state standard. However, over time, instances where texts do not align to the SSS will be greatly reduced as the older texts are replaced with newer ones.

Curriculum guides are clearly aligned to the state's standards

The district has adopted the Sunshine State Standards into its curriculum guides. Curriculum guides are intended to outline the concepts to be taught within a subject and grade. For example, a curriculum guide for sixth grade math lists five general areas or topics—number sense, measurement, geometry and spatial sense, algebraic thinking, and data. For each topic several specific concepts are listed. For example, the topic of data contains five specific concepts—algebraic thinking; using calculators to find the mean, median, and mode; making predictions; collecting and graphing data; and applying these data to real world problems. In turn, the district lists the appropriate sunshine state standard for each of these specific concepts.

The district also places a strong emphasis on developing curriculum maps for each subject area at each school. Curriculum maps show what concepts should be taught and when. This helps the district in three ways.

- It helps the district plan the order in which subjects (skills/concepts) are taught. This helps ensure that concepts are presented in a logical and organized manner.
- It helps the district determine whether all grade level expectations are being addressed and, if not, the district can adjust the curriculum as needed.
- It helps ensure that all major aspects of a subject area are covered somewhere in the curriculum. This is especially important because its helps ensure that all subjects covered by the FCAT have been taught before the test. A high school science map, for example, would help ensure that science topics covered on the science FCAT are taught prior to the tenth grade.

Adopting the Sunshine State Standards as part of its curriculum guide helps the district ensure that the SSS are covered in each class. Principals are responsible for ensuring that teachers use the curriculum guides appropriately.

Curriculum guides are updated on a regular basis

The district updates its curriculum guides on two schedules. Elementary schools update their guides on the same schedule as the textbook adoptions. So, for example, the district would update its reading guides in 2001-02 along with the adoption of the new reading curriculum. Middle and high schools update their guides in conjunction with updates to course descriptions by the Department of Education. The district does this because each subject area has several different courses and, as a result, there are many individual courses to update at the same time. For example, high school math ranges from basic math to algebra to calculus in some schools. So rather than update the high school 'math' curriculum, the district updates the algebra curriculum in conjunction with the Department of Education's update of the course description.

The district provides support to help teachers design instruction to meet the Sunshine State Standards

The district provides a variety of assistance to help teachers align their instruction with the Sunshine State Standards. The district has developed guides that list the state standard or expectation and then provides ideas about how to teach that standard. For example, the district offers training to help teachers learn to apply specific instructional strategies and to better understand the state's assessment exams. The district has also recently developed web pages with curriculum information and lesson plans and has identified specialists within each school who can assist other teachers. Moreover, as discussed in section 2, our survey of teachers indicated that teachers were generally satisfied with the level of curriculum support. However, given the changes over the past year, the district should monitor teacher satisfaction to ensure that the district continues to meet the needs of the teachers.

Recommendations ─────────────────────

- *We recommend that the district monitor teacher satisfaction with its curriculum support.*

Action 5-2 provides the steps needed to implement this recommendation.

7 The district has adopted a plan for the progression of students from kindergarten through grade 12 that maximizes student mastery of the Sunshine State Standards.

The district's pupil progression plan is thorough and consistent with Florida Law

The district's pupil progression plan (PPP) is consistent with Florida law, including having a prohibition against social promotion. According to Florida law, a pupil progression plan should list, for every grade, the standards for evaluating each pupil's performance and the specific performance standards to determine whether a student progresses to the next grade. Moreover, Florida law requires that students cannot progress to the next grade based solely on age or other factors that constitute social promotion. The district's PPP contains this prohibition, noting "no student may be promoted on any basis other than academic progress, except as provided by good cause considerations." Good cause considerations include being an ESE or ESOL student or having two previous retentions.

The district's pupil progression plan incorporates the Sunshine State Standards and specific expectations for performance

The district has established a clear process for determining whether or not a student will progress to the next grade. The district has outlined the criteria for promotion and retention at the elementary, middle, and high school levels. These criteria include specific performance standards in reading, math, and writing as well as the Sunshine State Standards. Exhibit 5-33 shows an example from the district's PPP. The first two steps show that the district evaluates students based on academic performance, including performance on the FCAT, which measures the Sunshine State Standards. Steps 6 and 7 show the process for deciding to promote or retain students. The district's PPP has similar steps and criteria for the elementary, middle, and high school levels.

Exhibit 5-33

**The Elementary Pupil Progression Plan Shows a Clear Process
to Make Decisions Regarding Promotion**

Process to determine student retention or progression in elementary school
Step 1: Screen students to determine whether or not a student requires additional support or help in a particular subject area. Screening criteria comprise scores on norm-referenced tests, the FCAT for relevant grade levels, classroom grades, and performance on previous Academic Improvement Plans.
Step 2: Administer diagnostic tests to determine the specialized needs of any student identified in step 1. For each subject area the district has selected tests designed to determine the specific needs of each student.
Step 3: Develop an Academic Improvement Plan (AIP) designed to provide the student with remediation. The AIP is a plan for intensive remediation in the subject area in which the student is struggling.
Step 4: Review student progress at the end of the semester to identify any necessary adjustments for the student's improvement plan.

Step 5:	Reassess the student at the end of the year. The reassessment uses the same test originally used in step 1. This allows the school to measure the student's progress. If the student makes adequate progress, the AIP may be discontinued and normal monitoring resumed.
Step 6:	Review retention criteria. Any student who fails to meet the grade level requirements for 2 of the 4 progression criteria will not be promoted. These criteria include • performance on the FCAT; • performance on other norm-referenced tests; • grades; and • other assessments selected as needed.
Step 7:	Review other 'good cause' considerations such as two previous retentions, ESE, or ESOL placement. Students with sufficient good cause considerations may be promoted despite not meeting the academic criteria.
Step 8:	Promote or retain. Retained students receive remediation in a different program that takes into account the student's learning style.

Source: Okaloosa County School District Pupil Progression Plan.

The district applies its pupil progression plan appropriately and consistently

While the district's progression plan provides a thorough and complete set of standards for the promotion and retention of students, principals are responsible for ensuring that the guidance committees appropriately promote or retain students. Visits to 12 of the district's 36 schools revealed that principals consistently apply the PPP to their decisions to promote or retain students. Elementary principals indicated that the PPP is very prescriptive and leaves them little leeway when deciding to promote or retain students. Middle and high school principals have more discretion, largely because students who fail one course can be promoted to the next grade and still retake the failed course the next school year.

The district offers remediation to retained students

The district's pupil progression plan specifically requires remediation for retained students. As shown in step 8 of Exhibit 5-33 above, retained students should receive remediation in a different program that takes into account the student's learning style. This helps ensure that the district does not simply repeat the same instruction that the student failed the first time. Remediation should offer the student new opportunities to succeed.

The district has an active dual-enrollment program but it is undergoing significant changes

The Okaloosa school district currently offers dual enrollment courses through two different programs. The district offers a traditional dual enrollment courses through Okaloosa-Walton Community College (OWCC). Students take courses offered by the community college for the district's dual enrollment students. Neither the district nor the student pays for these courses, which are typically offered at the community college or one of its centers. [10] Students completing these courses receive credit from both their high school and OWCC.

Beginning in 2000-01, the district contracted with Troy State University to offer dual enrollment courses through its University School. Students enrolled in the University School receive instruction at their local high school campus. The students also can receive both dual enrollment and Advanced Placement (AP) or International Baccalaureate (IB) credit for the same course. This represents extra value to the students for two reasons. First, AP/IB courses tend to be highly rigorous and meet for more total hours thereby offering additional academic value. Second, students passing the AP/IB exam can receive credit from a university that would not otherwise accept the dual enrollment credits. For example, a student who has taken dual enrollment courses in Florida may or may not receive elective credits if they enter a university

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[10] Okaloosa-Walton Community College could provide dual enrollment courses at the local high schools, but with the advent of the University School most students took their dual enrollment courses at the OWCC campus or one of its centers.

in another state. By contrast, a student who has passed an AP exam would receive credit for that particular course. For a course such as English Literature, AP credit would save the student from having to take the literature general education requirement. But if the course were accepted for elective credit only, the student would still have to take a literature general education course.

The University School concept has been very popular. The number of students in dual enrollment courses increased dramatically with the advent of the University School. Exhibit 5-34 shows that the total number of dual enrollment courses jumped from 286 in 1999-00 to 1,002 in 2000-01 and 852 in 2001-02. [11]

Exhibit 5-34

Total Dual Enrollments Increased with the University School
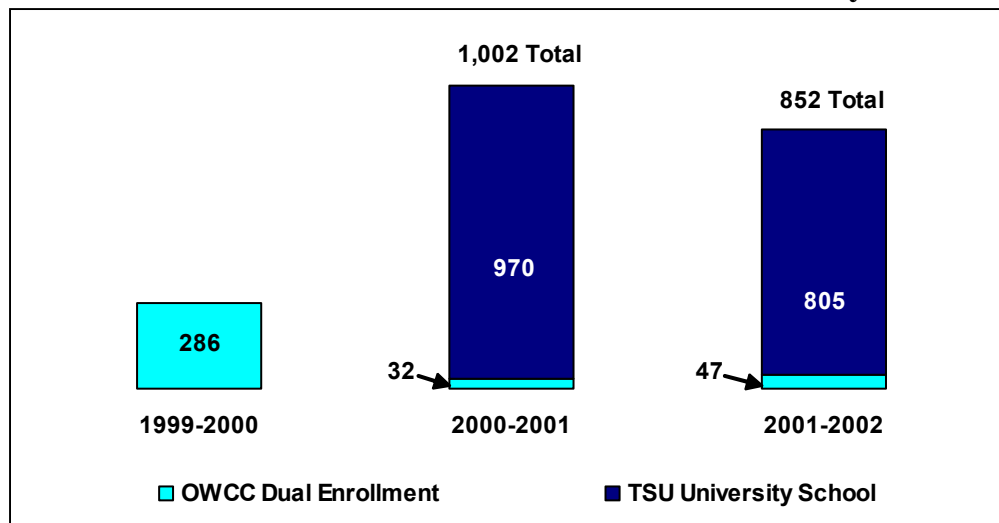
Source: Okaloosa County School District.

The University School concept has raised two problems for the district. First, unlike traditional dual enrollment courses, the district must pay for the University School. Okaloosa-Walton Community College has not charged the district for the traditional dual enrollment courses as described above. But to receive the added services of the University School, the district had to pay Troy State.

The district contracted without a competitive bidding process. In general, competitive bids help ensure that districts obtain the best available service for the best price. However, the district did not issue a Request for Proposal (RFP) or invitation to negotiate (ITN). As a result, the contract with Troy State may have cost more than a similar contract with OWCC. Troy State charged the district $100 per student receiving dual enrollment credit. By contrast, Okaloosa-Walton Community College made an informal proposal to charge $1,700 per section of up to 32 students. Since Troy State charged on a per student basis and OWCC proposed charging on a per course basis, the costs cannot be directly compared. However, if the district averaged 18 or more students per course, it could have potentially saved money by contracting with OWCC instead of Troy State. [12]

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[11] The number taking dual enrollment courses through Troy State University declined in 2001-02 because the district required AP/IB students taking the same course to 'opt-in' or sign up for the dual enrollment course. In 2000-01 students were automatically assigned to both the dual enrollment and the AP/IB course unless they chose otherwise—opted out.

[12] Some of the Troy State courses had only one dual enrollment student. The district could not have done this with OWCC since that course would still cost $1,700 for the one student. Instead, the district would have to maximize the number of students in each course and not offer some courses with small enrollments. For example, a class with 18 dual enrollment students would cost $1,800 with Troy State, but only $1,700 with OWCC, thus making OWCC the less expensive option. By contrast, for a class of 16, OWCC would have still cost $1,700 while for TSU it would cost $1,600.

In addition to the issue of cost, unless students pass the AP exam, the University School program cannot guarantee that the courses offered by Troy State will be accepted for credit at Florida's public universities. Florida's strong articulation laws and 2+2 system provide protections and benefits for students who receive credits from a Florida community college. These provisions are described below.

- Students who earn an associate of arts degree from Florida community colleges will be admitted to a Florida public university as a junior. In contrast, Troy State students can apply to a Florida public university but are not guaranteed admission and, if they are admitted to a university, they still may not be admitted as a junior.

- Students who transfer from a Florida community college are protected by the common course numbering system. This guarantees that any courses taken to meet the general education requirements or to meet a prerequisite for a major will count accordingly. In February 2002 the University of Florida's University Curriculum Committee decided that it would no longer transfer dual enrollment courses to the university if those courses were used to satisfy a high school requirement. The state's articulation agreement protects Florida community college students, and therefore community college dual enrollment students. Their courses will continue to transfer. Students enrolled at the district's University School, by contrast, will no longer be able to transfer their courses to the University of Florida. [13]

The district has acted to address these concerns, particularly the transferability of dual enrollment credits. In April 2002, the district issued a Request for Proposal (RFP), asking for bids to provide services for the University School. The RFP required that the dual enrollment credits of the bidder transfer to all Florida public universities. As a result of Florida's articulation agreement, any Florida community college meets this requirement. By contrast, as a result of the University of Florida's decision, Troy State would not. Depending on the responses to the RFP, the district can select a provider and negotiate for its University School services or it can end the University School and use only the traditional dual enrollment program.

8 The district ensures that school advisory councils meet statutory membership requirements but needs to ensure that the council members are well trained and able to participate in the district's accountability process.

The district's school improvement planning process complies with state requirements. The district's school advisory councils assist the principals and school board in developing school improvement plans for each school. The advisory councils also receive an allotment of $10 per full-time equivalent student at that school to be used to help the school implement its improvement plan. Finally, the councils have an appropriately balanced and representative membership that includes parents, teachers, students, and other stakeholders.

School improvement plans are in place and conform to Florida law

Each school has a school improvement plan and these conform to Florida law. Florida law requires that school districts appoint school advisory councils (SACs) for each school. These councils assist the school board in developing their school improvement plans. [14] The school improvement plans in Okaloosa conform to Florida law. While not every plan addresses every issue listed in Florida law, most issues are

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[13] In order to hold students harmless the University of Florida agreed to waive this rule for current seniors and juniors in Okaloosa's university school. However, if students enrolled in the University School through Troy State after 2001-02, their credits would not transfer.
[14] See s. 229.58 (2) and s. 230.23 (16) *F.S.*

covered. School advisory councils develop School Improvement Plans for each school. Given the nature of these plans, they overlap considerably with the district's A+ Plans (see section 1 for more information).

School advisory council members are representative

The membership of the district's school advisory councils complies with Florida law. The district has established school advisory councils for each of its schools. Each council includes a variety of stakeholders such as parents, teachers, school staff, and members of the community. District records indicate that the memberships are generally representative of the school's demographics.

Current school improvement plans effectively tie needs to school objectives

The current school improvement plans are based largely on prior student performance. Each plan has a section for the current or baseline performance of the students at that school. The plans then offer goals for improvement with specific objectives for student performance. For example, the Bob Sikes Elementary School Improvement Plan has an objective that 72% of standard curriculum fourth grade students will score at achievement level 3 or above on the Reading FCAT in 2001. SIPs also identify the strategies the schools will use to implement their improvement plans. In the case of Bob Sikes Elementary, its improvement plan identifies several strategies including having third and fourth grade students read an age appropriate novel and participate in the Accelerated Reader Program.

The district needs to ensure that school advisory council members can participate in the new accountability process

The district has developed a template to consolidate its A+ plans with the school improvement plans required by the state. All schools will use this template in the 2002-03 school year. This should produce a close alignment between the school's objectives and its improvement strategies. As described in section 1, the district has provided each principal with a template for the new A+ Plans. The template contains the same basic elements of the school improvement plans. But now each school will have only one plan instead of two separate ones. For the 2002-03 consolidated plans the district expects principals and school advisory councils to work together to develop each school's improvement plan. These would ultimately go to the school board for final approval.

The new process could affect the influence that advisory councils have over the school planning process. Because the A+ Plans are more comprehensive than traditional school improvement plans, the SACs will have the opportunity to influence a broader range of goals and strategies in their schools. However, if principals develop the performance plans and receive input from the advisory councils afterwards then the councils may be reduced to only revising or amending the plans rather than developing their own.

District staff have directed principals to provide performance data and budget information for their advisory councils to use in developing each school's performance plan. In this way, the advisory councils could take an active role in shaping each school's performance plan. The success of this process will depend on the extent to which the advisory councils have the opportunity to guide the development of each school's plan. Advisory council members must be able to ensure that the A+ plans address their concerns. Otherwise, the advisory councils will not be able to play the role intended by the State.

School advisory council members need additional training to ensure they can actively participate in the school improvement process

As the district moves forward with consolidating the A+ and school improvement plans, training will take on added importance. Okaloosa's school advisory councils will play important roles in the school improvement process. The SACs will help each principal revise their A+ plans. In order for the SACs to play their intended role as a citizen advisory group, the members must receive sufficient training to feel comfortable making changes to the principal's proposed plan. Interviews with SAC members indicate

that they feel comfortable asking questions of and offering advice to the school principal and staff. Moreover, SAC members stated that district personnel do not dominate or control the council meetings.

However, new SAC members did express concerns regarding training. Training for new SAC members takes place at the start of the school year, about the same time the plans are completed. As a result, some of the newer SAC members indicated that their first council meeting involved taking action on their school's plan before they had completed their training. The members felt uncomfortable acting with so little experience, information, or training. The district needs to time the selection of SAC members and their training to ensure that new members can fully participate in the improvement planning process.

Recommendations ————————————————

- *We recommend that the district revise the training for school advisory council members to ensure that members can actively participate in the advisory process.*

Action Plan 5-6 provides the steps needed to implement this recommendation.

Action Plan 5-6

Ensure that School Advisory Council Members are Trained and Ready to Participate		
Strategy	Revise the training schedule for school advisory council members so that they receive training on their roles and responsibilities and are able to participate in the school improvement process.	
Action Needed	Step 1:	Change the election schedule for School Advisory Council members so that the members are elected by October of each new school year
	Step 2:	Provide training to new and returning SAC members by November. Training should emphasize the right of the advisory council to make changes to the A+ plan, including the addition of non-academic performance measures.
	Step 3:	Provide each school advisory council time and opportunity to review the A+ plans and provide feedback.
	Step 4:	Ensure that school advisory council feedback is incorporated into the each school's A+ plan
Who is Responsible	Office of Quality Assurance and Curriculum Support	
Time Frame	August 2003	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

Cost-Effective Instructional Materials

9 The district's process for selecting instructional materials ensures that instructional materials meet the needs of teachers and students.

The district has good procedures for selecting instructional materials

The district's procedures for selecting instructional materials maximize school flexibility while conforming to state requirements. The Department of Education approves a list of instructional materials that meet its guidelines, including cost. The district then establishes adoption committees at each school

and provides those committees with the state's approved list. The adoption committees are free to choose any texts approved for their subject area.

The adoption committees are composed of teachers for a particular subject area within each school. For example, math teachers from all middle school grade levels would comprise the adoption team for new middle school math texts. Based on our survey, teachers confirmed that they are invited to participate in the selection of the texts they will be using in the classroom.

The district's process for purchasing instructional materials adheres to Florida law

The district's instructional materials selection process is guided by the state's rules and regulations. The state sets an adoption schedule for materials for all subjects. The schedule sets when a district may adopt new instructional materials for a given subject, how many years that contract must last, and when the contract will be effective. For example, the sixth through twelfth grade literature adoption took place in June 2002, and the contract must last five years. The effective date of that contract will be April 1, 2003.

The district also acquires its instructional materials in accordance with state requirements. Once adopted, texts are purchased from the Florida School Book Depository that helps schools obtain textbooks at the lowest possible price.

10 Each student has access to current and appropriate instructional materials in core courses that are aligned with the Sunshine State Standards and the district's pupil progression plan.

Instructional materials are sufficient in number and current

The district has provided students with current and appropriate instructional materials. The district adopts materials based on the state adoption schedule. The state's schedule determines when a district can adopt new texts for a given subject area. Since each subject area has its own schedule, some will be more up-to-date than others.

Teachers indicate a generally high level of satisfaction with the instructional materials available to them. The materials are sufficiently up-to-date, but teachers still have the option to enhance the core texts with supplemental materials. In addition, teachers responding to our survey generally agreed that they have sufficient materials for all students.

Instructional materials align with the Sunshine State Standards

The alignment of instructional materials with the Sunshine State Standards varies based on the age of the texts. As noted in section 6, publishers now provide alignments to the Sunshine State Standards with their textbooks. These cross-references typically list the standards covered by each page or section of the textbook. This provides a good resource for teachers to help them align the instructional materials with the standards. As a result, new texts have clear alignments to the standards. Texts purchased prior to the adoption of the Sunshine State Standards do not have such alignments but in one case the district developed its own. The district has created its own alignment between its science texts and the state's standards. The district selected science because the science texts were among the older ones in the district and because the district wanted to prepare for the upcoming science FCAT.

11 The district has cost-effective procedures for acquiring, maintaining, and disposing of instructional materials but needs to monitor collections for lost and damaged textbooks.

The district relies on the state to help minimize the costs of instructional materials

The district relies on the state to help control the costs of acquiring instructional materials. The state helps the district control instructional materials costs in two ways. First, the Department of Education uses cost as a factor when approving texts for school district adoption. Since Okaloosa's selection committees review only instructional materials approved by the Department of Education, cost has already been factored into the selection process. As Exhibit 5-35 shows, the range of prices for the district's two finalists for language arts textbooks was relatively small for most grade levels with substantial differences for only kindergarten and first grade. The overall additional cost for the curriculum selected, McGraw-Hill, is 4.8% though the district will receive free evaluation services as well (see also section 12).

Exhibit 5-35

Prices for Approved Texts Are Generally Similar

Grade Level	Harcourt	McGraw-Hill (Adopted)	Difference	Percentage Difference
Kindergarten	$9.90	$15.00	$5.10	51.5%
First	$15.45	$18.00	$2.55	16.5%
Second	$28.25	$28.29	$0.04	0.1%
Third	$34.50	$34.50	$0.0	0.0%
Fourth	$34.75	$34.77	$0.02	0.1%
Fifth	$38.00	$37.98	- $0.02	-0.1%
Total	**$160.85**	**$168.54**	**$7.69**	**4.8%**

Source: Okaloosa School District.

The district relies on principals to maximize revenues from the disposal of old materials or the replacement of lost and damaged materials

The district has given principals the authority and responsibility to dispose of old instructional materials. Principals have three basic options—selling, recycling, and donating. In interviews with district staff, we found that principals typically donate or sell the materials, depending on their content and condition. Some materials are either in better condition or are more useful than others and in those cases principals have put the books on sale for parents or community members to purchase. Other materials have been donated to parents of at-risk students or to teachers to help them maintain a classroom library. In other cases, materials have been donated to developing countries. These methods of disposal do not generate revenue for the district but staff has found that they cannot generate money from the disposal of out-of-date materials.

The district should review the level of outstanding debt

Replacing lost and damaged texts can cost school districts significant money. The Okaloosa school district expects its principals to collect monies owed by students for losing or damaging textbooks. [15] District policy advises principals on how much to charge but does not provide them with a list of possible sanctions to encourage payment of debt for lost or damaged texts. Instead, the district's policy, in

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[15] The district receives the money raised from these collections.

agreement with state law, prohibits principals from using disciplinary actions or the withholding of credits as sanctions for uncollected money. Permissible sanctions are provided in Florida law. [16]

The district does not track the amount of outstanding debt for lost and damaged texts, instead leaving the tracking to the principal at each school. Principals are unlikely to collect all debts owed for lost or damaged texts because some students' families will be unable to pay. However, because the district does not track the amount of outstanding debt it was not possible to determine what percentage of debt the district collects. Thus, it is not clear if the district has a high or low collection rate. Also, the district cannot determine whether the level of debt is high, low, increasing, or decreasing. [17] The district should monitor the outstanding debt at each school and, if significant debt is owed or the amount of debt increases substantially at some schools, help those principals increase their collections of debt for lost or damaged books.

Recommendations

- *The district should monitor the outstanding debt at each school at the end of each school year.*

    Action Plan 5-7 lists the steps necessary to implement this recommendation

Action Plan 5-7

Maximize Collections of Outstanding Debt		
Strategy	Require principals to report on the level of outstanding debt for lost and damaged texts and target improvements where necessary	
Action Needed	Step 1:	Area Superintendents require each principal to report his or her school's level of outstanding debt for lost and damaged textbooks.
	Step 2:	For schools with significant outstanding debt or debt levels that are climbing, district staff should work with the principal to develop strategies to increase the rate of collection or ensure the students pay through community service.
	Step 3:	Continue the process on an annual basis.
Who is Responsible	Area Superintendents in conjunction with the Chief Financial Officer.	
Time Frame	June 2003	
Fiscal Impact	This can be implemented with existing resources, but if the amount of outstanding debt collected increases, it may generate some savings for those schools.	

Source: OPPAGA.

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[16] Florida law permits principals to suspend students from extracurricular activities or allow the students to pay their debt through community service (see s. 233.46 *F.S.*)

[17] Based on our request the district surveyed principals and determined that as June 2002, the level of outstanding debt for the 2001-02 school year was $66,449.

Educational Program Effectiveness and Efficiency

12 The district has developed, but not yet implemented, an accountability mechanism to ensure the overall performance, efficiency, and effectiveness of its major educational programs.

The district uses its A+ planning process to provide accountability for improving educational performance

As discussed in Section 1, the district began using a new accountability and evaluation process during the 2001-02 school year. The A+ plans provide accountability and increase site-based management by requiring principals to establish specific objectives that the area superintendents then use to evaluate each principal's performance.

The chief officer for quality assurance and curriculum support and the area superintendents review the A+ plans developed by each principal. Together they are responsible for ensuring that the principals set realistic but challenging objectives and strategies. The chief financial officer also reviews the fiscal impacts of the plans. Once approved by the area superintendents the plans go to the superintendent and school board for discussion and approval. Once approved, the principals become responsible for implementing the plans.

The area superintendents meet with their principals throughout the year to review the progress made toward meeting the objectives of the A+ plans. The area superintendents review student progress as well as the actions taken by the principal to implement the strategies contained in the plan. Principals whose schools are not on track to meet one or more of its goals may be required to make adjustments to the strategies they are using or in how they implement them. For example, each school uses one or more criterion referenced tests during the school year to measure the progress of its students. If, based on these tests, some of the targeted students are not on track to meet their performance expectations, then the principal, area superintendent, and teachers will meet to develop or revise individualized educational plans for those students. If many students are not on track, then the principal and the area superintendent may revise the school's A+ Plan and devise new strategies for helping the targeted student population.

At the end of the year principals are evaluated, in part, on the overall performance of their school, whether it met the objectives of its A+ Plan, and how well the principal implemented the strategies in the plan. Altogether this provides a strong mechanism to hold principals accountable for the performance of their schools.

The A+ planning process will require regular district-level oversight and review

For the district's accountability process to work, the district must be able to measure its overall performance. The district's A+ planning process reflects management's choice to maximize funding and flexibility at the school level. As the district enters its second year under this process, the district must carefully monitor its performance. The district should track its performance through a combination of school-based analyses, district and program level analyses, and peer comparisons. Okaloosa has already begun to use school-level analyses but still needs to implement effective district, program, and peer analyses.

Under the site-based approach of the A+ plan, the district measures the performance of each school with principals evaluated in part on the performance of their school as measured against the goals established in the A+ plan. If a school does not meet its goal or does not make sufficient progress, the district can

help the principal develop new strategies to meet that school's needs. The district can determine each school's areas of weakness and focus on them. For example, if a district as a whole performs poorly in reading, it makes sense to initiate a district-wide reading improvement program. However, a particular school in that district may have strong reading scores but need more support for math. This special need could not be detected through a district average but can be found through school level analyses. As a result, a disaggregated approach, such as the A+ process in Okaloosa, helps districts provide support where it is needed.

The district should establish specific objectives for its major educational programs and monitor performance

The district's A+ planning process provides a mechanism to evaluate performance at the school but not at the district or program level. Sections 3 and 4 discuss a regular process of monitoring program performance and responding as needed. The district should implement such a process for its K-12 program. To do this, the district needs to measure and report on its overall performance as well as the performance of each major educational program. Reporting district-wide performance has two primary uses.

First, it provides the parents, the general public, and, to a lesser extent, the school board with information they need to understand the effectiveness of the district's policies. Summary information regarding the district's performance, such as the percentage of students making adequate yearly progress helps parents, the public, and the school board evaluate the district's overall progress. For example, reporting on the performance of the ESE program, whether in placing students in a timely manner or graduating students with a standard diploma, helps provide accountability for the program's performance. The implementation of the new A+ planning process increases the importance of reporting district and program performance information. Parents and the public especially need this kind of summary information to evaluate whether or not the new process works.

Second, district and program level data facilitate peer comparisons. As discussed in section 1, peer comparisons provide external benchmarks for measuring the district's progress. Since peer performance information is readily available at the district and program level, Okaloosa should collect and report at that level. However, Florida's Department of Education provides a service to match peer schools across districts. Given Okaloosa's site-based accountability system it should consider establishing peer schools for each school within the district. Principals could then use peer schools to establish performance goals and to monitor their progress.

With district and program level data readily available the district can establish several performance measures for its K-12 programs. These measures can be summaries of the school level measures, such as the percentage of students making adequate process in a given subject area. For example, the district plans to establish specific objectives for overall district performance in math, reading, and writing in its 2002-03 plans. However, the district should also include non-academic performance measures such as disciplinary actions, absenteeism, or dropout rates. The measures need to be comprehensive enough to cover all aspects of the K-12 program. Even if the district's average performance is good, or even if a school's overall performance is good, some students may not receive the services they need. Once the district establishes it performance measures, it needs to monitor and report its outcomes on an annual basis. Reporting the information provides accountability to parents and the public while monitoring allows the district to identify areas of concern and develop improvement plans (see Chapter 4 for more information).

The district needs to conduct a cost-benefit analysis of the process by which it evaluates instructional strategies

In addition to evaluating its major educational programs, school districts need to evaluate the effectiveness of the various instructional programs it has implemented. Districts often implement

instructional programs designed to address a specific need such as reading or math. For example, the Okaloosa school district uses the Carbo Reading Styles program, which helps teachers identify the student's learning style and thereby teach that student more effectively. The district funds this program through a grant that requires the district to evaluate the program's effectiveness. Not all of the district's academic programs have this requirement. Consequently, the district should evaluate the effectiveness of its other instructional programs. This will enable the district to either change the program if needed, or stop using it entirely if warranted.

However, the Office of Quality Assurance and Curriculum Support has limited ability to evaluate academic programs. School districts typically choose to conduct these evaluations using either in-house staff or by contracting them out. The Okaloosa school district uses a combination of in-house and contracted evaluations. When the district applies for and wins a grant to fund a new educational program, the grant typically requires the district to evaluate the program. These evaluations typically review the performance of students in the program using some form of cohort analysis. For example, an evaluation may track the progress of students in the program to see if they achieve at least one year's gain in learning. The Office of Quality Assurance and Curriculum Support conducts these types of evaluations.

Other evaluations are contracted out since the district does not have sufficient staff to conduct reviews of all of its educational programs. Recently the district arranged for McGraw-Hill, the publisher of the new reading texts adopted by the district, to provide an evaluation of that reading program. The district will receive this evaluation for free as part of the textbook adoption.

In other cases the district hires consultants. The district currently has a contract with the University of West Florida to evaluate selected programs. The district typically selects programs that are being used by a growing number of teachers and principals across the district. While this is effective, it raises three concerns.

- Since the district evaluates only selected instructional strategies, such as Accelerated Reader, others being used by the district may not be evaluated. As a result, teachers and principals may not know whether some of the strategies they use are effective. This concern was raised in both teacher and principal focus groups. In addition, even strategies implemented on a small scale can represent considerable costs to the district and students if they are not effective. While the number of schools using a program is a reasonable criterion for selecting strategies to review, the district should also review strategies that have high costs.

- The district is generally reactive rather than proactive. That is, the district evaluates instructional strategies that are already widely used or have attracted the attention of principals and teachers. A more proactive evaluation process could review potential strategies, identify those likely to be successful, and recommend them to principals. This would help address concerns raised by principals and teachers regarding information about the effectiveness of potential educational strategies.

- If the district contracts with the University of West Florida on a regular and ongoing basis, it could actually be less expensive to conduct the reviews in-house. The district should review its program evaluation needs and the costs associated with contracting for those services and compare that to the costs of conducting the evaluations in house.

Recommendations

- *We recommend that the district establish performance indicators for the K-12, and other major programs and use them to identify areas in need of detailed review and evaluation.*

Action Plan 5-8 provides the steps needed to implement this recommendation.

- *We recommend the district conduct a cost-benefit analysis of contracting for its evaluation function.*

Action Plan 5-9 provides the steps needed to implement this recommendation.

Action Plan 5-8

Use Performance Data to Identify Areas in Need of Evaluation and Review	
Strategy	By closely monitoring the district's performance on key indicators, the district can identify areas of weakness at the school and district level. The district can then target those areas for a detailed evaluation.
Action Needed	Step 1: The district should identify a few key performance measures for the K-12 program. The performance measures should include both academic and non-academic data and reflect on all major components of the K-12 program. For example, performance measures could include results from the school climate survey, graduation and retention rates, disciplinary actions, FCAT scores, college readiness, and absenteeism.
	Step 2: The district should then monitor its performance on these measures over time and in comparison to its peers. Any areas in which performance declines, stagnates, or fails to match peers the district should identify for further review.
	Step 3: The district should review targeted areas by collecting specific feedback from teachers and parents regarding perceived problems. Based on this feedback the district should develop and implement an action plan for improvement.
	Step 4: The district should follow up on the actions taken and the changes in performance during the next year. If appropriate improvement has been made, then return to monitoring the area. If appropriate improvement has not been made, the district should review the area again.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	August 2003
Fiscal Impact	This can be implemented with existing resources.

Source: OPPAGA.

Action Plan 5-9

Conduct a Cost-Benefit Analysis of Contracting for Evaluation	
Strategy	Compare the costs of using in-house staff to evaluate educational programs and instructional strategies with the costs of contracting out for that service.
Action Needed	Step 1: Estimate the costs and benefits of conducting evaluations of educational programs and instructional strategies in house. Costs include a new staff position, possibly with other duties. Benefits include the flexibility of having in-house staff and the ability to be more proactive in reviewing programs and strategies.
	Step 2: Estimate the costs and benefits of contracting out for the evaluations. The costs include the direct payments to the contractor. Benefits include, for example, the flexibility to not contract during times of fiscal constraint.
	Step 3: Based on the results of the analysis, either continue contracting or develop an in-house evaluation function.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	January 2003
Fiscal Impact	This can be implemented with existing resources.

Source: OPPAGA.

13 The district recently reviewed its organizational structure and the staffing of the central office and schools to minimize administrative layers and processes but does not have a policy for future reviews.

The district has a new organizational structure in place but should continue to monitor its success through regular reviews

The central district administration underwent a large-scale reorganization during the 2001-02 school year. The district consolidated or reduced several positions within the Office of Quality Assurance and Curriculum Support. Some vacant positions were eliminated while some positions were transferred back to the school level. For example, school psychologists, formerly under the student services department, were allocated to individual schools. The number of psychologists did not change but they now report directly to principals instead of a district director. By allocating more staff and responsibilities to principals, the district was able to reduce the number of divisions within the quality assurance office and eliminate some program director positions. For example, the positions of director of elementary education and director of secondary education were consolidated into a single program director for curriculum and instruction.

Exhibit 5-36 shows the net effect of these changes. The district added 11 new positions, mostly to replace staff positions that were consolidated. The district deleted 13 positions, often by allocating the staff to the school level, and has left 7 others unfilled. This has reduced the net staff in the quality assurance and curriculum support office by 9 and generates about $554,000 in annual savings.

Exhibit 5-36

The District Reduced the Size of the Quality Assurance Office

Staffing Change 2000-02	Number of Positions	Salaries and Benefits
Positions Added	(11)	($781,536)
Positions Deleted	13	$923,423
Positions Unfilled	7	$412,279
Net Change	**9**	**$554,166**

Source: OPPAGA analysis based Okaloosa School District data, February 2002.

However, the district has not established a policy regarding future reviews of the organizational or staffing levels. The district should regularly review each office's organizational structure to ensure that it is functioning efficiently and providing the appropriate level of services for schools. For example, a future review could indicate that the district has cut its district staff too deeply and that it should fill some of the vacant positions. Alternatively, the district may find that it can reduce staffing even further or that the current level is appropriate. Regular reviews are especially important for the quality assurance and curriculum support office because it underwent some of the most significant changes during the district reorganization.

The district had generally appropriate staffing at the district level but needs to monitor teacher satisfaction

The district's ratios of administrators to instructional and total staff generally were average when compared to both peer districts and the state in 2000-01. Exhibit 5-37 shows that the district had roughly the same ratio as the statewide average for administrators to teachers, total instructional personnel, and total personnel. In most cases only one or two peer districts had fewer administrators than Okaloosa.

Santa Rosa has fewer administrators per teacher, and Santa Rosa and Lake have fewer administrators as a ratio to total instructional personnel.

In 2001-02, the district continued its reorganization of the district level and further reduced its administrative staff. The district should ensure that it did not cut too deeply at the district level by regularly monitoring the satisfaction of teachers with district services. For example, section 2 describes the changing mix of district resources available to help teachers identify and use effective instructional practices. The district replaced visits by curriculum specialists with a variety of alternative services. Because these are new, the district should monitor how teachers use them and what needs teachers believe are not being met.

Exhibit 5-37

The Okaloosa County School District Had Generally Appropriate Administrative Staffing 2000-01

District	Administrators to Classroom Teachers	Administrators to Total Instructional	Administrators to Total Staff
Alachua	1: 12.14	1: 14.21	1: 28.44
Bay	1: 13.33	1: 15.13	1: 28.12
Lake	1: 14.17	1: 15.96	1: 30.33
Marion	1: 13.30	1: 14.69	1: 30.56
Okaloosa	**1: 14.46**	**1: 15.83**	**1: 29.34**
Santa Rosa	1: 15.37	1: 17.2	1: 27.25
State	**1: 14.20**	**1: 15.89**	**1: 29.04**

Source: Profiles of Florida School Districts, Staff and Student Data, Department of Education, 2000-01.

The district's site-based management provides principals with flexibility to meet school needs

The district provides principals with the flexibility to allocate staff based on school needs. The district provides each school with approximately 90% of the funds generated by its student FTEs (excluding transportation). Principals have the flexibility to allocate this money as they see fit. Rather than the district establishing a staffing formula or ratio, each principal determines what mixture of staff to hire. For example, a staffing formula might require that schools hire one reading specialist per fixed number of students. Okaloosa's process allows the principal to hire more reading specialists but fewer staff in other areas, such as teacher aides, if desired. The district plans to require principals to link their school's staff allocation to the goals in their A+ plans. Principals will be expected to justify the link between staff hired, implementing the strategies outlined in the A+ Plan, and meeting its goals.

Recommendations

- *We recommend that the district establish a policy that provides for a regular review of the organization and staffing of the Office of Quality Assurance and Curriculum Support.*

Action Plan 5-10 provides the steps needed to implement this recommendation.

Action Plan 5-10

Regularly Review the Staffing Levels for the Office of Quality Assurance	
Strategy	The district should review the staffing levels and organizational structure of the quality assurance and curriculum support office on a regular basis.

Action Needed	Step 1:	Prioritize the programs that have the highest needs within the quality assurance and curriculum support office.
	Step 2:	Review staffing levels and workload for those programs. The review should consider the number of staff, the lines of authority, and the overall workload.
	Step 3:	Develop recommendations for staffing changes, reorganization, or other improvements.
	Step 4:	Implement recommendations and continue the review on a regular basis.
Who is Responsible	Office of Quality Assurance and Curriculum Support	
Time Frame	August, 2003	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

14 The district reports on the performance of its K-12 program but does not report on the performance of other major educational programs.

The district reports on the performance of its K-12 services through a variety of means, but does not include other major programs

As discussed in section 5 of Chapter 4, the district reports the performance of its basic education programs through informational brochures, individual school budgets, and its website.

The informational brochures are sent to parents and made available to the community. They contain information such as actions taken to improve student performance, basic information about the school advisory council membership, school climate survey results, attendance by teachers and students, and student performance over the past three years at both the school and district level.

School budgets contain a variety of information regarding each school such as the number and percentage of its students performing at or above a satisfactory level in math, reading, and writing, the average percentage of students who attend class daily and, for high schools, the number of students seeking college degrees. Beginning in 2002-03 the district plans to have each year's budget documents contain information about each school's performance in the most current year as well as its performance in the prior year.

The district's website lists each school's average FCAT scores in reading, math, and writing, and compares them to the average scores for all students in the Okaloosa County School District and for all students in Florida's public schools. Parents can easily access this information to determine how well their school's performance compares with other schools in the district, the district average, and the state average. However, they cannot use this information to determine whether their school has improved its performance and how much improvement has been made.

Also, the district does not provide parents and other stakeholders with information on how special groups of students, such as ESE and ESOL students, are performing, and how the performance of these students compares with that of basic students. Although the district appropriately expects special groups of students seeking regular diplomas to perform at the same level as basic students, these students face special challenges and the district receives more resources with which to serve them. To be accountable for the services it provides for these students, the district needs to disaggregate and report their performance data from that of regular students.

The district collects public feedback through a variety of mechanisms

The district uses three main mechanisms to collect feedback, its website, parent surveys, and its School Leadership Council.

The district provides a list of contacts and email addresses on its website. This allows the public to email those directly responsible for the programs in which they are interested. The district staff directs emails, phone calls, and letters to the staff in the appropriate area. Staff then responds directly to the person making the inquiry.

The district collects feedback from parents though its annual climate survey. Survey questions address various issues including quality of curriculum, staff performance, school safety, and community involvement. However, the district does not make full use of this survey owing to concerns over the response rate and the questions. The district has contracted with the University of West Florida to improve the survey to make it more useful.

The district also operates a School Leadership Council (SLC). This council comprises representatives from the school board and each of the districts schools, the chairs of the School Advisory Councils, Parent Teacher Organization representatives, other school leaders, and parents. The district often asks the SLC for feedback on proposed district policies. This enables the SLC to act as a sounding board for the district, helping staff and the school board fine tune policies before adopting them.

For more information on the district's efforts to work with the community, please see Chapter 15.

Recommendations ─────────────────────────

- *The district should report on the performance of all major educational programs.*

  Action Plan 4-4 provides the steps needed to implement this recommendation.

Library Media and Student Support Services

15 **The district has sufficient school library or media centers to support instruction.**

The district has sufficient resources to meet instructional needs

The district's libraries, or media centers, have sufficient and up-to-date materials. Each of the district's media centers receives an allocation for the acquisition of new materials based on the school's enrollment. From this, each media center staff selects materials suitable for that school. This provides each school with flexibility regarding its library acquisitions.

Teachers interviewed and surveyed generally agreed that the library materials are appropriate, up-to-date, and sufficient for supporting their instructional needs. A majority of teachers surveyed agree that the media centers have sufficient and up-to-date materials. Moreover, the teachers indicated these materials represent current research in their fields. In addition, teachers interviewed felt that the materials are accessible to the students and teachers. Most teachers also agreed that students have sufficient access to computers. For a more detailed discussion of instructional technology, see Chapter 6.

The district provides on-line resources for its students and teachers through the "Big Chalk" website. This website provides access to newspapers, magazines, journals, and other resources. The materials available on Big Chalk can be very up-to-date and represent the cutting edge of research in many areas. Since students can access this site both on campus and from home, this is a highly accessible resource.

The district ensures access to library materials through its ATHENA catalog system. ATHENA is an electronic catalog that handles checking out books, searches for titles and subjects, inventory control, overdue fines, and more. This automates many library functions and helps students and teachers locate books through card catalog searches.

The district has also used bulk orders of technology equipment. The district has purchased computers for its media centers in bulk through a district-wide contract (see Chapter 6 for more details). However, the district should review options to use bulk order purchases for books selected by more than one media center. Since each media center controls its own acquisitions, this will not always be possible.

16 The district provides the necessary support services (guidance counseling, psychological, social work, and health), but should regularly monitor service levels.

School districts often provide a variety of support services to meet the specialized needs of its students. These typically include psychological, social work, and health related services. Okaloosa provides the following types of support services for its students:

- school psychologists to assess students for possible ESE service;
- guidance counselors to provide academic advising and personal counseling such as suicide prevention;
- social workers to serve as attendance officers and conduct home visitations;
- health programs to provide health-related training, counseling, and support for regular schools as well as specialized services such as child care for the Teenage Parent Program (TAPP);
- dropout prevention programs for at-risk students; and
- safe and drug free counselors and programs.

The district uses a combination of site-based and central office management to oversee its support services

The district uses a combination of site-based and district-based management to oversee its support services. Two services, guidance counselors and nurses or health aides, are overseen almost entirely at the school level. Principals use their budget allocation to hire guidance counselors and nurses. The district does not establish a staffing formula for these positions. As a result, not all schools have a nurse or health assistant on campus and the number of guidance counselors varies across schools. However, every school has access to a visiting nurse at least once per week.

School psychologists and social workers operate under a mixed system of management. The district office hires and evaluates the psychologists and social workers and assigns them to schools. However, the social workers and psychologists are assigned to specific schools, thus giving them site-based responsibilities. For example, the psychologists rotate among their assigned schools during the week, spending one day at each school with one day left flexible to follow up with schools as needed. In 2001-02, the first year this model was used, the district assigned school psychologists so that each school had a psychologist at least one day per week. However, allocating psychological staff in this way may not meet

the needs of all schools as some schools will have more referrals than others, simply because of the nature and size of their student population. The district is now reviewing its allocation of psychologists based on the workload at each school. For the 2002-03 school year, the district plans to reallocate psychologists based on this analysis.

The remaining services, dropout prevention and safe and drug free school programs, are managed at the district level. These programs typically involve limited number of staff and so it would not be practical to operate them at individual school campuses.

The district does not regularly compare staffing levels to its peers

The district does not regularly compare its staffing levels to comparable districts. The district does compare itself to accreditation standards, which it fully meets. Such standards, however, can represent a minimal level of services, and so the district should also compare itself to its peers as well as collect regular feedback from teachers and principals.

Exhibit 5-38 shows the district's ratio of students to guidance staff for 2000-01. The district's ratio is close to the state average though four of its five peers have fewer students per guidance staff. Similarly, the district has more students per school psychologist than any of its peers and more than the state average. In and of itself, having more students per staff is not a concern. However, the district should combine regular peer reviews with surveys of teacher and principal satisfaction to ensure that student needs are being met.

Exhibit 5-38

Okaloosa's Staffing Ratios Are Generally Similar
For Guidance Staff, but Low for School Psychologists

District	Guidance Staff Ratio to Students	Psychologist Ratio to Students
Alachua	1: 404.12	1: 1,978
Bay	1: 353.58	1: 1,981
Lake	1: 361.32	1: 2,929
Marion	1: 499.59	1: 2,268
Okaloosa	**1: 451.46**	**1: 3,036**
Santa Rosa	1: 444.52	1: 2,829
State	**1: 438.18**	**1: 2,061**

Source: Profiles of Florida School Districts, Staff and Student Data, Department of Education, 2000-01.

OPPAGA surveyed teachers about the level of support services. Most teachers agreed that they and the students receive appropriate support. This indicates that although several peers have fewer students per guidance staff and school psychologists, teachers are satisfied with Okaloosa's current staffing level.

The district has regular review processes for its student support services but needs to monitor its staffing allocation on an ongoing basis

The district evaluates the effectiveness of its student support services through its annual *Report of Adequate Progress*. The report includes goals, objectives, implementation strategies, and expected fiscal impacts. For example one goal states that "all employees are to be drug-free and equipped with the professional capacity to assist students in gaining the knowledge to manage their own health and fitness." One associated objective is that "identified employees will be trained in CPR, first aid, and health room best practices." The district planned to have principals identify employees responsible for monitoring the health rooms and then to provide training to those employees. The expected cost was $3,300. While some of the objectives for the program are vague, such as "students will be provided programs to insure

their health and safety," the report provides a good overall framework for monitoring the performance of the student support services.

The report of adequate progress focuses on those services directly administered by the district. The principals at each school evaluate the guidance and psychological services. The district asks principals to evaluate the psychologist assigned to their schools. This enables the district to monitor the performance of the school psychologists as well as principal satisfaction with the level of services.

The district has also conducted a special review of its guidance counselor program. In 1999-2000, the district used a guidance task force to review the responsibilities of the district's counselors and made recommendations as to the top priorities for their time. The task force also made several recommendations such as hiring new staff and contracting out for specialized needs. As with ESE (section 3), the district should follow up on the implementation of the task force's recommendations.

With the exception of the guidance task force, these reviews do not examine the level of support services or teacher and principal satisfaction. When the district decentralized its support functions, it chose to reallocate current staff without adding or deleting current personnel. In essence, the district decided to see if the current level was satisfactory under the new organizational model and then reallocate as needed later. This is sound policy, but for it to work, the district must regularly collect performance data and feedback regarding its services. However, the district does not have a process in place to collect such information.

The district currently collects feedback from principals regarding the performance of the school psychologists but not as to whether or not the level of service is sufficient. The district does not solicit feedback regarding general satisfaction with the various support services. Moreover, though the district surveys principals regarding some support programs, it does not collect data on satisfaction with others. The district should therefore collect feedback regarding the level of services and principals and teachers satisfaction. This information should then be used to evaluate the staffing and organization for support services.

Recommendations ——————————————————

- *We recommend that the district regularly compare staffing levels to peers and/or national benchmarks.*

  Action Plan 5-11 provides the steps needed to implement this recommendation.

- *We recommend that the district establish a mechanism to regularly collect and respond to user feedback regarding the level of support.*

  Action Plan 5-12 provides the steps needed to implement this recommendation.

Action Plan 5-11

Compare Staffing Levels to Peer Districts and/or National Benchmarks		
Strategy	By using peer districts and/or national benchmarks to compare the ratio of support staff to teachers to district can help ensure that it provides an appropriate level of services.	
Action Needed	Step 1:	Select appropriate national benchmarks, such as accreditation standards, along with peer districts for comparison. OPPAGA recommends Clay, Citrus, Charlotte, Hernando, Lake, Leon, Martin, Santa Rosa, and Sarasota.
	Step 2:	Collect data published by the Department of Education for peer districts or develop a sharing agreement with selected peers to obtain more up-to-date data.

Action Needed	Step 3:	Compare support staffing to standards and peers. If any teacher/staff ratios are significantly different, review that area in more detail and adjust services.
	Step 4:	Repeat on an annual basis.
Who is Responsible	Quality Assurance and Curriculum Support	
Time Frame	June, 2003	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

Action Plan 5-12

Use Performance Data to Identify Areas in Need of Evaluation and Review		
Strategy	By closely monitoring the district's performance on key indicators, the district can identify areas of weakness at the school and district level. The district can then target those areas for a detailed review.	
Action Needed	Step 1:	The district should identify a few key performance measures for the support services program. The performance measures should include teacher satisfaction, non-academic data such as discipline rates and comparisons with peer district in such areas as staffing ratios. Teacher satisfaction can be collected through the School Climate Survey if appropriate questions are added.
	Step 2:	The district should then monitor its performance on these measures over time and in comparison to its peers. The district can then target any areas in which performance declines or fails to match peers.
	Step 3:	If necessary, the district should conduct a more detailed evaluation of targeted areas to identify more specific issues.
	Step 4:	The district should then develop and implement appropriate changes to the program. The district should follow up on the actions taken and the changes in performance during the next year. If appropriate improvement has been made, then return to monitoring the area. If appropriate improvement has not been made, the district should evaluate the area again.
Who is Responsible	Office of Quality Assurance and Curriculum Support	
Time Frame	November 2002	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

6 Administrative and Instructional Technology

The Okaloosa County School District has a broad-based approach to providing technology to classroom and district administrative activities. The district has implemented, developed, and maintained an effective instructional technology strategy. With some additional attention to improving districtwide technology coordination, developing administrative technology strategies, improving the cost-effectiveness of technology support services, and creating measurable objectives, the program could become a model for technology implementation.

Conclusion

The Okaloosa County School District (the district) has a broad-based approach to providing technology to the classroom environment and some district administrative activities. The district's administrative and instructional technologies include a wireless wide-area network, computers for every teacher, Internet access, instructional television, and at least one computer for every five students. These resources provide active and effective support to schools. The district provided the foundation of classroom technology by creating a districtwide intranet, retrofitting schools with upgraded network wiring, hardware acquisitions, staff training, and technology support.

The district is using 15 out of 20 of the best financial management practices for administrative and instructional technology. To meet the remaining 5 best practices the district will have to do the following:

- include administrative systems in its technology plan;
- improve the cost-efficiency of its currently outsourced technical support functions and provide support to systems in the Food Service, Transportation and Maintenance departments;
- provide better technology training for administrative staff;
- improve the cost-effectiveness of its technology acquisitions; and
- take steps to inventory and minimize the number of databases maintained independently from the data processing department.

Proper coordination and oversight would ensure that the district's technology program is effectively maintained with less money than it currently receives. See the discussions in sections 2, 5, 6, 9, and 19 of this chapter.

During the course of this review, OPPAGA identified a number of district accomplishments in the administrative and instructional technology, some of which are included in Exhibit 6-1 below.

Exhibit 6-1

Notable Accomplishments
in Administrative and Instructional Technology

- The district set minimum standards for technology competency for teachers and students. Assessment results indicate these standards have been achieved with few exceptions.

- The district installed a wireless wide area network to connect all facilities and classrooms into a district intranet and provide everyone high-speed access to the Internet.

- Nearly all schools have been retrofitted for technology.

- All teachers have been provided with telephones, laptop computers, and a variety of training opportunities.

- Overall, the district has one computer for every three students, and each classroom has a minimum of one computer for every five students.

- The district established guidelines identifying a variety of professional development strategies to help teachers integrate technology solutions into the curriculum.

- The district enhanced its technology in a timely manner by employing an outside contractor to design and manage the retrofit of schools and the installation of the wireless wide area network.

- The management information department provided schools with disks containing student performance information the day after the information was released by the Florida Department of Education.

- Okaloosa County Public School District teachers have the highest level of computer competency compared to similar school districts and the state average.

Source: OPPAGA.

Overview of Chapter Findings

OPPAGA reviewed the district's administrative and instructional technology using the Best Financial Management Practices adopted by the Commissioner of Education and the appropriate associated indicators. OPPAGA employed several methodologies to develop chapter conclusions and action plans. For instance, OPPAGA conducted on-site interviews with district-level administrators and gathered information on its administrative and instructional technology policies, procedures, and activities. To receive additional input, OPPAGA interviewed district-level staff, employees of the contractor providing technology services to the district, principals, and teachers. Questions varied depending on the groups or individuals interviewed and the results have been validated and incorporated into this chapter where applicable.

An overview of chapter findings is presented below.

School Board Technology Plan

1. The district solicited and used broad stakeholder input in developing an integrated learning system and in setting priorities for technology decisions. (Page 6-8)

2. The district has a technology plan that provides direction for instructional technology decision making. However, the plan does not include administrative systems and no entity is responsible for updating it or overseeing its implementation. (Page 6-10)

"Just-in-time" Support

3. The district provides support to assist educators in incorporating technology into the curriculum. (Page 6-13)

4. The district uses formal and informal support to assist educators in incorporating technology into the curriculum. (Page 6-14)

5. The district provides technical support for hardware, districtwide administrative software, and infrastructure in a timely but not in the most cost-effective manner. (Page 6-15)

Professional Development

6. The district provides professional development that helps teachers integrate technology into the learning environment, but it is not providing adequate professional development for its administrative staff. (Page 6-20)

7. The district provides professional development for instructional technologies. (Page 6-23)

Appropriate Technology for Performance

8. The district bases technology acquisitions on instructional needs. (Page 6-25)

9. The district does not ensure technology purchases are cost-effective. (Page 6-26)

10. The district has established standards for acquiring new programs and digital content that promote the integration of technology into everyday curricular needs. (Page 6-28)

11. The district has a stable and efficient technology infrastructure. (Page 6-31)

Appropriate Use of Technology

12. The district has established and communicated a policy stating appropriate uses of all types of technology resources, including computers, video equipment, software, and the Internet. (Page 6-31)

13. The district supports compliance with the established policy on safe and legal use of technology resources. (Page 6-32)

Management Information Systems

14. The district segregates duties and assigns secondary and tertiary personnel for each software system to reduce the risk that unauthorized transactions will be entered and not discovered quickly. (Page 6-33)

15. The district's user controls ensure authorization prior to processing transactions and ensure all output represents authorized and valid transactions. (Page 6-33)

16. The district's applications are designed to provide users with reliable data. (Page 6-34)

17. The district has established general controls in the areas of access, systems development and maintenance, documentation, operations, and physical security to promote the proper functioning of the information systems department. (Page 6-35)

18. The district's management information systems provide data needed by administrative and instructional personnel in a reliable and timely manner. (Page 6-37)

19. The district has not taken steps to minimize the number of databases that are independent of its centralized computer systems (Page 6-38)

20. The district has established appropriate controls related to transactions processed through electronic media. (Page 6-39)

Fiscal Impact of Recommendations

- *If implemented, six recommendations in this chapter will have a fiscal impact. These include*

  — *hiring an administrator to make FTE projections thereby relieving the Chief Information Officer of this function and freeing him to oversee the implementation and updating of the technology plan (section 6-2);*

  — *improving the cost effectiveness of computer support and maintenance functions currently performed by a private contractor (section 6-5);*

  — *providing improved support to the maintenance management system in the Maintenance and Transportation departments (section 6-5);*

  — *providing administrative systems training (section 6-6);*

  — *improving the cost effectiveness of privatized computer hardware purchases currently handled by the private contractor (section 6-9); and*

  — *hiring two administrators to train for a 12-month period under experienced staff in the MIS Department who will be retiring soon (section 6-17).*

Exhibit 6-2 shows a summary of these recommendations. The net savings in the 2003-04 would be $152,202 and the total saved over five years will be $1.9 million.

Exhibit 6-2

Six Administrative and Instructional Technology Recommendations Have Fiscal Impacts with Net Savings of $1.9 Million

Recommendation	Five Year Fiscal Impact
• Hire an administrator to make FTE projections.	• First year cost will be $77,276; total costs will be $309,104 through Fiscal Year 2006-07.
• De-privatize or renegotiate the cost of technology support operations currently provided by a private contractor	• First year savings will be $331,928; total cost savings will be $2.2 million through Fiscal Year 2006-07.
• Provide better support for the maintenance management system.	• The cost will be $297,264 including benefits through Fiscal Year 2006-07.
• Engage a contractor to provide administrative systems training which district personnel could provide in subsequent years.	• First year cost will be $25,000 for all systems, except for those for which training is specifically recommended in the maintenance and transportation sections of the report.
• De-privatize the purchase of computer hardware	• First year savings would amount to $74,142, and subsequent years are $118,181 per year. Savings would amount to $428,685 in the Capital Projects Budget through Fiscal Year 2006-07.
• Create a Management Information Service management transition plan and hire two additional MIS administrative staff 12 months prior to key personnel retirements.	• The cost will be $154,552 through Fiscal Year 2006-07, including benefits.

School Board of Okaloosa County Chapter 6
Savings and (Costs) Recommendations Summary

Recommendations	Section	2002-03	2003-04	2004-05	2005-06	2006-07	Total
FTE administrator	2		$(77,276)	$(77,276)	$(77,276)	$(77,276)	$ (309,104)
De-privatize SLA	5		331,928	631,558	631,558	631,558	2,226,602
Maximo support	5		(74,316)	(74,316)	(74,316)	(74,316)	(297,264)
Training	6		(25,000)				(25,000)
Computer purchases	9		74,142	118,181	118,181	118,181	428,685
MIS personnel	17	-	(77,276)	(38,638)	(38,638)	-	(154,552)
All funds total savings		**-**	**$152,202**	**$559,509**	**$559,509**	**$598,147**	**$1,869,367**

Source: OPPAGA.

Background

The Okaloosa County School District employs a chief information officer (CIO) to oversee administrative technology functions at the district level. The CIO oversees the Management Information Service and Data Processing departments, which support, coordinate, and implement the district level administrative technology functions. (See Exhibit 6-3) The Management Information Services Department (MIS) coordinates user needs with system development resources and provides oversight and direction of all information storage, workflow, and distribution.   The Data Processing Department maintains the following systems:

- human resource,
- finance,
- textbook,
- property,
- cost accounting,
- auto parts,
- purchasing bid specifications, and
- nine student data software systems.

The Data Processing Department also maintains a variety of hardware, systems security, and operational functions and equipment.

The Technology and Media Services Department, within the Quality Assurance and Curriculum Support Division, provides oversight for instructional technology. (See Exhibit 6-4.) This department provides a teacher training lab, purchases district instructional software licenses (which lowers costs for schools), operates the teacher academic help desk, provides a mobile training lab to take training to the schools, supports instructional television productions by students and for broadcast of curriculum programming, and collaborates with the private contractor that provides technology infrastructure and support services.

The district's major technology initiatives were connecting all classrooms to the Internet, retrofitting all the schools for networking technology to provide a modern technology infrastructure, purchasing laptops for all teachers, purchasing computers for students to achieve a ratio of one computer for every five students, and creating a wireless wide area network (WAN) to connect all district schools and offices.

The district contracted with Sverdrup, a private construction management firm to provide assistance in planning technology projects and implementing technology initiatives over the five-year contract period

spanning the years 1999-2004. [1] The school retrofit project provides the internal wiring infrastructure needed to sustain the assorted administrative and instructional needs of individual schools. The wireless Wide Area Network (WAN) upgrade provided the district a 3-5 times increase in bandwidth and speed of data transmission, which enhanced the internal and external communication of all district operations. This upgrade also freed the district from almost all of the recurring financial burden of costly, less efficient leased lines for data services. This newly acquired bandwidth allowed for deployment of a remote network monitoring system to ensure efficient operations and maintenance of the district's technology initiatives such as Gradebook, WinWatch, Spectrum, and Teacher Academic Help Desk.

The technology plan included replacement cycles for student computers and teacher laptops to keep providing current technology within budgetary constraints. During the current year the district has implemented and is continuing to design a new website to enhance communications with teachers, parents, and the public. Sverdrup subcontracted with another vendor, Delta-BTG, to staff and manage a support and maintenance function providing new network software installation and training, hardware installation, on-site equipment repair and replacement, and comprehensive telephone assistance for computer problems.

At every school, the district applies resources directly to student learning activities. Individual teachers and schools can select and implement instructional software applications to serve their students' unique needs and priorities that they have identified. Schools can also establish instructional software priorities and make purchases based on their school improvement plans.

The Technology and Media Services Department operates a teacher training lab at Edge Elementary School. School-based plans use student achievement data to pinpoint areas of concern and suggest technological enhancements to the learning environment. Web-based training and a comprehensive set of links to educational resources complement traditional curriculum support and training opportunities for teachers.

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[1] Sverdrup subcontracts the technology-related services to Delta-BTG.

Exhibit 6-3

Okaloosa County School District Administrative Technology School Year 2001-02 Organization Chart

```
                    ┌─────────────────────────┐
                    │ Chief Financial Officer │
                    └─────────────────────────┘
                                 │
                    ┌─────────────────────────┐
                    │ Chief Information Officer│
                    └─────────────────────────┘
                                 │
           ┌─────────────────────┴─────────────────────┐
  ┌──────────────────┐                    ┌──────────────────────────┐
  │ Data Processing  │                    │ Management Information    │
  │ Director         │                    │ Service Department        │
  └──────────────────┘                    └──────────────────────────┘
  ┌──────────────────┐                    ┌──────────────────────────┐
  │ Program Directors│                    │ Program Directors         │
  │ (2)              │                    │ (2)                       │
  └──────────────────┘                    └──────────────────────────┘
  ┌──────────────────┐                    ┌──────────────────────────┐
  │ Senior Program   │                    │ Secretaries               │
  │ Analysts (6)     │                    │ (3)                       │
  └──────────────────┘                    └──────────────────────────┘
  ┌──────────────────┐
  │ Computer Operators│
  │ (2)              │
  └──────────────────┘
  ┌──────────────────┐
  │ Office Manager   │
  └──────────────────┘
  ┌──────────────────┐
  │ Help Desk Coordinator│
  └──────────────────┘
  ┌──────────────────┐
  │ Secretary        │
  └──────────────────┘
```
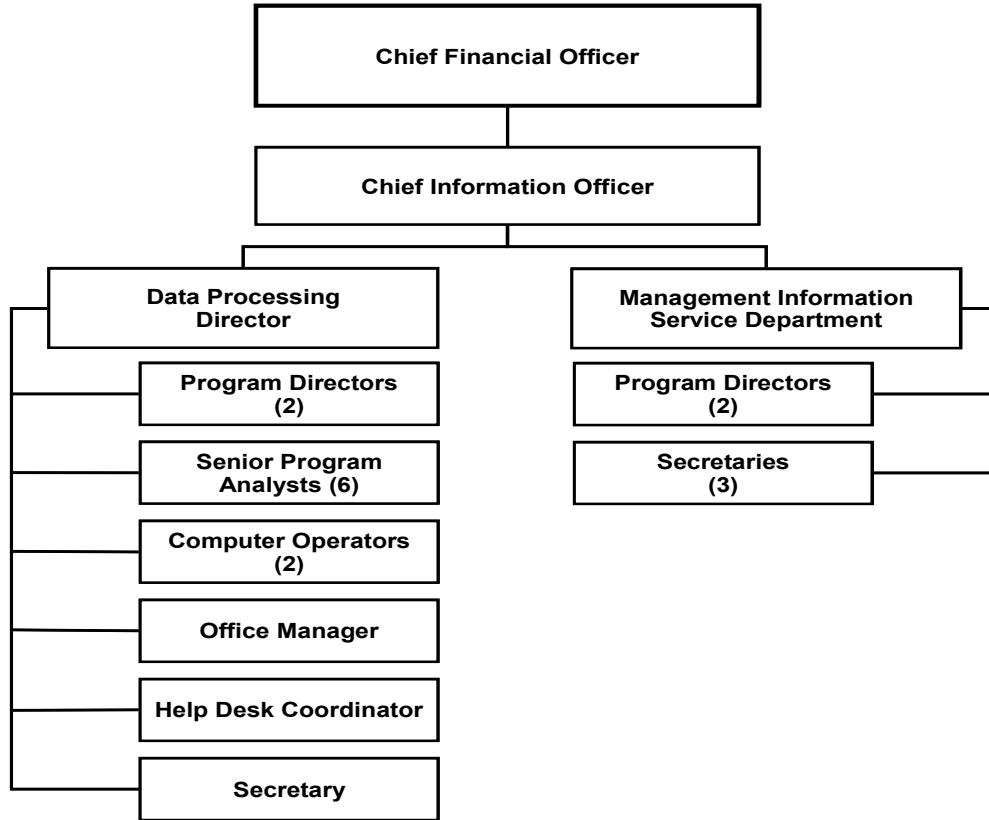
Source: Okaloosa County School District.

Exhibit 6-4

Okaloosa County School District Instructional Technology
School Year 2001-02 Organization Chart

```
              ┌─────────────────────────────────┐
              │  Chief Quality Assurance Officer │
              └─────────────────────────────────┘
                             │
              ┌─────────────────────────────────┐
              │   Technology and Media Services  │
              │             Director             │
              └─────────────────────────────────┘
                             │
  ┌──────────────────┐       │
  │   Web Manager    │───────┤
  │       (1)        │       │
  └──────────────────┘       │   ┌─────────────────────────┐
                             ├───│  Teacher Technology      │
                             │   │     Trainer (2)          │
                             │   └─────────────────────────┘
                             │   ┌─────────────────────────┐
                             ├───│      Technicians         │
                             │   │          (2)             │
                             │   └─────────────────────────┘
                             │   ┌─────────────────────────┐
                             ├───│    Process and           │
                             │   │    Delivery (4)          │
                             │   └─────────────────────────┘
                             │   ┌─────────────────────────┐
                             └───│      Secretaries         │
                                 │          (2)             │
                                 └─────────────────────────┘
```
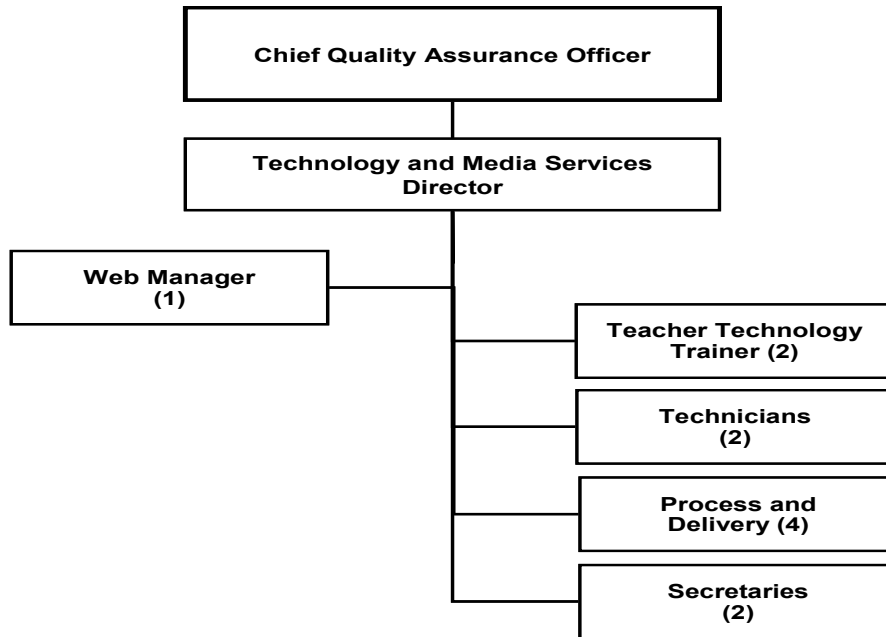
Source: Okaloosa County School District.

Technology Planning

1 **The district solicited and used broad stakeholder input in developing an integrated learning system and in setting priorities for technology decisions.**

The district used a variety of committees in the technology planning process

The Okaloosa County School District Technology Committee gathered input from a variety of committees to plan and budget for the district's technology initiatives. The District Technology Committee provided oversight and coordination of the technology planning process.

The committee's main activity has been creating the technology plan in response to the 1996 Technology Literacy Challenge, a federal initiative resulting from the Telecommunications Act of 1996. This act de-regulated some business sectors that, in return, were to provide Internet access to schools nationwide. The purpose of the challenge was to give students technology skills, which have become as fundamentally important as the traditional skills in language arts and mathematics. To meet eligibility requirements for the Technology Literacy Challenge Fund, which helps districts pay for technology initiatives, the Florida Department of Education requires school districts to include a wide variety of elements in their technology plans. The district followed these requirements in the creation of its plan.

A variety of stakeholder groups with broad-based membership from the community, school staff, local businesses, and district-level personnel participated in the planning and implementation of technology initiatives. In the aggregate, these groups represent broad-based community input and support. Several committees provided input, at various points in time, to the process of developing an integrated learning system and setting technology priorities. These committees and their responsibilities are

- the Technology Research and Development Committee, which was responsible for proposing the direction of the school district in implementing technology in the classroom and administrative offices;
- the Instructional Standards Committee, which was responsible for providing guidance for the plan's alignment to the Sunshine State Standards and district curriculum priorities;
- the Okaloosa Communications Foundation, which assists the district's instructional television program by raising funds for television production equipment;
- the Year 2000 Committee, which was responsible for ensuring the transition to systems designed to accommodate the changing millennial calendar;
- the Instruction and Training Committee, which is responsible for training teachers to use technology resources; and
- the Lifelong Learning Committee, which is responsible for promoting the school-to-work and community involvement initiatives of the school board.

The committees provided input into the overall technology plan. The plan includes the technology mission statement, needs assessment, a funding plan, a technology acquisition plan, plans for user support, staff training, program evaluation and establishes a variety of standards. The net effect has been to get modern, networked technology into the schools, provide internet and communications capabilities, establish instructional technology standards and goals, and lay the infrastructure foundation for future growth and expansion.

The district gathers information about technology needs from teacher and principal surveys, hardware inventories, and school improvement plans. The school data indicate increasing demand for Internet connectivity, network support, maintenance and training. Goal 3 of the technology plan states that the "District will adopt a system of ongoing reviews of how technology needs are being met. The data collected will be used to determine future needs and will drive future goals and funding as reflected in the district's five year plan." Other needs assessments included

- computer needs assessment for schools,
- needs assessment for media specialists, and
- technology lab surveys.

In addition, the Okaloosa County Public School District contracted with the University of West Florida to assess student progress toward basic technology competencies. A primary intent of the evaluation study was to assess the student skills in instructional technology usage in each grade level as outlined by Florida's Sunshine State Standards. The assessment reviewed growth in performance over a three-year period. Performance skills evaluated included increased complexity to reflect additional technology competencies.

2 The district has a technology plan that provides direction for instructional technology decision making. However, the plan does not

include administrative systems and no entity is responsible for updating it or overseeing its implementation.

The technology plan provides a thorough framework for instructional technology planning

The technology plan is compatible with state reporting requirements and aligned with federal initiatives. The plan contains a written mission which states:

> *The Okaloosa County Public School District will ensure accessibility to all current and emerging technologies for all individuals involved in the learning process. The District will implement the use of computers and related technology to make instruction and learning more effective and efficient for all students including those with special needs and those who speak English as a second language. The basis of learning and instruction in Okaloosa County Public School District is the Florida Sunshine State Standards. As the latest advances in information technology provide new capabilities in the home and industry, the District is committed to providing schools with the "world class" training and resources necessary for students to compete effectively within the international community.*

The district has had a technology plan since February 1999. The plan was developed to meet state curriculum standards, qualify for the E-Rate program, and meet eligibility requirements for the Technology Literacy Challenge Fund. The plan gives the district the ability to assess its current operations, determine its future direction, and use effective actions to achieve strategic goals. The technology plan guides program development and includes short- and long-term goals, annual objectives, and strategic directions.

The technology plan provides direction to district staff and planners for all aspects of instructional technology implementation, illustrated here by the composite elements covered by the plan:

- mission,
- needs assessment and goals,
- funding plan,
- technology acquisition plan,
- access,
- staff training plan,
- program evaluation,
- district performance standards for every student,
- district technology goals,
- hardware standards,
- software standards,
- Internet acceptable use policy, and
- security policy and procedures.

To illustrate the depth of this planning, the district's performance standards for students (Exhibit 6-5) is just one of the elements of the technology plan. Each of the other elements listed above is covered in similar, if not greater detail.

Exhibit 6-5

District Performance Standards for Every Student

GOAL. Upon graduation students are ready to function in a technological world by being prepared to pursue a career/job and/or post secondary education.

PERFORMANCE STANDARD. The outcomes, which will be accepted as evidence that basic technological skills have been acquired by every student who graduates from the Okaloosa County School System, will be: Using word processing skills and developmentally appropriate resources from the Internet and other electronic sources, a student will create a document(s)/presentation(s) that is assessed by teachers as an integrated part of an existing curriculum outcome. The incremental benchmarks that are to be applied to measure the achievement of the performance standard are as follows:

Grades K-2: Students use basic computer skills for writing, such as basic word processing techniques, such as keying words, copying, cutting, and pasting; using e-mail; and accessing and using basic educational software for writing. (Sunshine State Standards)

Grades 3-5: Students use electronic technology, including word-processing software and electronic encyclopedias, to create, revise, retrieve, and verify information. (Sunshine State Standards)

Grade 6-8: Students use electronic technology including databases and software to gather information and communicate new knowledge. (Sunshine State Standards)

Grades 9-12: Students select and use a variety of electronic media, such as the Internet, information services, and desktop publishing software programs, to create, revise, retrieve, and verify information. (Sunshine State Standards)

Source: Okaloosa County School District Technology Plan.

Okaloosa County Public School District's technology plan was designed from a framework established by the state to help districts qualify for federal E-rate dollars for technology. The plan focuses exclusively on instructional components. Although the district's technology plan establishes a strong foundation, to meet the best practice in this section the plan needs to include administrative and support systems, performance measures, and reporting mechanisms for accountability.

The plan does not include administrative and support systems

While the plan focuses on the classroom, it does not include administrative technology systems. Administrative systems include student data systems; the TERMS system for budget, personnel, accounting, and payroll; the transportation routing systems; the maintenance workorder systems, and the food service management and accounting systems. Administrative systems are complex and crucial to the efficient utilization of scarce district resources. Management planning and decisions require appropriate data systems to provide timely and useful information. Inclusion of these systems in the planning process with accountability measures would provide best practice alignment for the district.

The district has not designated a single entity for overseeing the plan's implementation and for updating it

Within the district, responsibility for technology functions are divided among the CIO, who oversees the district's mainframe and associated systems, the Technology and Media Services director, who oversees instructional technology, the board chair and superintendent, who monitor the contractor responsible for the WAN and school technology upgrades, and the food service and transportation departments, which have acquired their own systems. Coordination between these entities is informal; the Technology Research and Development Committee is no longer active in any capacity.

As a result, no mechanism exists to determine if the plan elements are put in place efficiently, effectively, and in a timely manner. As discussed in other sections, this has resulted in inefficiencies in the delivery of technology services and the uncoordinated development of multiple systems and databases. It also has resulted in some systems not being used to their fullest capacity because the staff responsible for those systems are not receiving needed technology training and support. Integrated technology plans and

systems, including learning systems, are difficult to achieve without unified administrative authority. The district has not assigned an individual or committee to administer technology functions, monitor priorities, measure outcomes, and propose plan modifications.

The technology plan has focused on establishing a technology infrastructure of wiring, connectivity, software, and hardware. This infrastructure is substantially in place. The district does not have strategic technology plan beyond the current objectives. An administrator charged with planning, coordination, and follow-up authority could provide the district with accountability and authority to implement and update the plan.

The chief information officer should be responsible for overseeing all of the district's technology systems. However, in addition to his current duties, he is currently responsible for coordinating and developing the district's estimates for the number of full-time-equivalent (FTE) students it expects to serve. To enable him to focus on managing the district's technology systems, an administrator responsible for making its FTE projections should be hired by the district. This administrator could be located in the district's financial office. However, because technology systems are vital to the district's administrative and instructional functions, the CIO should report directly to the superintendent. Because of its close link with curriculum functions, the Technology and Media Services Department could remain within the Curriculum and Quality Assurance Office. However, staff in that department should work closely with the CIO. In addition, the district should consider reassigning some of the department's functions, such as the web master, to the Information Office.

Recommendations

- *We recommend that the superintendent assign responsibility for the administration, planning, oversight, and accountability of technology, to the chief information officer (CIO). The CIO should report directly to the superintendent. See Chapter 3, Management Structures.*

Action Plan 6-1 provides the steps needed to implement this recommendation.

Action Plan 6-1

Unify Technology Planning and Administration		
Strategy	The superintendent should assign the chief information officer (CIO) the responsibility for planning, overseeing, and developing accountability for technology.	
Action Needed	Step 1:	The superintendent restructures the district's organization chart to assign technology planning and administration, including management of the technology portion of the contract, to the chief information officer. (See Chapter 3, Management Structures)
	Step 2:	The superintendent recommends and the board approves the creation of a new administrative position and transfer responsibility for FTE projections to that position.
	Step 3:	The CIO reviews the technology plan for currency and designs a process for conducting technology needs assessments and updating the plan.
	Step 4:	The CIO ensures that the updated plan includes administrative as well as instructional systems.
	Step 5:	The CIO ensures that the updated plan contains measurable goals and objectives and performance measures.
Who Is Responsible	The superintendent	
Time Frame	July 2003	

Fiscal Impact	The salary and benefits for the new FTE administrator will cost $77,276 per year, with a cumulative cost of $309,104 through 2006-07.

Source: OPPAGA.

"Just-in-Time" Support

3 The district provides support to assist educators in incorporating technology into the curriculum.

The district has implemented a variety of methods to guide teachers' efforts to implement instructional technology in the classroom

The Technology and Media Services director has districtwide responsibility for coordinating instructional technology and its integration into the curriculum. This individual is responsible for coordinating instructional technology, overseeing educational software purchases, and providing purchasing advice to schools. Exhibit 6-6 shows the technology services the Instructional and Media Services Department provides to teachers.

Exhibit 6-6

Media Services Department Support for Teachers

- A circulating film/video library of approximately 7,000 titles
- A professional library of books, pamphlets and periodicals for educational research
- Video productions assistance and studio equipment set-up and trouble shooting
- Equipment loans
- Daily courier service to all schools and district offices
- Support for all 38 media centers and 42 media specialists
- District licenses for two electronic encyclopedias
- Book processing
- Instructional Television

Source: Okaloosa County School District.

The Technology and Media Services Department also supports the district website. One web page provides more than 30 web-based resources for teachers on educational technology.

The district collects and disseminates information about instructional technology in several ways. It has contracted with the University of West Florida for a study to determine the student performance gains that can be attributed to specific software use. The district has held regular meetings with the school technology contacts to disseminate technology information. During these quarterly meetings, information is shared among district technology and media staff, the technology contacts and staff from Delta-BTG. In addition, the district has entered into a partnership with Bay County Schools in their Beacon Learning Center project. Beacon Learning Center is a web-based curriculum resource for activities and lesson planning based on the Sunshine State Standards.

OPPAGA interviews with teachers and others indicate that communication between teachers about how and why technology strategies are successful is not formal or consistent. With decentralized leadership focused on individual school autonomy and the downsizing of centralized district curriculum, the district

is relying on new communications strategies such as the web. The district also has recently developed email groups to allow teachers to discuss the use of instructional technology. These should provide an inexpensive, convenient means for teachers to share their technology experiences. However, the district should monitor the effectiveness of these new communications systems. (See Chapters 4 and 5.)

4 The district uses formal and informal support to assist educators in incorporating technology into the curriculum.

The district utilizes a variety of strategies to provide technology support to educators

The district provides technology support to educators in a number of ways. As previously discussed, the Technology and Media Services Department coordinates district instructional software purchases and operates a teacher academic help desk.

The district ensures that technology acquisitions comply with data interoperability standards by contract with a private vendor, Delta-BTG, a subcontractor to Sverdrup. This contracted service includes training and implementation of network-wide software applications, telephone support for hardware and software for all district staff, on-site support that cannot be provided by telephone, and new systems management software configurations.

Additionally, the contractor provides configuration and installation support to include configuring and installing new or relocated network servers, workstations, and printers; configuring user accounts; providing trouble call resolution for end-user network problems; and virus containment and control. The contract includes the responsibility to make sure any hardware and software purchased is compatible with existing or planned systems and aligned with the technology plan directives.

At the school level, individual teachers serve as technology contacts and are responsible for providing basic technology support as paid or volunteer technology resource staff. These teachers provide on-site, first response help to teachers with computer difficulties. OPPAGA interviews with several teachers indicated principals decide whether or not to supply funding for formal technology support or to rely on volunteer support. According to district staff, volunteer staff have other duties that limit the support they can provide. This limited support affects the number of calls the help desk receives.

Individual demand for on-site assistance should lessen due to increased skill levels of many teachers who have basic computer training. The attainment of basic technology skills for most teachers places them in the adaptation or transformation zone of competency. Okaloosa County Public School District teachers have the highest level of computer competency compared to similar school districts and the state average. Exhibit 6-7 shows computer competency of Okaloosa teachers compared with the state average and those in comparison districts.

Exhibit 6-7

Teacher Competency Comparisons
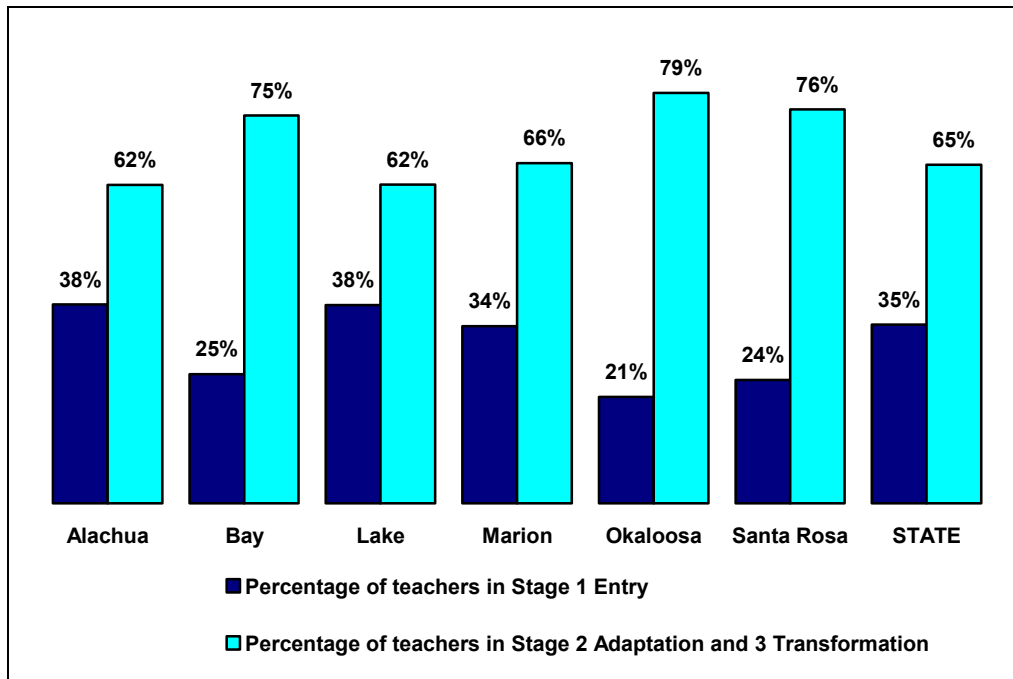
Source: Florida Department of Education, Profiles of Florida School Districts, 2000-01.

Help Desk calls still spike at the beginning of the school year and calendar year when teachers return from an extended break. Calls may also increase if the district implements some new initiatives for district level software without comprehensive training programs. District staff expects the total number of calls to increase slightly.

5 The district provides technical support for hardware, districtwide administrative software, and infrastructure in a timely but not the most cost-effective manner.

The district has methods of providing technical support for school- and district-based systems and personnel

The district provides technical support to schools and administrators in several ways. MIS provides support for users of the mainframe and associated systems. The Technology and Media Services Department provide support for instructional software problems. In addition, the district contracts with Delta-BTG to provide support for the network and school-based equipment.

The Technology Service Level Agreement (SLA) between the district and Sverdrup/Delta-BTG specifies the services the contractor will provide. The SLA contains a mission statement that states "Sverdrup/Delta will provide Okaloosa County Schools with professional, comprehensive technical support services via the application of processes, technology, and expertise." The SLA contains a budget for maintenance, repairs, and emergency needs and reasonably ensures regular maintenance and repair of hardware.

This agreement also ensures that appropriate support mechanisms are in place prior to acquiring new equipment, provides for technology planning, grant writing, training, the Wide Area Network (WAN), and the on-line gradebook application. The contractor provides a regular systematic and equitable process for identifying technical support needs through web-based and telephone support services. Delta-BTG schedules on-site support as soon as it determines the solution cannot be provided by telephone or email.

The district does not have a review process for outsourced technology contracts to determine the benefits and cost savings from the program

The SLA supplements a larger contract for school construction, design and installation of a wireless wide area network, and school technology retrofit. The district's initial reasons to outsource these functions were lack of experienced district personnel, time constraints for project completion, and the complexity of technical innovations combined with construction needs. Contracting with Delta-BTG allowed the district to have one responsible entity to coordinate the large scope and number of projects to be completed within a reasonably short time frame. This allowed district personnel to continue to perform their daily responsibilities without adding staff.

The construction, network installation, and school retrofit portion of the project, which have been supported by capital funds, are nearly completed, leaving the district with only the operating portion of the contract covered by the SLA. The district has not reviewed the cost of the contracted support services or the resources needed to provide those services to determine if continuing the contract will be cost-effective. The district recently contracted with a private consulting firm to assist them in this analysis.

Currently the cost of outsourcing the support functions provided under the SLA is nearly $1.6 million annually. Exhibit 6-8 shows the amount the district paid the contractor during the first 10 months of Fiscal Year 2001-02 and shows the annualized amount the district will pay for the contracted services.

Exhibit 6-8

Okaloosa County School District Contracted Operations Cost For Technology Support and Maintenance Services July 2001 through April 2002

Month	Direct Labor	Overhead[1]	Risk Fees[2]	Program Management Labor	Total Operations
July-01	$ 93,636	$ 11,535	$ 6,456	$ 17,807	$ 129,434
August-01	116,043	12,853	7,550	14,906	151,352
September-01	116,043	12,853	7,550	14,906	151,352
October-01	93,131	27,495	7,045	13,560	141,231
November-01	98,247	12,624	6,292	8,984	126,147
December-01	79,628	12,867	5,485	11,978	109,958
January-02	69,695	12,995	4,341		87,031
February-02	102,252	10,989	6,968	19,482	139,691
March-02	93,568	12,372	6,731	22,273	134,944
April-02	104,509	12,950	7,479	24,994	149,932
Totals	**$ 966,752**	**$ 139,533**	**$ 65,897**	**$ 148,890**	**$ 1,321,072**
Annualized expenditures (12 months)	$1,160,102	$ 167,440	$ 79,076	$ 178,668	$ 1,585,286

[1] Maintenance agreement costs were deducted because these costs are not overhead or a services component of the SLA.

[2] Risk fees were adjusted to 5.25% of labor, overhead, and management labor.

Source: OPPAGA analysis of Okaloosa billings.

Reviews of the hours the contractor billed for SLA services for the first nine months of Fiscal Year 2001-02 indicate that 40 of the contractor's staff provided these services. However, most of them spent fewer than 120 hours providing services to the district during that period. This level of effort equates to about 13 full-time-equivalent employees. This agrees with the number of people Delta-BTG staff estimated were engaged in providing support services to the district.

Now that the technology infrastructure has been substantially completed and district staff has been oriented to the plan and the technology, the district may obtain substantial cost savings by having contracted services provided by district employees or by renegotiating the price it pays for contracted services.

The district is currently providing technical support for school- and district-based systems and personnel. The district also provides a first call help-desk function in the MIS department to determine if the problem requires on-site maintenance, network assistance, or additional telephone help from the vendor. However, to assume the network maintenance, virus containment and control services currently provided by the contractor, the district will need to hire employees with substantial technical expertise. Obtaining additional skilled personnel in the MIS department will be essential if the district decides to provide services currently handled by the contractor.

However, even with competitive salaries, de-privatizing the support services would reduce the district's support costs. Exhibit 6-9 shows the costs the district would have to pay to hire qualified MIS staff to handle the support services currently performed by the contractor. It also shows the savings the district would obtain from discontinuing the contract. First year savings would amount to $331,928 including start up costs. Subsequent year savings through Fiscal Year 2006-07 would be $631,558 per year for a total savings of $2.2 million.

Exhibit 6-9

De-privatization Costs and Savings: Okaloosa County School District Software Training, Network and Technology Support

FTEs	Positions	Unit cost	Total cost per year	Total cost through FY 2006-07
Personnel Cost Projection				
1	Program Manager	$80,000	$80,000	$320,000
1	Administrative Assistant	29,275	29,275	117,100
4	System and Network Analyst	45,118	180,472	721,888
1	Senior Network Analyst (Wan)	75,000	75,000	300,000
1	Network Analyst	62,004	62,004	248,016
3	Technology Trainer	60,024	180,072	720,288
1	Manager, Help Desk	48,312	48,312	193,248
2	Help Desk	33,168	66,336	265,344
14	Total Staff Salaries		$721,471	$2,885,884
	Employee Benefits		166,687	666,748
	Cost of staff		**$888,158**	**$3,552,632**

		2003-04	Years 2-4 (per year)	Total cost through FY 2006-07
Non-Personnel Cost Projection				
	Equipment	$ 28,000	$ 7,000	$ 49,000
	Transition expenses	93,245		93,245
	Moving	1,500		1,500
	Renovation - note 1	183,885	-	183,885
	Telephones	5,040	5,040	20,160

	2003-04	Years 2-4 (per year)	Total cost through FY 2006-07
Training	28,000	28,000	112,000
4 vehicles	18,408	18,408	73,632
Incidental expenses	1,800	1,800	7,200
Utilities and custodial	5,658	5,658	22,632
Total Non-personnel costs	$ 365,536	$ 65,906	$ 563,254
De-Privatization Savings Summary			
Current Contract Cost	$1,585,622	$1,585,622	$6,342,488
Total Deprivatization Costs	$1,253,694	$ 954,064	$4,115,886
De-privatization Savings	**$331,928**	**$ 631,558**	**$2,226,602**

Note: OPPAGA recommends using existing, underutilized facilities rather than renting additional space.
Source: OPPAGA.

An alternative to de-privatizing the software, network, and technology support functions would be for the district to negotiate a new contract at a better price. Although the current contract extends through June 2004, the district should work with the contractor to renegotiate new contract terms by the end of the current fiscal year. This new contract should not include computer purchases (see Section 9 of this chapter). The guaranteed maximum price approach requires much more detail than this contract contains, when contracting for all of these services. Estimates for services and purchases are provided only in general categories and should be much more specific and contain detailed amounts and methodologies. If the district chooses to renegotiate the contract, it needs to improve its contract management practices as discussed below.

- Currently the contract is vague about what services are to be provided at what cost. Although the contract contains a guaranteed maximum price covering all services including facility construction for a five-year period, the amount the district will pay for each contracted service each year can vary. This increases the district's risk that the services provided will not meet expectations or the amount it has budgeted each year to pay for the contract will be exceeded. The district needs to specify the services to be provided and the anticipated annual costs for those services. It then needs to revisit its specifications and associated costs annually.

- The contract limited the scope of the contractor's responsibilities to only those computers purchased under the contract. This excludes any student desktops from the replacement cycle during the contract period. The contract also included computer purchases in the guaranteed maximum price calculations. This allows the contractor to determine when and how many computers are purchased. [2] This also leaves the district subject to questionable savings calculations and payments to the contractor because pricing and amount estimates were not specified for individual computers, only annual estimates of total costs.

- Currently the contractor conducts most of the project management activities. The contractor is responsible for planning the services to be provided, developing product specifications, and making staffing decisions. The district is not in a position to assess the appropriateness of the contractor's decisions. To accomplish this, the district needs to hire a professional technology manager to oversee the contract. The estimated cost for hiring such an individual would be $79,323 including benefits. The cost of this position should be included in any decision concerning whether or not to de-privatize.

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[2] The contractor and the district collaborate each year in the planning for computer acquisitions.

The district needs to provide greater support for its administrative systems

Although the district is generally providing good, although not cost-effective, support for its technology, it is not adequately supporting the use of technology in the Maintenance Department. The Maintenance Department has begun to use the Maximo system to better manage its maintenance functions. However, the system is not being used to its full potential due to lack of training and support.

In Chapter 11 of this report, we recommend that the district improve its use of Maximo by upgrading the system and improving support for it. In addition, we recommend that the district begin using the system in its Transportation Department. The cost for the hardware, software, and training needed to implement these recommendations is given in Chapters 11 and 12.

However, the district will need to provide support for the Maximo system. To provide this support, the district is considering adding the Maximo support functions to its existing contract at a cost of $133,110 for an 18-month period of service. However, as shown in Exhibit 6-10, we estimate that the district's information services department could support the system for both the Maintenance and Transportation departments with the addition of one staff person, thereby reducing the department's estimated cost by $21,635 to $111,475 for 18 months.

Exhibit 6-10

Maximo Support Cost Savings:
Okaloosa County School District (Facilities, Transportation, Food Service)

Personnel Cost Projection				
FTEs	**Positions**	**Unit cost**	**Total cost per year**	**Total cost for eighteen months**
1	Database Analyst	$ 60,755	$ 60,755	$ 91,133
Benefits Percentage		17.95%	10,905	16,358
	Health Insurance		2,656	3,984
Estimated Cost of Staff			$ 74,316	$ 111,475
Estimated Cost of Additional				
Delta-BTG Services				$ 133,110
Less Estimated Cost of Staff				111,475
Cost estimate reduction				**$ 21,635**

Source: OPPAGA and district records.

The Maximo system support function should continue beyond the 18-month implementation phase. Although the district will save by providing support with an employee, the cost for this employee will be $297,264 including benefits through Fiscal Year 2006-07.

Recommendations

- *Based on current contract costs, we recommend that the district de-privatize all or part of the services rendered under the current service level agreement (SLA) including network services, software implementation and training, call center help-desk, and on-site maintenance. In carrying out the de-privatization, the district should hire sufficient staff to meet the district's routine technology support needs. It could continue to contract for specialized support functions or to cover peaks in workload. We also recommend that the*

> *district hire an additional person in its information systems office to provide support for the Maximo system.*

- *Alternatively, the district could improve its contract management processes and renegotiate the contract to bring the cost of the contracted services more in line with the cost the district would pay if it de-privatized the contract.*

Action Plan 6-2 provides the steps needed to implement this recommendation.

Action Plan 6-2

Establish In-House Network Software Implementation, Hardware Support and an Expanded Help-Desk Function or Improve Contract Management and Obtain a Lower-Cost Contract for these Services	
Strategy	The district should lower the cost of its technology support services by providing the services in-house or renegotiating the costs of contracted services.
Action Needed	Step 1: The chief information officer should design and project the cost of de-privatizing the hardware support and help-desk functions.
	Step 2: The chief information officer should design and project the cost of providing in-house support for the Maximo system.
	Step 3: The chief information officer should negotiate a new contract with the current or an alternative provider.
	Step 4: If necessary, the chief information officer should negotiate a transition plan with the current provider for all or part of the services.
	Step 5: The chief information officer should present the plan, either to renegotiate the contract or de-privatize all or part of the services, to the superintendent for his approval.
	Step 6: The superintendent should present the plan to the school board for approval.
	Step 7: Once approved, the chief information officer should implement the plan.
Who is Responsible	Superintendent, school board, and chief information officer.
Time Frame	July 2003.
Fiscal Impact	Cost savings of de-privatization through Fiscal Year 2006-07 will be $2.2 million. Maximo support will cost $297,264 through Fiscal Year 2006-07.

Source: OPPAGA.

Professional Development

6 The district provides professional development that helps teachers integrate technology into the learning environment, but it is not providing adequate professional development for its administrative staff.

The district uses a variety of professional development strategies to help teachers integrate technology solutions into the curriculum

The district conducts a districtwide needs assessment every year to determine district technology professional development needs and plan professional development activities for instructional and media services personnel.

Faculty need to learn to utilize technical equipment before they can proceed into teaching technology and teaching with technology. Exhibit 6-11 shows the basic competency standards for teachers that provide the basis for them to learn and model technology in the classroom.

Exhibit 6-11

Basic Technology Performance Competencies

- Identify and connect basic computer systems.
- Demonstrate basic skills in file management.
- Utilize the Internet for retrieving and verifying information.
- Copyright Laws and Acceptable Use Policy
- Demonstrate e-mail competencies.
- Electronic Resources.
- Demonstrate word processing techniques.
- Demonstrate desktop publishing techniques.
- Demonstrate database techniques.
- Demonstrate spreadsheet techniques.

Source: Okaloosa County Public School District.

The district maintains adequate facilities, instructors, materials, equipment, and funding for technology-oriented professional development. Workshop offerings at three separate locations provide teachers with 19 different software-training classes. The district budgets $28,000 to provide supplemental pay for educators teaching these technology workshops.

Teachers' time for workshops is limited to after-school and summers. To address this time constraint, the district provides on-line training, which gives teachers the opportunity to learn on their own time. Project CHILD is an example of web-based professional development the district makes available through a laptop program that teachers can use to train themselves at their own pace, on their own time. Project CHILD is a computer-integrated instructional system for grades K-5. It enables elementary schools to effectively use technology along with best teaching practices. This program is fully correlated with a wide array of instructional software for all platforms and focuses on reading, language arts, and mathematics.

The district has not established professional development strategies that ensure administrative and support staff can effectively use administrative systems

The district has not developed professional development plans for users of administrative software systems and databases. The district does provide some administrative technology training. Classes are scheduled during the workday, after school hours, during evening hours, and on Saturdays. Classes are free and available to all school district personnel. Some classes target specific groups, such as an Online Internet Order Entry class for bookkeepers. Others, such as searching the Internet, are of more general interest.

The district does not conduct any needs assessments to determine administrative technology utilization and needs. Although educating students is the district's highest priority, reducing the cost of administrative and support functions is one strategy that can be used to devote more resources to the classroom. These costs reductions can be achieved in some respects through technology utilization and implementation.

The training of new staff and annual refresher sessions for all administrative and support personnel at both the district and school-site level would provide for more efficient use of the systems. It would also provide better data integrity, timelier reporting, and a chance for feedback and discussion of needed

system improvements. To accomplish this training, some outside consultants or vendors may be needed depending on the results of the professional development needs assessment and the expertise or availability of district staff.

The number of courses and length of the training offered to administrative staff have been limited. As shown in Exhibit 6-12, during the past three years, the district has provided only 76.5 hours in administrative training for all employees. As a result, some administrative systems are not being used to their fullest capacity. For example, principals and administrators need TERMS training. In particular, more training is needed in the Maximo system, which supports the maintenance department.

Exhibit 6-12

From 1999 to 2001, the District Provided Limited Administrative Technology Training

Department	Class	Date	Participants	Hours
Bookkeepers	Online Internet Order Entry	9/15/1999	37	2.5
Bookkeepers	Online Internet Order Entry	5/9/2000	13	2.5
Bookkeepers	Online Internet Order Entry	5/9/2000	13	2.5
Bookkeepers	Online Internet Order Entry	5/10/2000	10	2.5
District-Level Personnel	Outlook	9/21/2000	18	6
Cook-Chill Employees	Windows Basics	2/26/2001	21	3
Cook-Chill Employees	Windows Basics	3/12/2001	18	3
Bookkeepers	Online Internet Order Entry	5/11/2001	18	3.5
MIS	Crystal Programming	5/14/2001	8	6
Secretarial	Excel, Word, Outlook, PowerPoint	5/18/2001	4	6
Secretarial	Excel, Word, Outlook, PowerPoint	5/22/2001	11	6
Secretaries	Word	6/26/2001	4	4
ESE Secretary	Data Analysis	8/17/2001	1	3
District Secretary	Word	8/20/2001	1	1
ESE Secretary	Access	8/23/2001	1	2
Student Services	Data Analysis	8/23/2001	4	3
Psychologist	AS/400 and Word	9/7/2001	12	6
ESE Secretary	Access	9/26/2001	1	3
Purchasing	Online Internet Order Entry	9/28/2001	8	6
Maintenance	Outlook	10/5/2001	12	1.5
Print Shop	Front Page	10/8/2001	1	1
Maintenance	Searching the Internet	10/19/2001	10	1.5
Maintenance	Maximo System	11/9/2001	9	1
Totals			**235**	**76.5**

Source: Okaloosa County Public School District.

Recommendations —————————————————

- *We recommend developing and formalizing the training and support for administrative systems.*

Action Plan 6-3 provides the steps needed to implement this recommendation.

Action Plan 6-3

Create Training Plans for New Employees and Annual Update Workshops for Administrative Systems	
Strategy	The chief information officer should design a needs assessment and implement training and refresher seminars for administrative systems.
Action Needed	Step 1: The chief information officer should create a data collection tool to gather needs for administrative systems training.
	Step 2: The chief information officer should email the needs survey to principals and department heads.
	Step 3: Principals and department heads should distribute the survey to their staff and compile the results.
	Step 4: Principals and department heads should email the results to the chief information officer.
	Step 5: The chief information officer should compile these results and create a plan for administrative training.
	Step 6: The superintendent's cabinet should review the plan for alignment with district priorities and approve budgetary support.
	Step 7: The chief information officer, department heads, and the principals should implement the training plan.
Who is Responsible	chief information officer
Time Frame	July 2003
Fiscal Impact	The training costs are $25,000 for all systems that cannot be accomplished with district personnel. This does not include the costs for training the maintenance and transportation staff in the use of the Maximo system, which is addressed in Section 5 of this chapter. Training should be accomplished as part of the employees' workday.

Source: OPPAGA.

7 The district provides professional development for instructional technologies.

The district provides specialized training for technology support personnel

As previously discussed, the district provides teachers professional development on integrating technology into the curriculum. The district has a process to assess the effectiveness of professional development provided to ensure competency in the skills targeted. The district provides educators a variety of opportunities in terms of time, location, and delivery mode for technology training. The district encourages district and school personnel to participate in conferences and meetings relative to technology when their participation is appropriate and useful.

The district works with the organizations below that support teacher training initiatives.

- Okaloosa Walton Community College
- The University of West Florida
- PAEC - Panhandle Area Education Consortium
- PACEE - Panhandle Area Consortium for Excellence in Education
- The Office of Instructional Technology, Florida Department of Education
- The University of Central Florida
- The Miami Museum of Science

The district considers outside professional development opportunities and resources such as the Beacon software training for creating lesson plans. Teachers who maximize these opportunities, understand the material, and want to train other teachers in technology applications become technology support personnel at their schools. Some teachers may perform this function on a volunteer basis.

One of the best examples of training the district provides on-line is Technology Integration for Performance and Success (TIPS). This resource provides specialized training for all teachers. Exhibit 6-13 illustrates the depth of this single and complex resource.

Exhibit 6-13

Technology Integration for Performance and Success (TIPS)

Technology Integration for Performance and Success (TIPS) expands and encompasses T.O.O.L.S. (Technology Offers Optimum Learning for Students). T.O.O.L.S. 2000 was created based on several important premises. The first and foremost premise is that computers and other technology need to be used as an integral part of the daily curriculum, not as an add-on or as an additional course. Teachers need to clarify the goals, concepts and outcomes for students that they want to teach and then find the technology to support them in reaching those goals. Support teams with technical knowledge need to be available to assist them throughout the implementation.

The second premise is based on the foundation that it is too much to expect teachers to invent their own technological procedures while they are teaching. Most of the best practices and technological procedures have already proven their effectiveness. It becomes educators' and technicians' responsibility to develop techniques and implementation details that are appropriate for teacher's needs. The teachers can then put to practice these procedures and concentrate on teaching rather than inventing.

T.O.O.L.S 2000 Workshop Agenda

- The Student Writing Center Tutorial
- Internet Training
- QuickCam
- Locating Information on the Internet
- Multimedia Learning Activities
- Poetry/Story Sharing
- Word Processing/Publication
- Multiple Intelligences
- Internet Surfing
- Setting up your unit

Source: Okaloosa County School District website.

Dozens of units already written are available on the web. These websites provide links to those units for teachers interested in utilizing this resource:

Lesson Plans and http://www.okaloosa.k12.fl.us/technology/training/tools/hs/hstools.htm

Three other district website links noted below indicate the magnitude of resources and effort that Okaloosa County Public School District has focused on professional development utilizing technology for instructional purposes.

- Panhandle Library Access Network's Quarterly Workshops: http://www.plan.lib.fl.us/workshops/schedule.htm
- Instructional Television: http://www.okaloosa.k12.fl.us./media/itv.htm, and
- Teacher Resources: OkaloosaSchools.com - Teacher Page

This area exemplifies the effort Okaloosa County Public School District has focused on using the web as a resource and the impact that making the web available can have on resource material for teachers.

Appropriate Technology for Performance

8 The district bases technology acquisitions on instructional needs.

The district uses the results of research, planning, and evaluations of previous technology decisions to identify technologies that improve instructional performance

The district uses an appropriate process to evaluate the results technology resources have had on student outcomes. The Okaloosa County Public School District contracted with University of West Florida to conduct a study of the effectiveness of instructional technology.

University professors conducted their study and collected data in the 1998, 1999, and 2000. Their results were presented in the report *Instructional Technology Utilization in Okaloosa County School District.* The third year data suggest that

- student performance at all levels continues to improve and meet Okaloosa County Technology Competencies;
- student use of technology continues to increase;
- teacher use of technology continues to increase;
- access to technology continues to improve, in classrooms, in labs, and at home;
- student performance is higher than teacher perception of their performance; and
- technology continues to be integrated more in elementary classrooms than in middle and high school classrooms, although integration is increasing at the middle and high school levels.

Additionally, the district conducts a semi-annual technology training report that summarizes

- the types of training it has provided,
- the number of participants attending the training,
- the total training hours provided,
- the status of each schools technology retrofit,
- the results of the teacher needs assessment, and
- the completion date of the training plan for each school.

The district uses research from a variety of organizations and has incorporated the National Technology Goals into the school district's technology plan.

The district uses the results of its research and evaluations to guide principals' and teachers' decisions about technology software acquisitions. The primary way in which it guides these decisions is in the A-plus plan approval process, in which strategies for using technology to improve student performance must be approved by the quality assurance officer and area assistant superintendent. In addition, staff in the Technology and Media Services Department provides teachers advice about instructional materials.

Technology-related materials align with the Sunshine State Standards

The district can demonstrate that technology-related instructional materials align with the technology Sunshine State Standards and district grade-level benchmarks. The district's website has a variety of existing lesson plans, links to other lesson plans on the web, and tools teachers can use to develop new curricula. The Secondary Curriculum Planning Tool contains the full text of the state adopted course descriptions for courses that have been aligned with the Sunshine State Standards. This information resides at http://www.itrc.ucf.edu/sunsations/.

Students have the opportunity to learn technical skills

The district provides opportunities for students to use technologies in order to benefit by graduating with skills needed for post-secondary education and employment in the 21st century. The technology plan was specifically designed to broaden opportunities for students and provide them with technology skills. As mandated by the Sunshine State Standards, the district provides all students with technology instruction. Students learn to use word processing software, email, and the Internet in elementary schools, database software in middle schools, and presentation software in high school.

Advanced technology training available for students and adults are taught at the Okaloosa Applied Technology Center (OATC) and include software development, network engineering, and software certification courses.

9 The district does not ensure technology purchases are cost-effective.

The district does not review all of its technology acquisition decisions to ensure that it obtains needed equipment and software at the lowest possible cost

The district could take additional steps to ensure it acquires hardware and software at the lowest possible cost. Instead, the district has contracted with a private contractor, Delta-BTG, to acquire its instructional computers and teacher laptops. The service level agreement (SLA) includes a schedule for activities for replacing instructional computers on a five-year cycle and teacher laptops on a three-year cycle. The contractor, with input from the district, identifies the appropriate specifications and numbers of computers for purchase. The contractor negotiates the purchase prices, and the district issues purchase orders to the selected vendor. The contractor receives a 5.25% risk fee for each purchase.

The contract does not require the contractor to provide documentation supporting the discounts it obtained for computer purchases. While district staff periodically checks to make sure the prices it pays for the computers (including the risk fee) are less than state contract prices, the district does not systematically evaluate whether they could purchase the computers more economically. Limited supporting documentation provided by the district and contractor indicates, during the 2001-02 fiscal year, the contractor was able to negotiate prices net of the risk fee that were less than state contract prices.

The district should be able to obtain more favorable prices by purchasing directly from suppliers because computer needs are known in advance and it purchases large numbers of computers each year. The

district staff includes a purchasing department, the technology contacts at the schools, the Technology and Media Services Department, and the Management Information Services Department all of which could collaborate on the appropriate specifications for purchase.

Other governmental entities that purchase large quantities of computers have been able to purchase computers at similar discounts than those obtained by the private contractor. Purchases of computers (including non-instructional computers) by the district can be negotiated as a one-time sale.

Purchasing directly by the district will save the district the 5.25% risk fee. Based on the most current pricing data, this would save the district $83.91 per laptop and $56.82 per student desktop. The savings is based on the assumption that the district staff could obtain discounts similar to those achieved by the contractor. In the current budget cycle, purchases of 1,044 are planned for Fiscal Year 2003-04. Risk fee savings from in-house purchasing amounts to $74,142 in Fiscal Year 2003-04.

Considering the number of computers in the district, not including those in surplus due to obsolescence, an even replacement cycle would smooth out budgetary requirements each year. Smoothing out the replacement cycle of current technology computers in inventory over the succeeding years by purchasing 1,819 computers each year would yield additional savings of $118,181 per year and a total of $428,685 through Fiscal Year 2006-07.

Recommendations

- *We recommend that the district purchase computer hardware directly and not contract with the contractor for this function.*

Action Plan 6-4 provides the steps needed to implement this recommendation.

Action Plan 6-4

De-privatize the Purchase of Computer Hardware	
Strategy	The school district should purchase computer hardware without assistance from the technology contractor.
Action Needed	Step 1: The superintendent should direct the staff to renegotiate the Delta-BTG contract to exclude hardware purchases and the fee associated with this service.
	Step 2: The Purchasing Department should collaborate with the CIO and his staff to establish procedures and specification parameters for computer hardware.
	Step 3: Principals and district staff should be informed of the revised procedures.
Who is Responsible	The director of purchasing
Time Frame	July 2003
Fiscal Impact	Savings would amount to $428,685 in the Capital Projects Budget through Fiscal Year 2006-07.

Source: OPPAGA.

10The district has established standards for acquiring new programs and digital content that promote the integration of technology into everyday curricular needs.

The district has established standards for acquiring digital content and hardware for administrative and instructional use

The district provides schools with recommended lists of instructional courseware that is compatible with district and state systems and district grade-level benchmarks. The district provides links to three websites that allow teachers to search for lesson plans by Sunshine State Standard, grade level, developer's name, lesson plan title, or a keyword.

The district allocates a specific portion of the budget for technology acquisitions

The district allocated $5.16 million in the operating and capital budgets for technology acquisitions in Fiscal Year 2001-02. This represents 2.2% of all appropriations. Exhibit 6-14 summarizes the budgetary appropriations for Fiscal Year 2001-02 for the district.

Exhibit 6-14

Okaloosa County School District
Technology Budget Summary (All Funds) Fiscal Year 2001-02

Help Desk contract	$1,300,000
Educational technology appropriated to schools	775,531
Instructional tech & media services	297,125
Software	169,194
Project Child	50,000
Teacher Academic help desk	113,708
Wireless Area Network	149,200
Vision grant	1,876
Centralized computer	226,468
Computer equipment	2,081,505
Total Technology budgets	**$5,164,607**

Source: OPPAGA.

The district distributes technology resources equitably to schools

As shown in Exhibit 6-15, the ratio of students to computers between schools slightly varies from three to four students per computer. This is due to individual school-based management decisions. However, the student-to-computer ratio in all schools exceeds the district goal of five students per computer.

Exhibit 6-15

School District Of Okaloosa County Students Per Computers October 2001

Name	Desktops	Membership	Membership per Computer
Schools			
Antioch	174	697	4.01
Baker	320	1,361	4.25
Bluewater	241	706	2.93

Name	Desktops	Membership	Membership per Computer
Bob Sikes	179	559	3.12
Bruner Middle	343	1,181	3.44
Cherokee	210	620	2.95
Choctawhatchee High	543	1,989	3.66
Combs New Heights	124	409	3.30
Crestview High	552	1,761	3.19
Davidson Middle	201	617	3.07
Destin Elementary	287	779	2.71
Destin Middle	193	616	3.19
Edge	135	455	3.37
Edwins	128	399	3.12
Elliott Point	202	554	2.74
Florosa	152	575	3.78
Ft. Walton Beach High	581	2,006	3.45
Kenwood	200	573	2.87
Laurel Hill	155	456	2.94
Lewis Middle	170	630	3.71
Longwood	172	509	2.96
Mary Esther	140	480	3.43
Meigs Middle	177	722	4.08
Niceville High	526	2,223	4.23
Northwood	205	518	2.53
Oak Hill	174	557	3.20
Ocean City	211	571	2.71
Okaloosa Applied Technology Center	440	246	0.56
Plew	154	673	4.37
Pryor Middle	290	858	2.96
Richbourg Middle	237	762	3.22
Ruckel Middle	325	1,022	3.14
Shalimar	156	555	3.56
Silver Sands School	48	119	2.48
Southside	227	522	2.30
Valparaiso	198	499	2.52
Walker	218	605	2.78
Wright	188	616	3.28
Totals	**9,176**	**29,000**	
District average			**3.16**

Source: Okaloosa County Public School District.

The district has in place strategies for timely replacement and upgrading of hardware and software

The district contract with Delta-BTG includes a schedule for maintenance activities and mandates replacement cycles of three years for teacher laptops and five years for instructional computers. The district has a similar equipment replacement policy that specifies the time frame for technologies to be recycled or replaced.

Beginning in 2002, the vendor will replace one-third of the faculty computers per year. The vendor will reallocate replaced computers to schools in a manner that maintains an equitable computer to student ratio. Exhibit 6-16 shows how computer purchases were distributed in the past three years and the projections for Fiscal Years 2002-03 and 2003-04. Those schools with higher student to computer ratios will receive more computers.

Exhibit 6-16

Okaloosa County School District Computer Purchases and Projections
For 1999-2000 Through 2003-04 Based On 1999 Technology Survey

	1999-00	2000-01	2001-02	2002-03	2003-04	TOTAL
Antioch	66	0	0	1	48	115
Baker	63	24	25	56	53	221
Bluewater	56	2	12	40	1	111
Bob Sikes	68	12	7	16	15	118
Bruner Middle	123	12	10	27	57	229
Cherokee	82	3	7	27	4	123
Choctawhatchee Hs	102	34	53	60	94	343
Combs New Heights	40	7	9	20	18	94
Crestview High	102	7	7	60	58	234
Davidson Middle	48	0	0	87	4	139
Destin Elementary	52	6	22	11	20	111
Destin Middle	21	0	0	33	54	108
Edge	24	4	10	20	19	77
Edwins	39	3	11	22	5	80
Elliot Point	0	3	13	28	0	44
Florosa	10	6	12	12	13	53
Fort Walton Beach High	12	20	93	96	73	294
Kenwood	76	4	9	19	7	115
Laurel Hill	35	17	10	22	9	93
Lewis Middle	13	23	29	9	27	101
Longwood	61	11	7	24	15	118
Mary Esther	63	0	6	24	11	104
Meigs Middle	76	6	9	14	11	116
Niceville High	43	18	64	68	77	270
Northwood	17	11	6	16	14	64
Oak Hill	57	2	14	12	8	93
Okaloosa Technology	0	15	61	50	101	227
Ocean City	61	6	8	17	8	100
Plew	70	1	5	3	27	106
Pryor	26	21	15	6	41	109
Richbourg Middle	65	12	27	20	15	139
Ruckel Middle	0	11	25	21	61	118
Shalimar	81	9	11	12	5	118
Silver Sands	0	2	3	3	13	21
Southside	0	3	0	39	5	47
Valparaiso	41	8	8	25	4	86
Walker	15	5	5	18	30	73
Wright	34	1	6	19	19	79
Total	**1,742**	**329**	**619**	**1,057**	**1,044**	**4,791**

Source: Okaloosa County School District.

11 The district has a stable and efficient technology infrastructure.

The Okaloosa County School District has created a comprehensive technology infrastructure

The district has a wide-area network infrastructure that provides communication, data transmission, resource sharing, and Internet capabilities. Using an outside contractor, the results of the needs assessment, and recommendations in the technology plan, the district has developed speed and access standards for district network resources.

The district maintains a consistently available and fully operational network. Downtime for the network has occurred at various times with the contractor providing rapid response and reconnections. The contractor recently installed network management software that monitors connections and automatically pages technicians when problems are detected by the system, often before the user notices any outage.

Appropriate Use of Technology

12 The district has established and communicated a policy stating appropriate uses of all types of technology resources, including computers, video equipment, software, and the Internet.

The district has published clear guidelines on email, the Internet, and supervision of students using technology

The district employs practices that encourage email use to improve and enhance communication between groups such as schools, districts, the state, parents, and the community. The district has a policy describing appropriate content and classroom use of web pages. It provides staff, teachers, students, and parents written and verbal guidelines describing the appropriate and inappropriate uses of technology, such as school computers, the Internet, copiers, facsimile machines, and TV/VCRs.

The district policy specifies that students are not allowed to access the Internet without supervision. The district uses the BESS system to block school and district computers from inappropriate Internet sites. Schools safeguard their students from inappropriate content on the Internet.

The district requires parents to sign a *parent or guardian Internet responsibility contract* that describes parental responsibility for students' Internet usage. The district also requires students to sign a contract that describes appropriate conduct of and limitations placed on students using district technology to access the Internet.

Exhibit 6-17 shows the outline of the board-approved Internet and email use policy that is posted on the district's website. This policy shows the responsibilities of teachers, school administrators, and parents for student usage of the Internet.

Exhibit 6-17

Acceptable Use Policy (Internet)

1. Overview

2. Definitions

3. Educational purpose

4. Acceptable uses

5. Unacceptable uses

6. Teachers or those assisting students will

    1. teach proper techniques and standards for participation;

    2. guide student access to appropriate areas of the Internet;

    3. assure that students understand that if they misuse the Internet they will lose their Internet access privileges; and

    4. monitor related concerns including the issues of privacy, software piracy, copyright infringement, e-mail etiquette, and the approved and intended use of district Internet resources.

School Administrators will

    1. take appropriate disciplinary measures when students misuse the Internet and

    2. insure their teachers receive the guidance and training needed to fulfill their responsibilities.

Parents will indemnify the district against any damage that is caused by the student's inappropriate use of the system.

A. Limitation of liability

B. Procedural guidelines—email

C. Procedural guidelines—computer virus protection

Source: Okaloosa County Public School District.

13 The district supports compliance with the established policy on safe and legal use of technology resources.

The district provides virus protection software and access to updates

The district has virus protection software and procedures in place. The district has network virus protection that it updates at least weekly. When virus protection software on individual computers needs updating, it notifies users activating their machines that new virus definitions are available and should be installed.

The two web notices below provide another warning and are posted as a backup for users not directly accessing the mail server.

- 02/15/02 - Windows Virus Definition Update File for Norton/Symantec Anti-Virus (supercedes update from 01/28/02). Norton (Symantec) has a new update that may be installed via Live Update or by ftp from this site, Windows NAV Update.

- 01/13/02 - MacIntosh Virus Definition Update File for Norton/Symantec Anti-Virus (supercedes update from 12/31/01). MacIntosh NAV Update.

Management Information Systems

14The district segregates duties and assigns secondary and tertiary personnel for each software system to reduce the risk that unauthorized transactions will be entered and not discovered quickly.

Internal control procedures, physical measures, and experienced management provide data security

The data processing department appears independent from the accounting and other operating departments for which it processes data. External and internal door locks, site security systems including alarms and gates, individual system access identification requirements, and management presence inhibit unauthorized access to district systems and equipment.

The data processing department is prohibited from initiating transactions for other departments through several procedures:

- each system user must sign on to the network, which provides identity and transaction tracking capability;
- security profiles are established in each software system for each class of user – data entry and update, review and approval, and read-only;
- the accounting department has internal controls such as check signing and storage procedures and report reconciliations; and
- system users monitor data and reports.

Appropriate segregation of duties exists for data processing functions including application systems development (design and programming), maintenance of systems software, and operations. At least two individuals are assigned responsibility for each system.

The data processing department has long-term, experienced management and technical personnel who have access to the entire system. These individuals keep the district's data systems operational. The district entrusts these individuals with all aspects of system security. The district's personnel policies for data processing employees include such procedures as reference checks prior to employment, management oversight, and terminated employee security procedures. These procedures and policies supplement long-term evidence of employee commitment and help provide cost-effective security for management information systems.

15The district's user controls ensure authorization prior to processing transactions and ensure all output represents authorized and valid transactions.

The district employs a comprehensive set of procedures to control system access and data integrity

Schools and departments control the preparation and approval of input transactions by separating the preparation and signed authorization of transactions from data entry. Accounting department

administrators review data accounting personnel generate and enter into the financial system. Payroll and personnel users exercise control procedures over input to ensure that data is processed correctly through the system and input only once. A daily change log of these transactions is sent to the departments where someone not authorized for data entry or update verifies input accuracy.

Password procedures restrict access to terminals and data entry to authorized employees. A variety of security profiles exist for each application allowing management and other users' to access data but not to update or modify it. Access is also site-and machine-specific, so access is granted only at supervised work locations. The data processing director generates a list of security profiles by user for review. Operations logs record security breach attempts. Data processing personnel review this log to determine if a breach has occurred or if additional procedures are necessary.

The district's data processing department controls changes to files that bypass normal access controls by requiring the preparation of specific forms indicating the data to be changed, approval by a supervisor in the user department, and verification against a printout of the changes. The accounting department, principals, and district management review outputs for reasonableness and accuracy of payroll, budget, and personnel data input into district systems.

16 The district's applications are designed to provide users with reliable data.

The district's application controls ensure reliable management information

The school district has extensive controls over data entry that include adequate supervision and up-to-date written instructions for all major data systems including:

- the TERMS student data system,
- the master and student scheduling system,
- the TERMS financial system,
- the workforce development information system, and
- substitute personnel procedures.

Input data is edited and validated by range and code value tests. Summary totals are verified and a second check is done before job submission. Summary totals are then verified before committing the data. This verification compares hash totals from edit reports to written totals supplied on appropriate forms by the responsible user department.

Application systems provide adequately totaled reports to determine processing has occurred correctly. All reports contain the following information:

- program number,
- report description, and
- run date.

This allows administrators of the system to trace the data source and the time the report was generated. District staff trace transactional detail from computer output to data source and vice versa. The data processing department system report procedures provide audit and administrative documentation of data entered into district information systems.

17 The district has established general controls in the areas of access, systems development and maintenance, documentation, operations, and physical security to promote the proper functioning of the information systems department.

The district's control systems over its management information systems are thoroughly documented and secure

The data processing department has comprehensive written policies include operating procedures and standards in its policies and procedures manual. This manual covers all aspects of operations and controls including, but not limited to,

- objectives,
- security,
- disaster recovery,
- operating procedures,
- personnel procedures,
- organization and assignments,
- management,
- processing procedures,
- functions assignment distribution,
- software change procedures,
- copyright issues,
- Program and Library Standards,
- naming conventions,
- data processing operations and user forms, and
- DOE data transfer forms.

All forms contain multiple signature/authorization fields to ensure proper verification and tracking. Important items included in the procedures are

- user-approved written specifications for new systems and modifications to existing application systems;
- written procedures to test and evaluate new systems to ensure that they are designed to meet the district's information system needs;
- written procedures to test and implement changes to system software to ensure that modifications meet user needs;
- controls over use and retention of tape and disk files, including provisions for retention of adequate records to provide back-up capabilities;
- controls that limit access to data processing equipment, tapes, disks, system documentation, and application program documentation to authorized employees; and
- an automated or manual scheduling system to ensure that scheduled programs are processed, proper procedures followed and supervisory personnel know that only required programs have been

processed.

In addition, the district has

- adequate supervision of data processing department employees;
- documented procedures for computer operators;
- controls to limit access to and prevent release of confidential and sensitive data;
- information systems documentation to enable the organization to continue to operate if important data processing employees were to leave;
- procedures concerning review and distribution of output;
- procedures to protect against a loss of important files, programs, or equipment;
- a written disaster recovery plan that includes an alternative site with compatible systems for critical applications; and
- insurance for data processing equipment.

Experienced management and personnel that provide data security and systems viability are close to retirement

Continuity of operational procedures is essential to the proper functioning of data systems. The continuity of the district's operational procedures depends on a relatively few, highly skilled, long-term district employees. This staffing history provides very cost-effective operations but is threatened by lack of experienced replacement personnel.

Two of the top three technical personnel in the MIS and Data Processing departments are in the state's Deferred Retirement Option Program (DROP) program and will be retiring within two years. These program directors have created the current systems during their tenure of employment. Maintaining and updating these systems, including division administrative functions, will be crucial to all technology operations in the district, including the student reporting and the financial management systems, budget, payroll, and accounts payable.

These key program directors should begin training replacement employees prior to their retirement. This will allow documentation and training to be provided on key legacy systems and procedures. Providing a 12-month overlap in the employment of the two retiring program directors and their replacements would cost $154,552 for both positions including salary and benefits.

Recommendations ─────────────────────

- *We recommend that the district create a multi-year MIS management transition plan to ensure system viability by hiring two MIS administrators for a 12-month period prior to the retirement of the two directors who will be retiring in the near future.*

Action Plan 6-5 provides the steps needed to implement this recommendation.

Action Plan 6-5

Create a MIS Management Transition Pan and Hire Three Additional MIS Administrative Staff		
Strategy	The CIO should create a long-term personnel strategy to replace key personnel.	
Action Needed	Step 1:	The CIO, the data processing director, and the two program directors should develop timelines for personnel transition.

Action Needed	Step 2:	The CIO should then develop a written strategy and present to the superintendent's cabinet for discussion and revision.
	Step 3:	The revised plan should include cost projections.
	Step 4:	The transition plan should be presented to the School Board for discussion and approval.
	Step 5:	Budget documents should include funding for the plan.
	Step 6:	Once approved, the CIO should implement the plan.
Who is Responsible	Chief information officer	
Time Frame	Twelve months in advance of retirements.	
Fiscal Impact	The implementation will require skilled personnel and a total cost of $154,552.	

Source: OPPAGA.

18 The district's management information systems provide data needed by administrative and instructional personnel in a reliable and timely manner.

The district provides useful, reliable, and timely information to administrators online, on disk, or on paper

The district provides reliable and timely information for instructional and administrative services. The district takes several steps to ensure the reliability of its information as shown by the actions below.

- The district provides ongoing and up-to-date training of users responsible for input and management of student data integrity. The Accounting Department and the internal auditor provide training and assistance to school support staff personnel in using the financial reporting system.

- The district has procedures in place for timely notification of errors to input personnel as well as administrators. Online edits provide data entry personnel with immediate feedback on errors on-screen and will not complete transactions until input is correct and complete. These include edit checks to determine if the data entered matches expected ranges or values, to determine if an inappropriate relationship exists between data elements, and to identify data that needs further checking.

- The district can demonstrate that it has internal controls or procedures in place to test the reliability of the data that is collected for entry into information systems and that these procedures are used to correct identified data errors or problems.

- The district uses a data verification process that includes the review of data by school staff (to include verification by administration) before it is submitted to the Florida Department of Education.

As a result, the district can demonstrate that the data it submits to the Florida Department of Education is generally accurate.

In addition, the district provides timely data that is useful to principals, teachers, and administrators in managing district operations. For example, principals and teachers use data to design teaching strategies to improve performance and administrators use it to remain within budget. The management information department has a process to prioritize data requests and provides data in a timely manner. For example, it provided schools with disks containing student performance information the day after the information was released by the Florida Department of Education.

Administrative systems for finance, transportation, food service, and maintenance need improvement

However, administrative systems for the Food Service, Maintenance, and Transportation departments do not provide adequate data for administrative decision making. All of these departments have some automated systems that have been maintained separately from other district databases. The district has not performed technology needs assessments for these departments. To improve decision making in these departments, OPPAGA is recommending training and improvements in these systems. (See Section 6 of this chapter.)

19 The district has not taken steps to minimize the number of databases that are independent of its centralized computer systems.

When practical, cost-effective and requested, the Data Processing Department has implemented changes to its centralized computer systems to minimize the need for independent databases. However, school-based staffs utilize several school-based systems for purchasing, budgeting, and student information. In addition, the food service and maintenance departments have independent data systems. District staff in some areas may duplicate data collection and some inefficiency may exist due to disparate data base systems that have not been linked or are incompatible.

The district does not have an inventory of all independent databases created by program staff and maintained in computers not connected to the district's centralized computer systems. The district has not reviewed the rationale for having site-based databases and identified if the district centralized computer systems could better meet the needs of program managers and instructional staff to avoid the need for these isolated databases. The district has not established procedures and controls for ensuring data reliability and accuracy of data maintained in unconnected databases and does not have a formal schedule to periodically check isolated databases for data accuracy and reliability. The district does not provide training for persons using unconnected databases that have not been eliminated. All of these issues require attention to maximize technology resource utilization.

Recommendations ———————————————

- *We recommend that the district request an inventory of independent data systems and analyze their cost-effectiveness and determine if district involvement is necessary for cost reduction and elimination of duplication of effort.*

Action Plan 6-6 provides the steps needed to implement this recommendation.

Action Plan 6-6

Inventory Independent Data Systems		
Strategy	The CIO should survey all district staff to determine the scope and necessity of independent databases and software systems.	
Action Needed	Step 1:	The CIO should create a web-based survey form for all district staff to report on independent data systems.
	Step 2:	The CIO should determine if further study is required of any of these systems.
	Step 3:	District staff should be trained and directed to use centralized systems that would eliminate duplication of effort.

Who is Responsible	Chief information officer
Time Frame	July 2003
Fiscal Impact	The survey should be accomplished with existing resources. The fiscal impact of actions suggested by the survey cannot be projected at this time.

Source: OPPAGA.

20 The district has established appropriate controls related to transactions processed through electronic media.

The Data Processing Department transmits student and payroll data electronically

The district has executed appropriate agreements with the Bank of America for transmission of direct deposit of payroll and payroll deductions. Appropriate control procedures for electronic transactions have been established. The Florida Automated System for Transferring Educational Records (FASTER) is processed through electronic media. The district has established appropriate technical control procedures to ensure that the transactions are processed as intended.

7 Personnel Systems and Benefits

The Okaloosa County School District maintains a positive customer orientation, but could improve the efficiency of its efforts through increased automation of personnel processes and records. The district generally provides excellent salaries and appropriate benefits for its employees. However, the district needs to improve its performance accountability system to ensure that the personnel program is meeting its intended purpose in the most cost-efficient manner.

Conclusion

The Okaloosa County School District (the district) is using 13 of the 15 personnel best financial management practices. The district generally recruits and hires qualified personnel, maintains a reasonably stable work force, provides a comprehensive staff development program for instructional and non-instructional employees and school-based administrators, has implemented a system for formally evaluating employees, and generally ensures that employees who fail to meet the district's performance expectations are promptly removed from contact with students. The district has implemented appropriate policies and practices for providing substitute personnel, uses cost-containment practices for its Workers' Compensation Program, periodically reviews and adjusts the organizational structure and personnel practices to improve efficiency and effectiveness, and maintains an effective collective bargaining process. However, the district needs to modernize and improve its processing and handling of personnel records, and establish and implement accountability mechanisms to ensure the performance, efficiency, and effectiveness of the human resource program

During the course of this review, The Office of Program Policy Analysis and Government Accountability (OPPAGA) identified a number of district accomplishments in the personnel systems and benefits, some of which are included in Exhibit 7-1 below.

Exhibit 7-1

**The District Has Had a Number of Notable Accomplishments
in Personnel Systems and Benefits in the Last Three Years**

- The level of teacher compensation in the district compares favorably with other districts throughout the state.
- The district has implemented a system to link teacher compensation to their job performance in the classroom and to student performance on the FCAT.
- The district has implemented an automated system for assigning substitute teachers to cover temporary classroom vacancies.

Source: Okaloosa County School District.

Overview of Chapter Findings

OPPAGA reviewed the district's personnel systems and benefits using the Best Financial Management Practices adopted by the Commissioner of Education and the associated indicators. The team employed several methodologies to develop chapter conclusions and action plans. For instance, OPPAGA conducted on-site interviews with district level managers and school officials and gathered information on

the personnel systems and benefits. OPPAGA also reviewed the district's policies and procedures related to personnel systems and benefits. To receive additional input, OPPAGA interviewed representatives of two unions, the Okaloosa County Education Association and the Okaloosa County Education Support Personnel Association, that represent district employees. Questions varied depending on the groups interviewed and the results have been validated and incorporated into this chapter where applicable

Fieldwork was concluded in July 2002. Any subsequent district action is not reported in this report, but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Personnel Processes

1. The district uses standard districtwide procedures to announce vacancies and to receive and process applications. (Page 7-6)

2. The district maintains a reasonably stable work force through competitive salary and benefit packages and through districtwide efforts to address and remedy factors that contribute to increased turnover. (Page 7-10)

3. The district provides a comprehensive staff development program to achieve and maintain high levels of productivity and employee performance among non-instructional employees. (Page 7-15)

4. The district provides a comprehensive staff development program for instructional employees to attain and maintain high quality instruction and to achieve high levels of student performance. (Page 7-16)

5. The district provides a comprehensive staff development program for school-based administrators. (Page 7-17)

6. The district's system for formally evaluating employees is designed to improve and reward excellent performance and productivity, and to identify and address performance that does not meet the district's expectations for the employee. (Page 7-18)

7. Employees who fail to meet performance expectations or whose behavior is potentially harmful to students are promptly removed from contact with students. (Page 7-20)

Managing Human Resources

8. The district maintains clear and effective channels of communication with employees. (Page 7-20)

9. The district has efficient and cost-effective policies and practices for providing substitute teachers and other substitute personnel. (Page 7-21)

10. Although the district maintains personnel records in a manner that complies with state requirements, those records could be more efficiently maintained and used if basic personnel information was automated. (Page 7-22)

11. The district uses cost containment practices for its Workers' Compensation Program. (Page 7-24)

12. The district has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the human resource program. (Page 7-25)

13. The district reviews the organizational structure and staffing levels of the Human Resources Division during the budget preparation process to minimize administrative layers and processes. (Page 7-26)

14. The district periodically evaluates its personnel practices and adjusts these practices as needed to reduce costs and/or improve efficiency and effectiveness. (Page 7-26)

15. For classes of employees that are unionized, the district maintains an effective collective bargaining process. (Page 7-27)

Fiscal Impact of Recommendations

One of this chapter's recommendations, to modernize the record-keeping procedures, has a direct fiscal impact. Exhibit 7-2 shows that recommendation. District staff estimated that modernizing record-keeping procedures by establishing and maintaining a database containing basic information on each employee would have an initial cost of $80,000 to $100,000 to design the database and input data on current employees. Once implemented, existing staff should be able to input data on new employees and changes to existing records.

Exhibit 7-2

One Personnel Systems and Benefits Action Plan Recommendation Has a Fiscal Impact

Recommendation	Five Year Fiscal Impact
• Modernizing record-keeping procedures by establishing and maintaining a database containing basic information on each employee. This process should be implemented by January 1, 2004.	• District staff estimated this recommendation will require an initial investment in Fiscal Year 2002-03 of an estimated $80,000 to $100,000 to design and enter basic data on current employees into the database and to make the database available online. No additional costs would be incurred to update data in the database. Total five-year costs are estimated to be between $80,000 and $100,000.

Source: OPPAGA.

Background

The Okaloosa County School District operates its personnel system and benefits at the district level. The chief of the Human Resources Division is responsible for the oversight of all personnel activities, including recruiting and hiring of qualified employees, salary and benefit administration, staff development, evaluation, and risk management. The Human Resources Division has just undergone a change in leadership. The former chief, Dr. Rebecca Spence, retired on March 31, 2002, and, at its meeting on February 11, 2002, the school board hired Michael Foxworthy to replace her.

The Okaloosa County School District employed more than 3,300 full-time employees in the fall of 2001. The Okaloosa County Education Association represents instructional employees and the Okaloosa County Education Support Personnel Association represents non-instructional employees. Administrative employees do not have union representation. Exhibit 7-3 shows a breakdown of the types and numbers of staff employed by the district.

Exhibit 7-3

During the 2001-02 School Year, the Okaloosa County School District Employed More Than 3,300 Staff

Categories of Employees	Numbers of Employees
Administrative Employees	105
District Level	37
School Level	68
Instructional Employees	1,805
Classroom	1,650
Elementary	701

Categories of Employees	Numbers of Employees
Secondary	721
Exceptional Student	216
Other Teachers	12
Other Instructional Staff	155
Support Staff	1,459
Professional	85
Non-Professional	1,374
Total Employees	**3,369**

Source: Department of Education.

The management of these human resources is a key component of the district's operations. From recruiting potential employees and processing job applications to evaluating employees and terminating poorly performing employees, the district uses these employees to achieve the purposes of the school district. This background section discusses:

- the mission and organization of the Human Resources Division;
- an overview of the responsibilities of the division; and
- union representation of district employees.

The Human Resources Division seeks to provide well-trained and qualified staff for the district

The mission of the district's Human Resources Division is "to employ and develop a qualified, diverse work force for the students in the School District of Okaloosa County by providing information, support and coordination of services." The district does not have a current strategic plan so no measurable goals and objectives have been established for the division (see Practice 12 in this chapter, page 7-34, and Chapter 3). Exhibit 7-4 shows the structure (and number of employees) of the human resources division.

Exhibit 7-4

**The District-Level Personnel Systems and Benefits Functions
Are Performed by a Staff of Eighteen Members**
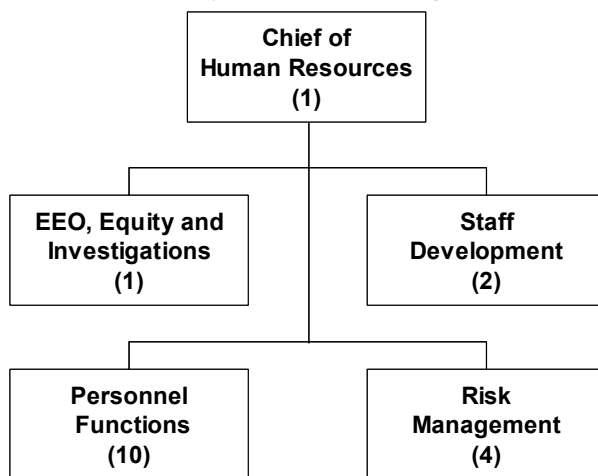
Source: Developed by OPPAGA from data provided by the Human Resources Division.

The division performs a variety of functions for the district

A school district's personnel systems and benefits function typically includes recruiting, hiring, and training district employees; developing and implementing appropriate fringe benefit programs for those employees; and maintaining appropriate records related to their employment. In the Okaloosa County School District all these functions are the responsibility of the Human Resource Division (HRD). In addition to these functions, the division is also responsible for Risk Management. Exhibit 7-5 lists some of the major services the division performs for the district.

Exhibit 7-5

The Human Resources Division Provides an Array of Services

The Human Resources Division performs the following services for the district:
- maintains listing of current vacancies;
- processes and screens all applications for instructional and non-instructional positions;
- processes paperwork for hiring of new employees for school board approval;
- performs customer service functions for all district personnel, including providing salary and certification information;
- recruits teacher candidates;
- coordinates certification activities;
- maintains automated substitute teacher management system;
- negotiates with the Okaloosa County Education Association and the Okaloosa County Education Support Personnel Association;
- investigates grievances and allegations regarding employees;
- maintains job descriptions for all positions;
- administers retirement and equity benefit programs;
- develops and coordinates the master in-service plan for instructional employees;
- coordinates training for instructional employees;
- develops and coordinates the induction (orientation) program for new instructional and non-instructional employees;
- develops and coordinates the performance appraisal system; and
- develops and coordinates the aspiring leader training program for future principals.

Source: Okaloosa County School District.

Two unions represent nearly 97% of district employees

Almost 97% of the district's employees are represented by one of the two unions that negotiate contracts with the school board. The Okaloosa County Education Association is the exclusive bargaining agent for all instructional staff. The Okaloosa County Education Support Personnel Association represents non-instructional employees.

Personnel Processes

1 **The district uses standard districtwide procedures to announce vacancies and to receive and process applications.**

The Okaloosa County School District's processes for recruiting, hiring, and retaining qualified personnel are effective and efficient. The district has adopted and implemented appropriate procedures for advertising vacancies as well as receiving and processing applications. In general, position descriptions accurately identify position duties and responsibilities, but some improvement could be made in describing duties of some district-level administrative support positions. The district's recruiting practices generate a sufficient number of applicants but the district is not always able to fill critical-shortage teaching positions with certified teachers. When teachers must be placed out-of-field they are monitored by the district to ensure that they are taking courses leading toward certification in the out-of-field areas in which they are teaching.

District teachers' salaries compare very well with peer districts and serve to attract new teachers and retain those already employed by the district, but salaries for some non-instructional positions are well below the state averages for such positions.

The district uses appropriate recruiting and hiring procedures

In its contracts with the unions representing the teachers and support staff, the district has established procedures for the appointment of personnel to fill vacant positions. In each case, the school board establishes a job description that identifies appropriate eligibility requirements for the position and establishes a position. A vacancy is declared and the position is first advertised for transfers of present employees. If the vacancy is not filled by a voluntary transfer, the principal/director requests names of qualified applicants from the Human Resources Division.

Each applicant must submit a complete application for employment, three references, and, if appropriate, a claim for veterans' preference status. Other requirements are noted below.

- Applicants for instructional positions must submit information regarding their teaching experience and certification and a completed fingerprint card. They must attend the "Newcomers' Awareness Orientation" and be interviewed by the chief human resource officer before they can be referred to fill a vacant teaching position.

- Applicants for non-instructional positions must submit documentation indicating that they have met training and experience requirements for the type of job for which they are applying. They are not required to submit a completed fingerprint card or attend the "Newcomers' Awareness Orientation" until they are hired.

When a principal has a vacancy to be filled from qualified applicants, the chief human resources officer provides the principal a list of the best qualified applicants (usually 5 to 8). The human resources division staff calls the recommended applicants to notify them they have been referred and advises them to call the principal if they are interested in interviewing for the vacant position. It is up to the applicant to contact the school if he or she wishes to be interviewed for the vacant position. Division staff makes notations on applicants' screening forms to document when the applicant has been contacted about vacancies. The principal or his or her staff interviews referred applicants, checks references, and makes recommendations to the superintendent. The superintendent may conduct additional interviews or gather more information before recommending that the board hire the applicant.

Division staff review applications for non-instructional positions to evaluate qualifications of applicants and refer the best qualified applicants (usually 5) to the appropriate principal or director. The principal or director or their staff interview referred applicants, check references, and make recommendations to the superintendent. The superintendent may conduct additional interviews or gather more information before recommending that the board hire the applicant.

The district completes background checks of all new employees prior to placing the employee in a position that involves contact with students. Each applicant for a full-time or substitute instructional position and each applicant recommended for a non-instructional position must submit a fingerprint card as part of the application and hiring processes. The district submits the fingerprint card to the Florida Department of Law Enforcement and the Federal Bureau of Investigation for those agencies to determine whether the applicant has a record of offenses that would disqualify him/her for the job. A sworn law enforcement officer must take fingerprints, and both the applicant and the law enforcement officer must sign the card.

Job vacancy announcements are readily available in the personnel office or may be requested by mail. The district's job vacancy announcements provide information on positions to be filled; education, experience, knowledge, skills, and abilities required; and compensation range. Applications are available in the personnel services office or can be sent to any school by courier. The district has recently made applications available on the district's website.

The district uses different types of job vacancy announcements for two categories of applicants.

- **Current employees**. The district provides announcements for transfer/reassignment opportunities for current instructional and non-instructional employees. Such announcements are issued in the form of bulletins from the Human Resources Division and are distributed to all schools within the district. Instructional transfer bulletins include the position title, required certification, location of the position, name of the contact person, and date and time application for transfer must be submitted. Non-instructional transfer bulletins include the job description number in addition to the information provided in the instructional transfer announcement.

- **New hires**. The district provides announcements of position vacancies for potential new-hires. Such announcements identify the vacant position, job location, minimum eligibility requirements, application procedures, a description of the selection process. HRD staff attaches a copy of the job description to the announcement.

The Okaloosa County School District is actively recruiting minority employees to bring the district staff into balance with the district's population

A district's staff should be representative of the district's population so that students can readily see that all races, creeds, genders, and ages are participating in the education process. Governor Bush has set the example for diversifying the workforce in Florida. In his "One Florida" initiative, the Governor has sought to create a diverse workforce that does not compromise quality and brings new perspective and talent into public service. The Governor intends to create a diverse workforce by obtaining a commitment of leadership and outreach from all agency heads. Without setting or implying quotas for hiring, the Governor's policy is to create a diverse workforce by reaching out to minorities to tap into a wealth of potential that is missing in government.

During the 2000-01 school year 22 % of the Okaloosa County School District's students were minorities while only 8 % of administrators and 6 % of full-time teachers were minorities. However, the district has recognized this disparity and is working hard to recruit and hire additional minority employees to make the administrative and instructional staffs more representative of the student population.

The district has implemented some innovative strategies to recruit additional minority staff.   The district focuses on minority applicants in recruiting and hiring new staff. District recruiters visit predominantly

minority colleges to recruit new employees. The equity coordinator also recruits within the school system. For example, in the past year, the equity coordinator directly helped three minority high school students who want to be teachers to get into the University of West Florida's Minority Teacher Recruitment Program. The equity coordinator also meets quarterly with local civic and church organizations to seek potential applicants. The district provides individual assistance for minority teachers who need help in passing the state exams. The two local Air Force bases are primary resources for recruiting minorities who are exiting the armed forces.

Some position descriptions are too broadly written to allow them to be used as guidelines for evaluating employee performance

The district generally maintains clear, concise, and readily accessible position descriptions for both instructional and non-instructional positions. A position description should identify the training and experience requirements that qualify an employee for the position and list the duties and responsibilities of an employee in the position. An employee should be able to perform all the duties and responsibilities listed on his or her position description, and a position description should accurately and clearly describe the duties and responsibilities of the position to provide a basis for evaluating the employee's performance.

For the most part, the district's position descriptions accurately state the education, experience, knowledge, skills, and competency levels required for each class of positions and generally identify the duties and responsibilities of each position. However, in reviewing position descriptions for employees working at the district level, we noted that a total of 54 positions in 28 cost centers have been combined under the single position description for a district-level secretary. Exhibit 7-6 shows the distribution of district-level secretary positions.

Exhibit 7-6

District-Level Secretary Positions
Are Distributed Throughout the District Offices

Office	Positions
Administrative Offices	2
Curriculum & Instruction	1
Exceptional Student Education	7
Facilities	7
Finance	8
Food Service	1
Health & Safety	6
Human Resources	11
Instructional Technology, Data Processing & MIS	5
Transportation	6
Total	**54**

Source: Developed by OPPAGA from data provided by the Okaloosa County School District.

In addition to general office responsibilities usually assigned to secretaries, the duties and responsibilities listed in the position description for a district-level secretary include specialized work done by employees in the fields of purchasing, media services, transportation, personnel, and risk management.

According to the chief human resource officer, these duties and responsibilities were combined at the request of the union to minimize the number of position descriptions needed for administrative positions at the district level and to keep the salary levels of those positions consistent across the district. Because of the wide variety of duties and responsibilities listed on the position description, it is unlikely that any single employee could be proficient in all these duties and responsibilities. Yet, according to the chief, new position descriptions would have to be negotiated with the union.

Some of the 11 human resources division employees in district-level secretary positions perform general office duties and responsibilities but most perform specialized personnel-related duties and responsibilities. Some of these employees regularly handle confidential personal information and possibly should be reclassified into confidential position categories. Division employees do not perform the specialized duties and responsibilities related to the other areas included under the position description.

The chief financial officer said she would like to have new position descriptions for the district-level secretaries in the Finance Office. She said that the problem with classification of her employees as district-level secretaries is that the position description did not reflect the particular skills needed to perform their financial duties.

Recommendations

We recommend that the district systematically review and revise or update all position descriptions for administrative support staff. The district should develop more specialized position descriptions for employees now classified as district-level secretaries to differentiate between those employees performing secretarial duties and those performing more specialized duties and responsibilities. In revising and updating these position descriptions, consideration should be given to whether these employees, particularly those in the personnel and finance areas, handle confidential personal information and should be classified under confidential categories.

Action Plan 7-1

Revise and Update Position Descriptions of Administrative Support Employees and Assign Employees to Appropriate Categories		
Strategy		The Okaloosa County School District should revise the position description for district-level secretary to include only the general office responsibilities normally assigned to a secretary and should develop specialized job descriptions for administrative support employees who perform specialized duties.
Action Needed	Step 1:	By December 2002, identify administrative support positions presently classified in the district-level secretary category in which the employee's primary duties are specialized in functional areas.
	Step 2:	By February 2003, identify the specialized job requirements of each employee presently classified as a district-level secretary whose primary duties are specialized in functional areas.
	Step 3:	By April 2003, revise and update the position description for the district-level secretary category by deleting those specialized duties and responsibilities that are not normally assigned to a secretary and develop new job descriptions for those specialized employees to reflect their specialized job requirements.
	Step 4:	By May 2003, reassign specialized employees to the appropriate new classifications.
Who is Responsible		Chief Human Resources officer
Time Frame		May 2003
Fiscal Impact		The fiscal impact of implementing this recommendation is unknown at this time. It can only be determined after the new position descriptions are developed and appropriate pay grades for the positions have been negotiated with the union

Source: OPPAGA.

2 The district maintains a reasonably stable work force through competitive salary and benefit packages and through districtwide efforts to address and remedy factors that contribute to increased turnover.

The district has a low teacher turnover rate

The teacher turnover rate reported by the Okaloosa County School District to the Department of Education was lower than the state average and was also lower than the rates in three of the five peer districts (Alachua, Bay, Lake, Marion, and Santa Rosa). See Exhibit 7-7 for details on turnover rates for Okaloosa, the peer districts, and the state.

Exhibit 7-7

The Teacher Turnover Rate in the Okaloosa County School District in the 2000-01 School Year Was Less Than the State Average and Compared Favorably with the Turnover Rates of Peer Districts

District Name	Number Employed October 2000	Classroom Teachers Terminating 7/1/00 to 6/30/01		Average Years Service as a Teacher
		Number	**Percentage**	
Alachua	1,688	58	3.4%	9.1
Bay	1,534	39	2.5%	7.4
Lake	1,559	75	4.8%	10.1
Marion	2,248	235	10.5%	8.1
Okaloosa	**1,707**	**71**	**4.2%**	**15.4**
Santa Rosa	1,276	144	11.3%	8.9
State	135,683	7,117	5.2%	9.3

Source: Department of Education.

The district conducts exit interviews with instructional employees who terminate employment. The district periodically compiles and reports the results of those exit interviews to the Department of Education. The Human Resources Division reported that 70 teachers resigned from employment with school district in 2000-01. Of those who resigned, 25 retired, 17 resigned for family or personal reasons, 23 relocated within Florida, 3 accepted positions outside education within the county, and 2 resigned for other reasons. The low percentage leaving district employment for other employment in the county (4%) indicates a very low level of dissatisfaction with employment by the district. The district does not collect similar data on termination of non-instructional personnel.

The district's teacher salaries compare favorably with state and peer averages

In the Okaloosa County School District, teacher compensation includes salaries based on training and experience, bonuses based on evaluations and student performance, and benefits provided by the district.

Teachers' salaries increase as training and experience increase. Exhibit 7-8, excerpted from the current Master Contract between the school board and the Okaloosa County Education Association, shows the effects of increased training and experience.

Exhibit 7-8

Teachers' Salaries Increase as Training and Experience Increase

Years of Prior Service	Degree Level			
	Bachelor's	Master's	Specialist's	Doctorate
0	$25,500	$26,648	$27,913	$29,309
5	$29,561	$30,892	$32,359	$33,977
9	$34,270	$35,812	$37,513	$39,389
14	$40,920	$42,761	$44,793	$47,032

Source: Contract, School Board and Okaloosa County Education Association, August 7, 2000, to June 30, 2001.

District teachers' average salaries compare favorably with state and peer district averages. In setting employee compensation and benefit packages, the district periodically compares its compensation and benefit package with those of neighboring and similar sized districts, and of other public and private employers in the area. Department of Education statistics show that, in the 2000-01 school year, Okaloosa County was ranked sixth among school districts in the state in average teachers' salaries, ahead of all other Panhandle districts. We compared the district's average teachers' salaries for each degree level with those of five peer districts and with the state as a whole. On the average, the Okaloosa County School District teachers' salaries were higher than the peer districts in three of the four degree levels and were higher than the state averages. The Okaloosa County School District teacher pay scales should help the district recruit and retain qualified teachers. Exhibit 7-9 compares average teachers' salaries in the Okaloosa County School District with those in the peer districts.

Exhibit 7-9

Average Teachers' Salaries in Okaloosa County in 2000-01 Generally Were Higher Than the State and Peer District Average Salaries

Districts	Degree Levels				
	Bachelor's	Master's	Specialist's	Doctoral	All
Alachua	$31,045	$35,424	$37,088	$42,329	$33,970
Bay	$34,683	$39,005	$42,170	$41,344	$36,414
Lake	$32,925	$39,024	$44,130	$42,870	$35,047
Marion	$32,726	$38,356	$42,628	$43,854	$34,607
Okaloosa	**$37,143**	**$44,096**	**$46,731**	**$55,628**	**$40,315**
Santa Rosa	$33,741	$40,445	$43,564	$43,419	$36,225
Statewide	$35,363	$43,061	$50,450	$49,422	$39,275

Source: Department of Education.

Teachers in the Okaloosa County School District may receive salary supplements if they are assigned into positions where such supplements are authorized. For example, a band director, coach, department head, or grade level chair would be authorized a salary supplement to compensate for the additional responsibilities related to that position.

Teachers also can receive bonuses based on their annual performance evaluations and the performance of the students in their school. Additionally, pay for performance is currently being addressed in union negotiations and state law requires that a pay for performance procedure be in place in all districts by July 2002.

- A teacher who completes a year and receives an overall rating of 'Meets Expectations' on his or her annual evaluation receives a bonus of one-half percent of his or her annual basic salary. Such a bonus does not affect the teacher's salary for subsequent years.
- A teacher in a school that receives a high rating based on the annual FCAT results may receive a

bonus based on recommendations of the School Advisory Council.   Schools with high ratings receive discretionary funds and the school advisory council may use some or all of those funds for teacher bonuses.

The district's non-instructional employees' compensation is competitive with the compensation of other public and private employees in the area

The district recruits non-instructional support staff from local firms and public agencies. The district's turnover rate is generally lower than the rates for the peer districts. District staff said that the district's compensation and benefit package for non-instructional employees is generally competitive with the packages of other public and private employers in the area.

The district periodically analyzes and compares major classes of positions within the district for internal equity, and adjusts salaries as appropriate based upon those reviews. For example, during salary negotiations for the 2000-01 school year, school nurses presented an analysis of salaries of positions requiring professional licenses or degrees, and, as a result, the school board placed nurses in a higher pay grade. Classification of position categories in Okaloosa County School District is accomplished in accordance with contracts between the district and the two unions. Those contracts are negotiated every three years and the salary scales are adjusted annually. Any change in the assignment of a position to a different pay grade would have to be based on a negotiated agreement with the appropriate union.

The district provides benefits to its employees

The employee benefits offered by the district provide value to the employee at a level that justifies the cost of those benefits to the district. The district offers single-coverage benefits for all full-time employees. An employee who works 20 or more hours per week (four hours per day) is considered a full-time employee. In accordance with the union contracts, the district pays for health insurance, dental insurance, and $10,000 life insurance for each employee. The employee may pay to extend health and dental coverage to family members or to purchase increased amounts of life insurance.

Division staff said that the major benefit to the district of providing employee benefits is retention of trained employees and that employee benefits are more important to established employees than to new-hires. Most new employees are more interested in salary levels, while older employees give more consideration to benefits.

Whenever possible, the district has identified less costly approaches to providing similar benefits and has adopted those approaches. District staff reported that only one company had responded to the district's request for proposals to provide health insurance for the 2001-02 school year. The bidder's first offer would have resulted in a 49% increase over last year's cost to employees for family coverage, but the district's Benefits Oversight Group was able through negotiation to reduce the increase to 20%.

The district does not offer incentives to teachers in hard-to-place schools or critical-shortage positions

The district does not have incentive packages to encourage and reward teachers who are teaching in hard-to-place schools or in critical-shortage positions. Districts often need special incentive packages to attract teachers who are fully certified to teach in critical-shortage areas to the district and to encourage district teachers not certified in critical-shortage areas to get their certification in those areas. There is no incentive package for teachers assigned to hard-to-place schools, but the large number of teacher applicants in the district may negate the need for providing incentives for teachers assigned to certain schools. There is keen competition for the available teaching vacancies in the district, so teacher applicants usually accept assignments wherever they are offered.

Whenever there is a shortage of fully-qualified teachers in a subject area (most often in ESE, mathematics, or science), a district may need to implement a special incentive program to attract new-

fully qualified teachers to the district or to encourage district teachers teaching out-of-field to earn the additional certifications in the critical-shortage areas. District staff said that the district has no procedures for identifying critical shortages or implementing incentive packages. To ensure that it has a sufficient supply of qualified teachers available in all subject areas, the district needs to establish a procedure for identifying critical shortage areas and implementing incentives when critical shortages occur.

The district does not have a policy and/or procedures to give a preference based on instructional performance when selecting instructional personnel for positions that receive supplemental pay. The district's Master Contract with the Okaloosa County Education Association encourages principals to confer with teachers on the criteria and methods for selection of department chairpersons, team leaders, and grade-level chairpersons and the principal must publish criteria and methods for selection. However, there is nothing in the contract that can be construed as requiring preference based on instructional performance.

Approaching retirements of administrators may affect the stability of the district's work force

Many of the district's senior administrators and school leaders are approaching retirement. The chief human resources officer retired on March 31, 2002. Four other key district administrators are participating in the Deferred Retirement Option Program (DROP) and will retire by June 30, 2005. Sixteen principals and assistant or vice principals are also participating in DROP and will retire within five years. An additional 11 district-level administrators and 16 principals and assistant or vice principals not participating in DROP will reach retirement eligibility by June 30, 2006.

In many cases these employees hold unique institutional knowledge and an accumulation of specialized skills related to the schools and district offices where they serve. The knowledge and skills they have accumulated over the years are often not known by other employees even though they work closely together. Classic examples of this situation are represented by two district-level positions. The chief human resources officer has recently retired, and the district appointed her replacement about six weeks before she terminated employment. The fact that she was able to have an overlap period to pass along her unique accumulation of knowledge and skills will undoubtedly result in shortening the learning curve of her replacement. The chief information officer will be eligible for retirement on June 30, 2005. Among other things, he develops the district's FTE projections, a highly technical process that is the basis for the district's funding under the Florida Education Finance Program. It is critical that he has an opportunity pass his knowledge of that process to another administrator before he retires.

There are a number of ways that critical knowledge and skills can be transferred. One approach is to establish policies and procedures for cross-training of senior administrators. Another is to develop a series of procedures manuals that contain standard operating procedures for performing each critical task required of the administrator. Still another is to provide a transitional overlap, in which the person retiring serves as a mentor for the replacement, allowing the exchange of knowledge and development of special skills needed to facilitate a smooth exchange of duties and responsibilities. Strategic planning while these administrators are still employed by the district should minimize the adverse effect of retirements on district stability.

Recommendations

- *We recommend that the district establish policies and procedures for giving preference based on instructional performance when selecting instructional personnel for positions that receive supplemental pay.*

- *We recommend that the Okaloosa County School Board develop and adopt policies and*

> *procedures that will provide for a transfer of critical knowledge and skills when there is advance knowledge that the incumbent employees is terminating employment.*

Action Plan 7-2

Use Instructional Performance as Criteria for Selecting Teachers to Be Assigned to Positions That Receive Supplemental Pay	
Strategy	The Okaloosa County School District should develop and implement policies and procedures for giving preference based on instructional performance when selecting instructional employees for positions that receive supplemental pay.
Action Needed	Step 1: Coordinate with the Okaloosa County Education Association to draft policies and procedures that identify specific positions to which the preference would apply and define criteria for selecting teachers with the highest instructional performance.
	Step 2: Solicit stakeholders' feedback on the proposed policies and procedures and revise as necessary.
	Step 3: Implement no later than September 1, 2003.
Who is Responsible	Chief Human Resources officer
Time Frame	September 1, 2003
Fiscal Impact	This can be implemented with existing resources

Source: OPPAGA.

Action Plan 7-3

Develop and Implement Policies and Procedures for Transfer of Critical Knowledge and Skills Among Senior Administrators	
Strategy	The Okaloosa County School District should develop and implement policies and procedures to provide for a transfer of knowledge and skills among senior administrators when there is advance knowledge that the administrator is terminating employment with the district.
Action Needed	Step 1: By December 2003, the superintendent should appoint an ad hoc committee that includes the chief human resources officer, the chief financial officer, and such other senior district and school administrators as he deems appropriate, to draft the needed policies and procedures.
	Step 2: By January 2003, the ad hoc committee should draft policies that:
	• define the positions and circumstances under which a transfer of knowledge and skills is critical and
	• define the period and maximum allowable cost of transfer.
	Step 3: By February 2003, the ad hoc committee should draft procedures that identify the steps to be taken to implement the policies.
	Step 4: By March, 2003, all senior district and school administrators should review the draft policies and procedures and submit their comments and recommendations for change to the ad hoc committee.
	Step 5: By April 2003, the committee should review administrators' comments and recommendations, integrate appropriate recommendations into the policies and procedures, and submit the proposed policies and procedures to the superintendent.
	Step 6: By June 2003, the superintendent should review the proposed new policies and procedures, revise the policies and procedures as he deems appropriate, and submit them to the school board for approval.
Who is Responsible	Chief Human Resources officer
Time Frame	June 2003

| Fiscal Impact | This generally can be implemented within existing resources, but may sometimes (e.g., when overlapping employees in a position) involve some cost. See the discussion of overlapping positions in the chapter on Instructional and Administrative Technology. |

Source: OPPAGA.

3 The district provides a comprehensive staff development program to achieve and maintain high levels of productivity and employee performance among non-instructional employees.

The district has developed a district-wide in-service training program for all categories of non-instructional employees and maintains training records on each non-instructional employee

The district conducts orientation programs for all new non-instructional employees and organizes some generic training for non-instructional employees. The district also makes voluntary training opportunities related to computer technology available to all employees. Job-specific training for non-instructional employees is the responsibility of the school, office, or shop where the employee works.

The district conducts orientation programs for all new non-instructional employees twice monthly. Orientation programs include information on district procedures, performance expectations and evaluations, training and career opportunities, and personnel policies regarding such issues as absences, leave approval, and tardiness. Feedback from orientation participants is used to adjust the content and presentation of the orientation to better meet the needs of new employees attending future orientations.

Whenever possible the district has mentoring programs for new non-instructional employees. New employees may be assigned a mentor who is employed in a similar position. The assigned mentor is responsible for explaining job duties, offering assistance, etc. The person vacating the position is often the mentor for his/her replacement. Time is allowed for the new employee to become accustomed to the position and for transfer of knowledge and skills.

The district provides generic job enhancement training and training in computer technology that non-instructional employees may voluntarily attend (e.g., basic, intermediate and advanced computer training that is available for all district employees). Job enhancement training may be provided at job sites or at schools within the district. Generic computer training is conducted at the Technology Center in Niceville, at Fort Walton Beach High School, and at Crestview High School. These classes are optional and are available to all employees of the district. Participation in these programs is to be reported to the human resources division to be recorded in individuals' training records.

Non-instructional school employees may participate in staff development programs for instructional employees, or they may voluntarily participate in personal development classes (e.g., district-provided training on computer software). Non-school non-instructional employees (e.g., bus drivers, air conditioning technicians) may receive job-enhancement training provided by their supervisors. When such job-enhancement training is provided, the supervisor conducting or sponsoring the training is responsible for reporting attendance to the Human Resources Division so the training can be recorded in the individuals' training records.

4   The district provides a comprehensive staff development program for instructional employees to attain and maintain high quality instruction and to achieve high levels of student performance.

The district conducts orientation and professional development programs and maintains training records on each instructional employee

All new instructional employees must attend a district orientation program that covers the same areas as the orientation program for non-instructional employees. The district revises new teacher orientations based on input from teachers and supervisors. According to district staff, input from employees and supervisors within the past three years has resulted in changes related to crisis management, code of ethics and principles of professional conduct, and religious neutrality in the curriculum of the orientation.

In addition to the orientation program, new instructional employees must take two-hour classes in crisis intervention, classroom management, teacher assessment/evaluation, and school improvement/sunshine standards. In addition, within their first two years in the district, new teachers must receive training on teaching students with limited English proficiency and to demonstrate basic technology performance competency.

New and less experienced teachers also receive special assistance to help them to become effective teachers. The district has a comprehensive induction program that provides new teachers with the opportunities to learn the additional skills necessary to be successful in specific school environments. The Human Resources Division provides lists of peer teachers available at each school and provides training for peer teachers. Principals match new teachers with peer mentors who provide guidance and advice as the new employee learns the various aspects of the job. A peer teacher must be an experienced teacher who teaches at the same level, subject, or service area as the new teacher.

The district bases in-service training programs for instructional employees on needs assessments developed at the school level. The district has adopted a professional development system that has been approved by the Department of Education. Individual schools implement that plan based on needs identified by the principal. The plan includes objectives related to improvement of student performance. The district distributes staff development funds to schools to conduct teacher training based on needs identified by the principal. For 2001-02, the district allocated $181,094 for staff development to schools, and held $23,074 in the fund balance as a reserve.

Principals are required to establish and maintain individual professional development plans that meet the requirements of Florida law for each instructional employee assigned students for instructional purposes. In developing professional development plans, principals must clearly define training objectives and incorporate those objectives into the teacher evaluation system. During the annual evaluation conference the principal evaluates the extent to which the teacher has met the planned objectives. Principals base training for instructional staff on identified needs, using proven strategies and providing follow-up and support for instructional employees. The strategies used are based on experiences and learning activities that have been proven successful. Much of the instruction in the district is based on national or state models such as the Florida Writes! program. Schools also use recognized programs like the CARBO reading program to prepare students for FCAT testing. Needs are identified from evaluation of school improvement plans, school reports, parent surveys, achievement data, and teacher training records. Classroom observations and meetings with participants follow training activities to ensure that training objectives of the activity are being implementing.

The Human Resources Division publishes monthly professional development calendars for its instructional employees and has the calendars posted at each school so all instructional employees are

aware of the training programs available to them. The professional development calendar identifies the workshops to be presented for in-service credit and lists the focus group, dates, site, and contact person for the workshop.

The district relies on feedback from training program participants to evaluate effectiveness of the training. Participants evaluate the presentation, organization, and effectiveness/usefulness of the training received. However, post-training performance of students is the responsibility of the principal, and it is the principal who must decide whether the training dealt appropriately with the teachers' needs. Training activity participants are encouraged to submit objective (multiple choice) post-training evaluations of the presentation, organization, and usefulness of the activity. They are also asked to submit subjective (narrative) comments about the activity.

The Human Resources Division uses the TERMS data system to maintain an individual training history record for each district employee. Presently only division staff may review training records, but the program director for staff development expects that its next TERMS upgrade will make it possible for employees and supervisors to review training records online.

The district encourages teachers to pursue certification by the National Board of Professional Teaching Standards (NBPTS). Although district policies for instructional employees do not refer to such certification, the human resources division has conducted awareness sessions regarding National Board Certification and encourages teachers in appropriate teaching fields to seek certification. The division has developed and distributes a brochure describing the Florida Excellent Teaching Program, which is designed to reward teachers who hold NBPTS certification with salary and mentoring bonuses. The district has designated a program contact to coordinate activities required for teachers to earn the certification.

5 The district provides a comprehensive staff development program for school-based administrators.

The district has recently changed its procedures for selecting and training school-level administrators

In January 2001, the human resources division adopted a management development plan that describes the processes for selection, recommendation, evaluation, and training of new school administrators. All principals, assistant principals, and school site administrators must complete the district leadership training program for administrators as defined in that plan. Department heads or supervisors may conduct individual training components either before or after the candidate is appointed to an administrative position. The new administrator must complete required training by the end of the first school year he/she is in an administrative position and must turn in a completed training activity record to the Human Resources Division by the end of that year.

The area assistant superintendents supplement the new school administrators' training program by mentoring new administrators. Although the job descriptions of the area assistant superintendents do not specifically say that they will be mentors for school administrators, those job descriptions contain several performance responsibilities that indicate that he or she mentors school administrators in his or her area. The assistant superintendent

- establishes annual performance expectations for principals;
- manages, supervises, and supports principals to meet performance objectives;
- ensures that principals operate schools to meet performance expectations; and
- performs ongoing performance appraisals of principals.

Two factors indicate that the Okaloosa County School District's process for identifying potential future principals and administrators may not meet its needs and the district may soon have to look outside the district for educational leaders.

- The district has 16 principals and assistant or vice principals participating in the Deferred Retirement Option Program (DROP) and another 16 not participating in DROP who will be eligible to retire by the end of the 2005-06 school year.

- Current instructional employees have not shown much recent interest in becoming principals. During the past five years the district has filled 10 principal vacancies. The district received applications from four candidates each to fill two of those positions. For the remaining positions, the district received three or less applications. In the past three years, only six employees who had been in the principal candidate pool have applied for vacant principal positions.

6 The district's system for formally evaluating employees is designed to improve and reward excellent performance and productivity, and to identify and address performance that does not meet the district's expectations for the employee.

Formal performance evaluations are submitted to the Human Resources Division annually

The purpose of the evaluation process is to enhance instruction by assisting teachers to continuously improve their teaching skills and increase their subject area knowledge. The process also helps identify employees whose performance does not meet expectations. The evaluation process should result in improved teacher performance that will have a positive impact on student performance.

Formal performance evaluations are submitted to the Human Resources Division annually. Annual teacher evaluations are forwarded to the division for inclusion in the individual's personnel file and for use in making decisions about continuing employment. Performance evaluations must be submitted to the division by April 1 of each year. The records clerk uses a printout of all employees to verify that an evaluation has been received for each individual.

In implementing the evaluation system, the district has taken the actions discussed below.

- It has established and implemented procedures for assessing the performance of all instructional personnel and has described those procedures in a *Teacher Evaluation Handbook*. The handbook includes performance criteria that will be used in the assessment and the process that will be used to make the assessment. The *Teacher Evaluation Handbook* categorizes teachers into two groups.

  − Category I includes teachers on annual contracts, teachers on professional services or continuing contracts who are in the last year of certificate validity or who were assessed during the past three years as needing improvement or not meeting minimum performance standards, teachers who choose to participate in Category I, teachers new to the school site, and, at the election of the principal in his/her first year at a school site, all teachers at the school. Category I teachers are evaluated on performance behaviors taken from the Florida Performance Measurement System (FPMS).

  − Category II includes teachers on professional services or continuing contracts who have been assessed as meeting expectations for the past three years, who have taught at the school site for at least one year, and are in the first four years of certificate validity. Category II teachers are evaluated using the accomplished teacher plan.

- It provides a copy of the *Teacher Evaluation Handbook* to all instructional employees;

- The district has developed and implemented performance criteria including measures and standards related to student outcomes for instructional personnel, as required by Florida law.

- It provides employees with a written employee disciplinary procedure that includes provisions of due process. Employee disciplinary procedures for instructional employees are explained in Section 8-9 of the district policy manual and in Article 32 of the Master Contract between the school board of Okaloosa County and the Okaloosa County Education Association.

The district trains administrators to evaluate instructional employees. The Human Resources Division provides evaluator training through an Assessor's Certification Training Program. All evaluators must be certified in the use of the Florida Performance Measurement System (FPMS) before they are allowed to evaluate their employees.

A portion of the evaluation of each instructional employee is an appraisal of the employee's content knowledge in the area of instruction. The evaluator must observe to ensure that the teacher defines the concept, states the value judgment, principle or rule, or names the skill to be presented to the students. The evaluator must also analyze the content of instruction to ensure that the teacher presents the concept, value judgment, principle, rule, or skill at a level that is appropriate for the class.

Instructional employees evaluate and are evaluated by peer teachers as well as by their administrative supervisors. Peer teachers conduct at least three observations and building level administrators conduct two or more observations and both peer teachers and administrators record their data on the appropriate FPMS form. Either the teacher or the administrator may request other professional educators to conduct a formal classroom observation. In addition to formal classroom observations, administrators may use informal observations, interviews, or other methods for evaluating demonstration of competencies.

Poorly performing employees are clearly informed that their performance does not meet the district's expectations. If a teacher does not meet expectations in one or more of the domains evaluated, the evaluator and the teacher must meet to complete an Evaluator/ Teacher Conference Record. The evaluator gives the teacher a copy of the conference record that clearly states the areas in which the teacher's performance did not meet expectations, schedules a re-evaluation, and submits a copy of the record to the human resources division.

When the principal develops a professional development plan for a teacher who did not meet expectations, the principal outlines the corrective actions to be taken and schedules required re-evaluations. Some principals said they include support programs similar to the programs provided for new teachers into the professional development plans they prepare to help substandard teachers get up to par. The principal may also have faculty peers work with that teacher. Principals may call on the Human Resources Division to provide some training or to set up or coordinate materials for the teacher's use.

The division maintains records at the district level for instructional employees who have been notified that their performance was unsatisfactory. The district has a Teacher Evaluation Process Review Committee consisting of two principals, five teachers, and two staff representatives. That committee meets as needed to monitor the evaluation process to ensure that all teachers are evaluated in accordance with district guidelines. District staff said that the division monitors professional development plans on each individual who has been notified that they have been placed on probationary status, received disciplinary action, etc.

7 Employees who fail to meet performance expectations or whose behavior is potentially harmful to students are promptly removed from contact with students.

The district prepares managers to work with poorly performing and potentially harmful employees

District employees are expected to perform their jobs in a highly competent manner and comply with the provisions of the code of ethics and the principles of professional conduct of the education profession in Florida as established by the Florida Education Standards Commission. When the employee's performance is sub-standard or his actions violate the code of ethics, the principal or supervisor must take action to improve the employee's performance or to take appropriate steps to remove the employee from contact with students.

The district trains, guides, and coaches principals and managers on the procedures and issues associated with working with poorly performing and potentially harmful employees. The chief Human Resources officer is responsible for working with principals to document poor performance and to provide administrative and legal consultations to principals and managers in making and implementing decisions to terminate employees. The job description of the chief Human Resources officer identifies serving as a resource person for administrators and supervisors concerning human resource issues as one of the essential duties and responsibilities of the position.

The principal sets the timeline for re-evaluating an employee and is responsible for identifying events that will help the employee improve his/her performance. Teacher re-evaluations usually involve a review committee made up of peer teachers. The Human Resources Division provides training on teacher evaluation during administrative leadership conferences. All principals must be certified on the Florida Performance Measurement System. Workshops relating to evaluation are included in the district's annual administrative leadership conference.

Managing Human Resources

8 The district maintains clear and effective channels of communication with employees.

The district provides an appropriate new-employee orientation program and provides correct, current detailed information to employees via an Internet website, bulletin boards, and fax

The district does not provide employees an employee handbook but each new employee is required to participate in a newcomers' orientation program where they are provided pertinent information about district policies and procedures, work requirements, pay and benefits, evaluations, and grievances. When a new union contract is negotiated, the Human Resources Division makes available copies of the contract that provides current information on employee rights and responsibilities, working conditions, salary and benefits, as well as information about the personnel evaluation process and grievance procedures. Employees also annually receive a risk management packet that describes the health, dental, and life

insurance benefits that the district provides or makes available to district employees. While the district does not distribute an employees' handbook, schools may provide handbooks to employees with information about school policies and procedures.

The district maintains an Internet website that contain correct and up-to-date detailed information for current and potential employees. The website includes information on professional development and personnel services available, a school-year calendar, and district personnel office staffing (i.e., who is responsible for what and how to contact them). The chief Human Resources officer and the staff development program director monitors the site for accuracy. The division recently developed a job description for a web technician, and the school board authorized that position at its meeting on January 14, 2002. District staff said that a vendor is currently working on updating the site for the district and that the web technician will handle future updates. Staff further said that the district uses its websites and fax's to directly inform employees of district news, policy and personnel changes and other relevant information, and that potential applicants may now copy the job application from the website. The chief human resources officer said she expected that the next upgrade of the website would allow applicants to submit completed application forms online.

Assistant superintendents periodically visit individual schools and other work sites to meet with employees. The job description for the assistant superintendents requires them to maintain an active presence within the schools and communities within their zones and to be accessible to principals, parents, students, and community leaders. They also are required to communicate priorities and policies of the district to staff, students, and the public and to perform ongoing performance appraisals of principals and other staff.

The district solicits feedback from its employees. Teachers may provide feedback to the principal or to the school advisory council, and school climate surveys allow all stakeholders to submit feedback. The unions may flow feedback from employees directly to the human resources division. According to district staff, employees may use the district e-mail system to provide feedback to the district. Also, a booklet provided to each new employee at their orientation articulates responsibilities of each district-level office. That orientation booklet contains a list of contact names, with phone numbers, to identify the subject areas with which the contacts deal. In addition, those contact names and numbers are available on the district's website.

When developing or revising major policies, the district solicits and uses input from interested and affected employees through surveys, task forces, work groups or other consensus-gathering approaches. In addition to regularly scheduled meetings of the district school board, public meetings are scheduled in both Crestview and Fort Walton Beach to solicit input from parents, teachers and the community. Public notices regarding these meetings are published and posted well in advance to notify the public of time and location of the meeting

9 The district has efficient and cost-effective policies and practices for providing substitute teachers and other substitute personnel.

The district uses an automated telephone notification system for identifying absences and placing substitute teachers

The district recruits and maintains a sufficient number of substitute teachers to cover most absenteeism peaks. The district has clearly defined procedures for teachers and essential non-instructional personnel to notify the appropriate school or district officials of an anticipated absence and for substitutes to be contacted. District staff said that the district uses the automated Substitute Employee Management

System (SEMS) to contact substitutes to fill temporary classroom vacancies and in October 2001 had enough substitute teachers (491) to meet the demand.

The district equitably assigns substitutes among the schools. The district uses the SEMS to notify substitutes of daily needs. According to district staff, SEMS has established a list based on social security numbers. When SEMS was initially activated it started at the top of the list and continued until the first vacancy was filled. Now, when there is a vacancy, SEMS starts at the point where it filled the last vacancy and continues through the list until the vacancy is filled. Therefore, it goes completely through the list before repeating, giving all potential substitutes an equal opportunity to be contacted about a vacancy.

The district provides ongoing training and orientation for substitute teachers. According to district staff, the district provides initial training for substitutes in the same manner as for full-time teachers, using the materials in the newcomers awareness orientation.   Schools may provide further training for substitutes. Also, substitute teachers may participate in scheduled staff development activities.

The district routinely provides special training and oversight to those who must substitute for extended teacher absences. District staff said that long-term substitutes participate in the same school-based training that is provided for full-time teachers.

The district monitors rates of absenteeism among teachers and other essential employees. The district has defined what constitutes excessive absenteeism, and has developed policies/practices to deal effectively with the problems created by excessive absenteeism. According to district staff, the Human Resources Division maintains a cumulative-leave-without pay report and presents updates to the superintendent and school board at school board meetings.

10 Although the district maintains personnel records in a manner that complies with state requirements, those records could be more efficiently maintained and used if basic personnel information was automated.

The district uses a manual personnel records system to maintain basic personnel records for all employees

The district does not use automated record-keeping systems to minimize the use of antiquated or time-consuming hardcopy record systems. Officials at school sites cannot access personnel records on an automated personnel system. The chief Human Resources officer said that if funds were available automating personnel records would be her first priority for upgrading personnel practices. She said that she had discussed automating personnel records with staff from the Escambia County School District, which had recently completed an automation process, and that it would cost between $80,000 and $100,000 to automate the records in the Okaloosa County School District.

Primary personnel records are maintained in hardcopy in individual folders at the Human Resources Division offices. Individuals may review their records by presenting an individual access record form to the personnel office. Members of the public may also review those portions of the personnel records that are subject to the public records laws of Florida. Secondary records may be maintained at the schools, shops, or offices where the employee works.

While personnel records, including confidential records, are maintained in accordance with Florida Statutes and State Board of Education Rules, they could be easier to maintain and used more effectively if basic personnel data was automated. Except for staff development records, general personnel information

on employees is not automated and supervisors must either visit or call the personnel office to get information about their employees.

Although the district has an effective record keeping system for maintaining hardcopy personnel records, and uses appropriate and cost-efficient archiving methods, the usefulness of personnel records of current employees could be improved by automating those records. While schools and shops annually get a printout that includes some basic information about their employees, they usually have to call the human resources division to get specific answers about individual employees. According to district staff, personnel records are moved from the active file to archives when an employee terminates employment with the district. Archived records are presently saved on compact disks and older archived records were copied on microfilm.

The district updates personnel records in a timely manner. The file clerk manually maintains personnel records up-to-date. Records are filed in alphabetical order, with no differentiation between instructional or non-instructional. Individual records are organized into five sections.

- Retirement Records
- Applications and Payroll Documents
- Evaluations and Contracts
- Certification Documents
- Payroll Deduction Authorizations

We reviewed a randomly selected sample of individual personnel files. We found that the personnel records were generally well organized, and, with two exceptions, generally contained the forms and records expected. The exceptions were that personnel files did not include position descriptions and did not contain training records.

The file clerk explained that position descriptions are maintained in a separate notebook. We reviewed the position descriptions notebook and noted that, while there is a place for the employee and the supervisor to sign and date the position description, the position description is not attached to the annual evaluation form or otherwise filed in the employee's personnel record.

The program director for staff development explained that training records for all employees are maintained in a computer database and demonstrated how those records were kept. She said that training records were primarily used to track progress of instructional employees toward meeting certification and re-certification requirements.

Recommendations

- *We recommend that the district develop and implement an automated filing system to maintain basic personnel records for all employees by January 1, 2004.*

Action Plan 7-6

The District Should Implement an Automated Personnel Records Keeping System	
Strategy	The Okaloosa County School District should develop and implement a system of automated personnel records.
Action Needed	Step 1: Identify basic personnel data that should be retained in an automated personnel database.
	Step 2: Design a database format to include the needed data.

	Step 3:	By January 1, 2003, enter data for all district employees newly hired since January 1, 2001.
	Step 4:	Test the database to ensure that it contains appropriate data and that needed data can be easily accessed.
	Step 5:	Revise the database format as indicated by the testing.
	Step 6:	By December 31, 2003, enter data for all remaining active employees.
	Step 7:	Activate the database no later than January 1, 2003.
	Step 8:	Enter data in the database as new employees are hired.
Who is Responsible	Chief Human Resources Officer	
Time Frame	January 1, 2004	
Fiscal Impact	The chief human resources officer estimated that the initial development and data entry will cost the district $80,000 to $100,000. She also said that once the automated system was implemented the existing staff could maintain the system in future years without additional resources. Therefore, the estimated cost for the next five years would be between $80,000 and $100,000.	

Source: OPPAGA.

11 The district uses cost containment practices for its Workers' Compensation Program.

The district currently administers its own workers' compensation program

The district essentially is self-insured for small, high-frequency claims, but uses a self-insured retention with a base level of $300,000 for less-frequent, high cost claims. Self-insured retention means that the district purchases insurance coverage for large, potentially catastrophic claims. The risk management program director said that he closely scrutinizes documentation related to workers' compensation claims but seldom challenges small claims for which appropriate documentation has been submitted because those challenges usually involve more costs than the district would have to pay on the claim.

The district has disseminated procedures to all employees concerning prompt reporting of all on-the-job injuries. The district has developed a pamphlet, *Injuries to Personnel*, that it distributes to employees. The pamphlet describes the procedures required when an injury occurs on the job. To report an injury and initiate a possible claim, the employee and the supervisor complete a first report of illness form that is sent to the risk management office. Further actions to be taken are based on the severity of the injury and the amount of work time lost as a result of the injury.

The risk management program director periodically reviews the district's workers' compensation program to evaluate workers compensation claims and expenses and prepares a monthly review and report of workers' compensation expenditures. The workers' compensation budget includes an allocation for current year claims and an allocation for prior year claims. For the 2001-02 school year the workers' compensation budget is for about $300,000.

When an on-the-job injury occurs, the district establishes a reserve from the current year's budget to cover the anticipated costs of the claim. When a case is closed, any funds not spent from the allocation revert to the general fund. A case can be closed after one year but may carry over for several years. When a case carries over from one year to the next, the reserve and the allocation are carried forward. The district currently has nine carryover cases related to medical coverage. The risk management program director estimated that old claims will increase the total program cost for 2001-02 to about $600,000.

A 1998 audit report published by the Florida Department of Labor and Employment Security said that the district had met minimum standards in all areas except prompt disposition of medical bills. A 1999 re-audit of that area produced conclusions that the district had taken appropriate actions to correct the previously existing conditions.

The manager of the workers' compensation program is uniquely qualified for his position based on his background as an insurance agent and claims adjuster. If he left the district, it would have to either hire another employee with his experience and skills as an insurance agent and adjuster with a claims background or contract with a third party adjuster to handle workers' compensation.

The district uses the results of its evaluations to be proactive in attempts to cost-effectively reduce frequency and cost of workers' compensation claims. The risk management program director reviews all claims to identify potential problem areas. School safety committees work to reduce injuries by correcting physical problems at the schools and by counseling employees on injury prevention measures.

The district published a comprehensive safety and health plan for 1990-91 that is being implemented on an area basis rather than district-wide. Efforts focus on prevention of carelessness and reduction of injuries. As required by state law, each school bus is inspected by a state certified inspector every 20 working days, or about once each month. Inspection records are maintained at the transportation department. Last year food service equipment was inspected about every two months but now it is inspected less often. However, quality control managers check sanitation requirements.

12 The district has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the human resource program.

The district does not have a current strategic plan; therefore, there are no established goals and measurable objectives for the Human Resources Division

As discussed in Chapter 3, Management Structures, the district does not have a current strategic plan. The chief human resources officer said that several years ago the district had developed some documents that contained goals and objectives for the human resources division but that they are not presently being used. She further said that, while the division does not have written goals, the division's unwritten goals are to provide the best possible service to the district and to simplify paperwork.

The district does not use appropriate performance and cost-efficiency measures and interpretive benchmarks to evaluate the human resources program and to make personnel-related management decisions. However, in 2001 and 2002, the superintendent recommended reorganizations and froze vacant positions. Exhibit 7-10 shows the fiscal impact of these actions.

Exhibit 7-10

Cost Savings From Staff Changes Through Reorganization in 2001 and 2002

Action	Number of Positions	Cost Impact
Eliminated/Unfilled	(56)	($3,249,617.82)
Decentralized	(28)	($1,516,658.52)
Added	32	$2,186,421.25
TOTAL NET DISTRICT STAFF REDUCTIONS [(Eliminated/unfilled+ decentralized)-added=Total net reductions in district staff]	**(52)**	**($2,579,855.09)**

Source: Okaloosa School District.

During the budget preparation process the district informally evaluates the performance and cost of the human resource program and analyzes potential cost savings of alternatives, such as outside contracting and privatization. According to the chief Human Resources officer, the district annually conducts an informal review as part of the budget development process. The amount of money available controls what can be done. The division considered privatizing risk management, but felt that it would cost much more than it now costs with the current program director running that operation. According to district staff, principals review the cost of services provided by the district, such as maintenance and custodial services and use outside contractors when financially prudent.

Recommendations

- *We recommend that the district develop and implement a strategic plan in accordance with the procedures suggested in Action Plan 3-5 in Chapter 3, Management Structures.*

13 The district reviews the organizational structure and staffing levels of the Human Resources Division during the budget preparation process to minimize administrative layers and processes.

The Human Resources Division staffing level, though austere, appears to work reasonably well for the district

The district has four administrators and 14 administrative support staff to perform all personnel, labor negotiation, equity/investigation, staff development, and risk management functions assigned to the human resources division. Division staff said the district reviews the human resource program's organizational structure and staffing levels when preparing its annual budget recommendations to minimize administrative layers and processes. Although the organizational structure of the division is normally reviewed during the budgeting process, it was most recently reviewed when the new administration took office in January 2001.

The district also periodically compares the division's staffing levels to human resources programs in other districts. The most recent comparison was with the Santa Rosa County School District, which is smaller but operates in a similar manner. According to division staff, comparisons are difficult since districts organize and operate differently, and while Okaloosa looks at other districts and tries to emulate their successful operations, the division often does not have funds available to make improvements.

14 The district periodically evaluates its personnel practices and adjusts these practices as needed to reduce costs and/or improve efficiency and effectiveness.

Review of personnel practices is an ongoing process, but practices seldom change because of the costs

The Human Resources Division budget and needed improvements are discussed with the school board annually during the budgeting process. The chief Human Resources officer said that the most recent recommendation was to provide an incentive for long-term employees to retire. The district offered a 40% bonus for employees to retire in January 2002 rather than waiting until the end of the school year.

The chief Human Resources officer said that there were 136 district employees who could qualify for that option. District staff later reported that 53 employees, including many bus drivers, took advantage of the incentive.

The district periodically solicits feedback from school staff as to whether the human resource program is efficiently and effectively serving the district. According to district staff, changes often result from informal suggestions. This feedback is provided to the superintendent and the school board. Division staff said that instructions for the SEMS system and times for calling subs were adjusted based on schools' and employees' suggestions. While feedback is sought from schools, some support area supervisors reported that the human resources division has not asked them for input. Supervisors said that they can contact the division for information and can volunteer feedback, but that feedback is not really solicited.

Requests for personnel assistance from administrators and employees are handled expeditiously at the district level. District staff said that the district does not use an automated phone systems but that the manual telephone system, email, FAX, and the updated district website are used as a means of answering inquiries whenever possible. The chief human resources officer said that an automated telephone system would not be an improvement over the present situation. Division staff telephone numbers are well distributed throughout the district and employees know who to talk to in order to get the information they need. Also, retirees don't like to use the automated telephone idea and tend to get frustrated when they have to jump through hoops to get information. Principals and support area supervisors agreed that there was no need for an automated telephone system. They reported that they received good support from the human resources division whenever they requested information about their employees.

15 For classes of employees that are unionized, the district maintains an effective collective bargaining process.

The district chief negotiator and the chief negotiator for both unions agreed that the negotiation process in Okaloosa County is good for both the district and the employees

The negotiation process gives the unions an opportunity to bring matters they consider important to the district and for the district to respond. There are usually two or three meetings between the district and the unions, beginning in June, and they usually solve most problems pretty early. However, it is usually after the start of school before they settle on salaries.

The negotiators on both sides work hard to prevent negotiations from becoming confrontational and to maintain a collegial atmosphere. The union negotiator said that most of the problems they face are based on state decisions or requirements. In the end, the district and unions seem to be able to agree on important matters. The chief union negotiator said that he could recall only one instance in the past 15 years in which the district and the union were not able to work out their differences.

The district has designated the chief human resources officer as the person responsible for labor relations and contract negotiations. District staff said that the job description for the chief requires the incumbent to serve on the negotiating team and that the recently retired chief human resources officer had served as the district's chief negotiator for at least the past 5 years.

The district has clearly defined procedures regarding the roles and responsibilities of the negotiator, the superintendent and school board members during the negotiation process. The district's chief negotiator works directly with the union negotiators to reach agreements. The district superintendent provides guidance and counsel during negotiations, and the board makes the final decision about agreements reached during negotiations. According to district staff, the chief negotiator meets in executive session with the board and the superintendent as needed to evaluate union proposals throughout the negotiations

procedures. Upon receipt of union proposals not related to salary, district officials determine the estimated costs and the advantages and disadvantages of each proposal. District staff said that an administrator from the Finance Department serves on the negotiating team to evaluate the cost of proposals.

School and unit administrators are asked to identify potential issues of concern that could be raised in the collective bargaining process. District staff said that several principals serve on the negotiating team and serve as liaisons to peers. District negotiators evaluate the costs or potential cost savings associated with these issues and then meet with district administrators to determine the feasibility of addressing the concerns raised and whether the district wishes to include these issues in the district's proposals to the unions.

The district and union negotiating teams do not include attorneys trained in collective bargaining law and procedure. District staff said that the school board attorney serves as a consultant to the district's negotiation team and that the Okaloosa County Education Association and Okaloosa County Education Support Personnel Association have access to outside counsel if they feel it is necessary.

District staff said that archival records of negotiations are maintained in the personnel services office and updated as necessary. Official records are maintained in the school board's offices and, as public records, are available for access by district staff, the unions, and the general public.
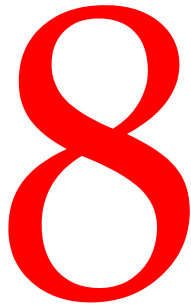
8 Use of Lottery Proceeds

The district has defined enhancement, allocates lottery proceeds to School Advisory Councils and charter schools as required by law, and reports the costs of specific activities supported with lottery proceeds.

Conclusion

The Okaloosa County School District is using all five best practices for the use of lottery proceeds. The district has defined educational enhancement and is spending its lottery proceeds consistent with its definition. District lottery proceeds are spent primarily for salaries and benefits of school-based personnel whose activities meet the district's definition of enhancement.

Overview of Chapter Findings

The Auditor General reviewed the district's use of lottery proceeds using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. We employed several methodologies to develop chapter conclusions and action plans. We reviewed the district's financial and program records in an effort to determine the extent to which the district was using the best practices. Where necessary, we verified the information contained in these records. We conducted site visits, public forums, and surveys to identify potential issues related to the use of lottery proceeds. During our site visits, we interviewed district financial and administrative staff to strengthen our understanding of district processes related to the management and monitoring of lottery activity. Our surveys sought participation from school board members, district staff, school advisory council members, and parents. At our public forums, we received participation from the general public. We also compared various practices and issues that exist at Okaloosa County School District in the use of lottery proceeds with its peer school districts of Alachua, Bay, Lake, Marion, and Santa Rosa counties.

Fieldwork was concluded in July 2002, therefore any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Lottery Proceeds

1. The district has defined "enhancement" in a way that the public clearly understands. (Page 8-6)
2. The district uses lottery moneys consistent with its definition of enhancement. (Page 8-7)
3. The district allocates lottery proceeds to school advisory councils as required by law. (Page 8-8)
4. The district accounts for the use of lottery moneys in an acceptable manner. (Page 8-9)
5. The district annually evaluates and reports the extent to which lottery fund expenditures have enhanced student education. (Page 8-10)

Fiscal Impact of Recommendations————

There are no recommendations relating to the district's use of lottery proceeds.

Background————————————————

The district has established an Office of Quality Assurance and Curriculum Support to monitor the district's compliance with the requirements of major programs operated by the district. As part of its duties, the Office monitors program requirements related to lottery proceeds. Exhibit 8-1 shows the organization of the Office of Quality Assurance.

Exhibit 8-1

The Quality Assurance Function is Responsible for Monitoring the Use of Lottery Proceeds
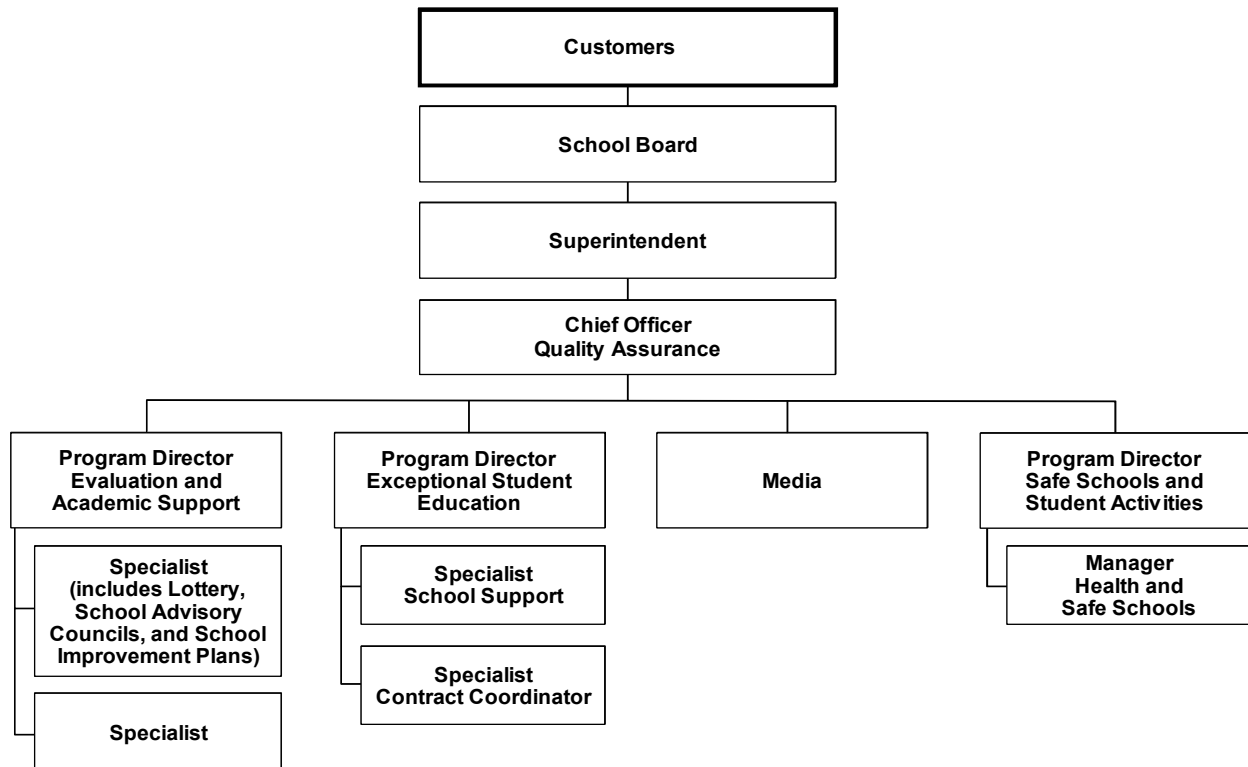
Source: Okaloosa County School District.

State Funding

The Legislature intends that school districts use the net proceeds of lottery games to support improvements in public education. Districts are not to use these proceeds as a substitute for existing resources for public education.

Each fiscal year at least 38 % of the gross revenue from the sale of lottery tickets and other earned revenue, excluding application processing fees, is deposited in the Educational Enhancement Trust Fund

which is administered by the Department of Education. The Legislature apportions money in the trust fund among public schools, community colleges, and universities. The 2001 Legislature apportioned $170,250,000 of enhancement moneys to school districts. These moneys are allocated to the districts by prorating each district's K-12 base funding to the amount of the appropriation.

School District Proceeds

In the 2000-01 fiscal year, Okaloosa County School District received lottery proceeds of $2,275,389. Projected lottery proceeds for the 2001-02 fiscal year are $1,992,765. Exhibit 8-2 presents a historical perspective of lottery proceeds the district received over the last 10 years plus projected lottery proceeds for the 2001-02 fiscal year.

Exhibit 8-2

Lottery Proceeds Received by the District Have Declined
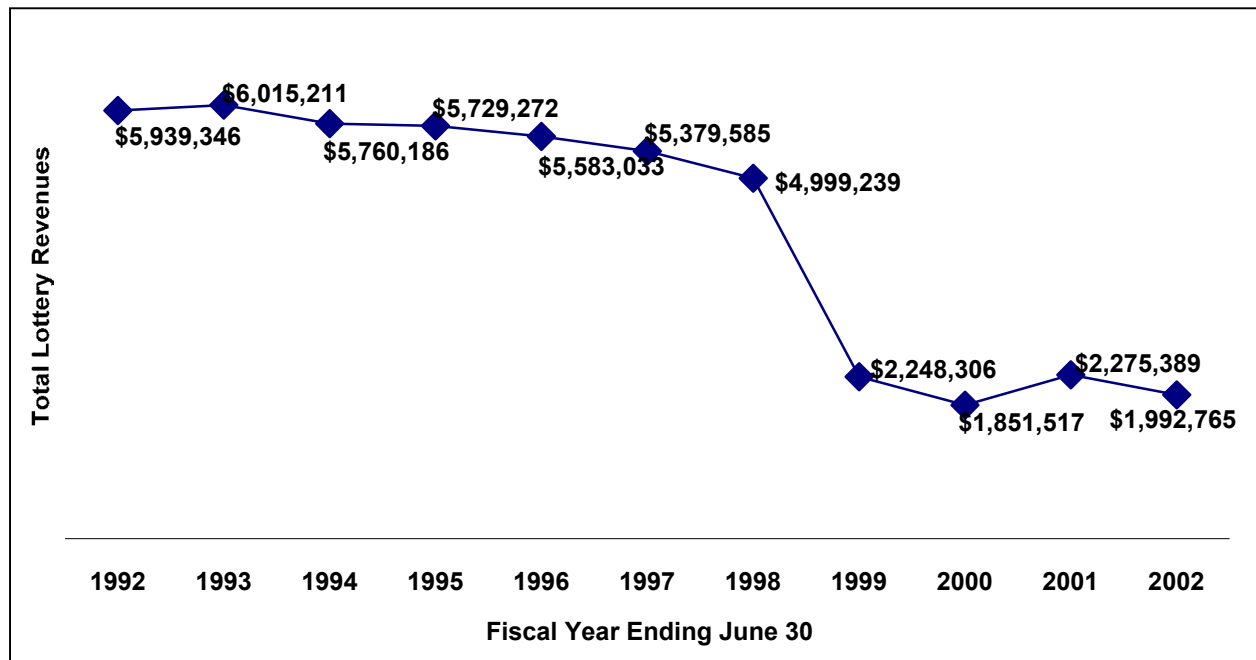
Source: Okaloosa County School District – Superintendent's Annual Financial Reports (Form ESE 145) and 2001-02 budget documents.

The significant decline that occurred beginning with the 1998-99 fiscal year is attributed to the Legislature appropriating a greater portion of the lottery moneys to support the Bright Futures Scholarship Program, Classrooms First, and 1997 School Capital Outlay Bond programs.

School District Lottery Expenditures

In order to timely prepare the budget, the district begins budget planning for the new fiscal year prior to receiving revenue projections from the state. As such, it must estimate certain revenues for planning purposes. During budget planning for the 2001-02 fiscal year, the district estimated that it would receive $2,244,856 in lottery funding. Subsequently, the district learned that the projected funding would be $1,992,765. Because spending plans had already been established for lottery resources, the district supplemented the difference from unrestricted general fund resources.

Once each school district receives its lottery allocation for a fiscal year, the allocation is further reduced for amounts required to be allocated to each school advisory council (SAC) and to charter schools. For

example, for the 2001-02 fiscal year, the district's current lottery projection is $1,992,765. From this money, the district is required to allocate $10 for each unweighted full-time equivalent (UFTE) student to each school for use by the school advisory councils. Also, if the district has charter schools, the district is required, pursuant to s. 228.056(13)(b), *Florida Statutes*, to provide each of the charter schools its allocable share of lottery moneys based on the number of students attending the charter schools. The district allocated these proceeds as shown in Exhibit 8-3.

Exhibit 8-3

The District's Distribution of 2001-02 Lottery Proceeds

District Allocation	2001-02		
	Projected	Supplement	Total
Lottery Enhancement	$ 1,672,627.54	$ 211,592.61	$ 1,884,220.15
School Advisory Councils	287,447.60	-	287,447.60
Charter Schools	62,658.15	-	62,658.15
Reserves pending FTE and State Budget Revisions	10,530.10	-	10,530.10
Total	**$ 1,992,765.00**	**$ 211,592.61**	**$ 2,244,856.00**

Source: Okaloosa County School District – Finance Office Budget Documents

Exhibit 8-4 shows the allocation of lottery enhancement moneys to the schools for the 2001-02 fiscal year; Exhibit 8-5 shows the allocation of lottery moneys to school advisory councils; and Exhibit 8-6 shows the allocation of lottery moneys to charter schools.

Exhibit 8-4

The District Allocates Lottery Enhancement Moneys to Each School to Comply with Site-Based Management Requirements

School Name	Enhancement 2001-02
Antioch	$ 42,016.00
Baker	85,763.00
Bluewater	44,488.00
Bob Sikes	34,038.00
Bruner	73,461.00
Cherokee	39,956.00
Choctawhatchee	125,984.00
Crestview and Crestview Vo-Tech	117,458.00
Davidson	53,851.00
Destin Elementary	48,134.00
Destin Middle	33,608.00
Edge	29,252.00
Edwins	25,215.00
Elliott Point	38,562.00
Emerald Coast Marine Institute	5,213.00
Florosa	34,495.00
Ft. Walton	134,080.55
Kenwood	37,453.00
Laurel Hill	27,257.00
Lewis	43,214.00
Longwood	36,698.00
Mary Esther	31,578.00
Meigs	45,869.00
New Heights	26,593.00

School Name	Enhancement 2001-02
Niceville	142,936.00
Northwood	32,717.00
Oak Hill	34,517.00
Ocean City	36,563.00
Okaloosa Applied Technology Center	18,880.00
Plew	39,889.00
Pryor	56,177.00
Richbourg	52,603.00
Ruckel	66,680.00
Shalimar	34,569.00
Silver Sands	7,837.60
Southside	35,169.00
Valparaiso	31,646.00
Walker	41,817.00
Wright	37,983.00
Total	**$ 1,884,220.15**

Amounts allocated to each school were based on UFTE students and carry-overs from prior fiscal years.

Source: Okaloosa County School District – Project Ledger

Exhibit 8-5

The District Allocates $10 per UFTE
to the School Advisory Councils as Required by Law

School Name	School UFTE	SAC Allocation 2001-02
Antioch	632.00	$ 6,320.00
Baker	1,290.03	12,900.30
Bluewater	669.17	6,691.70
Bob Sikes	512.04	5,120.40
Bruner	1,104.98	11,049.80
Cherokee	601.00	6,010.00
Choctawhatchee	1,895.00	18,950.00
Crestview and Crestview Vo-Tech	1,756.00	17,560.00
Davidson	810.00	8,100.00
Destin Elementary	724.01	7,240.10
Destin Middle	543.56	5,435.60
Edge	440.00	4,400.00
Edwins	379.30	3,793.00
Elliott Point	580.00	5,800.00
ESE	13.50	135.00
Florosa	518.84	5,188.40
Ft. Walton	2,010.00	20,100.00
Gulf Coast Assignment Center	138.68	1,386.80
Gulf Coast Residential Center	20.00	200.00
Kenwood	563.35	5,633.50
Laurel Hill	410.00	4,100.00
Lewis	650.00	6,500.00
Longwood	551.99	5,519.90
Mary Esther	474.99	4,749.90
Meigs	689.97	6,899.70

School Name	School UFTE	SAC Allocation 2001-02
New Heights	399.99	3,999.90
Niceville	2,149.95	21,499.50
Northwood	492.11	4,921.10
Oak Hill	519.19	5,191.90
Ocean City	549.98	5,499.80
Okaloosa Applied Technology Center	284.00	2,840.00
Okaloosa Detention Center	66.66	666.60
Okaloosa Youth Academy	133.36	1,333.60
Okaloosa Youth Development Center	86.66	866.60
Plew	600.00	6,000.00
Pryor	845.00	8,450.00
Richbourg	791.24	7,912.40
Ruckel	1,002.99	10,029.90
Shalimar	519.97	5,199.70
Silver Sands	120.00	1,200.00
Southside	528.94	5,289.40
Valparaiso	476.00	4,760.00
Walker	628.99	6,289.90
Wright	571.32	5,713.20
Total	**28,744.76**	**$ 287,447.60**

Source: Okaloosa County School District – Finance Office Budget Documents.

Exhibit 8-6

**The District Allocates Lottery Moneys
to Charter Schools as Required by Law**

Charter School	Funds Allocated 2001-02
Okaloosa Academy	$ 20,105.00
Okaloosa-Walton Community College Charter School	11,927.00
Liza Jackson Prep School	30,627.00
Total	**$62,659.00**

Source: Okaloosa County School District General Ledger.

Use of Lottery Proceeds

1   The district has defined "enhancement" in a way that the public clearly understands.

Okaloosa County School Board used stakeholder involvement to define enhancement

According to Florida law, prior to the expenditure of educational enhancement (lottery) proceeds, each school district is required to:

- Establish policies and procedures that define enhancement,

- Identify the types of expenditures that are considered consistent with its definition, and
- Provide the Florida Department of Education a copy of all procedures that relate to the use of enhancement moneys.

The district updated its definition of enhancement during the course of our review. Prior to this change, the definition had not been revised in at least 10 years. The current version defines enhancement as "*those program activities and services that contribute to student learning and achievement which exceed the required basic instructional programs and services.*" The district also has operational procedures that provide examples of enhancement activities, such as school improvement/accountability, supplemental allocations to lower/maintain student-to-teacher ratios, and other services originally mandated or partially funded by law (categorical programs).

The district has established a School Leadership Committee that comprises district personnel and involved members of the community, including representatives from school advisory councils. Members of this committee include representatives from all major stakeholder groups. As a part of its procedures for implementing policy changes, the School Leadership Committee developed and reviewed the new enhancement definition before it was sent to the board for approval.

2   The district uses lottery moneys consistent with its definition of enhancement.

The district can demonstrate that it uses lottery proceeds consistent with its definition of enhancement

After allocating proceeds to the SACs and charter schools as shown in Exhibits 8-3 through 8-6, the district can use the remaining lottery moneys for educational enhancement. The district uses its lottery enhancement proceeds to support activities consistent with its definition of enhancement. Exhibit 8-7 shows that over the past three years, the district has consistently spent lottery enhancement proceeds on salaries and benefits for school-based personnel supporting enhancement programs.

Exhibit 8-7

The District Spends Its Lottery Enhancement Proceeds
Primarily on Salaries and Benefits for School-Based Personnel

	1998-99[1]	1999-00[1]	2000-01[1]
Maintain Student Development Services and Provide Resource Personnel for Elementary Schools (Used to pay salaries and benefits of guidance counselors and elementary resource teachers)	$ 1,957,285	$ 1,476,590	$ 1,984,574
Total	**$ 1,957,285**	**$ 1,476,590**	**$ 1,984,574**

[1] During these years, the district budgeted amounts greater than what was received for enhancement activities. Although other allowable activities were paid from amounts budgeted for enhancement, the most prevalent activities were guidance counseling and elementary resource activities and the amount budgeted and expended for these activities exceeded the amount of lottery moneys received

Source: Okaloosa County School District General Ledger.

3   The district allocates lottery proceeds to the school advisory councils as required by law.

Each school has an approved school improvement plan

The law requires districts to give a portion of lottery proceeds to SACs. This law also requires the SACs to use at least a portion of the proceeds on school improvement plans. Prior to allocating $10 per UFTE to a school's SAC, the school must have a school improvement plan. Section 230.23(16), FS, requires school boards to annually approve and require implementation of a new, amended, or continuation school improvement plan for each school in the district. These plans should be designed to achieve the state education goals and student performance standards. The board has approved school improvement plans for all district schools and centers.

SAC lottery allocations are used to implement school improvement plans

The law requires districts to give a portion of lottery proceeds to SACs. This law also requires the SACs to use at least a portion of the proceeds on school improvement plans. At the same time, the Legislature intentionally provided SACs considerable flexibility in how they spend their lottery proceeds. During the 2000-01 fiscal year, approximately 57 % or $165,000 of SAC expenditures were for teaching supplies, payment for substitutes while teachers assisted in the development and design of school improvement plans, and computer hardware, which was a part of the school improvement plans.

Many SACs spend their annual SAC lottery allocations

SACs spent $289,324.25 and encumbered $9,096.52 of the $351,959.35 in lottery moneys that were allocated to them for the 2000-01 fiscal year. Many SACs spent most or all of their allocations. Some SACs had larger unexpended balances. Exhibit 8-8 shows the balances for each school that was allocated SAC lottery moneys during the 2000-01 fiscal year. Other than the fact that the SACs are provided these moneys to improve their schools, there is no requirement that all SAC lottery allocations be expended each year.

Exhibit 8-8

Many SACs are Spending their SAC Lottery Allocation

School Name	2000-01 SAC			Unencumbered	Percentage
	Allocation[1]	Expenditures	Encumbrances	Balance	Unenc.
Antioch	$ 9,632.50	$ 8,189.05	$ 1,302.03	$ 141.42	1.47%
Baker	15,811.01	14,441.70	1,172.00	197.31	1.25%
Bluewater	6,768.30	226.66		6,541.64	96.65%
Bob Sikes	5,508.20	4,593.13	861.50	53.57	0.97%
Bruner	11,638.53	7,434.22		4,204.31	36.12%
Cherokee	10,305.80	7,065.11		3,240.69	31.45%
Choctawhatchee	20,372.50	20,253.30		119.20	0.59%
Crestview and Crestview Vo-Tech	19,266.89	17,351.65		1,915.24	9.94%
Davidson	9,314.84	9,143.76		171.08	1.84%
Destin Elementary	7,878.89	7,387.07		491.82	6.24%
Destin Middle	8,009.69	7,352.02	270.00	387.67	4.84%
Edge	5,273.53	3,058.99		2,214.54	41.99%
Edwins	4,738.92	4,738.44		0.48	0.01%

School Name	2000-01 SAC			Unencumbered Balance	Percentage Unenc.
	Allocation[1]	Expenditures	Encumbrances		
Elliott Point	13,438.21	9,261.36		4,176.85	31.08%
Florosa	5,960.00	5,658.99		301.01	5.05%
Ft. Walton	22,741.83	20,887.15		1,854.68	8.16%
Kenwood	6,129.40	4,012.28		2,117.12	34.54%
Laurel Hill	4,989.59	2,411.48	1,489.00	1,089.11	21.83%
Lewis	6,500.00	6,500.00		-	0.00%
Longwood	5,330.56	5,043.68	286.88	-	0.00%
Mary Esther	5,221.78	5,221.78		-	0.00%
Meigs	7,228.98	7,149.70		79.28	1.10%
New Heights	7,029.42	6,385.55		643.87	9.16%
Niceville	23,247.95	22,547.06		700.89	3.01%
Northwood	4,431.44	3,070.89	1,166.49	194.06	4.38%
Oak Hill	7,184.74	6,466.87		717.87	9.99%
Ocean City	5,957.45	(1,558.79)		7,516.24	126.17%
Okaloosa Applied Technology Center	4,445.81	3,052.84	618.72	774.25	17.42%
Plew	10,416.99	8,131.16		2,285.83	21.94%
Pryor	15,967.21	13,047.76		2,919.45	18.28%
Richbourgh	8,087.06	7,620.89		466.17	5.76%
Ruckel	11,330.75	5,645.16	500.00	5,185.59	45.77%
Shalimar	11,565.37	10,980.75	299.00	285.62	2.47%
Silver Sands	1,120.00	1,120.00		-	0.00%
Southside	8,327.64	7,444.42	680.90	202.32	2.43%
Valparaiso	7,444.17	5,789.63		1,654.54	22.23%
Walker	7,200.00	7,200.00		-	0.00%
Wright	6,143.40	4,998.94	450.00	694.46	11.30%
Total	**$ 351,959.35**	**$ 289,324.65**	**$ 9,096.52**	**$ 53,538.18**	**15.21%**

[1] Includes the 2000-01 fiscal year SAC lottery allocation and carry-over amounts from prior years.

Source: Okaloosa County School District – Finance Office Budget Documents.

4 The district accounts for the use of lottery moneys in an acceptable manner.

The district uses a unique funding code to account for lottery proceeds

School districts are required to use a uniform chart of accounts established by the Florida Department of Education to record accounting transactions. The Florida Department of Education has established revenue account code number 3344 to account for lottery moneys received by the districts. Okaloosa County School District uses this revenue code to account for its lottery collections.

The district has established specific project codes to account for expenditures of lottery proceeds

The district uses project numbers to separately account for SAC expenditures and lottery (enhancement) expenditures. However, prior to the 2001-02 fiscal year, the district's recorded enhancement expenditures exceeded the amount of lottery proceeds allocated to the district. For example, during the 2000-01 fiscal year, the district's project records show that it expended $6,442,594.30 for enhancement activities. The

annual expenditure report of discretionary lottery expenditures that the district submitted to the Florida Department of Education reported $1,984,574 of lottery enhancement expenditures, a difference of $4,458,020.30. The reason for this difference is because of the way the district budgeted for the use of lottery proceeds in fiscal years prior to the 2001-02 fiscal year.

As indicated in Exhibit 8-2, in prior fiscal years the district's lottery proceeds were much higher than they are now. During these earlier years, the district identified specific positions it planned to support using lottery proceeds and budgeted for these positions accordingly. If lottery proceeds were less than the amount needed to pay for the earmarked positions, the district would supplement the lottery proceeds so that the earmarked positions were budgeted. The district continued to budget for these positions in more recent years, even though the lottery proceeds got much smaller. As long as there were sufficient expenditures that met the district's enhancement definition, the district could report enhancement expenditures to the Florida Department of Education to the extent of the revenues received.

Effective with the 2001-02 fiscal year, the district implemented several changes to its accounting processes. Although its focus has been on site-based management for several years, these new changes place greater responsibility and accountability for the use of resources, including lottery moneys at the school level, with the principal being responsible and accountable for the use of the allocations. Lottery enhancement moneys are allocated to each school site based on the number of UFTE students at each school, much like the SAC lottery moneys.

Each principal is aware of the enhancement definition and the guidelines for acceptable uses of lottery proceeds. Also, each principal is required to consider stakeholder involvement when developing the school's budget. This includes identifying and budgeting for the enhancement activities that are considered most beneficial at each school. Exhibit 8-3 shows lottery enhancement dollars appropriated to the schools for the 2001-02 fiscal year.

5   The district annually evaluates and reports the extent to which lottery fund expenditures have enhanced student education.

The district annually reports lottery expenditures to the Department of Education

As required by law, the district submits an annual report to the Florida Department of Education that identifies the expenditure of its lottery proceeds within 60 days of the end of the fiscal year.

The district reports lottery expenditures to the public

Florida law requires each school district to make available and distribute to the public on a quarterly basis the expenditure of lottery proceeds in an easy to understand format. Although this information has not been provided in the two most recent fiscal years (but had been prior to that), the district has begun using a flyer to report lottery expenditures on a quarterly basis effective with the 2001-02 fiscal year. The district also plans to place quarterly lottery expenditure information on the district's web site in the future. Presently, copies of the flyer are made available at the district offices and schools, and are given to students to take home to their parents.

This flyer summarizes expenditures from lottery enhancement and SAC lottery allocations on a districtwide basis and by expenditure type, such as salaries, training costs, travel, and so on. The information is not presented on a school-by-school basis, although that information is available if requested.

Lottery expenditure information is provided to the School Board, District Administrators, and the public

School board members and district administrators are provided monthly budget reports showing budget versus actual comparisons for project transactions, which include both lottery enhancement and SAC lottery transactions. Appropriate administrative staff use these reports to monitor available budget.

Although lottery expenditures are accounted for by broad project and expenditure type, district staff analyze these expenditures so that the quarterly reports of expenditures provided to the public shows lottery expenditures by activity. This information is provided to the school board, district administrators, and the public.

9 Use of State and District Construction Funds

The Okaloosa County School District uses construction funds in a lawful manner for intended purposes. It has recently taken steps to improve procedures to better match revenues to expenditures.

Conclusion

The district meets all four of the best practices regarding the use of local and state construction funds. It has recently hired a capable and experienced finance director and added a budget director to the finance department. The new finance director performed a complete review of the capital outlay program and implemented new internal procedures to ensure that the finance office approves all change orders prior to approval by the board.

Thanks to the successful passage of the local one-cent sales tax in 1994, the district has been able to achieve a pay-as-you-go system for facilities construction. The "Penny for our Schools" sales tax campaign raised $67 million dollars in four years and could serve as a model for other Florida school districts. The sales tax revenue plus the additional state funding has enabled the district to construct, renovate, and remodel facilities while incurring little debt. With the recent downturn in the economy and resulting budget shortfalls, the district is pleased to have the bulk of its capital construction projects behind it.

During the course of this review, OPPAGA identified a number of district accomplishments in the use of state and district construction funds, some of which are included in Exhibit 9-1 below.

Exhibit 9-1

The District Has Had a Number of Notable Accomplishments in Use of State and District Construction Funds in the Last Three Years

- In the second contract with the construction management firm (total program manager), the district implemented a validation process in which an outside firm verified the total program manager's guaranteed maximum price before accepting it. This safeguard saved the district $164,430 on Max Bruner Middle School's renovation and approximately $400,000 on its roofing projects. [1]

- The district hired an experienced budget director.

- The district implemented internal control measures in the finance department to better match expenditures to the budget.

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[1] The district did not have a validation process in place during the first contract with the total program manager. The district paid a shared savings bonus of approximately $4.7 million to the total program manager under the first contract based on a 50/50 split of any savings below the guaranteed maximum price. The second contract provides for savings below the guaranteed maximum price to be split 45/55 between the total program manager and the district. Since implementing the validation process, however, the district has not yet paid a bonus under the second contract. The district has budgeted $212,969 for a shared saving bonus to Sverdrup/Delta in the capital outlay budget for Fiscal Year 2001-02.

Overview of Chapter Findings

The OPPAGA team reviewed the district's use of state and district construction funds using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. The team employed several methodologies to develop chapter conclusions and action plans. For instance, the team conducted on-site interviews with district level managers and gathered information on the use of state and district construction funds policies and procedures and relevant audit reports. Questions varied depending on the individuals questioned and the results have been validated and incorporated into this chapter where applicable.

Fieldwork was concluded in July 2002. Any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Facilities Construction Funds

1. The district approves use of construction funds only after determining that the project(s) are cost-efficient and comply with the lawfully designated purpose of the funds and the district's five-year facilities work plan. (Page 9-3)

2. The district uses capital outlay and operational funds appropriately, lawfully, and in accordance with its adopted five-year facilities work plan. (Page 9-5)

3. The district minimizes construction costs by using appropriate measures from the SMART (Soundly Made, Accountable, Reasonable and Thrifty) Schools Clearinghouse Frugal Construction Standards. (Page 9-5)

4. When designing and constructing new educational facilities, the district incorporates factors to minimize the maintenance and operations requirements of the new facility. (Page 9-6)

Fiscal Impact of Recommendations

Our recommendations regarding the use of construction funds are contained in Chapter 10, Facilities Construction.

Background

After the passage of the sales tax in May 1994, the district decided to abandon the traditional design/build approach to construction in favor of contracting out for construction management services. After repeated problems with contractor delays, cost overruns, and lack of follow-up by subcontractors, the board felt it would be more cost effective to have a construction management firm serve as a single point of contact for all construction services. In four years, the district was able to construct three new schools and fulfill its goal of eliminating portable classrooms district wide. Its success demonstrates that the taxpayers are willing to pay for infrastructure improvements if they have the confidence that the money will be managed and spent wisely on needed improvements.

Facilities Construction Funds

1 **The district approves use of construction funds only after determining that the project(s) are cost-efficient and comply with the lawfully designated purpose of the funds and the district's five-year facilities work plan.**

The district uses construction funds in accordance with the law on cost-effective projects included in the five year facilities work plan

The finance director administers capital projects funds according to the guidelines published in Department of Education's *Fixed Capital Outlay Public School Finance Manual* (2001 Edition) and statutes governing use of Public Education Capital Outlay (PECO) funds, Capital Outlay Bond Issue Funds, Capital Outlay and Debt Service (CO & DS) funds, and capital outlay millage and loans. The finance director uses the fund names and numbers prescribed in *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book) to account for capital projects funds. Fund codes are assigned to indicate the fund, function, object, cost center, and project. Expenditures are tracked by project. The finance director and the budget director share the responsibility for administering, monitoring, and assuring compliance with fund and expenditure rules and regulations. Exhibit 9-3 lists the sources of funds to finance capital projects.

Exhibit 9-3

There are Several Sources of Funds to Finance Capital Projects Such as New Schools and Major Remodeling or Renovation Projects

State Funds

- **Capital Outlay Bond Issue Funds.** Bond issue proceeds received from the State Board of Education issued at the request of the District based on bonding capacity. The fund source is the state motor vehicle license revenue.
- **Capital Outlay and Debt Service Funds.** Funds received from the state based upon the constitutional funding formula. The fund source is state motor vehicle license revenue.
- **Public Education Capital Outlay (PECO) Funds.** Funds received the state for the construction and maintenance of schools. The fund source is the state gross receipts tax revenue.
- **Classrooms First Fund.** Funds received from the state for construction of new school buildings, additions to existing buildings or for major remodeling and/or renovation projects based on specific criteria. The fund source is state lottery revenue.
- **School Infrastructure Thrift (SIT) Funds.** Incentive award program to encourage functional, frugally constructed facilities. The program encourages districts to find ways to reduce the cost of, or eliminate the need for, constructing educational facilities. The fund source is state lottery and state non-recurring general fund.

Local Funds

- **Capital Improvement Tax Construction (2 Mill) Funds.** Funds received locally from the assessment of property taxes (maximum levy is 2 mills) for the construction and maintenance of schools. The fund source is local property tax revenue.
- **Section 237.161 and Section 237.162 FS Loan Funds.** Funds for capital projects financed by cited statutory provisions for loans. The fund source is the local lending institutions based on borrowing capacity.
- **Local Capital Improvement Funds.** Funds received locally. The fund source is local revenue.

- **Certificates of Participation** Funds received from the issuance of Certificates of Participation used for acquisition and construction of schools and ancillary facilities. The fund source is local lending institutions based on borrowing capacity.
- **Half Cent Sales Tax**. Funds received from a tax levied pursuant to the vote of the people of the district. The fund source is a local sales surtax.

Source: Florida Department of Education.

After taking office in January, the finance director performed a complete review of the capital outlay budget for Fiscal Year 2001-2002. The report, presented to the school board on May 10, 2001, compared current estimated revenues from all sources to current estimated appropriations by fund source as of May 7, 2001. Appropriations were based on the draft five-year facilities work plan dated December 14, 2000, debt service needs, bus replacement needs, and other board- and-superintendent-approved and recommended projects.

Prior to the new finance director's arrival, the district did not have procedures that required change orders on construction projects to be approved by the finance office. The district's owner representative was required to approve all change orders, and those over $300,000 had to be approved by the board. However, until a budget director was appointed under the new administration, the finance office was left out of the approval process.

A reconciliation of the capital outlay program revealed that it was $2 million over budget for the current year. Adjustments were made to bring the program within budget for Fiscal Year 2001-02. The finance director has since instituted procedures to ensure that she approves all change orders prior to their approval by the owner representative or the board.

The district uses construction funds in a timely manner

The district has done a good job of matching capital projects to available revenues. The "Penny for Our Schools" sales tax financed $67 million of the $85 million in planned construction improvements. The remainder came from state construction funds and a share of existing ad valorem property taxes dedicated to construction. The sales tax would last four years. The district wanted the 32 construction projects completed within the same timeframe. Working with the construction manager, the district planned construction timeframes to coincide with expected revenues. Four years later the district had developed a solid track record of delivering projects on time and within projected revenues and budgets.

New school's construction costs were below the state average

The costs of the district's three new schools were below the state average cost per student station for both elementary and middle schools. However, the construction costs limits mandated by s. 235(6)(b)1., *Florida Statues*, did not apply to the district's new schools because they all were under contract prior to the 1997 effective date. Additionally, since these schools were financed with proceeds from the local sales tax, the district was exempt from these limits.

The district uses "two mill" money for lawfully designated purposes

The proposed Capital Outlay Budget for Fiscal Year 2001-02 lists $32.5 million in estimated state, local and other revenue sources. This revenue will pay for approximately $10.9 million in existing projects and $21.5 million in new projects. Estimated revenues include the local capital improvement tax construction or 2 mill funds received from the assessment of property taxes for the construction and maintenance of schools. The district plans to spend the bulk of the $13.8 million in projected revenue on capital maintenance projects, technology upgrades, renovations, debt service and new school buses. These expenditures comply with designated purpose of the district school tax under s. 236.25(2), *Florida Statutes*.

2   The district uses capital outlay and operational funds appropriately, lawfully, and in accordance with its adopted five-year facilities work plan.

The board approves construction funds in accordance with the approved five-year facilities work plan

The five-year facilities work plan serves as the master plan for the district. The plan is a one- and five-year schedule of major repair and renovation projects necessary to maintain and meet the educational needs of the district. The plan is created with input from principals, assistant superintendents, maintenance staff, the construction management firm, finance office, superintendent, board, and other district staff. It takes into consideration the recommendations found in the educational plant survey that Florida law requires the district to conduct every five years. The survey is a formal, systematic study of the present condition of schools and ancillary facilities and the determination of future needs. District staff also consider the data found in the Florida Inventory of School Houses (FISH), attendance zone maps, student membership trends, board policies, construction projects under contract, instructional programs, and any other information such as population trends to arrive at recommendations for the five-year work plan. The district has the advantage of having the expert advice of the construction management firm when estimating costs. The five-year facilities work plan for Fiscal Year 2001-02 contains $32.5 million in new and existing projects.

The financial audit conducted by the Auditor General for the fiscal year ended June 30, 2000, found that the district used capital outlay funds in accordance with Florida law. In addition, the finance director stated that all capital outlay funds are spent only for projects that have been approved by the board.

As stated earlier the district has been able to construct, renovate and remodel facilities on a pay-as-you go basis and limited debt because of voter approval of the one-cent sales tax in 1994. School board members teamed up with community leaders to run a successful campaign to gain voter approval of the sales tax that could serve as a model to other school districts.

3   The district minimizes construction costs by using appropriate measures from the SMART (Soundly Made, Accountable, Reasonable and Thrifty) Schools Clearinghouse Frugal Construction Standards.

District schools wins SIT awards

During the 1997 special session, the Florida Legislature established the Soundly Made, Accountable Reasonable and Thrifty Schools Clearinghouse (SMART) program to assist and encourage Florida school districts to reduce the cost of building and maintaining schools by using practical and cost-effective school designs. The program provides financial incentives in the form of SIT awards for districts that use already approved plans in the SMART directory or develop similar plans that incorporate frugal construction standards.

At the time the district contracted for its three new schools in the mid-90s, the SMART Schools Clearinghouse did not exist. However, the contract executed with the total program manager required the development of plans that the district could re-use to keep design costs down. The director of Total Program Management Program, said that orders from the district were to construct basic, functional schools similar to the frugal construction standards found in the SMART Schools designs.

The district program director for facilities planning later participated in the development of the SMART Schools guidelines. He subsequently applied for and won SIT Awards for Antioch Elementary, and Davidson and Destin Middle Schools.

4 When designing and constructing new educational facilities, the district incorporates factors to minimize the maintenance and operation requirements of the new facility.

The district's design criteria help keep costs down

The underlying purpose of the district's facilities maintenance department design criteria is to keep construction and maintenance costs down through standardization and use of products and designs that, in the collective experience of district staff, work. These standards are based less on industry standards than on district staff's experience with mechanical, plumbing, communications, electrical and fire protection systems. These criteria also address building envelope moisture protection, preferred metal roof systems, and HVAC systems. District wide standardization of fire protection equipment, doors, lights, hardware, windows, and flooring minimize the maintenance and operations costs of new facilities. The total program manager is required to ensure that subcontractors comply with these requirements.

Value engineering and life cycle cost analysis save on long-term maintenance costs

The total program manager incorporates value engineering and life-cycle-cost analysis as part of its construction management process. The value engineering process is a cost control technique based on bringing construction expertise into the design process early on to control costs before drawings have progressed too far. A team of design professionals, construction professionals, and educators come together to form a value engineering analysis at the schematic design phase when there is sufficient information on the project but it is not too late to make cost savings changes. The total program management team met monthly with the district's owner representative, finance director, and other staff to evaluate costs savings choices during Program I. The district assigned the future principal of Davidson Middle School to the school full time six months prior to completion so that he could be available full time to the construction team.

Life cycle cost analysis takes into consideration the cost-effectiveness, durability and ease of maintenance of materials, equipment and other building components. The *Maintenance and Operations Administrative Guidelines for School Districts and Community Colleges,* published by DOE, advises administrators to use life cycle cost (LCC) analysis in making decisions about which materials and systems to incorporate into their facilities. The process is intended to provide an objective evaluation of materials and equipment alternatives by applying long-term economic considerations to help determine total or actual costs. Additionally, these analyses are beneficial because they ensure that school facilities can withstand the varying levels of usage they will be subjected to and that the useful life of the building components and equipment have been considered to avoid higher maintenance costs.

Chapter 235.26(1)(e), *Florida Statutes*, requires school districts to evaluate the performance of life-cycle cost analyses on alternative architectural and engineering designs for energy efficiencies. The life-cycle cost analyses must consist of the following:

- the reasonably expected fuel costs over the life of the building that are required to maintain illumination, water heating, temperature, humidity, ventilation, and all other energy-consuming equipment in a facility; and

- the reasonable costs of probable maintenance, including labor and materials, and operation of the building.

The district provided a copy of the life cycle analysis of the HVAC system for Crestview Elementary School, later named Antioch Elementary. It was a comparative economic analysis over a period of 25 years between a split DX system and a central plant. The analysis concluded that the Split DX system was more cost effective than the central plant despite similar costs of operation because of the higher initial investment for the central plant ($426,219).

The district also adopted a pitched seamless metal roof system in the shade of green to lower energy costs through better insulation and solar reflective properties.

10 Facilities Construction

The Okaloosa County School District has successfully privatized its facilities construction program. It has proved cost-effective in delivering facilities on time and within budget. The program could be improved with better documentation of procedures.

Conclusion

The district has been successful with planning, constructing, renovating and remodeling facilities. It meets 27 of 32 best practices for facilities construction. The district turned to privatization after voters passed the one-cent sales tax on May 19, 1994, because it did not have the staff or expertise to take on an $85 million multi-site construction program. Privatization of its construction program allowed the district to construct three new schools and upgrade numerous facilities in a relatively short period of time. Today the district is ahead of many other Florida school districts because it was able to take care of many of its infrastructure problems before the recent downturn in the economy. In addition, the district has strong credibility with the taxpayers because it has established a track record for completing projects on time and within budget.

Although the district's privatized construction program has been successful in meeting its needs cost-effectively, the district needs to improve its documentation of procedures for its facility planning process, site selection and criteria, and post-occupancy building evaluations. It also needs to develop an external review process to evaluate how the private construction management firm is meeting its overall needs especially now that the capital construction program is winding down. Using a total program manager has worked well, but when the contract comes to an end no later than February 2004, the overhead costs for a large construction management firm may make the cost of using a total program manager on smaller renovation projects cost prohibitive. The district also needs to turn management of the construction program over to the facilities department or someone other than the superintendent and chairman of the board. School board members should focus on policy rather than administrative issues.

Exhibit 10-1

The District Has Had a Number of Notable Accomplishments in Facilities Construction in the Last Five Years

- The district privatized its construction program by using an "at risk" construction management process.
- The district eliminated the use of portable classrooms.
- The district has been able to remodel, renovate, and add three new facilities while incurring little debt.
- The district has made good progress in upgrading its technology infrastructure.
- The district has been able to clear out a backlog of deferred capital maintenance problems.

Overview of Chapter Findings

We reviewed the district's facilities construction program using the Best Financial Management Practices adopted by the Commissioner of Education. The OPPAGA team employed several methodologies to

develop chapter conclusions and action plans. For instance, we conducted on-site interviews with district level managers and gathered and reviewed information on the facilities construction functions such as current management practices, fiscal and facility data, and the construction management program. To receive additional input, we conducted meetings of focus groups with principals and interviews with representatives from the construction management firm and visited schools to observe the use of facilities and equipment. Questions varied depending on the groups surveyed and the results have been validated and incorporated into this chapter where applicable. We also obtained comparative information from peer districts.

Fieldwork was concluded in July 2002. Any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Facilities Work Plan

1. The district has not reappointed a facilities planning committee or established another mechanism for including a broad base of school district personnel, parents, construction professionals, and other community stakeholders in the facilities planning process. (Page 10-6)

2. The district has not adequately established authority and assigned responsibilities for facilities planning. (Page 10-8)

3. The five-year facilities work plan provides budgetary plans and priorities based on the master plan and input from the previous facilities planning committee. (Page 10-10)

4. The five-year facilities work plan is based on a thorough demographic study and enrollment projections, but the district has excess capacity in south zone schools. (Page 10-11)

5. The five-year facilities work plan is based on an evaluation of the physical condition and the ability of facilities to meet educational needs. (Page 10-13)

6. When developing the annual five-year facilities work plan, the district evaluates alternatives to minimize the need for new construction. (Page 10-14)

7. The district prioritizes its construction needs. (Page 10-14)

8. The district can demonstrate that the construction program complies with the current *Laws of Florida*. (Page 10-15)

9. The district can demonstrate that the construction program complies with the *Florida Building Code*. (Page 10-16)

10. The school board ensures responsiveness to the community through open communication about the construction program and the five-year facilities work plan. (Page 10-16)

Educational Specifications

11. The district develops descriptions and educational specifications for each project. (Page 10-17)

12. Educational specifications for new construction, remodeling, and renovations include a description of activity areas. (Page 10-18)

13. The architectural design fulfills the building specification needs as determined by the district. (Page 10-18)

14. New construction, remodeling, and renovations incorporate effective safety features. (Page 10-19)

Acquisition of School Sites

15. The district begins school site selection well in advance of future need based on expected growth patterns. (Page 10-19)

16. The board considers the most economical and practical locations for current and anticipated needs, including such factors as the need to exercise eminent domain, obstacles to development, and consideration of agreements with adjoining counties. (Page 10-20)

Construction Costs

17. The has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the construction program other than those built into the total program manager's contract. (Page 10-21)

18. The district has considered, and where possible implemented, the general requirements recommended in the SMART Schools Clearinghouse frugal construction standards. (Page 10-22)

19. The district minimizes construction costs through the use of prototype school designs and frugal construction practices. (Page 10-22)

20. The district secures appropriate professional services to assist in facility planning, design, and construction. (Page 10-23)

21. The district can demonstrate that funds collected for school projects were raised appropriately. (Page 10-24)

Timely Completion of Projects

22. District planning provides realistic time frames for implementation that are coordinated with the opening of schools. (Page 10-25)

23. For each project or group of projects, the architect and district facilities planner develop a conceptual site plan and building specifications. (Page 10-27)

24. The district follows generally accepted and legal contracting practices to control costs. (Page 10-28)

25. The district has assigned the construction management firm the authority and responsibility to keep facilities construction projects within budget and on schedule. (Page 10-28)

26. The board minimizes changes to facilities plans after final working drawings are initiated in order to minimize project costs. (Page 10-29)

27. The program director of facilities recommends payment based on the percentage of work completed. A percentage of the contract is withheld pending completion of the project. (Page 10-30)

28. The district requires appropriate inspection of all school construction projects. (Page 10-30)

Construction Program

29. The district conducts a comprehensive orientation to the new facility prior to its use so that users better understand the building design and function. (Page 10-31)

30. The district does not conduct comprehensive building evaluations at the end of the first year of operation and regularly during the next three to five years to collect information about building operation and performance. (Page 10-31)

31. The district does not analyze building evaluations to determine whether facilities are fully used, operating costs are minimized, and changes in the district's construction planning process are needed. (Page 10-32)

32. The district analyzes maintenance and operations costs to identify improvements to the district's construction planning process. (Page 10-33)

Fiscal Impact of Recommendations

Exhibit 10-2 shows the fiscal impact of these recommendations. Closing one additional elementary school with a low utilization rate in the southern part of the county would save approximately $202,000 annually in operations and maintenance costs and $300,000 in administrative costs. However, because of the way schools budget, administrative costs will follow the students to new schools.

Exhibit 10-2
One Facilities Construction Action Plan Recommendations Has Fiscal Impacts

Recommendation	Five Year Fiscal Impact
• Transfer responsibility for the construction management contract to the new maintenance/facilities director.	• See Action Plan 11-12 for fiscal impact.
• Close one additional elementary school because of under utilization and excess capacity in the south county schools.	• This recommendation is estimated to save the district $1 million in operation and maintenance costs over five years. [1]

[1] Savings do not include the residual value of real estate.

Background

The Okaloosa County School District is classified as a middle-sized school district with approximately 30,358 students enrolled in 38 schools. The district has 22 elementary schools, 8 middle schools, 4 high schools, 3 K-12 schools, and 12 special schools.

In 1995, the Okaloosa County School District embarked on an ambitious, fast track capital construction program to rid itself of a backlog of deferred maintenance problems and build three new schools. Faster growth in the northern part of the county had created a need for a new elementary school and a middle school, and deferred maintenance problems had resulted in crumbling infrastructure countywide. Adopting the slogan, "A Penny for Our Schools," a citizen advocacy group teamed up with school and community leaders on the Citizens Growth Committee to educate and convince the public to tax itself for school construction.

Okaloosa's campaign to convince voters to pass the one-cent infrastructure sales tax to raise $67 million could serve as a model for other school districts. First, the board members involved community leaders on the Citizens Growth Committee to gain support for the district's infrastructure needs. Second, they identified what needed to be done and how much it would cost. In addition to soliciting input from district staff, the district hired a professional firm to identify and price the most pressing needs. Thirty-two projects with a price tag of approximately $85 million were identified. Third, the identified projects were equitably distributed throughout the district. The committee knew the success of getting the vote depended on the public's perception of equitable treatment of schools throughout the county based on need, not politics. Fourth, the "Penny for Our Schools" Committee and the Citizens Growth Committee used a smart marketing strategy involving local papers, community leaders, and public forums to get the message out. Finally, the district set timeframes and deadlines for delivery and planned to hire professionals to get the job done. The tax would last four years. The district wanted the construction program to meet the same deadline. The campaign's success demonstrates that taxpayers are willing to pay for infrastructure improvements if they have the confidence that the money will be managed and spent wisely on needed improvements.

Because earlier district construction projects took years to complete and still had problems years later, the board promised voters in its ad campaign that professionals would manage the projects. Sverdrup/Delta, the firm selected as the total program manager, would have three new schools under construction and expand three others simultaneously in one year. The Sverdrup/Delta team had an impressive resume of construction accomplishments to its credit. Delta had a strong background in cost estimating and engineering with the Air Force. Together Sverdrup/Delta had completed nearly $50 billion in program management contracts, $13 billion in Florida and of these, $2.5 billion in school projects. According to their literature, *School Planning & Management* magazine ranked them the No.1 Educational Designer and the No. 1 Construction Manager for Educational Facilities.

The contract executed by the district with the total program manager called for at-risk, guaranteed performance. The "at-risk" part of the contract meant that the construction management firm, not county taxpayers, took the risk for remaining within budget, meeting deadlines and providing quality work consistent with the educational specifications developed by the local educators and approved by the board. The contract also required the total program manager to serve as the warranty umbrella for all materials and workmanship failures of all subcontractors and vendors. It also provided a bonus incentive of shared savings on a 50/50 basis for projects that came in on time and under the guaranteed overall price. The district executed separate contracts with the total program manager for Program I, which emphasized new construction financed by the sales tax, and subsequently for Program II, which is an ongoing multiyear program addressing infrastructure problems.

Our tour of district facilities reveals that the district appears to have gotten what it paid for. The schools are clean, functional, and not crowded. The construction project manager with Sverdrup/Delta Research, Inc., confirmed that the directive from the board was to build functional facilities that would last. By the end of what is commonly referred to as "Program I," in May, 1999, the district had succeeded in eliminating all portable classrooms, built three new schools, and completed more than 32 renovation/remodeling/addition projects in 10 communities at a cost of just over $86 million dollars. The district justified paying a $4.7 million incentive bonus to the construction management firm based on the adage that time is money. According to district staff, getting the use of facilities and improvements early due to an accelerated construction schedule saved them significantly when compared to the district's past experience with the traditional design build approach.

Since the close-out of Program I in 1999, the rate of capital construction projects has slowed. On February 10, 1999, the school board and Sverdrup/Delta, which has since been acquired by Jacobs Engineering, entered into a second contract, commonly referred to as "Program II" to address additional remodeling, renovations, and additions including a multiyear program of technology retrofits and equipment upgrades throughout the district. The primary emphasis in Program I was eliminating portables and adding classrooms. The emphasis in Program II shifted to infrastructure problems such as roof replacements, HVAC upgrades, and as part of a legal settlement, construction of equitable athletic facilities for girls to comply with Title IX.

Exhibit 10-3

The District-Level Facilities Construction Functions are Performed by a Construction Management Firm Under the Supervision of the Board

Construction Program Management Organization

The School Board of Okaloosa County

Sverdrup/DELTA Program Executives *Managing Principal*

Sverdrup/DELTA Program Manager

Deputy Program Manager/Construction Manager

Technical & Support Resources

Project Managers

Design
- Architectural
- Engineering

Program Controls

Superintendents

Estimating

Scheduling

Project Engineer

Document Controls

O&M

Design Review
- Structural
- Mechanical
- Electrical
- Civil
- Specifications
- Value Engineering
- Constructibility
- Florida DOE

Technical Support Available
- Food Service
- Acoustical
- Educational Technology
- O&M Planning
- Landscape Architects
- Traffic Planning
- Fire Protection
- Estimating
- Bid Packaging
- Construction Safety
- Claims Management
- OCIP Management

Okaloosa County Architects, Engineers, Contractors, and Subcontractors

Source: Sverdrup/Delta.

Facilities Work Plan

1 The district has not reappointed a facilities planning committee or established another mechanism for including a broad base of school district personnel, parents, construction professionals, and other community stakeholders in the facilities planning process.

Stakeholder involvement in the form of the Citizen Growth Committee and "A Penny for Our Schools" Committee was critical to passage of the one-cent sales tax for school construction. These committees were instrumental in putting together a coalition of the school board members, municipal governments, and business leaders to support the school construction initiative. The Citizen Growth Committee took on the responsibility of coming up with a fair and reasonable plan for school construction that took into account anticipated growth needs. The "A Penny for Our Schools" Committee took on the job of marketing the plan to convince voters to pass the penny sales tax. Members of the committees, including a local banker and realty president, raised money for informational mailings and arranged public forums

to answer questions. These committees were successful in getting unprecedented support for districtwide improvements to all existing schools that needed renovations regardless of location and construction of three new schools. By coming up with a plan that was fair to every community, these committees avoided pitting one community against another for limited resources.

The school district's "A Penny for Our Schools" report to the public states that the Citizens Growth Committee members "sifted through thousands of pages of enrollment information, conducted their own demographic research, listened to scores of condition reports presented by school officials, visited campuses, evaluated financing options, and conducted more than 20 public meetings where hundreds of county taxpayers had their say." The final committee recommendation to the school board was a pared down "all or nothing, take it or leave it" plan that saved money and equitably met the needs of all communities. One of the committee members, a Baker School parent, was quoted in the report as saying, "We came into this as individuals; we came out of it as a team."

The work of the Citizens Growth Committee and the "Penny for Our Schools" Committee meet every indicator for community involvement and stakeholder input in the Best Practices for Facilities Construction. The Citizens Growth Committee in conjunction with the "A Penny for Our Schools" Committee succeeded in getting voter approval of the one-cent sales tax to finance $67 million of its $85 million dollar school construction plan. After passage of the sales tax, both committees disbanded. The Citizens Growth Committee was later replaced with a superintendent-appointed Planning and Growth Committee to study demographic issues and provides input on the facilities program. Members were appointed annually; however, new members have not been reappointed since January 2001. Although the pace of construction has slowed with the closeout of the construction projects in Program I, and the county is not experiencing any significant growth, we recommend the district find an avenue for continuing community involvement in the facilities program.

The board has not reappointed the Planning and Growth Committee

Since 1996, the superintendent has annually appointed the members of the Planning and Growth Committee to provide community input on school facilities. The superintendent has not appointed new members to the Planning and Growth Committee since 1999-2000. Part of the reason for this appears to be the large number of higher priority issues the board needed to address and the district superintendent's disinclination to establish standing committees without a specific mission. Since all of the needed capital construction projects for the near future were already under contract to the total program manager, the superintendent may not have felt the need to reappoint a standing committee. However, the board should find a means of gaining citizen input on decisions regarding future construction and use of school facilities to meet the best practice for continuing citizen and community involvement with school facilities.

Recommendations ———————————————

- *We recommend that the board or superintendent find an avenue of gaining parent and stakeholder involvement in the decisions regarding school facilities.*

Action Plan 10-1 provides the steps to implement this recommendation.

Action Plan 10-1

Seek Stakeholder Input in the Facilities Planning Process	
Strategy	The district needs to establish a means of gaining parent and stakeholder input on decisions regarding the use of facilities.

Action Needed	Step 1:	The district should actively solicit parent involvement in decisions regarding school facilities, including new construction, large renovation projects and the proposed opening and closing of schools.
	Step 2:	Stakeholders should address future business needs and the resulting future educational program needs.
	Step 3:	Stakeholders should consider alternative program solutions and the feasibility of each.
	Step 4:	Stakeholders should periodically review the status of work on the long-range plan, consider any changing parameters, and make recommendations to the school board for adjustment to the long-range plan.
	Step 5:	Stakeholders should establish a mechanism for documenting decisions and reporting to the board.
Who Is Responsible	Superintendent	
Time Frame	July 2003	
Fiscal Impact	This recommendation can be completed with existing resources.	

2 The district has not adequately established authority and assigned responsibilities for facilities planning.

The district's framework for long-range planning needs strengthening

The district has not clearly established in writing the roles and responsibilities for the various entities involved in the facilities planning process. Defining these responsibilities is important because a significant amount of district resources are at stake and many people are involved in the planning process. Clearly defined responsibilities also support accountability to the board and to the public.

The superintendent is responsible for directing the development of a facilities master plan and making recommendations to the school board for approval and adoption of the plan. Development of the master plan requires participation of district level employees and includes

- a five-year capital outlay plan,
- a project priority list, and
- a five-year educational plant survey

These plans must reflect current and future educational needs and programming, a financial plan to accomplish the required construction including sources of funding, and a one- and five-year capital outlay plan. The five-year facilities work plan serves as the district's master plan. The district has not developed a plan beyond five years.

The district relies on the program director for facilities to coordinate the day-to-day activities for facilities planning. The program director collects the recommendations of other district departments to prepare cost estimates for recommended fixed capital outlay projects. These recommendations serve as the basis for the five-year facilities work plan required by the Department of Education.

For administrative purposes the district is divided into three geographic maintenance zones, each headed by an assistant superintendent responsible for designated schools. Each zone is responsible for annually putting together its own project priority list with input from school principals and maintenance staff. The program director of facilities compiles this information into a comprehensive list and then forwards it to the director of finance. The requested projects are prioritized with input from the facilities planning

office, the maintenance department, the finance department, the three assistant superintendents, and the superintendent.

The finance director reports that the board also solicits recommendations from the total program manager on setting priorities. It also considers enrollment projections, curriculum needs, and health and safety requirements. The 2000-2001 facilities work plan priorities have been influenced by decisions to replace many of the old flat roof systems with long lasting seamless steel roof systems, technology retrofits and equipment upgrades, and Title IX improvements to athletic facilities for women.

Although the district has assigned an individual as program director for facility planning, the district's framework for long-range planning needs strengthening. The most recent organizational chart provided by the district does not identity the planning director. There are no defined lines of communication among the assistant superintendents, the total program manager, the finance office, and the facilities director that report to the board. Currently, the Planning and Growth Committee is inactive, and other than preparing cost estimates for projects, the district maintenance department has limited input. The district needs to formalize planning procedures to better coordinate the activities of all parties involved in the long-range planning process.

Recommendations ———————————————————

- *We recommend that the district amend written policies and procedures for facilities planning to represent lines of authority and communication.*

Action Plan 10-2 provides the steps needed to implement this recommendation.

Action Plan 10-2

Amend Written Policies and Procedures for Facilities Planning	
Strategy	The district should revise its written procedures to provide a coordinated framework for carrying out the facilities planning function of the district.
Action Needed	Step 6: The district should develop written policies and procedures that will • clarify the roles and responsibilities of each district department; • provide for regular lines of communication among the managers that report to the assistant superintendents and the director of Facilities Planning; • provide for regular lines of communication among all entities that report to the board; and • define the role of the board, district staff and the total program manager. Step 7: The district should periodically review policies in order to keep them current and eliminate any that are outdated.
Who is Responsible	Superintendent
Time Frame	July 2003
Fiscal Impact	This can be implemented with existing resources.

3 The five-year facilities work plan provides budgetary plans and priorities based on the master plan and input from the facilities planning committee.

The district presents its construction priorities and budgetary plans in the five-year facilities work plan. The plan is a Department of Education required schedule of major repair and renovations projects necessary to maintain the educational plan and ancillary facilities, but does not need state approval. The plan is updated annually and shows the source of capital funds by year and the estimated costs of each project. The work plan functions as the district's master plan. The district does not have a master plan beyond the five-year horizon.

In developing the plan, the district considers planning data that includes student projections, population migration, and the educational plant survey to set priorities in the five-year facilities work plan. Cost estimates for the plan are based on the educational plant survey (a building condition assessment required every five years), district staff reports, and past history of similar work performed. According to the program director of facilities, the total program manager selected to manage the projects also has input on cost data and cost escalation factors in making its projections. The five-year plan does not take into consideration the "small schools" requirement.

The district's Capital Outlay Budget and five-year facilities work plan for Fiscal Years 2001-02 to 2005-06 was submitted for board approval on August 27, 2001, after a thorough analysis of the fixed capital outlay program by the new finance director. Total estimated expenditures are approximately $104.9 million over the next five years. These projects have not been approved by DOE and are based on the district's own assessment of its needs. The projects represent a mix of renovation/remodeling, life safety, roof repair, technology updates and capital maintenance projects.

Guaranteed Maximum Price serves as budget limitation

The school board sets a "not-to-exceed" cost for construction projects based on a guaranteed maximum price proposal from the total program manager. According to the terms of the district's contract with the construction management firm, the total program manager is required to come up with a guaranteed maximum price (GMP) for each capital construction project. This GMP acts as the budget limitation proposal. Section 7.1 *TPM's Budget Guarantee* of the Agreement for Total Program Management Services states the owner (district) is not liable for compensating the total program manager for amounts in excess of the budget limitation unless revised by supplemental agreement or change order. The contract states specifically that "All costs incurred by the TPM in excess of the budget limitation (guaranteed maximum price) will be paid by TPM when due without recourse to Owner. "

The benefit of the GMP is that the district knows up front exactly what its construction costs will be for listed projects. The price includes construction costs, environmental costs, project support, architectural services, program management risk fee and contingency fee and a market factor contingency. The district has 30 days to accept or reject the proposal.

4 The five-year facilities work plan is based on a thorough demographic study and enrollment projections, but the district has excess capacity in south zone schools.

The district relies on DOE and local knowledge to project enrollment

The district relies heavily on local knowledge and the data supplied by the Department of Education for its enrollment projections. Unlike many south Florida counties, the district is projecting stable and limited growth in overall enrollment over the next five years. According to the five-year facilities work plan, the actual 1999-2000 unweighted FTE of 29,244 is expected to only increase to 29,301 by 2004-05. The average class size in 2004-05 is projected to be 21 students. The 1999-2000 overall utilization rate for educational facilities is a low 87%.

Although the district has not conducted formal demographic studies, it benefited from the local knowledge provided by the representatives from local government on the Planning and Growth Committee. The membership included representatives from the City of Crestview's Planning and Zoning Department, Crestview Housing Authority, a county manager from Fort Walton Beach, a real estate professional from Destin, and a representative from Gulf Power Company. The committee realized that the county was not losing population, rather people were moving from the south beach areas north to Crestview probably in search of more affordable housing. The decision to construct a new elementary school in Crestview and two new middle schools in Crestview and Destin came as a direct result of local knowledge of population shifts.

The district has excess student station capacity

One of the most critical problems facing the district today is excess capacity. The shift in population has created excess capacity in the south county schools. Recently, the school district undertook a student population study to evaluate the feasibility of closing Combs-New Heights Elementary School in Fort Walton Beach. The school shared a principal with Edwins Elementary. The Assistant Superintendent's study of elementary enrollment trends in the south zone schools revealed the following:

- 1,200 to 1,500 empty student stations according to the 2001-2001 FISH inventory.
- Projected 2-3% decline each year in elementary students.
- Projected 14 % drop in new kindergarten students.
- Charter, private, and home schools competing for the same student population.

The study revealed that Combs-New Heights declining enrollment was far above the overall south zone decline of 12%. The board voted unanimously on January 14, 2002 to close Combs-New Heights Elementary at the end of the school year after a public hearing on the issue. Closing the school will save $56,000 in transportation costs, $330,398 in administrative costs and an unspecified amount in operations and maintenance costs. We concur with the board's decision to close Combs-New Heights School because of declining enrollment and excess student capacity. The district should conduct a cost benefit analysis before making any decision to reopen the school as a district magnet school.

Because of the low utilization rate for south zone elementary schools, we recommend that the district close an additional elementary school in 2003-04, and continue monitoring enrollment trends to determine if additional closings are warranted in the future. The enrollment figures for south zone elementary schools when compared to 1999-2000 existing FISH satisfactory student stations for these schools currently indicate a utilization rate of 70%. Exhibit 10-4 illustrates these figures. Once Combs-New Heights is closed the utilization rate will be 76%. Although the district recently presented data that the

enrollment in south county elementary schools included in the FISH inventory is expected to increase to 5,144 for the 2002-03 school year, the utilization rate would increase to 90% with the closing of an additional elementary school. According to the Department of Education, Office of Educational Facilities, utilization rates for elementary schools should be close to 100% of the existing satisfactory student stations.

These low utilization rates support our proposal to consolidate and close additional schools. We expect that closing an additional underutilized elementary school should produce similar savings to those anticipated from the closing of Combs-New Heights. We calculate savings of $202,457 in operations and maintenance costs based on the budgeted average operations and maintenance costs for south county elementary schools and approximately $300,000 saving in administrative costs. However, because of the way schools budget, administrative dollars would follow the students to their new schools.

Exhibit 10-4

South Zone Elementary Schools Enrollment Trends
Show a Decrease in Students

Year	1989	1999	2000-01	2001-02	1999-00 Satisfactory Student Stations FISH	Utilization Review
Edwins	634	454	422	409	560	73%
Combs-New Heights	601	491	409	291	537	54%
Wright	631	644	610	592	689	86%
Shalimar	629	572	541	542	625	86%
Elliott Point	632	704	635	546	739	74%
Ocean City	659	647	589	540	860	63%
Mary Esther	594	534	516	476	561	85%
Kenwood	723	581	626	580	814	71%
Florosa	631	649	575	533	906	58%
Longwood	597	558	562	481	836	58%
Totals	**6,331**	**5,834**	**5,485**	**4,990**	**7,127**	**70%**

Source: Okaloosa County School District.

Recommendations

- *Close an additional elementary school in the south zone.*

Action Plan 10-3 provides the steps needed to implement this recommendation.

Action Plan 10-3

Close an Additional Underused South Elementary School	
Strategy	The district should seek stakeholder input on closing an additional south county elementary school to reduce operating costs.
Action Needed	Step 1: The district should seek public input to identify which south county elementary school to close. Stakeholders should consider the following factors when making this decision: • growth patterns and other demographic influences;

	• current utilization rates, equity issues, operating costs, transportation costs and condition of facility; and
	• a staffing plan.
	Step 2: Stakeholders should present the proposal to the board.
	Step 3: The district should conduct public hearings.
	Step 4: The district should formulate a closure plan.
Who is Responsible	Superintendent
Time Frame	2003 – 2004 school year
Fiscal Impact	Savings of approximately $202,457 in operations and maintenance costs annually or $1 million over five years.

5 The five-year facilities work plan is based on an evaluation of the physical condition and the ability of facilities to meet educational needs.

The district accurately assesses district facility needs

The district uses a three-tier process to assess its facility needs. The process takes into consideration the recommendations made in the educational plant survey, those of district staff, and the total program manager's condition assessment of facilities.

Facilities assessment is the critical process for providing data from which an effective decision for master planning and financial commitments can be made. The Florida Inventory of School Houses (FISH) serves as the starting point for assessing district facilities. It is a complete inventory of the district's educational facilities and contains information on parcels, buildings, and rooms assigned to individual administrative centers. The program director for facilities is responsible for periodically updating this information.

The data contained in the FISH report is used to conduct the educational plant survey. An educational plant survey of all district facilities is required by law and must be completed and submitted to DOE every five years. The survey is a systematic study of present educational and ancillary facilities and the determination of future needs. Its purpose is to aid the district in formulating plans for housing the educational activities of students and staff for the next five years. It also assists the district with setting priorities and cost estimates in the five-year facilities work plan. The 1998 Survey of Educational Facilities conducted by the district and submitted to DOE identified $45.4 million in cost estimates for site improvements, remodeling, renovation, and new construction through 2002-2003.

The program director for facilities is responsible for putting together the five-year facilities work plan based on recommendations from the educational plant survey, assistant superintendents, principals, maintenance staff, the total program manager and personal observations on the structural adequacy of facilities to meet the educational needs of the district. Recommendations are made based on observed conditions relating to aesthetics, acoustics, equipment, safety issues, and future operational and maintenance costs.

The plan is updated and approved by the board on an annual basis and submitted to DOE. It contains the list of projects with estimated costs to be undertaken by the district over the next five years. The plan approved by the board on August 13, 2001, for Fiscal Year 2001-2002 contains $32 million in new and existing projects. These projects include the contract with the total program manager for retrofit technology projects and roof repairs as well as monies to address life safety, health and sanitation deficiencies.

The total program manager performs a through physical condition assessment of facilities

Because the district has privatized its construction program, it has access to the professional services of the total program manager in addition to staff to assess its facilities. In order to arrive at a guaranteed maximum price for capital construction projects, the total program manager must thoroughly assess the physical condition of district facilities. The total program manager sends in a multidisciplinary team of professionals to the school to ascertain its adequacy. The district provided the facility survey conducted by the total program manager for the Baker School renovation to add 11 new classrooms. Project scope items included an architectural analysis, code analysis, roof analysis, structural analysis and a complete analysis of the schools' electrical, plumbing and mechanical systems. The thoroughness of these assessments helps the district budget accurately for capital outlay projects.

6 When developing the annual five-year facilities work plan, the district evaluates alternatives to minimize the need for new construction.

Limited growth minimizes the need for new construction

With the passage of the one-cent sales tax to finance construction and limited population growth, the district has little need to consider alternatives to new construction. However, according to the five-year facilities work plan, the district is making use of block scheduling at Crestview High School and modified block scheduling at Niceville High School and Baker School as an alternative to reduce the need for permanent student stations. Because the district is not experiencing growth, it is not including any other alternatives to new construction in its five-year facilities work plan.

7 District planning prioritizes construction needs.

The district provides classrooms first and addresses other urgent needs

The main concern of the Planning and Growth Committee and the board when setting priorities for new capital construction projects during the one-cent sales tax campaign in 1994 was relieving crowded classrooms. The district is required by law to give priority to instructional facilities and submit a project priority list for all capital projects funded with Capital Outlay & Debt Service bond funds. According to the board's contract for facility construction, the total program manager must adhere to the project priority list when scheduling priorities. By the 1999 closeout of the 32 school projects contained in Program I, the district had eliminated 210 portable classrooms which clearly supports the district's claim that most of the funding went to classrooms.

The second priority was dealing with crumbling infrastructure problems; some were caused by faulty roof systems. The five-year plan includes numerous roofing projects in the 1999-2000 and 2000-01 budget. The board had made the decision to replace faulty flat roofs with metal roofs systems whenever possible.

A third priority was retrofitting outdated district technology. The district executed a $35-million contract with the total program manager that called for a complete update of the district's technology infrastructure as well as new computers.

The district equitably funds district construction projects

As discussed on page 10-7, all available capital resources were used to fund the five-year facilities work plan that would equitably meet the needs of the schools throughout the district. Without such a plan, passage of the one-cent sales tax would have been doubtful.

8 The district can demonstrate that the construction program complies with the current *Laws of Florida.*

The district construction program complies with Florida Laws

The district regularly submits all required reports to the Florida Department of Education. The program director of facilities is responsible for ensuring that the reports below are submitted to DOE as required.

- An Educational Plant Survey of all district facilities. It describes the educational facilities at the time, and the estimated facility needs in the district through 2002-2003. DOE approved the district's last survey on March 22, 1999.

- The Five-Year Facilities Work Plan. It contains the list of projects with estimated costs to be undertaken by the district over the next five years. It is updated and approved by the board on an annual basis and submitted to DOE.

- A Project Priority List (PPL) with project priority ratings for individual projects. The district submits this report to DOE for all projects funded with Capital Outlay and Debt Services funds it receives from the State Board of Education. The district provided its PPL list of approved projects to DOE on May 5, 1999.

The district's contract with the total program manager requires the construction management company to adhere to all standards found in the State Requirements for Educational Facilities (SREF). The SREF is a two-volume document containing the standards for all state educational facilities including the Florida Building Code that became effective March 1, 2002. The Facility Survey and Scope Analysis for Baker School renovation states that the codes, standards, and guidelines to be observed for the project are those contained in the SREF. Our survey of the Baker School project scope documents confirmed adherence to these guidelines: the 36 square feet allocated per student for new classrooms is within the SREF recommended 30–40 square feet per student.

Construction Costs

The state set maximum allowed costs per student station for all schools constructed with Public Education Capital Outlay and Debt Service Funds for elementary, middle and high schools. According to s. 235.345, (6)(b) *Florida Statutes*, schools that exceed these costs without obtaining a waiver must pay the excess costs, including change orders, out of operating funds. The district's three new schools were financed primarily with the proceeds from sales tax revenues, so the district was not subject to the limitations. However, a comparison of the district's construction costs to the state average for elementary and middles schools in 1996 demonstrates that the district's construction costs were below the state average as shown below.

Exhibit 10-5

Construction Costs Comparison to State Averages

	Total Costs	Student Stations	Per Student Station
Elementary Schools – 1996			
Antioch	$ 8,356,096	716	$11,671
Statewide Average for Elementary Schools	$ 9,912,438	774	$12,804
Middle Schools - 1996			
Destin[1]	$ 9,524,139	732	$13,011
Davidson[1]	$12,941,192	1,116	$11,596
Statewide Average for Middle Schools	$16,064,057	1,131	$14,203

[1] Reported construction costs due not include a prorated share of the shared saving bonus paid to the total program manager. Costs would increase an average of 5%.

Source: OPPAGA based on information from the Okaloosa County School District and DOE.

9 The district can demonstrate that the construction program complies with the *Florida Building Code.*

The total program manager ensures that all district projects comply with the Uniform Building Code for public educational facilities construction as authorized by Ch. 235, *Florida Statutes*. The district program director of facility planning, a certified inspector under the *Florida Building Code*, is responsible for inspecting projects to ensure compliance before payment. He has already received training and certification under the new *Florida Building Code*.

10 The school board ensures responsiveness to the community through open communication about the construction program and the five-year facilities work plan.

The district has done a good job of securing support for capital construction projects

Prior to the vote on the sales tax increase, the board released a detailed report on the "A Penny for Our Schools" initiative as a flyer in all major local newspapers. The flyer explained in detail how the money raised was to be spent, the current condition of the schools, how the construction management process worked, and a proposed time line for completion of the 32 projects. The cornerstone of the flyer was a center page graphic depiction of the 32 school projects with a description of the planned improvements and associated costs. The plan showed that projects would be funded throughout the district, so voters could understand where their money was being spent. In addition, the Citizens Growth Committee had conducted more than 20 open forums throughout the district to gain input prior to project selection.

The method used to gain support of the sales tax initiative could serve as a model to other Florida school districts. The campaign was organized and well advertised. It demonstrates that tax payers are willing to pay for infrastructure improvements if they have the confidence that the money will be managed and spent wisely on needed improvements.

Since the passage of the sales tax, the district has continued to hold regularly scheduled meetings regarding the capital projects construction program. The board receives regular updates at school board meetings on the progress of current projects from the program director of facilities and the finance

director. Information on all future projects are made available to the public at school board meetings. These projects are listed with associated costs and funding sources for public input and response.

Educational Specifications

11 The district develops descriptions and educational specifications for each project.

The total program manager develops educational specifications

The district assigns the construction management firm the responsibility for developing educational specifications for each project. The Request for Qualifications, Exhibit D, Section A, entitled "Pre-Design and Design Services" states that the total program management firm will develop project specific specifications within the school board-approved budget parameters and with the consultation and involvement of school principals, their designee(s), and school district personnel. The firm is expected to develop project specific specifications for each of the projects on the approved project priority list attached to the contract. Section 2.1.2 of the contract also directs the total program manager to develop design standards and master specifications to promote replication and re-use of plan components among projects as a cost savings.

Sverdrup/Delta in its K-12 Program has developed an effective educational specification development program. The educational specification development process involves putting together a committee of educators, administrators, maintenance personnel, and design professionals to come up with detailed written specifications that address the design criteria for the school. During the specification design process, the construction team meets with the future users of the school to get their input on how the school will be used and maintained. This information allows the design team to understand how the school will be used prior to the design phase. These guidelines include the educational philosophy of the school, a description of the educational program, student groupings and spaces required, technology needs, and future flexibility to accommodate the changing needs of the educational program.

The district records of the specification process for Crestview Middle School (later named Davidson Middle School) indicate that responses from teachers, administrators, and other staff include written clarifications, hand-drawn diagrams, and photographs of similar facilities with desired features. Appendix 2, entitled "Educational Specification Input from Staff", contains a description of program philosophy, goals, program activities, organizational structure and innovative and creative ideas for each program area. Exhibit 10-6 shows an example of program philosophy and goals.

Exhibit 10-6

The District Develops Educational Specification for Facility Construction

Home Economics
I.   Program Philosophy
The Home Economics Program strives to provide students opportunities to acquire knowledge that enables them to function properly as individuals, family members, citizens, homemakers, and wage earners. These opportunities help students develop a positive self-concept.
II.   Program Goals
1.   To develop a positive self-concept and evaluation of self-worth.
2.   To identify good grooming habits and personal habits.
3.   To development safety habits and practice good safety procedures related to the home.
4.   Identify and apply skills for a positive relationship with family and friends.

Source: Okaloosa County School District.

12 Educational specifications for new construction, remodeling, and renovations include a description of activity areas.

Drawings depict activity areas

During the educational specification development process for Davidson Middle School, the development team often depicts the description of program activity areas in drawings. Building organization and activity areas were very important to both the ESE and Home Economics Programs. The Home Economics Program had unique activity area requirements for its cooking lab, sewing lab, and craft lab. These activities required the incorporation of special features into the design such as a demonstration area with mirror, tile flooring, pantry areas, and additional electrical outlets.

A poll of the ESE teachers indicated that they did not want to be segregated from the general education population. However, the visually and hearing impaired, ESOL, and speech and language impaired students would require both office and classroom space ideally located near the guidance offices. Additionally, classroom sizes needed to take into consideration the varying program activities such as individual tutoring, behavior modification and counseling, enrichment and prevocational activities for a student population with varying exceptionalities. Failure to take these special needs into consideration before the design phase can result in costly corrections at a later date.

13 The architectural design fulfills the building specification needs as determined by the district.

The architect uses the educational specifications as a roadmap

The forward to the educational specifications for Davidson Middle School instructs the architect to review the input from the school committee as the most desirable facility description. Architects are to take into consideration staff desires as well as other factors such as required codes and the construction budget as they proceed with the design process.

The district also provided a schematic layout of the buildings, parking, and recreational areas for Crestview Elementary School (Antioch Elementary) to demonstrate that the architectural design conforms to the state's standards specified in current law. Our review of the site plans and schematic design reveal that the best practice indicators listed below were satisfactorily addressed.

- Parking requirements are defined with adequate provision for emergency and service vehicles and access by disabled persons. Bus loading is separate from other vehicle traffic.
- Circulation patterns are well defined.
- Communications and security systems are identified.
- Safe school design concepts are incorporated into the plan.
- Joint use of the facility by the community was addressed in design concepts relating to security, safety and energy conservation.

14 New construction, remodeling, and renovations incorporate effective safety features.

As mentioned earlier, the architects incorporated appropriate safety features into all designs for new construction. Our tour of Davidson Middle School revealed an important safety feature relating to visibility. From four intersecting hallways, four teachers or administrators can see the entire school. The principal believed this design feature was very important in monitoring the activities of middle school students.

Acquisition of School Sites

15 The district begins school site selection well in advance of future need based on expected growth patterns.

The district needs to formalize its site selection process

The district has not developed written procedures for its site selection process; instead, it has relied on an informal site selection process. Because of slower growth until the early 1990's, site availability had not presented a problem to district officials. By 1994, the district was faced with finding sites for three new schools because of more rapid growth in the northern part of the county and Destin area. Since the completion of these schools, the district has not had a need to acquire additional sites.

The program director of facilities describe the selection process in place at that time.

1. The school board appointed a committee chairman for a site selection committee. The board appointed chairman compiled a committee consisting of district staff and community members.
2. The committee collected, reviewed and processed all available sites for their compliance with Florida Statutes, Florida building code standards, and administrative board rules.
3. Issues pertaining to availability of water and sewer, size, location, topography, and any other concerns that would affect the site were investigated.
4. After review, sites were short-listed by the committee and presented to the board for approval.
5. After site selection approval by the board, the board attorney, following procedures outlined in Florida Statutes, proceeded with the acquisition of the recommended site.

Although the district has no formal site selection processes, the program director of facilities stated that the district follows the guidelines defined by law and those found in the *State Requirements for Educational Facilities*. He also contended that the district makes every effort to control construction

costs by considering only easily developable sites located close to utilities with good street and road access. Availability and price are also important considerations. The district always meets the requirements of Florida law by getting two independent appraisals of the market value of proposed purchases.

The district conducts environmental studies before purchasing property

The district also assessed environmental concerns when selecting sites. For example, the district conducted Level One Environmental Assessments on all proposed sites to certify that they are free of environmental hazards. The district provided evidence of a Phase I Site Assessment of a 1.46 acre outparcel at Destin Middle School, completed November 17, 1998. The study was necessitated by the presence of eight above ground storage tanks located on adjacent property occupied by a concrete company. Previous Phase I and II Environmental Site Assessments completed in 1995 and 1996 from soil borings and groundwater testing samples indicated that the samples analyzed were below the Department of Environmental Protection maximum contamination levels for petroleum contaminated sites. Based on these results, no further investigation of cleanup was recommended or required at that time.

The follow up Environmental Phase I study commissioned by the district in 1998 gave a complete location study and environmental history of the outparcel. In the engineering company's professional opinion, there was no need to conduct a Phase II study on the subject property. These studies demonstrate that the district meets the best practice for environmental assessment prior to the purchase of a site.

Recommendations ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

- *The district should develop formal site selection process.*

    Action Plan 10-4 provides the steps to implement this recommendation.

Action Plan 10-4

Selection and Acquisition of School Sites		
Strategy	Develop a formal site selection process and checklist for site evaluation	
Action Needed	Step 1:	Using current applicable state laws, define and document all criteria and processes for site selection.
	Step 2:	Identify other site selection criteria based on district needs.
	Step 3:	Finalize site selection criteria and selection process for board approval.
Who is Responsible	Program director of facilities	
Time Frame	December 31, 2003	
Fiscal Impact	This recommendation can be accomplished with existing resources.	

16 The board considers the most economical and practical locations for current and anticipated needs, including such factors as need to exercise eminent domain, obstacles to development, and consideration of agreements with adjoining counties.

As stated earlier, the district has no written criteria for its site selection process that address neighborhood concerns, future zoning, or future transportation plans. The program director of facility planning assured us that economical and practical locations were given priority consideration. The district makes every

effort to locate new schools near existing infrastructure to minimize construction costs to the district. Favored sites are level with existing utilities available. Fortunately, the district has not needed to pursue condemnations to acquire sites. With minimal student growth projections over the next five years in the five-year facilities work plan, the district does not see a need to acquire additional sites in the near future. However, the district should develop a list to assure that these factors are considered on future site evaluations.

Please refer to Action Plan 10-3 regarding the site selection process.

Construction Costs

17 The district has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the construction program other than those built into the total program manager's contract.

The district has not developed benchmarks to evaluate its construction program other than those built into the request for qualifications and contract with the total program manager. The board intended that the total program manager serve as the sole point of contact for the construction program. The total program manager was responsible for pre-design, design, construction, and post-construction services for all projects. The board assured performance, efficiency, and effectiveness of the total program manager by incorporating accountability mechanisms discussed below in its contract.

Penalties

"Time is of the essence." is the phase used in the contract to describe the board's expectation for scheduling. The master schedule developed by the total program manager was designed to cover the district's expected cash flow over a four-year period. However, the district hoped for better performance —to complete the program in three years if it was financially feasible. The district planned to negotiate a mutually agreeable acceleration schedule with the total program manager. The inclusion of liquidated damages assessed on a daily basis penalized non-performance according to agreed upon schedule. However, to encourage the total program manager to finish projects earlier, the contract provided for a shared savings bonus split on a 50/50 basis with the school district.

Validation

The contract for Program II required the total program manager to agree to outside validation of its construction costs by an independent professional. This had not been implemented in Program I. With a significant shared savings bonus at stake resulting from project savings below the guaranteed maximum price, validation of cost estimates is essential to ensure the district that the agreed-upon guaranteed maximum price is within industry standards for the project(s). The total program manager is required to provide the validation firm with design and other documentation used to arrive at the guaranteed maximum price.

Warranties and personal inspection

The total program manager is required to warranty and correct all work that proves to be defective within one year from the date of completion including the work of all subcontractors. The district wanted the construction management firm to deal with subcontractors and manufacturers if something went wrong. The total program manager is also required to secure extended warranties at no additional cost to the

district for equipment, accessories, and parts. Both the district and Sverdrup/Delta maintain a library of these warranties. Our interviews with district staff revealed that the total program manager has been very responsive to correcting deficiencies, even those discovered past the one-year warranty period.

Finally, prior to payment, the program director for facilities is required to personally inspect projects to verify that the work has been completed and built as planned.

Recommendations ——————————————————————

Please refer to Chapter 4, Performance Accountability, Action Plan 4-1 for the steps necessary to establish an accountability plan to evaluate the overall performance of the construction program.

18 The district has considered, and where possible implemented, the general requirements recommended in the SMART Schools Clearinghouse frugal construction standards.

The state of Florida created SMART Schools Clearinghouse to encourage school districts to use innovative designs and cost effective construction practices to reduce costs and the time it takes to design and build schools. SMART stands for Soundly Made, Accountable, Reasonable, and Thrifty. The clearinghouse assists school districts that wish to apply for School Infrastructure Thrift (SIT) Program awards and the Effort Index Grant Program. It also coordinates the SMART Schools Small County Assistance Program. As of May 25, 2001, the Legislature had allocated $350 million to school districts for constructing frugal schools.

At the time the district's schools were built, the SMART School Clearinghouse did not exist. However, the designs used by the district incorporate many of the cost saving principles of the program. At Davidson Middle School the metal roof system serves as the ceiling in the gym, cafeteria and media center. An administrator standing in each of the four main hallway intersections can see anywhere in the schools. The walls are of block construction, and the wings of the school can be added onto if student growth dictates an addition. The latest roofing projects were designed to use light reflective colors with roof overhangs on new buildings to reduce solar heat gain and reduce energy costs.

Although the district has not developed a written policy regarding SMART Schools design, it does incorporate the frugal design philosophy into its contract with the total program manager. Under Article 2 addressing the total program manager's responsibilities, Section 2.1.2 states that the TPM should "develop design standards and master specifications to promote replication and re-use of plan components among projects." The underlying reason for this directive is cost savings on design fees.

19 The district minimizes construction costs through the use of prototype school designs and frugal construction practices.

As stated above, the Smart School Clearinghouse did not exist during the design phase of the district's three newest schools. The program director for facilities planning, who serves as the district staff representative for coordination of construction projects, also served on the committee formed by the state to develop the SMART school standards. The district subsequently applied for and received SIT awards for Antioch Elementary, Davidson Middle and Destin Middle Schools.

20 The district secures appropriate professional services to assist in facility planning, design, and construction.

The board uses a request for qualification process to select a total program manager

After repeated problems with contractor delays and cost overruns, the board decided to use an alternative approach to the traditional/design build method of construction by contracting out for professional construction management services. On June 22, 1995, the district's purchasing director issued request for qualification (RFQ) for construction management services to undertake 32 projects with projected costs of $85 million. The targeted mailing list contained 27 construction related companies. The RFQ was issued pursuant to the State of Florida's Consultants Competitive Negotiations Act, s. 287.055, *Florida Statutes*. In its *Notice for Procurement of Professional Services*, the district stated that it was interested in professional services to provide a construction program management project consisting of a multiple-site program of remodelings, renovations, additions and new projects to be implemented over a four-year period.

The total program manager would be responsible for the services described below.

- Selecting the architects for pre-design and design services, developing project specific educational specifications and a master schedule for the entire program, developing a master program budget with cash flow schedule, negotiating contracts with all design professionals and subcontractors, analyzing life cycle costs, and representing the board with all government agencies requiring approvals.

- Providing management construction services including technical review of all plans to minimize costs and change orders, selection of all vendors through a competitive evaluation process, administration of a sales tax redemption program, and continuous on-site construction management.

- Managing of post-construction services including all close-out activities, move in and occupancy services, building orientation, performance reports on each project including compliance with building specifications, and warranty work.

Evaluation of total program manager was to be made on the following criteria.

- project experience, especially its K-12 schools' capital improvement program experience, including all multiple-site construction management experience within the last 10 years;

- Florida Department of Education experience;

- the firm's experience and qualifications including its size, resources and capabilities;

- the firm's financial strength and bonding capacity; and

- the firm's approach to the project or methodology it would plan and deliver the required services.

As part of the evaluation process, the school board sitting as the selection committee would review the required documentation of qualifications and conduct an inquiry into the respondent's past performance, financial stability, and ability to perform on schedule and on budget.

After an evaluation process that included interviews, reference checks, and financial evaluations, the board entered into a total program management contract with Sverdrup Facilities, Inc., of St. Louis as total program manager and Delta Research Corporation of Niceville, Florida, as a member of the program team. The board believed these firms, as a team, could deliver the services they wanted.

On October 6, 1998, the district issued a second Request for Qualifications for Total Construction Management Services. This contract would end on June 30, 2003, and included a grouping of projects by task order for services covering a number of re-roofing projects, technology retrofits and equipment

upgrades plus additional renovations and remodeling. No new schools were included. However, the services required would be similar to Program I except that this program included a $35 million multi-year technology contract.

The minutes of the November 3, 1998, board meeting state that there were two respondents. The board was sitting as the selection committee to develop a recommendation to be presented to the board and superintendent for approval on November 17, 1998. Although an evaluation form was not used, scores were submitted. Sverdrup/Delta received 5 No. 1 rankings over Yates/DAG who received five No. 2 rankings. Therefore, contract negotiations commenced again with Sverdrup/Delta.

Although the board's selection procedures and criteria were very thorough and met all the requirements of Florida law, it would not be considered a best practice for the ***board itself*** to sit as the selection committee to make a recommendation on a multi-million dollar contact award to ***itself.*** Additional selection committee members could easily have been selected from the Planning and Growth Committee members or other district staff including maintenance managers.

The total program manager uses a professional selection process to select architects and subcontractors

Unlike an in-house construction program, the total program manager selects architects for the district's numerous projects. Through a professional selection process, the total program manager assigns the design and construction of each project to an architectural firm/general contractor under its supervision. The total program manager procures architectual/engineering services on behalf of the district through a Statements of Qualifications (SOQ's) pursuant to the State of Florida's Consultants Competitive Negotiations Act, s. 287.055, *Florida Statutes*. Local firms contract directly with the total program manager and perform under the Sverdrup/Delta umbrella. Pre-qualified contractors competitively bid all contracts to be held by Sverdrup/Delta. The presentation for total program manager services states that 376 local contractors, subcontractors, and vendors participated in Program I.

21 The district can demonstrate that funds collected for school projects were raised appropriately.

The district's community-based campaign succeeds in passing the one-cent sales tax

The School Board Report to the Public on the Financing and Construction of 32 New and Renovated Schools reports that the members of the Citizens Growth Committee considered a property tax in addition to the sales tax to finance school construction. However, they opposed it because they reasoned that costs should be shared fairly by everyone and not just those who owned property. With a sales tax, the military families that attended county schools would help pay for schools, too. The penny sales tax targeted all families to help pay the costs of construction.

The same report spelled out the scope and cost of each of the 32 projects in a color double page pull-out as illustrated in Exhibit 10-7.

Exhibit 10-7

Scope and Cost of School Construction Projects

Southside Elementary	Destin Elementary	Niceville High School	Crestview Middle
Cost: $318,718	Cost: $1,489,541	Cost: $3,633,377	Cost: $14,035,648
Renovate/expand Cafeteria	New library/media center	Add 24 new classrooms	New middle school Max. Capacity – 1,200
	4 New Classrooms	New covered walkways	Capacity – 1,004 Max. Capacity – 1,200

Source: Okaloosa County School District.

Timely Completion of Projects

22 District planning provides realistic time frames for implementation that are coordinated with the opening of schools.

"Time is of the essence"

This phase, included in the total program management contract, succinctly sums up the board's expectation for timely performance. The board hoped to negotiate a faster delivery deadline than the four years originally contracted for. In fact, if it was financially feasible, the board wanted all 32 projects completed in three years. An ambitious time line with milestones was established for delivery dates of the projects by project groupings. Primary emphasis was given to "classrooms first" with the construction of three new schools coordinated to the opening of schools as the chart below indicates.

Exhibit 10-8

Sverdrup/Delta Construction Schedule
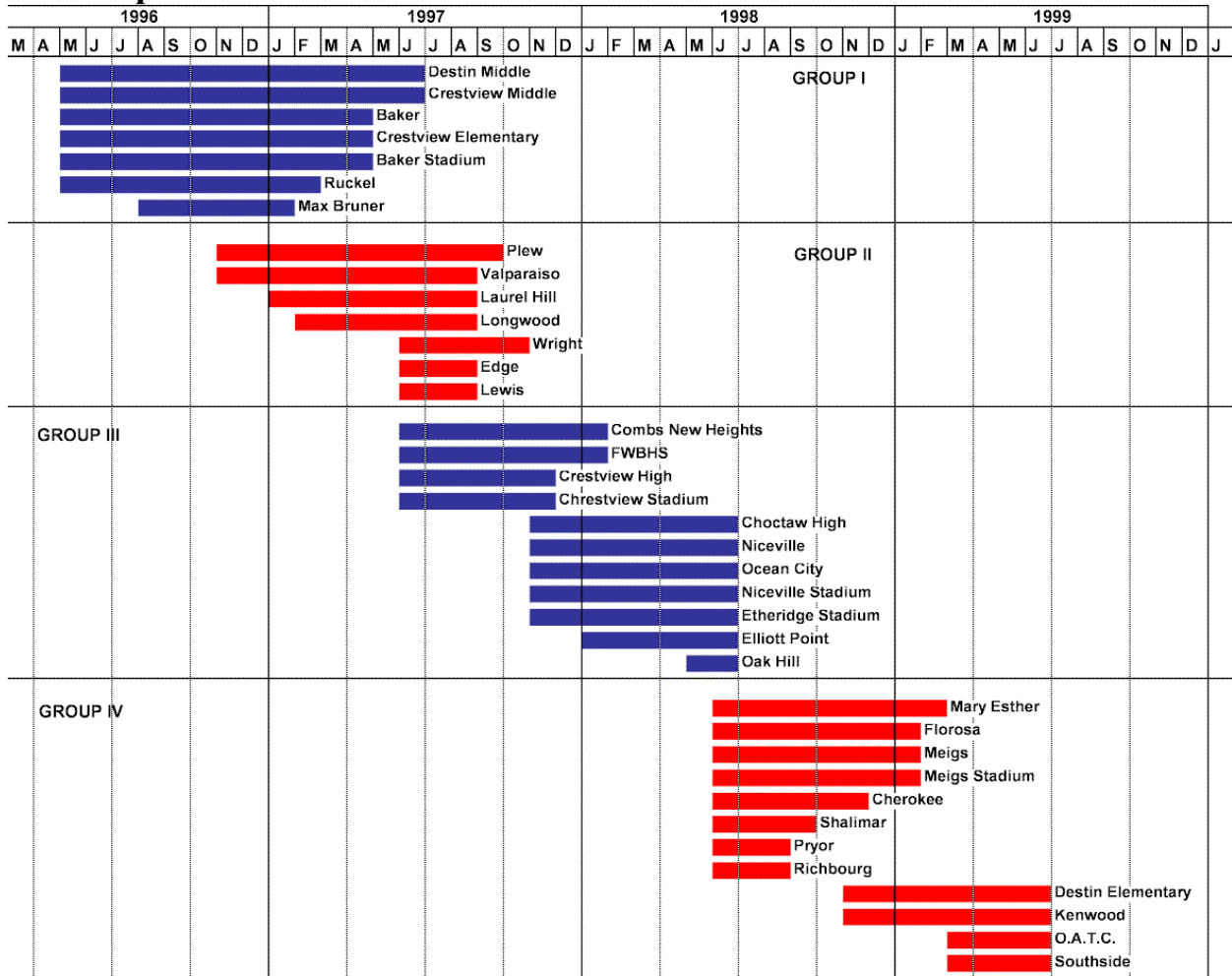
Source: Okaloosa County School District.

The total program manager was directed to develop a master schedule to be approved by the district to achieve the multi-site deadlines. The contract also provided for liquidated damages assessed on a daily basis for delays. As shown in Exhibit 10-9, the contract provided the completion dates and daily liquidated damages for failure to meet the deadlines unless those deadlines were mutually adjusted.

Exhibit 10-9

Liquidated Damages for Failure to Meet Deadlines

Project Description	Per Day Liquidated Damages	Substantial Completion
Crestview Middle School	$1,000	August 1, 1997
Destin Middle School	1,000	August 1, 1997
All Projects – Group I	500	August 1, 1997
All Projects – Group II	500	August, 1,1998
All Projects – Group III	500	August 1, 1999
Program Completion	500	August 1, 1999

Source: Okaloosa County School District.

By accepting the deadlines and the consequences for not meeting them, the total program manager must have believed them to be realistic.

The contract also provided an incentive "bonus" to reduce costs and beat timelines. The total program manager would share cost savings below the guaranteed maximum price with the district on a 50/50 basis for Program I and 45/55 for projects in Program II. Since time is money, significant savings could be realized by accelerating projects. The district benefited from occupying the new facilities sooner than expected, reducing borrowing costs, returning rented portables earlier, and plowing its share of the bonus into additional capital improvements.

The contract called for regular construction progress reports to the board on the status of projects. The program director of facilities acts as the district staff liaison to the total program manager. The board minutes and status reports provided by the total program manager show that the board receives regular budget updates and is kept informed of the progress of projects on a monthly basis.

With the number of projects under construction at any given time, particularly during Program I, the district has relied heavily on the total program manager to keep projects on track. In interviews, the school principals generally gave the total program manager very good marks for scheduling projects during the summer months and holidays, working safely, and being unobtrusive while school was in session. All three new schools were scheduled for completion before the start of the school year. The total program manager also worked closely with contractors to ensure that the many re-roofing projects were completed over holidays and summer months.

23 For each project or group of projects, the architect and district facilities planner develop a conceptual site plan and building specifications.

The architect works with the educational specifications developed for each facility to design building specifications and a conceptual site plan for the facility. The district provided detailed building specifications for Crestview Elementary School (Antioch Elementary). These drawings include exterior elevations of the building, a layout plan, grading paving/plan, utility plan, lift station details and all other required building and site specifications. The district also provided site plans and building specifications for both Davidson Middle and Destin Middle Schools. Each school has its own unique building specifications. However, all new schools are designed with common elements to reduce costs. These include flexible areas and wings that allow for economical and easy expansion. Above all, the district wanted a functional school design that would last and be cost-effective to operate.

The district has developed general building specifications to ensure durability and ease of maintenance

The district has developed general building and equipment specifications to serve as guidelines for capital construction and remodeling or renovation projects. The criteria contained in the *Policies, Procedures and Design Criteria Manual* are based on the combined input and experience of the maintenance, construction, and engineering staff. The architects, total program manager, site managers, and the maintenance department are required to adhere to these guidelines. The district is making every attempt to standardize building systems and equipment with those that staff, in their collective experience, find to be effective and require the least amount of maintenance over time. In addition, the guidelines reflect the school district's desire to be energy efficient and environmentally safe. One of the more expensive building requirements is the seamless steel metal roof system for all new buildings and some renovated buildings. The district made the decision that, in the long run, the durability and energy efficiency of the metal roof system pays for itself.

24 The district follows generally accepted and legal contracting practices to control costs.

The Purchasing Department followed the request for proposal process to issue a request for qualifications (RFQ) for construction program management services. The RFQ included a public notice, project scope, remuneration section, statement of qualification format, statement of qualification submittal form, and statement of qualification evaluation form. All documentation provided by the district confirms that it used generally accepted bidding procedures to secure these services. The district awarded the contract to the firm that best met the qualifications of the request for qualifications.

Legal counsel under contract to the district prepared the resulting contract. The copies of both contracts, dated August 28, 1995, and February 10, 1999, have the appropriate signatures, and addenda attached. The district provided a surety reference letter regarding Sverdrup/Delta's ability to secure suretyship on $89 million in projects and a report on its financial condition by Ernst & Young LLP. All reports were favorable.

The total program manager selects architects and subcontractors

The total program manager uses a professional selection process to select subcontractors and architects. The total program manager requires all its subcontractors to provide a contractor's qualification statement, insurability certification for worker's compensation, general liability and builder's risk, a statement of bonding capability, a list of references, and a satisfactory safety record. This information is analyzed and scored on the qualification statement evaluation. According to the project engineer, an unsatisfactory safety record will cause a firm not to be selected.

25 The district has assigned the construction management firm the authority and responsibility to keep facilities construction projects within budget and on schedule.

The district has assigned the construction management firm the responsibility and authority for keeping construction projects within budget and on schedule. As stated earlier, the total program manager is required to submit a guaranteed maximum price which acts as the budget limitation, and a schedule for completion of work. Penalties are built into the contract in the form of liquidated damages to ensure timely performance.

The board manages the contract through the board chairman who acts as the district's designated "owner's" representative for the total program manager program. He has served as the district's point of contact for the contract since its inception. The total program manager conducts regularly scheduled meetings with the owner's representative to work out project issues. All requests for change orders must cleared through the owner's representative prior to being submitted to the board for approval. However, it is ultimately the total program manager's responsibility to ensure that his subcontractors complete projects in a timely manner.

The program director of facilities acts as the board's liaison to the total program manager for inspection purposes to verify that project milestones are achieved prior to the approval of a request for payment. He is also responsible for putting together the district's five-year facilities work plan. He is a certified Florida building code inspector and a licensed general contractor with the Florida Department of Business and Professional Regulation. As former president of Heritage Homebuilders, Inc., the facilities director

had years of experience as a builder–developer and manager. He has extensive knowledge of state and federal building, construction, health, and safety regulations.

The district needs to transfer management responsibility for the construction program

From our interviews with district staff including maintenance personnel and principals, it is the general consensus that the board itself, though the chairman, is directing the total program management contract for the district. Since the primary purpose of the school board is to develop policy rather than run programs, the board may want to consider transferring the function to a facilities manager. See section 3, Management Structures, action plan 3-1.

26The board minimizes changes to facilities plans after final working drawings are initiated in order to minimize project costs.

Most change orders come at the district's request from project savings

The district executes change orders for the following reasons:

- to correct discovered deficiencies;
- to re-deploy resources to expand the scope of work on a project due to savings on other projects; and
- to decrease the scope of a project.

The total program manager maintains a running log of change orders. All change orders are documented and subject to board approval, except for emergency change orders under $300,000, which the district's owner representative can approve to keep a project moving. By contract, the total program manager is not allowed to submit any request for change order to correct errors or omissions on the part of the total program manager or its subconsultants or subcontractors or materialmen. However, change orders due to concealed or subsurface conditions that differ materially than those in available documents will be allowed with the agreement of the owner representative.

According to the total program manager, 60% or more of the change orders initiated were at the district's request to correct discovered deficiencies or re-deploy resources to expand the scope of work on a project or group of projects due to savings on other projects. For example, a change order of $103,974 applying to work on three schools on task order 3 did not increase the original contract price for the project. A sampling of other change orders reviewed by the OPPAGA team supported the district's claim that charge orders were used for emergency repairs such as storm damage or to increase the scope of a project financed by savings on another project.

According to the director of facilities planning, the change order procedures used for the total program management program are listed below:

- As directed by the owner's representative, a change order is created in triplicate. All pertinent backup, i.e. meeting minutes, correspondence, etc. is attached to the change order.
- After review by the program manager and project manager, the change order is forwarded to the manager of construction for review and signature.
- The change order is returned to the project control administrator with Sverdrup/Delta then forwarded to the contract manager in the district finance office for inclusion in the board meeting agenda.

- Upon approval, the district finance office returns the original change order to Sverdrup/Delta for execution by the manager of construction.

The district also initiates change orders to projects to decrease the original project amount because of deductions for the district's direct payment for materials and for sales tax rebates.

27 The program director of facilities recommends payment based on the percentage of work completed. A percentage of the contract is withheld pending completion of the project.

The program director of facilities inspects all projects prior to payment

The program director of facilities rather than the architect recommends payments under the construction management program. The architects work directly for the total program manager; therefore, it is the district's facilities director who must inspect projects to verify the work has been completed and milestones achieved at the quality standard demanded by the district.

The total program manager submits an *Application and Certificate for Payment that* must be signed by both the owner's representative and the program director of facilities. The contractor's application contains the original contract sum plus or minus previous change orders less the required 10% retainage and deductions for previous applications. The contractor must certify that the work has been completed in accordance with the contract documents, and the owner's representative and district program manager for facilities certify that the payment is based on on-site observations.

The application and supporting documentation is then forwarded to the finance office where all expenses are carefully scrutinized prior to payment. Our interviews and review of documents indicate that the bills are carefully reviewed for allowable expenses prior to approval for payment.

In the Auditor General's audit of the Okaloosa County District School Board for the fiscal year ended June 30, 1996 (Report No. 12957), the district was criticized for failure to establish procedures that required district personnel to independently verify, prior to payment, the work represented by the bills as being completed and performed consistent with the quality requirements provided in the contract. At that time district personnel relied on the architect certifications alone included with the bills. The district subsequently revised its procedures to require the program director of facilities inspect the work represented in the bills prior to recommending payment.

28 The district requires appropriate inspection of all school construction projects.

The district's certified uniform building code inspector inspects all facilities prior to issuance of a certificate of occupancy. As stated earlier the program director of facilities is responsible for conducting the required inspections and securing a certificate of occupancy. The district supplied a request of inspection and occupancy certificate submitted to DOE for Crestview High School, and an updated FISH inventory as evidence that it meets the best practice for inspections and record updates.

Construction Program

29 **The district conducts a comprehensive orientation to the new facility prior to its use so that users better understand the building design and function.**

The total program manager conducts an orientation to the new facility

The contract with the total program manager makes Sverdrup/Delta responsible for all building orientation programs. The total program manager is required by contract to provide the services described below.

- Develop detailed schedules of close-out activities, solicit punch list items from principals, verify correction of defects and completion of unfinished items, perform electrical, structural, and other inspections, and certify substantial and final completion of each project to the school board.

- Coordinate move-in and occupancy including obtaining the certificate of occupancy for each project. Manage installation of all equipment and coordinate staff move-in and orientation for new or remodeled facilities.

- Develop and present to the school board specific performance reports on each project, including compliance with educational specifications, budgets, and schedules.

- Manage warranty work following the final completion of each project.

- Secure manuals and warranties including collecting and organizing all operating manuals and warranty documents and establishing parallel files for such items at both the affected school site and the district office. Carry out training of maintenance and other personnel in operation of new facilities.

30 **The district does not conduct comprehensive building evaluations at the end of the first year of operation and regularly during the next three to five years to collect information about building operation and performance.**

The district has an informal building evaluation program

The district does not have a formal post-occupancy building evaluation process. However, the program director of facilities is responsible for comparing the final product to the educational specifications to ensure the district got the product it wanted. The program director is also required to perform this assessment during the construction phase prior to making a payment to the total program manager. The district has also developed criteria relating to preferred building designs and systems for future construction. Design criteria covers site work, thermal and moisture protection, architectural preferences, fire protection, mechanical, plumbing, communication and electrical systems. Some examples found in the *Policies, Procedures and Design criteria Manual* include

- lawn and irrigation systems for new buildings and major renovations;

- preferred manufacturer for electrical, gas and water meters;

- protection from inclement weather all student walkways and student unloading zones;

- specifications and preferred manufacturers for roof systems;

- building envelope design and construction protocols for a healthy environment; and

- specifications for heating, ventilation, and air conditioning design, operation and maintenance.

To the extent that the design criteria is required to be used by site managers, the total program manager and the maintenance department on all future construction projects, the district would meet the best practice for using what was learned on future projects.

Recommendations ——————————————————————

- *The district should develop a structured post-occupancy building evaluation.*

Action Plan 10-5 provides the steps needed to implement this recommendation.

Action Plan 10-5

Develop a structured post-occupancy building evaluation		
Strategy	Require post-occupancy building evaluations for all construction projects.	
Action Needed	Step 1:	Develop procedures to ensure that post-occupancy evaluations regularly occur. The post-occupancy review process should focus on building performance from the point of view of school-based staff, students, custodians and maintenance staff.
	Step 2:	The evaluation should include - a survey of users, - an operational cost analysis, - a comparison of the finished product with the educational and construction specifications, - recommendations for future improvements, and - an analysis of the educational program improvements for consideration by future educational specification committees.
Who is Responsible	Executive director of facilities and maintenance	
Time Frame	January 2004	
Fiscal Impact	This recommendation can be accomplished with existing resources.	

Source: OPPAGA.

31 The district does not analyze building evaluations to determine whether facilities are fully used, operating costs are minimized, and changes in the district's construction planning process are needed.

The district has an informal building evaluation process

As stated above, the district does not have a formal, structured post-occupancy building evaluation process. The program director of facilities is responsible for comparing the final building product with the educational specifications to determine if the district got what it wanted and needed. Our interviews indicate that the director carries out this requirement during the various stages of the building process as part of the site visits required before payments are approved. This appears to be a dynamic, interactive

process involving the facilities director, owner representative, and the total program manager during the entire construction process. Meetings are held regularly to discuss all issues relating to use of the facility. The district incorporates what it has gained from its informal evaluation process in the *Policies, Procedures and Design Manual* to use on future projects. Since the district does not plan to build new facilities in the future, it may not see the need to develop an evaluation process at this time.

Recommendations ———————————————————

Please refer to the preceding Action Plan 10-5 for the steps necessary to implement a formal post-occupancy building evaluation program.

32 The district analyzes maintenance and operations costs to identify improvements to the district's construction planning process.

The district considers maintenance and operating costs in its design criteria

The district does not have a system to collect the cost of maintenance and operations for each facility. However, it has analyzed some of its maintenance and operating costs for facilities. The result has been a handbook that contains design criteria derived from the maintenance, construction, and engineering staff. These guidelines reflect what they have learned from past failures and their desire to improve the quality of all systems. The guidelines state that where there is a conflict with the Department of Education guidelines contained in the *State Requirements for Educational Facilities (SREF)*, that the *SREF* would be the controlling authority.

The preferences outlined in the design criteria section of the handbook covers electrical, mechanical, plumbing and roofing systems, site work, thermal and moisture protection, preferred building construction materials, and communication networks. The district has also found that standardization of systems such as energy control systems also lowers overall costs. Other requirements address safety and ADA requirements. All of the cost-saving design criteria are to be consistently used throughout the district for new construction. To the extent that this handbook represents the sum of what the district has learned from evaluating past construction projects, this would satisfy the best practice for improving the construction planning process.

11 Facilities Maintenance

The Okaloosa County School District is cost-effectively operating and maintaining its schools; however, further opportunities exist for reducing costs and improving the delivery of services.

Conclusion

The Okaloosa School District is doing an adequate job of maintaining its 38 schools at reasonable costs when compared to other peer districts. However, according to the 2000-01 data published by the Department of Education, Office of Educational Facilities, the district ranks last in cost-effective operations when compared to its peer districts at $3.85 per gross square foot for maintenance and operation of plant. The comparison to peer districts is illustrated in Exhibits 11-1. Our observations and interviews with district staff confirm that the schools are well maintained.

Exhibit 11-1

Peer School District Annual Maintenance and Operations Cost Information, 2000-01 Costs Per Gross Square Foot

School District	Gross Square Feet	Maintenance and Operations Cost	Total Cost Per Gross Square Foot
Lake	4,987,891	16,063,611	$3.22
Bay	4,274,946	14,483,963	3.39
Santa Rosa	3,430,559	12,666,459	3.69
Alachua	5,117,433	18,885,153	3.69
Marion	5,824,635	21,542,289	3.70
Okaloosa	4,285,922	16,514,521	3.85

Source: DOE, Office of Educational Facilities.

The district did not meet 12 of the 26 best practices for facilities maintenance; therefore, further opportunities for improving service delivery and reducing costs exist. The OPPAGA team makes the following recommendations:

- *Improve coordination of the maintenance department*. The three zone administrative structure results in duplication of effort and equipment and in the long run will undermine the cost-effectiveness of the maintenance program. The department should operate as a single unit with a maintenance/facilities director responsible for districtwide activities.

- *Improve the use of technology*. The system that would give the district more accountability and control over its maintenance resources is underutilized. Maintenance managers need training on how to use the electronic work order system (MAXIMO) to plan and control workload and analyze performance.

- *Improve training for maintenance staff*. The district is not adequately supporting training to the maintenance and custodial staff. The district needs to develop a systematic way of identifying

training needs based on maintenance department goals or outcomes established for safety, trades enhancement, cross trades utilization, and interpersonal team skills. Then a planned, sequential program for individual skill development can be coordinated with the Human Resources Department.

- *Develop operating and maintenance standards.* The maintenance department relies on institutional memory and long-term relationships to operate its maintenance department. The district has grown to the point that it needs to codify its maintenance standards, operating procedures, performance measures, and staffing policies into its policies and procedures manual. In the long run, a district that applies maintenance standards and procedures will experience lower maintenance and equipment replacement costs.

Exhibit 11-2

The District Has Had a Number of Notable Accomplishments
in Facilities Maintenance in the Last Three Years

- The district privatized capital maintenance projects.

- The district cleared out a backlog of deferred maintenance projects.

- The district adopted a maintenance reorganization plan in January 2001 to focus on preventive maintenance.

- The district implemented an energy conservation program that makes site-based managers responsible for energy consumption and costs.

- The district won a national Tools for Schools Excellence Award for the indoor air quality program.

Overview of Chapter Findings —————————

OPPAGA reviewed the district's facilities maintenance program using the Best Financial Management Practices adopted by the Commissioner of Education. The OPPAGA team employed several methodologies to develop chapter conclusions and action plans. For instance, we visited facilities and conducted on-site interviews with district level managers and gathered information on facilities maintenance activities. To receive additional input, we also interviewed district-level staff, principals, maintenance staff, and schools custodians. Questions varied depending on the groups interviewed. The results have been validated and incorporated into this chapter where applicable.

Fieldwork was concluded in July 2002. Any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Maintenance and Operations Functions

1. The district has a written maintenance and operations mission statement, organizational structure, and operating procedures; however, the department's mission statement and procedures can be improved. (Page 11-6)
2. The district has not established maintenance standards in its short- and long-term plans for providing appropriately maintained facilities in accordance with its five-year facilities work plan and annual budget. (Page 11-10)
3. The district does not identify and communicate performance standards and expected outcomes to maintenance and operations staff. (Page 11-12)
4. The district does not ensure that maintenance and custodial standards are regularly updated to implement new technology and procedures. (Page 11-14)

5. The district does not uniformly obtain and use customer feedback to identify and implement program improvements. (Page 11-15)

6. The district has not established and implemented accountability mechanisms to ensure the performance and efficiency of the maintenance and operations program. (Page 11-16)

Budget for Facilities Maintenance

7. The district accurately projects cost estimates of major maintenance projects. (Page 11-18)

8. The district has developed an annual budget with spending limits that comply with the lawful funding for each category of facilities maintenance and operations. (Page 11-18)

9. The board maintains a maintenance reserve fund to handle one-time expenditures necessary to support maintenance and operations. (Page 11-21)

10. The district does not regularly evaluate maintenance and operations activities to determine the most cost-effective method of providing needed services. (Page 11-21)

11. The district's zone and site-based management structures undermine effective purchasing practices for maintenance and equipment. (Page 11-23)

12. The district is implementing proactive maintenance practices to reduce maintenance costs. (Page 11-25)

Maintenance Program Goals and Outcomes

13. The district reviews the organizational structure of the maintenance and operations program; however, the organizational structure is ineffective. (Page 11-26)

14. The district regularly reviews the staffing levels of the maintenance and operations program to maximize the efficient use of personnel. (Page 11-28)

15. The district ensures qualified staff by using appropriate hiring practices. (Page 11-31)

16. The district has a written job description for each position within the maintenance department. (Page 11-32)

17. The district provides appropriate supervision of maintenance and operations staff. (Page 11-32)

18. The district does not provide a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety. (Page 11-32)

19. The district provides maintenance and operations department staff the tools and equipment required to accomplish their assigned tasks. (Page 11-34)

Computerized Maintenance Management System

20. The district has acquired a computerized control and tracking system to track work orders and inventory, but the system needs to be fully implemented. (Page 11-35)

21. The district has a system for prioritizing maintenance needs uniformly throughout the district. (Page 11-36)

School Equipment and Facilities

22. District policies and procedures do not address the health and safety conditions of facilities. (Page 11-37)

23. The district identifies and implements strategies to contain energy costs. (Page 11-38)

24. The district has an energy management system in place, and the system is maintained at original specifications for maximum effectiveness. (Page 11-40)

25. The school district complies with federal and state regulatory mandates regarding facility health, safety, and energy efficiency conditions. (Page 11-41)

26. The district is aware of and prepared for the permitting and inspection requirements of the *Florida Building Code*. (Page 11-42)

Fiscal Impact of Recommendations

Exhibit 11-3

Three of the Facilities Maintenance Action Plan Recommendations Have Fiscal Impacts

Recommendation	Fiscal Impact
• Delete three zone administrator positions.	• Approximate savings of $239,000 annually and $1,195,000 over five years.
• Create a maintenance/facilities director position to oversee maintenance and facilities construction.	• Approximate cost of $88,276 annually and $441,380 over five years.
• Create a director of operations position to supervise five foremen.	• Approximate cost of $83,562 annually and $417,810 over five years.
• Create a facilities planner position responsible for facility planning, facility, work and performance standards, training, building inspections and surplus property.	• Approximate cost of $85,968 annually and $429,840 over five years.
• Fully implement the MAXIMO System including creating work performance standards for routinely performed tasks.	• Cost to upgrade present system & training - $175,045
• Increase subscriptions to industry periodicals for distribution to maintenance and custodial staff.	• Approximately $2,500 over five years
• Restore training budget of approximately $5,000.	• Approximately $25,000 over five years

Background

The district implemented an innovative approach to solving its capital maintenance problems after the 1994 "Penny for Our Schools" sales tax generated $67 million dollars in revenue. It hired a construction management company to clear out a huge backlog of deferred maintenance problems.

Now that the capital maintenance and construction program is winding down, the district's maintenance reorganization plan, which was adopted in January 2001, provides that the maintenance department has to take care of routine and preventive maintenance problems first before things break down. Consequently, the department's involvement in capital construction projects has been curtailed. The new maintenance strategy is to protect the taxpayers' investment in school infrastructure by fixing problems before they occur.

The maintenance department is responsible for upkeep and repair of 38 schools and 10 ancillary facilities consisting of approximately 4.3 million square feet of space. Until recently, maintenance staff were also involved in supporting major repairs and other capital projects currently under contract to the total

program manager. As shown in Exhibit 11-4, the department is divided into three separate zones, each headed by an assistant superintendent. Each zone maintenance shop has its own budget and operates independently of one another. During the course of our review the districtwide central response support team and grounds maintenance crew were also divided up among the three zones. The 74 employees are responsible for the following activities:

- Maintenance and upkeep of all facilities,

- Surplus property disposal,

- Grounds upkeep (not lawn care),

- Furniture refurbishment, and

- Fire and safety inspections.

The district level facilities maintenance functions are performed through a zone structure

Exhibit 11-4

Okaloosa County School District School Operations Organizational Chart

Okaloosa County School District County Schools and Facilities		
Dr. Frank Fuller Assistant Superintendent South County Schools	**Dr. Robert McEachern** Assistant Superintendent Central County Schools	**Mr. Wayne Ansley** Assistant Superintendent North County Schools
South County School Operations Mark Gardner, Specialist Sibyl Ray, Secretary Terri Wilkins, Secretary	**Central County School Operations** Dr. Bill Smith, Program Director, Facilities Shirley Thomas, Secretary	**North County School Operations** Paul Lane Adams, Supervisor Marcia Steele, Secretary
Bay Area Zone		
Forman (1) Leaderman II (1) Carpenter I (2) Plumber I (1) Electrician I (4) A/C/ & Ref. I (1) Welder I (1) Custodian I (1) Heavy Equip. Oper. (2)	Foreman (2) Leaderman II (1) A/C & Refrigeration I (4) Plumber I (4) Carpenter I (3) Electrician I (1) Welder I (1) Electrician I/Intercom (1) Plumber I and Water Chemical Treatment (1)	Foreman (1) Leaderman II (2) Plumber I (3) Welder I (2) Carpenter I (2) Electrician I (1) A/C & Refrigeration I (5) Locksmith (1) Heavy Equip. Oper. (3) Mechanic (1)
Fort Walton Zone	*Facilities Planning*	
Forman (1) Leaderman II (1)	Secretary (1)	
	Surplus Property and Holt Refinishing Shop	
A/C & Refrigeration I (1) Carpenter I (2) Electrician I (2) Plumber I (2)	Secretary (1) Supervisor (1) Carpenter I (1) Delivery Per. (2)	

Revised January 28, 2002.

Source: Okaloosa County School District.

Plant operators and custodians fall under the jurisdiction of principals and other site-based managers. The maintenance department has no responsibility for and limited knowledge of their activities. Site-based managers are responsible for supervision and training of custodial staff and are accountable for the

cleanliness of schools. Schools purchase custodial hours out of their operation of plant budget based on what they believe they can afford. The district employs 199 custodians at an annual cost of $3,648,006.

Maintenance and Operations

1 **The district has a written maintenance and operations mission statement, organizational structure, and operating procedures; however, the department's mission statement and procedures can be improved.**

The district charts a new direction for the maintenance department

In its maintenance reorganization plan effective January 25, 2001, the school administration has attempted to re-define the mission and objectives of the maintenance department to better focus its resources on routine and preventive maintenance and safety inspections. This document serves as the interim reorganization plan/mission statement until the district can further define what outcomes it wants from the maintenance department.

Prior to the contract with the total program manager for capital construction projects, the maintenance department had divided its resources among capital maintenance projects, day-to-day maintenance and emergency/breakdown response. No preventive maintenance program was in place. The new administration wants the department to re-focus itself on a proactive strategy of planned maintenance, as opposed to responding to maintenance problems after they occur. It also wants to limit maintenance staff involvement in renovation and construction activities to those projects costing less than $200,000.

The maintenance reorganization plan decentralizes the department

The reorganization plan decentralizes the maintenance department into three geographical areas for administrative purposes. Exhibit 11-3 shows the board-approved organizational chart for the maintenance department. The plan also makes the program director of facilities responsible for administrating the central maintenance zone program located in Niceville.

The reorganization plan clearly outlines the responsibilities for school maintenance by zone. An assistant superintendent serves as the administrative head of each zone, and according to the plan, the maintenance department staff serves customers first, the school board second, and the superintendent third. The plan outlines operational objectives over three years that mainly focus on the deployment of staff to the schools as plant operators. If these objectives are adhered to, the zone maintenance staff will be reduced by 50%. The cost of plant operators will be shifted to the individual schools (as it is for custodians).

Custodial services fall under the jurisdiction of site-based managers

The district is organized on a site-based management system for all school services; therefore custodial services fall under the jurisdiction of the individual school principal. Because these services are so decentralized, the maintenance department does not keep information on the number of custodians districtwide, custodial operating procedures, training available or anything else. From our interviews with school principals and custodians, it was readily apparent that individual schools operate differently with respect to plant operator and custodial responsibilities, staffing levels, training, and purchasing practices. None of the schools we visited has formal standards or operating procedures for plant operators and custodial staff. As one of the custodians interviewed put it, "It's strictly on the job training."

The maintenance department's *Policies, Procedures and Design Criteria Manual* needs revising

The written procedures for the maintenance department are contained in the *Policies, Procedures and Design Criteria Manual* revised August 25, 2001. Maintenance employees must acknowledge in writing that they have read the manual, been given the opportunity to ask questions, and will comply with all procedures. Some of the best practice indicators are addressed in the manual, but not all. Those addressed include:

- replacement and selection of equipment,
- purchase of equipment, supplies, and materials,
- maintenance priorities, and
- personnel expectations.

Maintenance operations and budget criteria are not covered in the manual, but a written criteria is used for allocating maintenance funds. Use of facilities is covered in Chapter 11 of the district's policies manual. Maintenance staff would benefit from easier reference if both of these policies were incorporated into the maintenance manual. Policies relating to facility operations (Section D) are currently being written.

The manual does not have policies and procedures that address

- maintenance procedures and standards,
- facilities standards,
- management of facilities,
- personnel staffing policies, and
- use of equipment.

The maintenance department needs its own mission statement

The maintenance department's mission statement is found in the employees' expectations section of the facilities maintenance manual. It is a general statement that applies to all school district administrative support services as a unit:

> *The mission of support services is to serve and support the Okaloosa County System and communities by assisting to create and support a safe learning environment.*

Since a mission statement provides direction for department employees, the maintenance department should develop its own broad based mission statement to define its purpose and focus its activities. An example might be:

> *The maintenance department will provide competent, responsive, and efficient services to users of facilities in order to operate and maintain a safe and functional environment for students, staff, and the community.*

The district has not developed operational procedures or maintenance standards for personnel, facilities or equipment

The expectations section of the maintenance manual contains a mix of work performance expectations and personnel behavior expectations. Most of the expectations address personnel issues such as those listed in Exhibit 11-5 rather than maintenance procedures.

Exhibit 11-5

- Employees are expected to respond to emergency situations when called upon even though the requirements might be out of their own specific job field.
- Employees are not to fraternize with students.
- Good personal appearance is required and of the utmost importance. If uniform pants are not chosen by the employee, then jeans or work-type pants are acceptable which must be neat in appearance and without holes.

Source: Facilities Maintenance Department *Policies, Procedures and Design Criteria Manual.*

Maintenance procedures and standards for facilities need to be separated from general work expectations for personnel. The district needs to develop well-defined operating procedures and guidelines for implementing each component of work associated with building, equipment, and grounds maintenance to achieve maintenance and facilities standards. Work control procedures regulate how and when work tasks are completed, as well as who completes them. They define a process for identifying, screening, planning, scheduling, evaluating and cost accounting for each type of work task performed.

The State Requirements for Educational Facilities (SREF) specifically requires that boards adopt policies and procedures for maintenance, sanitation and the housekeeping of existing facilities. Section 5(1) of the SREF presents these requirements. Because the maintenance department lacks documented procedures, the effectiveness of its activities is dependent on the individuals performing them.

Recommendations ——————————————————

- *The maintenance department needs to develop its own mission statement.*
- *The district needs to develop operating procedures for the maintenance department and custodial services.*

Action Plans 11-1, 11-2, and 11-3 provide the steps needed to implement this recommendation.

Action Plan 11-1

Develop a Mission Statement Unique to the Maintenance Department	
Strategy	As part of the strategic planning effort, the maintenance department should establish a mission statement for board approval.
Action Needed	Step 1: Work with maintenance staff to develop a mission statement unique to the department.
	Step 2: Present the mission statement to the superintendent and board for approval.
Who Is Responsible	Maintenance/facilities director
Time Frame	December 2003
Fiscal Impact	This recommendation can be completed with existing resources.

Action Plan 11-2

Develop Maintenance Operating Procedures	
Strategy	Codify operating procedures for the maintenance department.
Action Needed	Step 1: Develop operating procedures that includes routines and maintenance for: • heating, ventilating and air conditioning, • communication and alarm systems, • fire protections systems and equipment, • preventive maintenance, • site and Grounds, • emergency response, and • acquiring parts. Step 2: Present operating procedures to the superintendent for approval. Step 3: Incorporate procedures into maintenance manual. Step 4: Provide training to staff on operating procedures.
Who Is Responsible	Maintenance/facilities director; program director for facilities
Time Frame	July 2004
Fiscal Impact	The cost of this recommendation is accounted for in the creation of the facility planner position.

Action Plan 11-3

Develop Custodial Operating Procedures	
Strategy	Codify operating procedures for custodial staff into a custodial operations manual.
Action Needed	Step 1: Develop operating procedures that includes routines for • general floor cleaning; • trash removal; • cleaning portables and restrooms; • cleaning food service areas; • vertical surface cleaning: windows, mirrors, vents, blinds, partitions; • mowing and raking; • safety coordination and emergency responses; • handling hazardous chemicals and blood borne pathogens; • event preparation/cleanup; • opening/closing of building; • replacing janitorial supplies; and • initiating work orders. Step 2: Present operating procedures to the superintendent for approval. Step 3: Distribute operating procedures to site based managers and custodial staff. Step 4: Provide training on procedures to custodial staff.
Who Is Responsible	Maintenance/facilities director; facility planner
Time Frame	July 2004
Fiscal Impact	The cost of this recommendation is accounted for in the creation of facility planner position and the cost of a consultant to coordinate procedures development (Management Structures).

Source: OPPAGA.

2 The district has not established maintenance standards in its short- and long-term plans for providing appropriately maintained facilities in accordance with the district's five-year facilities work plan and annual budget.

Maintenance goals and objectives need revision

Specific goals and objectives for the maintenance department found in the *Policies, Procedures and Design Criteria Manual* are narrowly defined as follows:

Facilities Maintenance Department Goal

To process all work orders in a timely manner and in the order of established priorities set by the department.

Objectives

To respond to all work orders in accordance with the following schedule:

1. Emergency Maintenance and Repair
2. Preventive Maintenance
3. Maintenance and Repair
4. Services to Schools
5. Renovation
6. Capital Improvements
7. Remodeling
8. New Construction

In light of the new administration's desire to re-focus the maintenance department on maintenance activities centered around services to schools and decrease their involvement in capital projects, these objectives need to be revised. New objectives should focus on expected outcomes and not be limited to responding to work orders alone.

Standards needed for maintenance

The district has not established standards for maintenance in either its short- or long-term plans for facilities. Section 3.3 of the Department of Education's *Maintenance and Operations Administrative Guidelines for School Districts and Community Colleges* states that the ultimate intent of maintenance standards is to establish baseline criteria and benchmarks for maintaining and operating educational facilities which, at a minimum, reflect the expectations of the educational facility customers, school administration, government officials, and taxpaying public. These standards form the basis by which maintenance and operations administrators can plan and implement new programs, modify existing ones, measure effectiveness and gauge customer satisfaction. Examples of suggested general work standards provided in the *Administrative Guideline* include the items below.

Exhibit 11-6

Suggested Work Standards for Facility Operations and Maintenance

Facility Standards	Maintenance and Operations Criteria
Safety	Educational facilities shall be maintained to create a safe learning environment that is free of environmental hazards and occupational risks for students, staff, school administration, and the general public.
Sanitation	School buildings shall be cleaned on a daily basis to promote public health and ensure sanitary conditions, especially in classrooms, rest rooms, laboratories, cafeterias, kitchens, clinics, locker rooms, and other areas prone to germs, bacteria, and disease.
Security	Educational facilities shall be maintained in such a manner to protect occupants, property, and equipment from vandalism, theft, intrusion, and natural disasters.
Functional Performance	Maintenance and operations activities shall ensure that buildings, grounds, and equipment facilitate the educational process and function in an economical and efficient manner.
Physical Condition	Maintenance and operations activities shall ensure that all buildings, components, and equipment are sound, in good serviceable condition and otherwise in good working order.
Appearance	Educational facilities shall be maintained to achieve the desired level of appearance specified or expected by a school district's central administration.

Source: Department of Education.

Using these general work standards as a guideline, the maintenance department needs to develop specific standards appropriate to the facilities they manage and submit them for review and approval to the superintendent. Maintenance standards define procedures for maintaining facilities and equipment that maximize their useful lives. In the long run, a school district that applies maintenance standards will experience lower maintenance and equipment replacement costs.

Despite the fact that the district has not developed facility maintenance standards and plans, our tour of several schools revealed that the schools appeared to be well maintained. This was true throughout the district. The district appears to meet the best practice of the equitable treatment of schools regardless of location.

Capital maintenance plans adequately project needs

The five-year facilities work plan, the school plant survey, and the project priority list submitted to DOE serve as the comprehensive planning tools for identifying capital maintenance projects. The assistant superintendents, principals, maintenance staff, and custodians all have input into identifying the maintenance needs of the schools located within their maintenance zone. Budgets for these requests are based on the district's experience with similar projects and estimated costs that are prioritized by project and year in the work plan. Recent capital improvements have focused on replacing HVAC systems, repaving projects, and addressing life safety concerns.

Recommendations ——————————————————————

- *The maintenance department needs to develop facility standards specific to the facilities they manage.*

Action Plan 11-4 provides the steps needed to implement this recommendation.

Action Plan 11-4

The Maintenance Department Needs to Develop Facility Standards		
Strategy	Develop maintenance and operations criteria based the district's facility standards.	
Action Needed	Step 1:	Work with district staff to determine appropriate facility standards for district facilities.
	Step 2:	Develop maintenance and operations criteria for the facility standards below.
		• Safety – environmental and occupational risks
		• Sanitation – frequency of cleaning
		• Security – protection of occupants and property
		• Functional Performance – operating efficiently and economically
		• Physical condition – sound condition
		• Appearance – desired level of appearance
	Step 3:	Present standards and maintenance criteria to the superintendent and board for approval.
Who is Responsible	Maintenance/facilities director; facility planner; assistant superintendents	
Time Frame	July 2003	
Fiscal Impact	The cost of this recommendation is contained in the cost of adding the facility planner position.	

3   The district does not identify and communicate performance standards and expected outcomes to maintenance and operations staff.

The district has not developed performance standards

Performance standards serve as a basis for measuring how well the maintenance and custodial staff meet or adhere to board policies, standards, and objectives. Performance standards set clear expectations for job performance and give managers consistent tools for evaluating performance. The Department of Education, *Maintenance and Operations Administrative Guidelines for School District and Community Colleges (Section 5.5)* states that a good place to start for defining benchmark standards is an analysis of historical data for work tasks. From this data, time requirements for a variety of tasks along with benchmark standards can be developed. Collecting and analyzing this data can serve as a useful tool to administrators for measuring worker productivity, comparing labor costs, resolving employee issues, justifying staffing levels, and comparing district performance with other peer districts and private industry standards.

The district's lack of performance standards makes it difficult to hold maintenance or custodial staff accountable for their work. It could also pose a problem if the district terminates the employment of an under-performing employee. Even though all three maintenance zone managers stated that they give employees performance feedback weekly in meetings with maintenance staff, the feedback is not documented. Annual evaluations of employees on overall job performance are based primarily on supervisor observations. The personnel director said that maintenance employees are dismissed far more often for behavior-related problems rather than documented work performance deficiencies. The reason for this may be that no performance standards exist. She did state that the schools were better at documenting custodial work deficiencies. To protect itself legally, the district needs to develop written work standards by which employee performance can be measured.

The Okaloosa County School District has not developed individual or department-wide work standards based on industry benchmarks or other data. The maintenance policies and procedures manual contains

expectations of employees, but no detailed standards for the time needed to perform routine tasks for which employees can be held accountable.

However, the maintenance department now has the capability of collecting frequency, time, and cost data to develop work standards once the full implementation of the electronic work order system, MAXIMO, is complete. The central maintenance zone is already working toward developing work standards by analyzing hours worked compared to hours spent on work orders to measure worker productivity. The "report card," as employees commonly call it, is the ratio of hours worked to hours spent on work orders. The central zone program director of facilities wants this ratio to be between 80-90%. He is also working on establishing time frames for routine tasks by reviewing completed work orders. Standards can be developed for completing tasks by analyzing this information over time. The Manatee County School District maintenance staff report that its maintenance department has increased worker productivity from 5 to 35%, depending on the task, by establishing time frames for routine tasks in the district's electronic work order system.

Recommendations —————————————————————

- *Develop a method of evaluating maintenance trades based on work standards.*

Action Plan 11-5 provides the steps needed to implement this recommendation.

Action Plan 11- 5

The Maintenance Department Needs to Develop Work Standards for Maintenance and Custodial Staff	
Strategy	Develop a method for evaluating maintenance and custodial tasks based on work standards.
Action Needed	Step 1: Develop work standards for each task that may include • frequency of task, • duration of task, • materials cost of task, • labor cost of task, and • comparisons to applicable professional standards and peer districts. Step 2: Inform maintenance and custodial personnel of the work standards. Step 3: Track the implementation of work standards and how employees meet those standards Step 4: Evaluate employee performance based on the standards.
Who is Responsible	Maintenance/facilities director; facility planner
Time Frame	July 2003
Fiscal Impact	The cost of this recommendation is accounted for in the costs to upgrade of the MAXIMO System and the creation of the facility planner position.

Source: OPPAGA.

4 **The district does not ensure that maintenance and custodial standards are regularly updated to implement new technology and procedures.**

The district has not developed maintenance or custodial standards that take into account new technology

As stated above the district has not developed maintenance and custodial standards. The administration's new maintenance plan makes reference to training to keep maintenance staff abreast of new technology, but no standards have been developed.

One way to keep staff updated on new technology and procedures is subscribing to trade publications. The maintenance department budget allocates $500 for trade publications only in the south zone budget. The program director of facilities had a number of trade publications on hand relating to school maintenance that he said were always available to central zone employees. However, custodial employees did not have access to these publications. One custodian we interviewed said he would like to have access to trade publications. In order to better meet the challenges of the future, the department should subscribe to and make available to all employees publications such as *School Engineer, Engineering News Record,* and *Building Operators Management* to keep them abreast of new technology and other cost saving improvements in facilities maintenance and operations.

Recommendations ─────────────────

- *The district needs to subscribe and circulate trade publications.*

  Action Plan 11- 6 provides the steps needed to implement this recommendation.

Action Plan 11-6

Increase Subscriptions and Circulation of Trade Publications		
Strategy	Subscribe to and circulate trade publications to ensure maintenance and custodial staff are informed of new procedures, technology, equipment and materials.	
Action Needed	Step 1:	Review trade publications to determine which would best meet the needs of the district.
	Step 2:	Survey custodial and maintenance staff for input.
	Step 3:	Test survey instrument.
	Step 4:	Create a budget item for trade publications.
	Step 5:	Ensure publications are made available to district staff.
Who is Responsible	Maintenance/facilities director	
Time Frame	December 2002	
Fiscal Impact	$500 annually	

5 The district does not uniformly obtain and use customer feedback to identify and implement program improvements.

The maintenance department does not conduct annual customer service surveys to measure customer satisfaction

At the time of our review, the maintenance department has not recently surveyed its maintenance customers. The department provided the 1997-98 Evaluation of the Strategic Plan survey as the most recent evidence of obtaining customer feedback on maintenance related issues. As the name implies, this evaluation covered all district services to gather data on the level of satisfaction with the services provided at the district level and to determine the degree of implementation of the 1997-98 Strategic Plan. It included written questions, telephone interviews and focus groups. Some of the focus group and survey questions directed to the school principals related to maintenance.

Respondents to questions related to administrative services commented on the need to establish one maintenance department and improve employee qualifications and expectations. Under Part II, *Evaluating the Effectiveness of District Office Services*, the principal focus groups identified the following facility and maintenance issues requiring attention:

- creation of a long-term maintenance plan for the district;
- improvement in the communication of how and when maintenance services are provided; and
- creation of a more equitable priority system for providing maintenance services to schools.

Although district staff states that customers are surveyed annually, the maintenance department initially provided no other evidence of districtwide surveys other than the strategic plan survey and a survey of school principals conducted by the south maintenance zone on January 29, 1997. During the course of our review, the north maintenance zone developed a maintenance questionnaire for the north zone and also provided a site visit checklist to assess the condition of maintenance systems. The maintenance department needs to conduct systematic, written surveys of *all* its customers in order to gain feedback to improve its performance and productivity.

The maintenance department communicates with its customers through the MAXIMO system to receive work orders from site-based managers. These work orders are reviewed, prioritized, assigned to maintenance trades staff, and finally charged to the appropriate school maintenance budget when completed. The MAXIMO System has a customer feedback feature, but it does not appear to be used at this time by school staff or the maintenance department to track customer satisfaction.

Recommendations ———————————————————————

- *The maintenance department needs to develop a uniform survey to acquire customer feedback on an annual basis.*

Action Plan 11-7 provides the steps needed to implement this recommendation.

Action Plan 11-7

The District Needs to Conduct Annual Customer Feedback Surveys	
Strategy	Conduct periodic surveys of facility users to measure how well the maintenance department is fulfilling its mission from a customer service standpoint.
Action Needed	Step 1: Develop survey instrument with input from maintenance staff. Ask users to rank services provided on a 1-5 point scale.
	Step 2: Include questions relating to quality, timeliness, and cost of service.
	Step 3: Survey principals and a random sample of teachers.
	Step 4: Summarize and evaluate responses.
	Step 5: Use results to evaluate the use of maintenance resources and make adjustments accordingly.
Who is Responsible	Facility planner
Time Frame	May 2003
Fiscal Impact	This can be accomplished with existing resources.

6 The district has not established and implemented accountability mechanisms to ensure the performance and efficiency of the maintenance and operations program.

The district has not established a performance accountability system for the maintenance program

Since the maintenance department has not developed work control procedures, standards, or benchmarks to evaluate performance, it is very difficult to hold staff accountable. In addition, it has not developed standards to measure the overall effectiveness of the maintenance program. Standards are the expectations the district sets for the maintenance program. By periodically comparing the standards to actual performance, the district can determine what improvements may be needed. Chapter 11.1 of the DOE *Maintenance and Operations Administrative Guidelines for School Districts and Community Colleges* provides some examples of maintenance and operations department effectiveness standards that could be considered for evaluating a maintenance program as shown below.

Exhibit 11-7

DOE Provides Examples of Effectiveness Standards for Maintenance

Standard	Reference Measures
Adequate levels of maintenance	Did the department provide maintenance, custodial, and grounds services that were adequate to meet board, administration, and the general public's expectation?
Improved facility conditions	Did the department provide services that resulted in improved or enhanced conditions?
Cost-effectiveness	Did the department conduct maintenance and operations activities in a cost-effective manner?
Strategic plan implementation	Did the department develop and implement a strategic plan aimed at defining and addressing facility needs, shortcomings, and deficiencies in the years to come?
Cost-saving measures	Did the department implement measures to contain or reduce costs in certain areas of operation?

Standard	Reference Measures
Overall effectiveness	Did the department achieve a level of effectiveness that is reflected in customer attitudes and perceptions?

Source: DOE *Maintenance and Operations Administrative Guidelines for School Districts and Community Colleges.*

The new administration does a good job of establishing its expectations for the maintenance department in the mission statement of the reorganization plan. While recognizing the many different competing functions that the maintenance department is expected to perform, from preventive maintenance, emergency response, remodeling, safety inspection to participating in capital projects, this administration wants the maintenance department to re-focus itself on preventative and routine maintenance activities. Implementation of an effective preventive maintenance program will preserve the tremendous capital investment the public has made in infrastructure improvements. Unfortunately, the district does not outline any measurable objectives for achieving this goal.

The district has not established cost-effectiveness measures for its maintenance operations. Historically, the department has not collected or analyzed cost data to evaluate program effectiveness. Examples of cost-effectiveness measures include cost per square foot statistics, number of full-time equivalent staff per square foot, and cost per student. The district reports its maintenance and operations costs to the Department of Education; however, the maintenance department's use of this data to analyze performance by the maintenance department is unclear. The lack of performance measures and reports limits the district's ability to assess the efficiency and effectiveness of the maintenance department's functions.

Recommendations ———————————————

- *The district needs to develop maintenance department performance standards to evaluate the maintenance program.*

  Action Plan 11-8 provides the steps needed to implement this recommendation.

- *The district needs to establish a performance accountability system for the maintenance department.*

  See Action Plan 4-1 in Chapter 4 for the steps needed to implement this recommendation.

Action Plan 11-8

The District Needs to Develop Performance Standards	
Strategy	Develop standards for maintenance and custodial operations based on recognized industry benchmarks and comparisons with peer districts.
Action Needed	Step 1: Develop cost-effectiveness standards based on the following: • maintenance cost per square foot; • maintenance cost per student; • custodial costs per square foot; • square feet of building per FTE custodian; • square feet of building per FTE maintenance staff; • average age of facilities; • timeliness of response; and • customer satisfaction.

	Step 2:	Contact peer districts to identify information sharing opportunities
	Step 3:	Obtain historical data from budget and FISH records.
	Step 4:	Calculate and verify measures.
	Step 5:	Set cost-effectiveness standards and goals.
	Step 6:	Select a few critical performance and cost-efficiency measures that should be reported annually to the school board and superintendent.
Who is Responsible	Maintenance/facilities director; facility planner	
Time Frame	September 2003	
Fiscal Impact	The cost of this recommendation is accounted for in the costs to upgrade the MAXIMO System and creation of the facility planner position.	

Source: Martin County BFMP.

Budget for Facilities Maintenance

7 The district accurately projects cost estimates of major maintenance projects.

The district develops accurate cost estimates for major maintenance projects

Major maintenance projects are capital maintenance projects—those generally costing over $200,000. These projects are funded out of the district's budget for capital outlay projects. The program director of facilities states that the maintenance department has a very good working relationship with the total program manager, Sverdrup/Delta Research, Inc. The district selected Sverdrup/Delta Research, Inc., as total program manager in part because of Delta's strength in accurately estimating construction costs. Delta performs cost estimates for the United States Air Force. The program director of facilities calls on the contractor for assistance with budget estimates during the conceptual stage of major projects. The district then uses these estimates in the five-year facilities work plan that serves as the basis for establishing the budget for capital maintenance projects.

The district uses historical cost data from maintenance contracts and market estimates to budget costs for smaller projects. The program director of facilities states that the department does not factor in inflation costs for smaller projects because it is difficult to estimate. However, he does not hesitate to call on the total program manager for assistance in estimating costs for any project.

8 The district has developed an annual budget with spending limits that comply with the lawful funding for each category of facilities maintenance and operations.

The district has devoted its resources to clearing out a backlog of deferred maintenance projects

Since the passage of the penny infrastructure sales tax in 1994, the district has devoted much of its capital maintenance budget to clearing out a backlog of major deferred maintenance projects that had resulted in deterioration of facilities districtwide. Ongoing capital maintenance projects include replacing roofs, replacing HVAC systems, correcting safety deficiencies, and repaving projects. The district financed

many capital maintenance projects with the sales tax and Public Education Capital Outlay (PECO) maintenance funds received from the state. The project priority list attached to the total program manager's second contract (Program II) contains over $35 million for capital maintenance and other construction projects.

The district defines its short-term goals for capital maintenance projects in the five-year facilities work plan that is updated on an annual basis. The district still has not, however, defined long-term goals for the maintenance area beyond a three-year horizon. According to district level staff and assistant superintendents, they simply have not been able to get to this exercise yet with so many other pressing priorities. They are, however, making an effort to ensure that all identified deficiencies noted in previous safety inspections are being corrected.

A review of the approved five-year facilities work plan shows that capital spending for 2001-2002 will complete much of the backlog of deferred maintenance projects. We believe future maintenance spending should place greater emphasis on preventive and routine maintenance by shifting funding from general operating funds or capital maintenance to school maintenance budgets. An adequately funded maintenance program will minimize the future need for large capital investments to repair and renovate facilities in the future.

Budgets for routine maintenance and custodial services

The district pays for routine maintenance out of an allocation made for each school site by calculating the school's square footage from the FISH Report and then multiplying the square footage by a cost factor, ranging from $0.15 to $0.45 per square foot, depending on age, type, and condition of the facility. Each school's maintenance budget is divided by mutual agreement on a 50/50 or 75/25 percent basis with its regional maintenance zone. These funds can only be spent on school maintenance projects and are subject to carryover from year to year. Lawn care and custodial functions are paid out of the school's operating budget. Some elementary school principals we interviewed expressed concern that the allocation formula unfairly underfunds them because of their smaller square footage when compared to middle or high schools. However, most felt the current allocation method met their needs. The individual school allocation held by the maintenance zone is billed for materials and services provided to the school except for labor costs. In order for the district to get a true picture of maintenance costs, schools need to be billed for both labor and materials costs. The district will not be able to fairly compare its costs if it does not charge for labor. The finance department indicated that this was one of the changes planned for the future.

In addition to the school maintenance allocation based on the square footage formula, each maintenance zone also receives an allocation from general operating budget to support the regional office and the salaries of the employees. The allocation amounts to approximately $2.2 million for Fiscal Year 2001-02.

Exhibits 11- 8 and 11- 9 show the allocation of maintenance funds by maintenance zone and by school for the district.

Exhibit 11-8

Maintenance Fund Allocations by Zone

South Maintenance Zone	Central Maintenance Zone	North Maintenance Zone
$821,489	$659,883	$730,086

Source: Okaloosa County School District.

Exhibit 11-9

Maintenance Fund Allocations by School as of October 2001

Department Name	Beginning Budget	Budget Amendment Adustment	Beginning Balance	Purchase Costs	Current Balance
Anitoch Elementary School	$ 20,967.90	$6,024.20	$26,992.10	$11,353.99	$15,638.11
Baker K-12 School	62,177.95	3,518.85	65,696.80	28,626.05	37,070.75
Bay Area Office	19,433.40	0.00	19,433.40	58,068.63	(38,635.23)
Bluewater Elementary School	22,516.20	1,511.89	24,028.09	14,428.04	9,600.05
Bob Sikes Elementary School	26,008.45	11,757.25	37,765.70	14,109.60	23,656.10
Bruner Middle School	54,336.30	(26,764.61)	27,571.69	18,695.57	8,876.12
Central County School Operations	30,623.25	(30,121.52)	501.73	945.90	(444.17)
Central Maint. Office Bldg.	30,623.25	0.00	30,623.25	4,041.71	26,581.54
Central Maint. Truck Center	21,655.00	0.00	21,655.00	3,066.25	18,588.75
Cherokee Elementary School	33,133.75	(2,821.94)	30,311.81	11,969.04	18,342.77
Choctawhatchee High School	86,446.35	(40,099.82)	46,346.53	29,464.40	16,882.13
Combs-New Heights Elementary School	24,562.65	(14,113.72)	10,448.93	3,450.07	6,998.86
Crestview High School	77,874.50	(4,870.89)	73,003.61	33,383.10	39,620.51
Davidson Middle School	32,390.50	17,334.40	49,724.90	9,963.95	39,760.95
Destin Elementary School	27,281.25	16,999.51	44,280.76	21,858.79	22,421.97
Destin Middle School	22,525.10	(156.06)	22,369.04	4,295.61	18,073.43
Edge Elementary School	23,367.50	(5,108.68)	18,258.82	12,279.12	5,979.70
Edwins Elementary School	24,145.80	(12,132.32)	12,013.48	4,621.51	7,391.97
Elliott Point Elementary School	23,810.95	(10,073.65)	13,737.30	5,535.78	8,201.52
Florosa Elementary School	22,355.55	(12,053.22)	10,302.33	9,406.38	895.95
Fort Walton Beach High School	86,236.20	(39,234.54)	47,001.66	29,974.10	17,027.56
Kenwood Elementary School	23,807.40	(3,059.53)	20,747.87	6,766.44	13,981.43
Laurel Hill K-12 School	33,866.95	(4,244.59)	29,622.36	13,048.16	16,574.20
Lewis Middle School	31,058.80	(5,203.46)	25,855.34	5,384.24	20,471.10
Longwood Elementary School	23,316.80	16,414.32	39,731.12	30,940.25	8,790.87
Mary Esther Elementary School	21,209.40	(1,502.40)	19,707.00	8,857.68	10,849.32
Meigs Middle School	44,775.90	(19,745.44)	25,030.46	12,363.17	12,667.29
Niceville High School	80,332.25	(13,000.54)	67,331.71	8,825.66	58,506.05
Northwood Elementary School	24,010.00	893.96	24,903.96	6,156.62	18,747.34
Oak Hill Elementary School	20,260.80	(817.55)	19,443.25	4,874.65	14,568.60
Ocean City Elementary School	24,469.65	3,210.04	27,679.69	9,982.35	17,697.34
Okaloosa Applied Technology Center	47,151.40	317.03	47,468.43	4,725.84	42,742.59
Plew Elementary School	26,590.25	(5,870.40)	20,719.85	11,952.43	8,767.42
Pryor Middle School	45,108.90	(16,422.80)	28,686.10	21,749.35	6,936.75
Richbourg Middle School	53,190.65	(10,267.17)	42,923.48	19,395.59	23,527.89
Ruckel Middle School	41,168.25	(8,532.44)	32,635.81	27,058.87	5,576.94
Shalimar Elementary School	18,490.60	(2,378.05)	16,112.55	4,944.85	11,167.70
Silver Sands School	12,255.10	3,701.05	15,956.15	2,967.45	12,988.70
South Facilities Maintenance	6,611.10	(71,962.69)	(65,351.59)	8,900.16	(74,251.75)
Southside Elementary School	21,500.05	(7,778.41)	13,721.64	13,817.36	(95.72)
Transportation-Central-TWI	0.00	12,875.00	12,875.00	13,207.76	(332.76)
Transportation North	2,874.90	1,063.29	3,938.19	1,578.96	2,359.23
Transportation-South	3,975.65	(155.52)	3,820.13	1,957.67	1,862.46
Valparaiso Elementary School	26,558.65	(3,605.89)	22,952.76	8,065.32	14,887.44

Department Name	Beginning Budget	Budget Amendment Adustment	Beginning Balance	Purchase Costs	Current Balance
Walker Elementary School	24,487.35	(6,121.84)	18,365.51	16,841.10	1,524.41
Wright Elementary School	30,893.55	(7,180.95)	23,712.60	3,977.89	19,734.71
Overall Totals:	1,460,436.15	$(289,779.85)	$1,170,656.30	$597,877.41	$572,778.89

Source: Okaloosa School District.

9 The board maintains a maintenance reserve fund to handle one-time expenditures necessary to support maintenance and operations.

The district has a reserve fund for emergencies

The district adequately budgets for emergency and reserve funds. The proposed capital outlay budget from Fiscal Year 2001-02 to 2004-05 sets aside $250,000 per year for emergency maintenance and repairs. The program director of facilities assured us that the assistant superintendent of each maintenance zone is aware that these funds are restricted to emergency maintenance only and are not to be used for recurring expenses. The district's 2001-02 capital budget has $301,533 in undistributed districtwide emergency maintenance funds.

The district also maintains a reserve fund for emergencies of $750,000 in the capital improvement tax construction fund. This is identified in the budget as a board priority reserve. The finance director said this fund would be used in the event the district was hit by a hurricane or other disaster of that magnitude. The budget also includes $175,817 in reserve funds in the south zone maintenance budget for the energy management system, kitchen repairs, and environmental and site improvement.

10 The district does not regularly evaluate maintenance and operations activities to determine the most cost-effective method of providing needed services.

The district needs to work on analyzing cost-effective methods of providing services

Currently the district does not collect and analyze maintenance or custodial cost data to determine if the services it provides are cost-effective. Without this data, the district is limited in its ability to evaluate whether it would be more cost-effective to have services provided by an alternative method or source. The Florida Legislature proposed legislation during the 2002 legislative session requiring all districts to compare district operating and maintenance costs to those charged by private vendors. Although it failed to pass, the proposed legislation is an indication of the Legislature's interest in getting the best price for services.

The district has entered into district-wide contracts for asphalt paving, paint, chemicals and carpeting. In addition, the maintenance department regularly calls on other outside vendors to provide maintenance services on an ad hoc basis. When asked what criteria are used to decide whether to use an outside vendor for a particular service, the central maintenance zone reported that this decision is made at weekly staff meetings and is based primarily on daily staffing levels and a lack of expertise rather than any analysis of costs. The north maintenance zone also reported that the lack of personnel is the main reason for using outside contractors. With 50% fewer maintenance personnel than 10 years ago, and two new

schools, the north zone office feels it has little choice. The north maintenance zone spent $136,000 last year on maintenance projects using outside vendors. The central and south zones did not provide this data.

Our interviews revealed that the maintenance department has not analyzed the maintenance services it now obtains on an ad hoc basis to determine which ones might be candidates for privatization either at the school or zone maintenance level. In fact, it is difficult to get information on how school-based services are being provided since each principal operates independently of one another and the zone maintenance office. For example, two elementary schools, Valparaiso and Plew, have contracted out for lawn services. Other schools use custodial staff; Max Bruner Middle School has recruited the coaching staff to help with mowing responsibilities, while the south zone maintenance has recently begun offering lawn service to some schools. Because of the variety of methods used for lawn care, the district does not know what lawn care services cost or the most cost-effective method of getting the job done.

Services are somewhat better organized at the zone level, but maintenance managers do not systematically collect or analyze cost data, nor is there any effort to organize and price commonly used services among schools within zones to help site-based managers make the best decisions. Additionally, we found no evidence that the maintenance department made any written evaluations of the costs and benefits associated with alternative delivery methods.

The electronic work order system can help managers analyze costs

Full implementation and upgrading of the electronic work order system known as MAXIMO will greatly enhance the district's ability to capture cost data for a variety of services and materials. The system also is capable of tracking a repair history for equipment to assist management in making a decision on whether it would be more cost-effective to replace equipment with a long repair history. Without accurate cost data, it is difficult to measure the effectiveness of the maintenance program against itself or alternative sources. The district may want to consider funding software upgrades to the MAXIMO system by replacing general funds used to purchase software with capital dollars transferred from the capital budget to support the maintenance program for a year or so.

The present administration has emphasized a system of site-based management held accountable by performance measures. School administrators are responsible for their individual budgets, and increasingly they want to know what things costs and how to evaluate these costs. To make the accountability system work, the maintenance department will have to be able to provide cost data, especially when it begins to charge labor costs back to the schools.

Recommendations ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

- *The maintenance department needs to collect and analyze cost data to identify opportunities to reduce costs in accordance with action plan 4-3, Performance Accountability.*

- *Consider the costs of outsourcing certain maintenance trades.*

    Action Plan 11-9 provide and 11-10 the steps needed to implement this recommendation.

Action Plan 11-9

Use the MAXIMO System to Collect Cost Data on Labor and Materials.
Strategy   Systematically collect and analyze performance and cost data in the MAXIMO System to identify opportunities to increase effectiveness, efficiency and reduce costs.

Action Needed	Step 1:	Meet with supervisors to identify what data needs to be collected, how often and what report format is needed to determine progress toward cost efficiency goals.
	Step 2:	Set up a procedure to routinely generate work orders for analysis.
	Step 3:	Analyze reports to identify trends and opportunities to reduce costs.
	Step 4:	Meet with staff to identify strategies to increase productivity and lower costs.
	Step 5:	Use data/operational information to make operational improvements; establish timeframes for routine tasks.
	Step 6:	Discuss expectations with maintenance staff on ways to work more efficiently and effectively.
	Step 7:	Routinely report performance and cost-efficiency results to staff.
	Step 8:	Use data to make routine comparative analysis between actual and budgeted costs.
	Step 9:	Evaluate performance and costs to include potential for cost-saving alternatives for providing services.
Who is Responsible	Maintenance/facility director; facility planner, and supervisors	
Time Frame	July 2003	
Fiscal Impact	MAXIMO System upgrade and training - $175,045. Recurring support costs are covered in the Technology chapter.	

Source: OPPAGA.

Action Plan 11-10

Privatization		
Strategy	Evaluate outsourcing certain maintenance trades functions.	
Action Needed	Step 1:	Identify maintenance trade functions that could be privatized.
	Step 2:	Identify criteria to use in determining whether to outsource functions.
	Step 3:	Contact vendors to determine costs to privatize identified functions.
	Step 4:	Compare privatized costs to in-house costs.
	Step 5:	Determine feasibility of privatizing maintenance trade functions based on the results of the comparison.
Who is Responsible	Maintenance/facilties director	
Time Frame	December 2003	
Fiscal Impact	This recommendation can be accomplished with existing resources.	

Source: OPPAGA.

11 The district's zone- and site-based organizational structures undermine effective purchasing practices for maintenance and equipment.

Better coordination of purchasing among maintenance zones could lower costs

Overall, the district has generally effective purchasing practices for the maintenance department. The district's purchasing director added two additional buyers in 1999 to specialize in purchases relating to construction materials, maintenance, and janitorial supplies. The district purchasing policies comply with the Florida State Board of Education Administrative Rule 6A-1.012 that requires formal bids from three sources for any authorized purchase or contract for service exceeding $25,000. Actually, the district

requires competitive bids for any purchase over $10,000, three written competitive quotes for purchases between $6,000 and $10,000, and price quotations from the purchasing department for certain categories of purchases of $500 or more. The purchasing department maintains a website where the public can obtain information on purchasing policies and procedures, vendor registration, and current and awarded bids. The district has existing volume purchase contracts for janitorial supplies and chemicals, paint, carpet, and asphalt paving and is always advertising for other services and supplies. Prior to releasing the bid for chemical supplies in August 2001, the purchasing department conducted a survey of janitorial staff to get input on their chemical preferences.

In addition to its purchasing policies to ensure competition, the district has also developed a list of specifications, and in some cases, preferred vendors for such items as locksets, closers, sheet vinyl, and carpet in its *Facilities Maintenance Department Policies Procedures and Design Criteria Manual.* These criteria were developed to lower costs through standardization and purchasing of designated quality products. All maintenance zones and the total program manager for construction must comply with the criteria.

Our interviews with the purchasing director and maintenance managers reveal that district purchasing policies work to increase competition and lower costs; however, it is the zone and site-based management structure itself that makes the program less effective. When asked to describe what procedures are in place to coordinate purchasing and use of equipment among other zones to maximize discounts and avoid duplication of equipment, the program director of facilities reported that there are no formal processes since these purchases are arranged on an individual basis depending on the job and equipment involved. Although the maintenance zone directors stated that they occasionally borrow equipment from other maintenance zones, our interviews with staff revealed that the maintenance zones are rather territorial when it comes to use of equipment. Although the purchasing director has the authority to reject any purchase over $500, he is not in a position to evaluate whether a piece of equipment is needed or not. Uncoordinated purchasing is not a cost-effective way of doing business. To be cost-effective, the district needs to implement a system to coordinate the purchasing and use of equipment among maintenance zones.

The maintenance department does not carry a parts inventory. Individual maintenance staff use the district purchasing card to purchase small parts used on a regular basis from area vendors. Our interviews revealed that the maintenance zones have not negotiated a lower than average volume discount rate for parts. The district should attempt to organize and negotiate discounts for smaller parts purchases with select area vendors.

As mentioned earlier, the district needs to improve its analysis of costs to identify other opportunities for efficiency. New equipment costs at one school should be analyzed to determine whether it would be more cost-effective for the district to replace the same equipment at other schools. The district has not maintained a repair history of major equipment, nor does it project equipment replacement beyond three years. No adjustment for inflation is taken into consideration for future purchases. A repair history and analysis of costs for both old and new equipment would lead to lower overall operation and maintenance costs for the district. The district has a system in place that can assist in identifying these costs. Uniform implementation of the MAXIMO electronic work order system in all maintenance zones will provide the information needed to analyze equipment costs and establish replacement cycles.

Recommendations

- *The maintenance department needs to operate as a single unit and increase coordination of purchasing to lower costs.*

Please refer to Action Plan 11-12 addressing organizational structure for the steps needed to implement this recommendation.

- *The maintenance department needs to analyze costs associated with purchase and maintenance of equipment.*

Please refer to Action Plan 11- 8 addressing cost data for the steps needed to implement this recommendation.

12 The district is in the process of implementing proactive maintenance practices to reduce maintenance costs.

The maintenance reorganization plan focuses on proactive maintenance

Prior to the arrival of the new administration in January, the maintenance department had historically operated in a reactive, "When it breaks, fix it," mode. The new administration's maintenance reorganization plan set short-term goals to change that mindset by directing the department's resources to preventive and routine maintenance and reducing staff time spent on capital projects. The reorganization plan calls for transferring zone maintenance staff to individual schools as plant operators to establish a preventive maintenance program which the district hopes in the long run will reduce operating and maintenance costs and prolong the life of the equipment. In the interim, the north maintenance zone has set up a weekly schedule devoted to preventive maintenance at school sites. The central maintenance zone is setting up these schedules in the MAXIMO system according to equipment needs. The system will automatically generate work orders when preventative maintenance is due.

Although the district is in the process of setting up a preventive maintenance program, specific funding has not been set aside in the budget for this purpose. We recommend shifting additional funding from the capital maintenance budget to the operating budget of the maintenance zones to support the preventive maintenance program. The north maintenance zone administrator states that this issue will be addressed in the Fiscal Year 2003-04 budget.

Surplus Property Disposal

The director of facilities planning is responsible for the disposal of surplus furniture and equipment. The district has written policies and procedures in place for both tracking district property and disposing of surplus property and holds regularly advertised sales at the central zone maintenance office. The superintendent states that the district is evaluating the use of the central maintenance facility for storage and sale of surplus items. The district is considering using an "absolute auction" method to reduce district time and costs for storing, pricing, displaying, selling, and disposing of property not sold.

Maintenance Program Goals and Outcomes

13 The district reviews the organizational structure of the maintenance and operations program; however, the new organizational structure is ineffective.

The maintenance department needs a maintenance director to coordinate districtwide activities

The 74 staff including administrators and support staff that make up the maintenance department serves 38 schools consisting of approximately 4.3 million gross square feet divided among three geographic maintenance regions or zones. The program director for facilities planning is responsible for the central maintenance zone. The north and south zones each have a zone administrator, and each zone falls under the direction of an assistant superintendent. Levels of authority are indicated clearly by the organizational chart. Technical staff are supervised by foremen who report to the zone manager. The district believes the zone structure allows for quicker response time and lowers travel costs. Breaking the district into zones is a common organizational structure in other medium sized Florida districts.

Prior to the reorganization, the program director of facilities coordinated the maintenance activities of the three zones and served as the liaison to the construction management firm. He was also responsible for managing central zone maintenance, putting together the five-year facilities work plan, writing the district's draft energy plan and spearheading the implementation of the new electronic work order system. The district maintained a central grounds crew and a central support response team of skilled technical staff.

The Maintenance Reoganization Plan implemented in January 2001 eliminated the coordination function served by the program director. The reorganization plan maintains the zone structure, but the program director is now responsible for managing central zone maintenance alone in addition to his responsibilities for surplus property, the furniture shop, acting as liaison to the construction management firm, performing inspections and assembling the information for the five-year facilities work plan. No one has been assigned the responsibility of implementing the MAXIMO system districtwide.

The geographic zone organizational structure described above is further complicated by the fact that the district operates on a site-based management model. The site-based management model assigns responsibility to the principals for the condition of their facilities, and all custodial services fall under the direction of the individual principals. Our interviews revealed that zone managers know very little about school-level custodial staffing, training, or services. Good communication is essential to successfully blend a site-based model with a zone maintenance organizational structure when there are conflicting responsibilities for the condition of facilities.

The maintenance department is staffed at the operational level only, and that is the work that is being done. The maintenance reorganization plan did not identify staff responsibility for writing work standards, implementing the MAXIMO System, or the energy and safety programs. Very little staff time is devoted to planning. Keeping the schools up and running is the top priority. However, the lack of coordination among regions is inefficient and can lead to unnecessary duplication of effort and equipment.
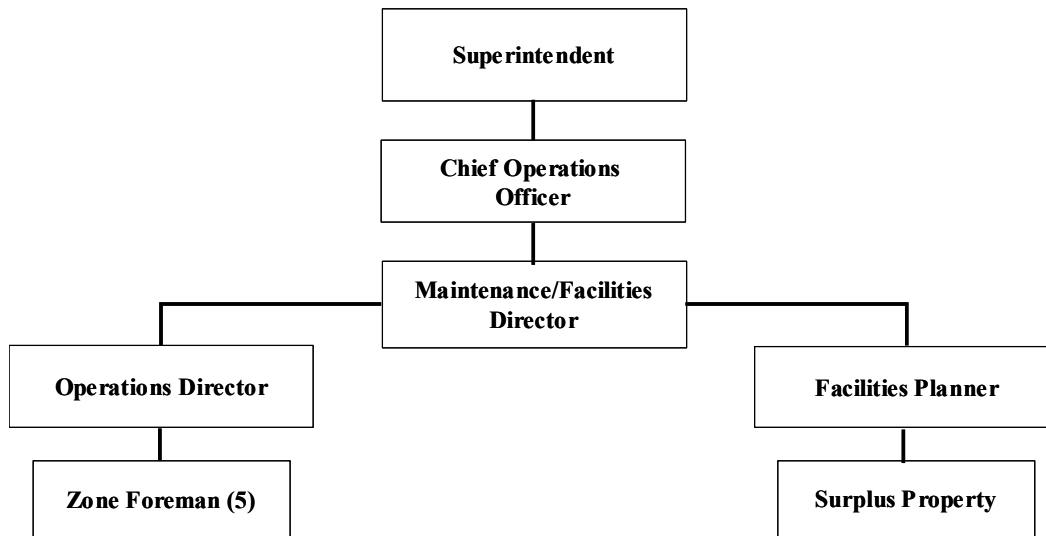
We recommend that the district replace the current zone administrative structure with a more centralized model by assigning/hiring a maintenance director to coordinate the activities of the entire maintenance department. The maintenance director would be responsible for the following districtwide activities:

- preparing a long-term maintenance plan
- developing maintenance and performance standards;
- analyzing more cost-effective ways of providing services including privatization ;
- implementing a staff development program for maintenance and custodial staff;
- uniformly implementing the MAXIMO (electronic work order) system;
- implementing a preventive maintenance program;
- coordinating purchasing;
- overseeing of the districtwide energy program; and
- creating a technical assistance program for on-site managers.

Restructuring of the maintenance department would allow the district to add a maintenance/facilities director without incurring additional costs (district estimate - $88,276). We suggest the management model shown below.

Exhibit 11-10
Reorganization Plan

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                        ┌──────────────────┐
                        │  Superintendent  │
                        └──────────────────┘
                                 │
                        ┌──────────────────┐
                        │ Chief Operations │
                        │     Officer      │
                        └──────────────────┘
                                 │
                        ┌──────────────────────┐
                        │ Maintenance/Facilities│
                        │       Director        │
                        └──────────────────────┘
            ┌────────────────────┴───────────────────────┐
  ┌──────────────────────┐                      ┌──────────────────────┐
  │  Operations Director │                      │   Facilities Planner │
  └──────────────────────┘                      └──────────────────────┘
            │                                               │
  ┌──────────────────────┐                      ┌──────────────────────┐
  │   Zone Foreman (5)   │                      │   Surplus Property   │
  └──────────────────────┘                      └──────────────────────┘
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Source: OPPAGA Analysis.

The maintenance/facilities director would be responsible for implementing districtwide initiatives and assuming responsibility for the facilities construction program from the board chairman. The director of operations ($83,562) would ensure that these initiatives are uniformly carried out. The current zone administrators would be eliminated (approximately $239,000 in salaries) and the current foremen would directly supervise work assignments under the direction of the operations director. To provide for efficient delivery of services, these foreman could continue to be deployed in two or three maintenance zones. The facility planner ($85,968) would be responsible for facility planning activities, creating facility, work and performance standards, surplus property, training and coordinating the collection and analysis of data through the MAXIMO System. At a minimum, this structure allows the maintenance department to function as a single unit.

Recommendations ──────────────────────────

- *Reorganize the maintenance department to function as a single unit under a facilities/maintenance director.*

    Action Plan 11–12 provides the steps needed to implement this recommendation.

Action Plan 11- 12

Reorganize the maintenance department to function as a single unit.	
Strategy	Create a single maintenance department under the direction of a maintenance/facilities supervisor.
Action Needed	Step 1: Eliminate three zone administrators.
	Step 2: Develop and adopt a new organizational chart for the maintenance department.
	Step 3: Create new positions, position descriptions and establish salaries.
	Step 4: Recruit for new positions internally and externally, as appropriate.
	Step 5: Develop a transition plan.
Who is Responsible	Superintendent and board
Time Frame	January 2003
Fiscal Impact	The initial cost of implementing this recommendation is $18,806.

Source: OPPAGA.

14The district regularly reviews the staffing levels of the maintenance and operations program to maximize the efficient use of personnel.

The district needs to establish staffing levels to ensure adequate allocation of staff resources to meet maintenance needs

The district has not established staffing formulas to determine proper staffing levels to ensure adequate allocation of staff resources to meet needs. The maintenance reorganization plan, reallocated the maintenance staff among the three maintenance zones, but this reallocation was not based on staffing formulas related to industry benchmarks. The staff reallocation coincided with the schools assigned to the assistant superintendents.

The reorganization plan in years two and three calls for continued transfers of maintenance staff to schools as plant operators to better perform preventive maintenance activities. Plant operators are paid out of school budgets. Implementation of the first year plan resulted in 68 maintenance staff and 11 plant operators for 38 schools. The district concluded that more than one plant operator was needed to effectively manage schools of greater than 200,000 square feet. Therefore, the second year objective is to transfer additional maintenance staff to schools sufficient to have two plant operators at schools of 200,000 square feet or more, and one at each middle school and all elementary schools of 70,000 or more square feet. Selected staff will come from the various maintenance shops with preference given to those who have taken advantage of in-service and professional training sessions. Once the second year objective is realized, the district maintenance staff will have decreased to 50, and plant operators would have increased to 25. By the third year, the plant operators would increase to 43 with the high schools each having two and all other schools having one. The remaining 32 maintenance men would respond to

the needs of the schools by zone with assignments made by school age and square footage. By the third year, the maintenance department would have been effectively reduced by 50%.

Although the rationale to increase preventive maintenance by having maintenance men in the schools makes sense, the deployment of maintenance staff skilled in a particular technical skill to a single school is not necessarily the most effective use of staff. A skilled air conditioning technician or electrician may not be an effective plant operator. Plant operators need to be generalists and have supervisory skills. The reorganization plan does not provide for any training for the affected staff. No analysis has been made of whether the remaining staff can properly serve the zone schools. The maintenance zones' management state that they already must engage private sector providers to handle services that they do not have the staff to perform. The district has not performed a business case analysis to assess the viability of its proposed plan. Two of the three maintenance zones are questioning the viability of the plan.

Maintenance reorganization plan does not consider the talents of the custodial staff

The plan does not take into account the staffing level and talents of the existing custodial staff. Some of the lead custodians may already be serving effectively as plant operators. This seemed, at least in part, to be the case with several we interviewed. We could not determine from any source, other than the personnel roll, how many custodians currently work for the district. At this point, the district office has not made any assessment of the talent already located in the schools. Before transferring more maintenance staff to schools, we suggest that the district make a thorough assessment of the senior custodial staff to determine if some of these individuals should be trained to serve also as plant operators.

Custodial staffing levels meet industry benchmarks

Custodial staffing levels, like maintenance staff, have not been established based on any industry standard or benchmark. Site-based managers purchase custodial hours based on need and what they think they can afford out of their operating budget. Custodial staff cannot be paid out of the school maintenance budget. The schools have purchased the equivalent of 170 full-time employees for the 2001-2002 school year if the 331,529 hours purchased are divided by 1,950 hours annually (37.5 workweek) for a full-time 12-month employee. However, many custodial employees are less than 12-months employees. Personnel records reflect 199 full-time employees are employed in the district, many with less than 12-months contracts.

American School and University Magazine recommends a standard of 21,429 square feet per custodian. Taking into consideration the additional responsibilities, such as lawn care, of many of the custodial employees, the standard could be adjusted down to 20,000 square feet per custodian. Depending on which number is used, whether based on full-time hours purchased (170 full-time employees) or 199 full-time employees (personnel roll) of less than 12-months, the custodians are responsible for a range of 23,529 to 20,101 square feet per employee based on approximately 4 million net square feet of permanent space. This does not include 81,802 square feet of relocatable space. Since some of these staff are less than 12-month contract employees, it appears the district is appropriately staffed with custodial employees. A tour of schools revealed that custodial services appeared to be good, particularly in the north county schools. Although the staffing formulas are not formally based on industry benchmarks, the informal allocation system seems to be working. Exhibit 11-11 shows that, on average, the custodial staff in Okaloosa County are responsible for a larger number of square feet than the custodial staff of peer districts.

Exhibit 11- 11

Comparison of Staffing Levels With Peer Districts 2001-02

District	Total Net Square Feet Facilities	Number of Maintenance Staff	NSF Per Maintenance Staff	Number of Custodial Staff	NSF Per Custodian
Santa Rosa	3,153,286	32	98,540	168	18,770
Okaloosa	3,955,828	66	59,937	199	19,879
Lake	3,865,642	73	52,954	256	15,100
Alachua	4,833,311	98	49,320	257	18,807
Bay	3,751,452	88	42,630	Unknown	N/A
Marion	5,024,713	128	39,256	248	20,261

Source: Department of Education, educational Facilities Square footage; Summary Report (2001) Santa Rosa County School District, Okaloosa County School District, Lake County School District, Alachua County School District, Bay County School District, Marion County School District.

Recommendations ——————————————————

- *The district should conduct a business case analysis of its plan to assign additional maintenance staff to schools as plant operators.*

Action Plan 11-13 provides the steps needed to implement this recommendation.

Action Plan 11-13

Conduct a Business Case Analysis of the District's Plan to Transfer Additional Maintenance Staff to Schools as Plant Operators		
Strategy	Suspend further transfers of maintenance staff to schools as plant operators until a thorough cost benefit analysis of the plan has been completed.	
Action Needed	Step 1:	Identify the benefits of the current plan to transfer maintenance staff to schools.
	Step 2:	Identify the costs to implement the plan including identifying what services are more cost-effective to outsource.
	Step 3:	Identify the timeliness of the plan considering needed management assessment of custodial staff and training needs.
	Step 4:	Determine the acceptability of the plan, or, to what extent those who must work with it support this alternative.
	Step 5:	Identify how district maintenance operations will be affected by reduced staff.
	Step 6:	Develop a transition plan.
Who is Responsible	Maintenance/facilities director	
Time Frame	June 2003	
Fiscal Impact	This recommendation can be accomplished within existing resources.	

Source: OPPAGA.

15 The district ensures qualified staff by using appropriate hiring practices.

District improves hiring practices

According to our interviews of maintenance zone administrators, principals and the personnel director, the district's hiring practices for maintenance personnel have improved over the years. The personnel director said that when she joined the district 16 years ago, the maintenance department had few requirements for employment. No professional dress was required and driving records were not checked. Hiring appeared to be based on word of mouth. One district employee said that, at one time, many maintenance staff lived on the same street having heard of openings from their neighbors.

These policies have changed. The personnel department now reviews driving records prior to hiring. Initial appointments are made on a six-month probationary period, and employees are expected to dress appropriately for the job.

Job vacancy notices adequately describe job responsibilities, qualifications, and educational and professional requirements. Salary, benefits, and selection criteria are also included. All vacancies are open to internal transfers first. The personnel department pre-screens job applicants. Maintenance vacancies are generally not advertised because the personnel director states that the district gets more than enough qualified applicants.

However, with the exception of mechanics, the district does not require technical staff to be certified in the various trades. The district does not provide incentives to employees to become certified once hired. The program director of facilities attributes this lack of emphasis on certification to the fact that most district maintenance staff are required to be generalists. He also believes that the compensation offered by the district makes it difficult to attract and keep certified technical staff.

Shorter work week increases workload

Another problem in meeting the maintenance department workload is having enough staff available at any given time to do the required work. With sick and annual leave, holidays, and a 37.5-hour workweek, district staff stated that it is difficult to have enough staff on hand at any given time to handle all the work orders. Increasing the workweek to the standard 40 hours would add 660 total hours of work a month for 66 maintenance employees. The union contract calls for a 37.5-hour workweek for all support staff, but this schedule does not meet the needs of district maintenance and is not comparable to the private sector. The district will need to determine if reducing the use of contract services can offset the higher cost of increasing the workweek to 40 hours. Any change in the work week would require negotiation with the union.

Another option available to the district and used extensively by Santa Rosa County is contracting additional services out such as HVAC repair, electrical work, paving, carpentry, welding and fire alarm inspections. Since the maintenance reorganization plan calls for further reductions in maintenance staff as staff are moved to schools to serve as plant operators, the district may want to develop a business plan to determine which services are most cost-effective to outsource. The remaining maintenance staff may be better utilized for districtwide emergency response.

16 The district has a written job description for each position within the maintenance department.

Job descriptions were updated with union participation

Job descriptions for the maintenance department were last updated in 1998. The personnel department requested the union participate in this exercise. These descriptions define specific job responsibilities for each position and indicate the position's level of supervisory responsibility. The personnel department maintains all job descriptions, and a copy is available to all maintenance employees.

17 The district provides appropriate supervision of maintenance and operations staff.

Supervisory ratios in the maintenance department are adequate

The maintenance department organizational chart indicates adequate ratios of supervisors to employees. The district has not established formal staffing formulas or ratios to determine how many employees should report to lead positions; however, since the zone maintenance units are relatively small when compared to other districts (20 or less), one or two foreman supervising the technical trade staff is a reasonable span of authority.

The district has too many zone administrators to supervise the work of six foremen. Under the maintenance reorganization plan outlined in Exhibit 11-10, an operations director would replace three zone administrators. This administrative structure represents a reasonable span of authority and reduces district costs.

The MAXIMO System is also being used as a supervisory tool in the central maintenance zone to keep track of hours worked compared to time spent on work orders. This "report card" can be sorted by trade and then analyzed by supervisors. The district wants the time spent on work orders compared to hours worked to be between 80 and 90%.

All maintenance staff are evaluated on an annual basis and have an opportunity to respond to evaluations. As already discussed, the weakness of the evaluation system rests in the fact that no formal performance standards have been developed. Performance is based on supervisor observations and informal feedback from school personnel.

18 The district does not provide a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety.

The district budget does not adequately support training for maintenance employees

Despite the maintenance reorganization plan's statement that training is essential to enhance the quality of the maintenance program, the district is not adequately supporting training to the maintenance staff. Historically, the maintenance staff have been provided training to improve their skills through a variety of

programs, vendor training sessions, and special classes. Some examples of training opportunities provided in the past to staff include those below.

- Fire Prevention Practice Course
- Special Fire Safety Inspector
- Okaloosa Gas Training
- Backflow Assembly Tester
- DBPR, Building Code Administration and Inspectors
- DOE, Uniform Building Code Inspector Certification
- Boiler Training – Noland Co., Fort Walton Beach
- Network 8000 Training Seminar – Okaloosa/Walton Community College
- Roofing Products

The program director of facilities reports that the facilities department also sponsors computer training on selected Fridays from 2:00–3:30 p.m. for the MAXIMO System, Outlook, and Internet access to trade and supplier site training. The district does not offer an apprenticeship training program at this time. Maintenance staff provide the district with both written and informal feedback on completed training.

The district is not offering training in some key areas. The district does not offer training on department policies and procedures. The district provided no evidence of training for custodial or maintenance staff on asbestos awareness, hazardous material management, or OSHA Comprehensive Safety Training, all of which are available from DOE, Division of Educational Facilities Training. The district hopes in the future to bring the DOE trainers to the district to offer training to its employees, but at this time it has not gotten a commitment from them. The Department of Education, Office of Educational Facilities has also developed a custodial training manual series that the district can use to develop its own in-house training program. One of the custodians we interviewed said that his military background fortunately prepared him to deal with hazardous chemicals because he had not received any training from the district. The custodial school staff are sometimes invited to participate in maintenance training, but no structured training program exists for plant operators or custodial workers.

Although maintenance workers are required to be generalist, they are not sufficiently cross-trained in other trade areas. The maintenance supervisor receives input from staff and vendors on needs for skills development, but does not work with the Human Resources Department to ensure a planned, sequential program for individualized skills development. Since the reorganization, the district has not developed an in-house training program to enhance maintenance skills.

Further, the training is not tied to written maintenance department goals or expected outcomes established for safety, trades enhancement, cross trades utilization, or interpersonal team skills. There is no minimum requirement for the number of training hours required. The district has tried to take advantage in the past of courses offered by the Department of Education, Educational Facilities Training Section, but if funds are not restored for out-of-county travel or DOE trainers cannot come to the district, future training from this source is jeopardized.

Because of anticipated cuts in state funding, the district implemented a policy of no out-of-district travel unless absolutely necessary. The central maintenance zone's out-of-county travel budget of $2,400 for training for the program director and one foreman to attend the Florida School Plant Managers Association meeting in Orlando was eliminated. The north maintenance zone lost $2,673 budgeted for out-of county training when the training funds were transferred to the capital outlay budget.

Recommendations —————————————————————

- *The district needs to improve its skills training program for maintenance and custodial staff.*

Action Plan 11-14 provides the steps needed to implement this recommendation.

Action Plan 11-14

The District Needs to Improve its Skills Training Program for Maintenance Staff and Custodial Staff		
Strategy	Develop a training program for staff covering job skills, safety, efficiency, work habits, and district policies.	
Action Needed	Step 1:	Develop a systematic way of identifying training needs and then establish goals for each position.
	Step 2:	Training goals should identify how the training will benefit the district's operations and effectiveness.
	Step 3:	Develop a program of cross training for specific positions to improve efficiency.
	Step 4:	Establish a budget for training, training schedule and curriculum.
	Step 5:	Provide an opportunity for staff feedback and evaluation to ensure training meets their needs.
Who is Responsible	Maintenance/facilities director; director of human resources	
Time Frame	January 2003	
Fiscal Impact	Restore $5,000 eliminated from the training budget.	

Source: OPPAGA.

19 The district provides maintenance and operations department staff the tools and equipment required to accomplish their assigned tasks.

Our interviews revealed that maintenance staff are provided the tools required to do their jobs. Maintenance staff rent rather than purchase special tools required for infrequently performed jobs. The budget for minor tools for all three maintenance zones for 2001-02 is $15,758. No inventory is kept of minor tools.

The district does not keep an inventory of parts on hand. Maintenance staff use their purchasing cards to purchase small parts when needed. In keeping with just-in-time purchasing practices, the district felt it was more cost-effective to close its supply warehouse and have maintenance staff purchase small parts directly from local vendors. However, the district may want to evaluate the impact on staff travel time and costs of not keeping regularly used small parts on hand at zone offices and on maintenance vehicles.

Computerized Maintenance Management Systems

20 The district has acquired a computerized control and tracking system to track work orders and inventory but the system needs to be fully implemented.

The new MAXIMO System has great potential when fully implemented

The district has made a significant investment in an electronic work order system known as MAXIMO, but the system has not been fully implemented. The current system can be integrated into existing data systems to better control work orders and work effort for both the maintenance and transportation departments. Delta Research designed the system and has been in the process of training the central maintenance zone staff to use it for effective project management. All schools can directly input work order requests into the system. When used properly, MAXIMO can help zone administrators plan for daily and non-recurring activities, special events, time sensitive tasks, overlapping or concurrent multi-trades activities, as well as general personnel management.

The central maintenance zone is using the system to match work orders to overall hours worked to come up with a "report card" on worker productivity. To assist in evaluating workload, the user can direct the system to sort work assignments by supervisor, employee or trade. The program director of facilities is also setting up the central maintenance zone preventive maintenance schedule on the system so that it will automatically generate work orders when preventive maintenance is due. The system can collect data on labor costs, material costs, tool costs, repair history of equipment. It can also keep track of inventories. The district currently keeps no centralized inventory of parts, supplies and tools; therefore, the system is not set up to automatically re-order parts and supplies. When used properly, the MAXIMO System can be used to increase accountability and enhance management decision making regarding setting priorities, equipment replacement, and staffing.

Currently, the system is primarily being used as a work order transaction system only. The department is beginning to collect data on labor and materials costs but does not evaluate work order trends for reporting, planning purposes, or customer feedback. For example, the maintenance department does not evaluate work orders to determine if a piece of equipment needs to be replaced rather than repaired. Without this data, the district is unable at this time to determine what the various maintenance services costs, and therefore must rely on staff recollections to make decisions on the cost-effectiveness of maintenance services when compared to the private sector.

The district needs to standardize the use of the MAXIMO System throughout the district in order to realize its full potential. Each zone uses the system differently. For example, the north zone still uses hand written route sheets to make work assignments. The central maintenance zone has taken the lead on training the other zones to use the system, but there is no mandate for uniform implementation or standards for reports. In addition, the system does not interface with the finance department accounting system, which hampers the facilities program director's ability to generate useful operations and maintenance costs reports for budget purposes.

Recommendations ——————————————————

- *The district needs to standardize the use of the MAXIMO System throughout the district.*

Action Plan 11-15 provides the steps needed to implement this recommendation.

Action Plan 11-15

The MAXIMO System Needs to be Uniformly Implemented Throughout the District		
Strategy	Ensure that uniform procedures are established for implementing the MAXIMO System in all three maintenance zones.	
Action Needed	Step 1:	Meet with maintenance supervisors to determine procedures to be established (preventive maintenance), data collected, and reports generated by the MAXIMO System.
	Step 2:	Work with the district technology office to determine staff training needs, software licensing requirements and other system upgrades required to effectively implement the MAXIMO System.
	Step 3:	Create a budget to cover training and system upgrades.
	Step 4:	Establish a schedule for training staff.
	Step 5:	Present the budget for system upgrades, training needs and goals for increasing productivity and reducing costs as a result of implementing the system to the board for approval.
Who is Responsible	Maintenance/facilities director	
Time Frame	January 2003	
Fiscal Impact	The cost of this recommendation is included in Action Plan 11-9.	

Source: OPPAGA.

21 The district has a system for prioritizing maintenance needs uniformly throughout the district.

The district takes care of emergencies first

The maintenance reorganization plan states that equipment that is regularly serviced is less prone to break down causing an emergency due to failure. The *Policies, Procedures and Design Criteria Manual* states that the maintenance department's goal is to process all work orders in a timely manner and in order of established priorities. The first priority is emergency maintenance and repair. Employees are expected to respond to emergency situations even when the requirements for a specific job may be out of his job field.

The MAXIMO electronic work order system has a priority rating for all work orders. The maintenance foreman reviews all work orders in the system and sets daily priorities. Although the district has not developed guidelines as to what situations constitute an emergency, all maintenance personnel carry blank copies of emergency work orders. They can be radio dispatched to respond to an emergency situation within minutes. The program director of facilities said that the maintenance zone calls for outside service if maintenance staff are not available. Our focus groups and interviews with principals indicated that they were generally satisfied with maintenance response timeframes.

School Equipment and Facilities

22 District policies and procedures do not address the health and safety conditions of facilities.

The district has not developed specific policies and procedures to address health and safety conditions for facilities

The district provided a copy of the text of s. 235.06, *Florida Statutes*, governing safety and sanitation standards and inspection of property for educational facilities as its policies and procedures regarding health and safety conditions. The statute directs each school board to prescribe policies and procedures relating to a comprehensive sanitation and safety program. Although the program director of facilities states that the district follows the requirements of the law, it has not developed the required policies and procedures as part of its *Policies, Procedures and Design Criteria Manual* for the maintenance department.

By law the district is required to conduct annual inspections of each educational and ancillary plant to determine compliance with sanitation and casualty safety standards prescribed in the rules of the Commissioner of Education. Fire safety inspections are also required annually. Although the district conducts the required inspections, the Auditor General criticized the district for failure to timely correct facility safety violations, some dating back 12 years. [1] In its response to the report, the district stated that safety was a priority and it would continue its efforts to timely provide the needed corrections.

The maintenance reorganization plan makes the maintenance personnel in each of the zones responsible for building code and fire safety inspections. The new administration increased the number of district personnel certified to conduct safety inspections from one to five certified inspectors, and placed them in the zone maintenance offices. The south zone administrator is responsible for overseeing all safety inspections for all schools districtwide, and the program director of facilities is responsible for submitting reports to the various regulatory agencies. The plan does not address corrections of health and safety deficiencies and the use of external benchmarks to evaluate the cost-effectiveness of its health and safety program.

The district submitted documentation that individuals certified to perform health and safety inspections conduct a comprehensive safety inspection at each school. District administration states that the increased number of inspectors in the field has resulted in a 41% increase in the number of safety deficiencies identified. The resulting report is presented to the school board for approval and used as a basis for setting priorities for capital maintenance improvements and to generate work orders to rectify problems. The Okaloosa Health Department conducts sanitary safety inspections quarterly of all facilities.

Safety inspection system could be improved by independent inspections

Our interviews regarding how the safety inspection system currently works revealed that the staff in the individual maintenance zones are conducting the inspections. These are the same people responsible for correcting the deficiencies. It could be difficult for maintenance staff to be objective about their own deficiencies. At a minimum, we would recommend that the maintenance staff inspect the facilities of another maintenance zone to avoid the appearance of a conflict of interest. Ideally, a maintenance administrator needs to be assigned the task of writing the policies and procedures required by state law

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[1] Audit Report No. 01-104 for fiscal year ended June 30, 2000.

and coordinate the safety program to ensure that deficiencies are documented and corrected in a timely manner.

Recommendations ─────────────────────────────

- *The district needs to develop policies and procedures to address health and safety issues.*

  Action Plan 11-16 provides the steps to implement this recommendation.

- *Safety training should be incorporated into the individualized training program for maintenance and custodial workers.*

  Please refer to Action Plan 11-14 regarding staff training for the steps needed to implement this recommendation.

Action Plan 11-16

The District Needs to Develop Policies and Procedures to Address Health and Safety Issues	
Strategy	Develop policies and procedures for the district's safety program.
Action Needed	Step 1: Prepare policies and procedures for submission to board.
	Step 2: Board adoption of policies and procedures.
	Step 3: Implement policies and procedures.
Who is Responsible	Program director, facilities
Time Frame	Develop draft policies and procedures – July 2004
	Board adoption – August 2004
	Implementation – September 2004
Fiscal Impact	This can be accomplished within existing resources.

Source: OPPAGA

23 The district identifies and implements strategies to contain energy costs.

Making the consumers pay the bills increases interest in the energy conservation program

The district has a written energy plan with a mission statement, goals, and objectives. Although it has not been uniformly implemented throughout the district yet, the program has reduced energy costs. The program director of facilities attributes the success of the program so far to the principals paying their schools' utility bills out of their operating budgets. Formerly, energy expenses were paid at the district level. Now that the principals and facility managers are responsible for paying for energy costs at the school level, they have a great deal more interest in finding ways to conserve energy. Monthly reports keep managers abreast of their energy consumption and utility costs.

The program director of facilities published the district's draft *Energy Conservation Program Manual,* August 27, 2001. The energy conservation challenge for the district is to reduce consumption by 10%. The stated mission of the program stated below.

> *To reduce energy waste, seek new ways to conserve and manage energy resources at school, at home and in the community through management and education.*

The objectives of the program is stated below.

- develop awareness of all facilities as to cost and quantities of energy consumption;
- reduce utility costs by at least 10%;
- instill a spirit of competition and cooperation among principals and faculty managers to conserve energy;
- survey all schools and other facilities for energy consumption and low cost/no cost conservation;
- conduct a detailed study of electric power, gas, water, and sewer usage at each facility;
- develop and monitor an incentive award program in schools that will reward conservation from utility savings;
- develop a monthly reporting program to inform school and facility managers of energy and utility consumption on a monthly basis;
- interface with utility companies to address the conservation of energy and reduce the operational cost to the school district;
- review and evaluate billing for all utilities to ensure that favorable rates to the school district are available; and
- implement a program to secure federal/state funds through the Institutional Grant Program of the Department of Energy.

To encourage active participation in the energy conservation program, the district established an incentive program. The schools will get back 100% of any energy savings based on a baseline of the 2000-01 budget for energy expenses. A key element to the success of the incentive program is making principals aware of the impact of energy costs on overall operating expenses. Principals are encouraged to review monthly reports and share these reports with faculty, custodial and lunchroom workers and a school based energy director. Faculty members are encouraged to involve energy conservation practices in their subject areas.

To assist administrators with their energy conservation measures, the energy plan gives concrete examples on conserving energy. Some simple strategies include turning off lights when not in use, closing doors, and keeping thermostats at 75-78 degrees in summer months and 68 in the winter. The district states it also works closely with Gulf Power and the Okaloosa Gas District to develop strategies to lower energy costs. On the day of our site visit to Davidson Middle School, Gulf Power had just completed an energy audit. The Okaloosa Gas District annually inspects all gas equipment and submits a report for recommended repair and replacement of equipment. The district has also solicited help from the University of West Florida's Small Business Department to conduct detailed energy survey reports of all district schools.

The *Energy Conservation Program* is a good start, but the program needs coordination

The district has had measured success with the energy program by transferring the responsibility for conserving and paying for energy consumption to the users. However, no one appears to be in charge of uniform implementation of the energy program. Unfortunately, the district energy plan does not address the role of the zone maintenance office or identify a coordinator for the program.

Zone level support and organization of the energy program provides a valuable service to site managers and enhances the success of the program. The energy program would benefit from identification of a districtwide coordinator responsible for implementing a uniform program at all schools. The Energy Conservation Program is a good start, but improved coordination would reap even better results.

The district wins a National Tools for School Excellence Award

The district reports that in the year 2000, the American Association of School Administrators and the EPA awarded the National Tools for School Excellence Award to the district as a national leader in improving indoor air quality in schools. This program is coordinated by the program director of facilities, who also teaches classes on indoor air quality. The district was recognized for having implemented a formal process for addressing indoor air quality complaints and taking corrective action.

Action Plan 11-17

The District Needs to Assign Responsibility for Coordination of the Energy Program	
Strategy	The board needs to adopt the new energy management plan and assign responsibility for district-wide implementation
Action Needed	Step 1: Present the new energy management plan to the board for approval.
	Step 2: Assign responsibility for districtwide implementation.
	Step 3: Assign monitoring responsibility in each zone.
	Step 4: Periodically review energy consumption results and report findings to the board.
Who is Responsible	Superintendent
Time Frame	Board adoption – August 2002
	Implementation – September 2002
Fiscal Impact	This recommendation can be accomplished with existing resources.

Source: OPPAGA

24 The district has an energy management system in place, and the system is maintained at original specifications for maximum effectiveness.

The district uses energy management controls for energy management

The Okaloosa County School District does not have an integrated districtwide energy management system (EMS) in place. Its HVAC systems are a hodgepodge of EMS, computerized thermostats, and regular thermostats. This equipment varies in age and capability. Nineteen of the district's 38 schools are part of the computerized remotely controlled energy management system. The district has a sole source pricing agreement with Systems Specialists Incorporated (SSI) of Pensacola, Florida, for system support, engineering and programming, and on-site service of its energy management control system. SSI is the only authorized distributor for the district's Barber-Colman Network 8000 DDC control system for the geographical area that includes Okaloosa County.

Prior to contracting with SSI in 1998, the district used its own employees in the EMS Department to monitor, repair and install energy management controls in the district schools and facilities. In 1996, the department employees were divided into a north and south division. The program director of facilities writes that the department was disbanded in 1998 because of ineffectiveness and the loss of key employees. The remaining employees were transferred to the HVAC group in each school zone. The district then contracted with SSI to supplement the maintenance department in the repair, maintenance and installation of energy control systems.

Currently the north, south, and central zones HVAC technicians are equipped with laptop computers set up by SSI to monitor and repair Barber-Colman EMS Systems. Technicians can generate data reports, but the current set-up with laptop equipment does not allow printing of reports. Three schools have

desktop computers set up with SSI software which gives them the ability to generate reports on usage trends, history and school layout. District staff state that energy reports are used to evaluate conditions to determine needed repairs or replacement of equipment.

The program director of facilities stated that the present energy management system is not that effective because of the variety and age of the equipment. In addition, site managers have not generally supported centralized control of their HVAC systems.

Standardization of equipment across the district is an expensive undertaking. However, the district is moving forward with systematically replacing old equipment with new system compatible equipment. The district has budgeted for additional EMS control systems in each year of its five-year facilities work plan. We encourage the district to continue with its planned program of standardizing the EMS control equipment.

25 The school district complies with federal and state regulatory mandates regarding facility health, safety, and energy efficiency conditions.

The district has taken steps to improve compliance with safety inspections

The district reports on its self-assessment that it complies with all federal and state mandates regarding health, safety and energy efficiency conditions. However, the Auditor General's report No. 01-104 ending June 30, 2000, cited the district for failure to correct deficiencies disclosed by annual facility inspections as much as 12 years after the first report. These conditions included electrical system deficiencies, unsafe sidewalks and improper ventilation in storage areas as well as exit doors and smoke doors that did not meet the fire code. The report did note that many deficiencies had been corrected. The maintenance reorganization plan turned the responsibility for correcting these problems over to the individual maintenance zones.

The district has made it a priority to devote additional funding to correcting safety deficiencies. For example, the budget contains $285,000 for electrical upgrades at the board office and Niceville High School. Installing smoke doors at Niceville High is budgeted at $20,000. An additional $127,120 is earmarked for life safety improvements at Baker School and Richbourg Middle. The district has also undertaken numerous paving projects to correct unsafe sidewalks.

Although district employees have received safety related training, no formal training program exists. The district does not document health and safety cost savings or avoidance. It has, however, implemented this year a cost savings program for energy efficiency, including incentives, for schools.

As stated earlier, we recommend that the maintenance zone safety inspectors inspect another zone's facilities to eliminate the apparent conflict of interest of inspecting their own facilities. The assistant superintendent for the north zone stated that the district is looking into the feasibility of sharing inspections with a neighboring school district or contracting out the service.

Recommendations ——————————————————

Please refer to Action Plan 11-14 addressing training for maintenance and custodial employees for steps to implement this recommendation.

26 The district is aware of and prepared for the permitting and inspection requirements of the *Florida Building Code.*

The district is prepared for the new Florida Building Code

The Florida Building Code is administered through the Department of Community Affairs and the Florida Building Code Commission. The Florida Building Code was revised in 2001, but implementation was postponed until March 1, 2002. Formerly, schools were not subject to the Florida Building Code and no permits were required for construction. However, under the revised code, school districts must have building permits. Districts may either issue their own permits or seek permits from the local governing authority. Some of the key provisions for school districts include those below.

- It is unlawful for any person, firm or corporation to construct, alter, repair or demolish any building without a permit.
- No enforcing agency may issue a permit until the plans have been reviewed and found in compliance with the Florida Building Code (s. 553.79, *Florida Statutes*).
- No enforcing agency may issue a permit until the plans have been reviewed by a certified fire safety inspector (s. 633.081, *Florida Statutes*) and certified to be in compliance with the Florida Fire Prevention and Life Safety Code (s. 553.79, *Florida Statutes*).

The Florida Building Code applies to all

- new construction,
- remodeling,
- renovations,
- repairs and maintenance, and
- demolition.

The new Code requires:

- plan review,
- product approval,
- building permits,
- inspection,
- certificate of occupancy,
- maintenance permits,
- document tracking and control, and
- permanent archival of documents.

Required inspections include demolition, electrical, mechanical, plumbing, gas, foundation, framing, sheathing, and roofing before a final inspection is performed.

It is the responsibility of each local government, each legally constituted enforcement district, and each state agency with statutory authority to regulate building construction to enforce the building code in accordance with s. 553.73, *Florida Statutes*.

Under the revised code, school districts are allowed to issue their own permits and conduct the required inspections by certified inspectors. The district provided documentation that two administrators in the maintenance department have received the required training in preparation for the new Florida Building Code. This includes the program director of facilities who is responsible for inspection of all district capital construction projects undertaken by the total program manager.

The district will use the MAXIMO system to issue building permits. The district reports that the process below will be used.

- An annual maintenance permit will be issued by the work order system in MAXIMO.
- Plans review will be conducted by the Facilities Planning Office (Building Code Administrator).
- Fire Safety Code plan review will be conducted by the Facilities Planning Office (State Certified Fire Inspector).
- Construction permits will be issued by the Facilities Planning Department after plan review and prior to commencement of construction.
- Required inspections will be conducted by the architect, engineer of record, total program manager, building code administrator and fire code administrator.

12 Student Transportation

The Okaloosa County School District operates an effective student transportation system. Improvements can be made that will increase the efficiency and the accountability of the system.

Conclusion

Okaloosa County School District's transportation department generally can be regarded as an effective provider of school-related transportation within the county. School administrators and staff are generally pleased with the performance of the transportation function on regular bus routes, exceptional student education bus routes, and school field trips. The relatively small number of bus breakdowns each year along with bus routes that have not significantly changed for many years contributes to the transportation function's effective performance.

The problems with the district's transportation department can be categorized as primarily efficiency-related in nature with improvements possible in the funding of transportation. The efficiency of the transportation function can be improved through enhanced routing and reducing the number of spare buses. The transportation department's finances could be improved by seeking reimbursement for Medicaid expenses, not purchasing new buses for one year, and being fully compensated for field trips. Other transportation areas needing improvement include driver retention, computerization of the fleet maintenance function, and management accountability systems. During the course of this review, OPPAGA identified a number of district accomplishments in the student transportation, some of which are included in Exhibit 12-1 below.

Exhibit 12-1

The District Has Had a Number of Notable Accomplishments in Student Transportation in the Last Three Years

- District transportation has begun a customer relations effort by logging in all phone calls with 20% of the calls being followed up for customer satisfaction. Of the 350 calls received in the first half of the 2001-2002 school year, 100 of the calls received a call-back with all but 3 of the callers expressing satisfaction with the service they received.

- At the direction of the transportation director, the route coordinators conducted an audit on all regular and ESE bus routes in the summer of 2001. Each of the 394 bus routes and 3,868 bus stops were checked for safety, time, address, and number of student riders. The audit resulted in a number of changes such as eliminating 239 bus stops and changing three bus stops for safety reasons. Twenty buses were re-routed to have shorter riding times.

Source: Okaloosa County School District.

Overview of Chapter Findings

OPPAGA reviewed the district's student transportation using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. OPPAGA used several methodologies to develop chapter conclusions and action plans. For instance, on-site interviews with

district-level managers were conducted and information was gathered from such sources as the district's student transportation activities policies and procedures. To receive additional input, OPPAGA interviewed district-level staff, route coordinators, bus drivers, shop foremen, principals, and teachers. Questions varied depending on the groups interviewed with their answers incorporated into this chapter where applicable.

Fieldwork was concluded in July 2002. Any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Student Transportation Services

1. In general, the student transportation office plans, reviews, and establishes bus routes and stops to provide efficient student transportation services. However, the efficiency of student transportation services can be improved through the elimination of bus riders who can safely walk to school, increasing the distances between bus stops coupled with increasing the area size served by a bus route, and automating the routing function. (Page 12-7)

2. The district does not ensure that all regular school bus routes and activity trips operate in accord with established routines and any unexpected contingencies affecting those operations are handled safely and promptly. (Page 12-16)

3. The district effectively and efficiently recruits the bus drivers and attendants it needs, but does not retain them. (Page 12-19)

4. The district trains, supervises, and assists bus drivers to enable them to meet bus driving standards and maintain acceptable student discipline on the bus. (Page 12-22)

5. The district does not document the need for specialized student transportation services in the individual education plans for exceptional students or seek Medicaid reimbursement for these services. (Page 12-23)

6. The district ensures that staff act promptly and appropriately in response to any accidents that occur. (Page 12-25)

7. The school district ensures that appropriate student behavior is maintained on the bus at all times. (Page 12-26)

Student Transportation Functions

8. The school district has a process to ensure that a sufficient school bus fleet is acquired economically, but has too many spare buses. (Page 12-27)

9. The district provides prompt response for breakdowns and other unforeseen contingencies, but does not uniformly provide timely routine servicing for buses and other district vehicles. (Page 12-32)

10. The district ensures that fuel purchases are cost-effective and that school buses and other vehicles are efficiently supplied with fuel. (Page 12-35)

11. The district maintains facilities that are conveniently situated to provide sufficient and secure support for school transportation and other student transportation functions. (Page 12-36)

12. The district maintains an effective staffing level in the vehicle maintenance area and provides support for vehicle maintenance staff to develop their skills. (Page 12-37)

13. The district maintains an inventory of parts, supplies, and equipment needed to support student transportation functions that balances the concerns of immediate need and inventory costs. (Page 12-38)

Managerial Oversight

14. The district does not provide appropriate technological and computer support for student transportation functions and operations. (Page 12-39)

15. The district has not established an accountability system for student transportation, and it does not regularly track and make public reports on its performance in comparison with established benchmarks. (Page 12-40)

16. The district coordinates long-term planning for student transportation but does not identify potential areas of cost savings. (Page 12-43)

17. The district monitors the fiscal condition of student transportation functions by regularly analyzing expenditures and reviewing them against the budget. (Page 12-44)

18. The district provides regular, accurate, and timely counts to the Florida Department of Education of the number of students transported as part of the Florida Education Finance Program. (Page 12-45)

19. The district has not reviewed the prospect for privatizing student transportation functions, as a whole or in part. (Page 12-45)

20. The district periodically reviews the organizational structure and staffing levels of the student transportation program to minimize administrative layers and processes. (Page 12-46)

Fiscal Impact of Recommendations

As seen in Exhibit 12-2, seven of this chapter's recommendations will have a direct fiscal impact on the transportation function. Cost reductions/full cost billing/increased state and federal revenues associated with these recommendations will result in a positive five-year fiscal impact of cost savings/increased revenues of $2,596,703 over five years with additional spending of $103,500. Exhibit 12-2 shows these recommendations.

Exhibit 12-2

Nine Student Transportation Action Plan Recommendations Have Fiscal Impacts

Recommendation	Five Year Fiscal Impact
• Eliminating bus service to students that can safely walk to school can improve transportation efficiency.	• The district can save between $504,150 and $1,008,305 over five years through elimination of routes and associated costs.
• Increasing average bus occupancy (the average total number of students carried on all bus routes that a bus operates on) can improve transportation efficiency.	• Increasing the distance between bus stops to a minimum of one-half mile and increasing the length of bus routes to cover larger areas will increase average bus occupancy. If the district can increase the average bus occupancy from the current average bus occupancy from 67.65 students per bus to 74.25, the district would be able to have cost savings/increased funding over five years of $555,080 through increased state funding and the sale of surplus buses.
• Seeking reimbursement for Medicaid transportation it currently provided to some district students will reduce uncompensated transportation expenses.	• The district can receive approximately $44,000 over five years from Medicaid for transportation provided to some district students.
• Reducing the number of spare buses held in inventory can reduce transportation expenses.	• Selling excess surplus buses is estimated to bring in $34,000 to the district.

Recommendation	Five Year Fiscal Impact
• Improving security for buses compounded at the Niceville bus facility can be accomplished through additional fencing.	• The cost of additional fencing and striping to improve security for buses compounded at the Niceville bus facility is estimated to cost $3,500.
• Not purchasing buses for one year will still allow the district to safely operate its transportation system.	• Not purchasing buses in Fiscal Year 2002-03 school year while retaining sufficient spare buses can reduce transportation expenses by $955,318 in Fiscal Year 2002-03.
• Obtaining and implementing an automated school transportation management information system that interfaces with the district's existing information systems will provide necessary information to district transportation staff.	• The district estimates that the acquisition, set-up, and training costs of an automated vehicle maintenance management information system would cost the district $105,000.

Source: OPPAGA and Okaloosa County School District.

Background

Stretching from the Alabama state line to the Gulf of Mexico, Okaloosa County covers 936 square miles in the western Florida Panhandle area. The northern half of the county is primarily rural farming county with Crestview, the county seat, being the only substantial population center in the region. An affordable housing market is the reason why Crestview leads the county in growth rate.
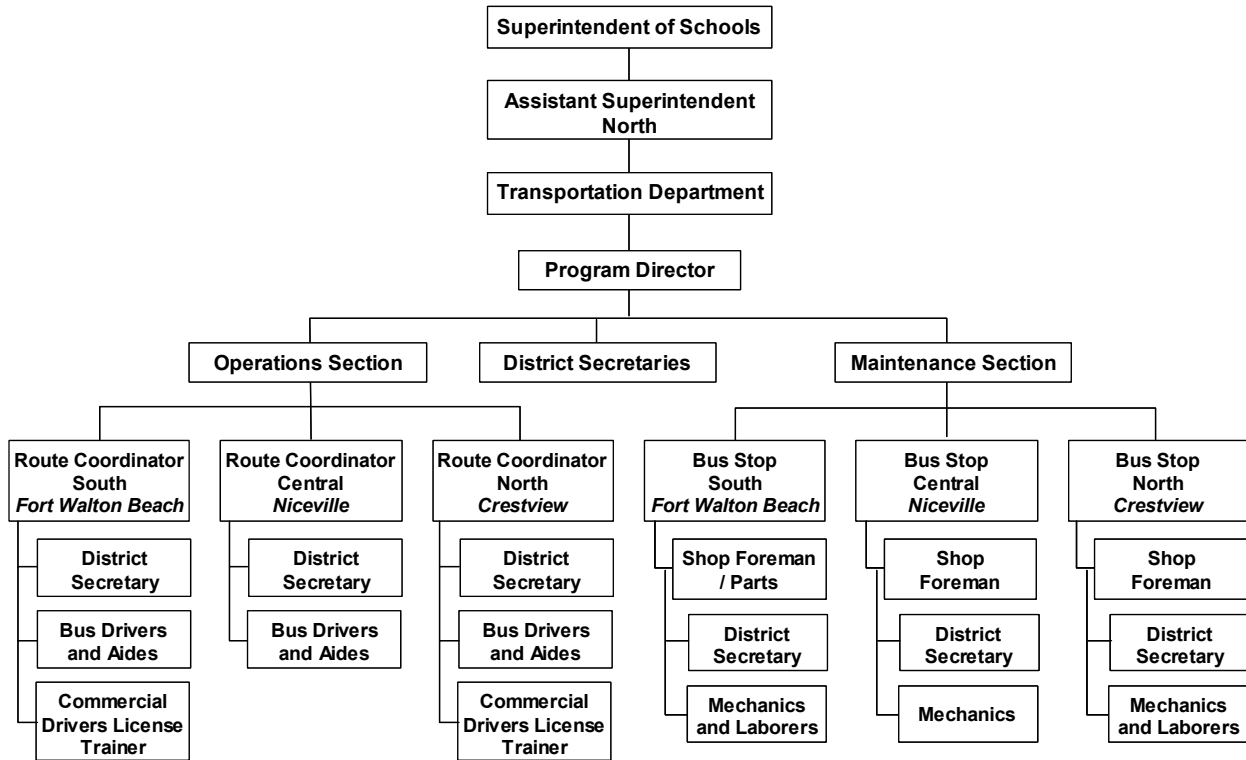
The remaining half of the county is split between the largely unpopulated Eglin Air Force base property and the urban areas along the coast. Eglin Air Force Base's weapons testing ranges and bases cover about 425 square miles in an east-west band in the center of the county. Fort Walton Beach, Niceville, Destin, Valparaiso, and other smaller cities and towns stretch from the southern boundary of Eglin Air Force Base to Okaloosa Island and the Gulf of Mexico.

Eglin Air Force Base separates the northern part of the county from the southern part of the county. This geographic separation presents significant challenges to the school district's transportation department.

To help meet this challenge, the Okaloosa County School District has organized its student transportation operations by geographic area. As seen in Exhibit 12-3, the transportation department has established regional transportation facilities in Fort Walton Beach, Niceville, and Crestview. These facilities provide for the storage and maintenance of buses as well as office and meeting spaces for operations staff.

Exhibit 12-3

Student Transportation Functions Are Organized by Geographic Areas

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                    ┌─────────────────────────┐
                    │ Superintendent of Schools│
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                    ┌─────────────────────────┐
                    │ Assistant Superintendent │
                    │          North           │
                    └─────────────────────────┘
                               │
                    ┌─────────────────────────┐
                    │ Transportation Department│
                    └─────────────────────────┘
                               │
                    ┌─────────────────────────┐
                    │     Program Director      │
                    └─────────────────────────┘
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Operations Section	District Secretaries	Maintenance Section

Route Coordinator South *Fort Walton Beach*	Route Coordinator Central *Niceville*	Route Coordinator North *Crestview*	Bus Stop South *Fort Walton Beach*	Bus Stop Central *Niceville*	Bus Stop North *Crestview*
District Secretary	District Secretary	District Secretary	Shop Foreman / Parts	Shop Foreman	Shop Foreman
Bus Drivers and Aides	Bus Drivers and Aides	Bus Drivers and Aides	District Secretary	District Secretary	District Secretary
Commercial Drivers License Trainer		Commercial Drivers License Trainer	Mechanics and Laborers	Mechanics	Mechanics and Laborers

Source: Okaloosa County School District.

During the 2000-01 school year, the district provided school bus service to 13,970 of its 30,358 students at 40 school centers throughout the county. Among those being served were 822 students in exceptional education programs who require special transportation arrangements because of disabilities or the need for specialized classes.

District school buses were also used for approximately 2,687 extracurricular field trips during the 2000-01 year and for transportation for other community groups and organizations. There were 239 school buses in service (including spares) on 558 school bus routes. Most buses operate on three to four routes each morning and afternoon (providing transportation to an elementary school, a middle school, and to a high school) to accommodate staggered school times. Such staggered school times are intended to improve the efficiency of buses.

Exhibit 12-4 presents selected student transportation data for the Okaloosa County School District and four peer districts in the state for the 2000-01 school year. The conclusions below can be drawn from this data.

- It is significantly less expensive to transport students in Okaloosa County on a total per student basis than in its peer counties. Total transportation expenditures (including reported bus purchases) per student for Okaloosa County was $536 per student with other peer counties having per student expenditures ranging from $654 to $829. Although Okaloosa drives significantly fewer miles per year than its peers (about 2 million miles less per year than Collier County, its highest peer county), the cost of student transportation per mile ($2.39) in Okaloosa is significantly higher than in all peer counties except one.

- The Okaloosa County School District is efficient in the use of local educational funding for student transportation. The state funds a greater percentage (68.36%) of Okaloosa's student transportation expenditures than in its peer districts (state funding of peer counties ranges from 44.27% to 63.14%).

Exhibit 12-4

Comparative Student Transportation Data for Okaloosa County and Four Peer Districts

Measure	Okaloosa	Alachua	Clay	Collier	Leon	Peer Average
Square Miles	936	902	592	1,994	676	1,041
Number of Students Enrolled	30,358	29,673	28,115	34,199	32,048	31,056
Number of Students Transported	13,970	15,120	13,464	16,161	11,298	14,011
Percentage of Students Transported	46.02%	50.96%	47.89%	47.25%	35.25%	45.34%
Number of Buses in Daily Service	207	180	180	233	166	190
Number of Miles Driven	3,167,534	4,913,208	4,063,597	4,980,261	4,056,579	4,503,411
Student Transportation Expenditures	$7,563,951	$10,479,891	$8,841,288	$13,821,033	$8,558,583	$10,425,199
Student Transportation Expenditures per Annual Mile	$2.39	$2.13	$2.18	$2.78	$2.11	$2.30
Student Transportation Expenditures as a Percentage of Total District Expenditures	3.79%	5.81%	5.67%	5.9%	3.61%	5.09%
Average Bus Occupancy	68	84	75	69	68	74
Percentage State Funding	68.36%	60.51%	63.14%	44.27%	51.28%	54.8%
Percentage Local Funding	31.64%	39.49%	36.86%	55.73%	48.72%	45.2%
Total Transportation Expenditures (including reported bus purchases) per Student	$536	$677	$654	$829	$735	$723.75

Source: Draft *Q-Links: Florida District Transportation Profiles,* July 2002 for School Year 2000-01, Florida Department of Education.

Student Transportation Services

1 **In general, the student transportation office plans, reviews, and establishes bus routes and stops to provide efficient student transportation. However, the efficiency of student transportation services can be improved through the elimination of bus riders who can safely walk to school, increasing the distances between bus stops coupled with increasing the area size served by a bus route, and automating the routing function.**

Routing coordinators are responsible for the day-to-day routing functions of the school district

The district manually creates and updates bus routes to provide effective student transportation. The responsibility for creating and updating the bus routes falls on the route coordinators, which are located in each of the three regional transportation facilities (Fort Walton Beach, Niceville, and Crestview). With little student population growth in the school district, the experienced route coordinators have to make only minor modifications to regular routes during the school year. These modifications include having to move a bus stop to correct a problem or changing a bus route to eliminate overcrowding. The majority of changes to bus routes within the district occur in the exceptional student education (ESE) routes. Changes in these routes occur in response to these students moving to different addresses or receive specialized educational services at different locations.

Staggered school start times help improve bus efficiency. As the result of a transportation analysis conducted in 1995, the district found that they could increase efficiency and save additional money by spreading out school bus schedules. The district now operates under a "four-tier" bell schedule in which most buses pick up and drop off students at two elementary schools, one middle school, and one high school.

The route coordinators began auditing all regular and ESE bus routes in the summer of 2001 at the direction of the transportation director. The route audit included checking each of the 394 bus routes and 3,868 bus stops for safety, time, address, and number of student riders. The route audit resulted in a number of changes such as eliminating 239 bus stops and changing three bus stops for safety reasons. Twenty buses were re-routed to have shorter riding times. Few (144) students now have bus travel times in excess of district school board time recommendations. [1] One group of these students (60) attends the Baker and Laurel Hill Schools (schools that serve kindergarten through twelfth grade), which are located in rural areas of northern Okaloosa County. Another group of these students (36 students) are exceptional student education (ESE) students who live in the Crestview region and need transportation to the Silver Sands School (in the Fort Walton region) and Valparaiso Elementary (in the Niceville region) for services only available in those schools. The remaining group of students (48 students) includes students living in the Fort Walton region who are on buses for over an hour because of where their homes are and where they are attending school.

There is a recent exception to these efforts to improve student transportation efficiency. The Okaloosa County School Board recently voted in favor of transporting students who live in the Destin area to

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[1] Section 12-2 (I) of the Okaloosa County School Board Policies requires bus travel each morning and afternoon not to exceed fifty (50) minutes for elementary students and sixty (60) minutes for secondary students, when practicable.

Niceville High School via shuttle bus rather than having them go to Fort Walton Beach High School where they currently attend. The reason given for offering this transportation service is to keep the students (estimated to be as many as 150 students) from leaving the district to attend the new South Walton High School. The school board accepted a recommendation of the school superintendent in February 2002 to have Niceville High school pay for all transportation costs exceeding state school bus funding. Based on Fiscal Year 2000-01 data, the state pays $345 of the average cost of $536 per transported student leaving an average of $191 per student to be paid for with local school funds. With 25 students applying for such transportation as of May 2002, Niceville High School will have to spend $4,775 in locally generated funds on transportation in Fiscal Year 2002.

The district's decision to provide this additional transportation is based on its customer service values. In addition, the district believes that the $20,211 to $26,958 in funding generated by three or four students ($6,737 per student) who would otherwise leave the district is sufficient to offset the costs of the shuttle bus. District staff estimates the additional expenses of operating a shuttle bus to be $10,000 to $15,000 per year. The school district should periodically re-evaluate this transportation decision by comparing the cost of additional transportation and educational services provided for these students to possible cost savings due to reduction in demand for teachers, facilities, etc. by not providing this transportation.

Requiring students who can safely walk to school to do so can improve student transportation efficiency

The Okaloosa County School District transports a large number of students who do not receive any state funding for transportation because they live within two miles of their assigned school and do not require specialized transportation. In school year 2000-01, the Okaloosa County School District transported 3,040 of these students (18% of all district students). This is double the percentage of these students most peer districts transport (see Exhibit 12-5). The Okaloosa County School District has the seventh highest percentage of student riders that do not receive state transportation funds of Florida's 67 counties.

Exhibit 12-5

Okaloosa County Provides Transportation to a Large Number Of Students That Do Not Receive State Transportation Funds

	Okaloosa	Alachua	Clay	Collier	Leon
Total Number Riding Bus	13,970	15,120	13,464	16,161	11,298
Number of Unfunded Students Riding Bus	3,040	1,733	1,320	1,028	804
Unfunded Students as a Percentage of All Bus Riders	17.87%	10.28%	8.93%	5.98%	6.65%

Source: Draft *Q-Links: Florida District Transportation Profiles,* July 2001 for School Year 2000-01, Florida Department of Education.

The Okaloosa County School Board has established policies regulating the transportation of students. District policy 12-2 (B) and (C) states:

(B) As of July 1, 1973, a student transported during a school term is in membership and earns a state transportation allocation only if he/she attends a course or class offered for the purpose of providing credit or promotion or a special program for exceptional children, vocational-technical, or adult general education and meets at least one of the following conditions:

    (1) Lives two (2) miles or more from school; or

    (2) Is physically handicapped as defined by State Board Regulation 6A-3.10; or

    (3) Is transported from one school center to another for vocational or exceptional classes.

(C) All elementary student who live more than one (1) mile from school will be transported.

According to district staff, the Okaloosa County School District provided free student transportation to all students living more than a mile from school until approximately five years ago. At that time, the District changed its policy to no longer transport middle and high school students unless they live two or more miles from school, are physically handicapped, or need to be transported from one school center to another for vocational or exceptional classes. A large number of the Okaloosa bus riders who do not receive state transportation funding are elementary school students who live between one and two miles of their schools.

According to district staff, the reason the district transports so many non-state funded elementary students is that many of these students would otherwise be walking under hazardous conditions. As an example, staff said that children living in rural areas of the county would have to walk along country roads without sidewalks, while children living in urban areas would have to cross multi-lane highways.

However, state law provides transportation funding for elementary students living within two miles of their schools if the routes the children would be walking contain hazardous conditions as defined by state guidelines. [2] These guidelines define hazardous walking conditions as those in which:

- children must walk along a busy road that does not have an adjacent, four-foot-wide walkable surface;

- children must walk along a busy, uncurbed road that has a posted speed limit of 55 miles per hour and does not have an adjacent, four-foot wide, walkable surface that is set back from the road by at least three feet; or [3]

- children must cross a busy road without a traffic signal or crossing guard. [4]

To receive state funds for transporting elementary students due to hazardous walking conditions, the school district, sheriff's office, local safety council, or local governments would have to report the condition to the Department of Education. Upon accepting the report, the department would make the district eligible to receive state funding for these students. According to DOE staff, the department has never discouraged school districts from designating locations that meet the state guidelines as hazardous or from claiming transportation funding for students who would otherwise be walking through those areas. According to these staff, providing transportation funds to ensure the safety of hazardous walking students is just as important as providing funds for students who do not live within walking distance of their schools. The district claimed hazardous walking conditions for 1,126 students in school year 2000-01.

When the district does not apply for state funds for transporting elementary students who would otherwise face hazardous conditions when walking to schools, it has to use funds it could otherwise spend on education programs to pay the entire cost of transporting these students. The district could save about $201,661 per year if it would eliminate its non-state funded riders by requiring students that do not encounter hazardous walking conditions to walk to school or otherwise arrange for their own transportation. [5] If it merely reduced the percentage of non-state funded students it transports to the lowest percentage of its peers, it could save approximately two-thirds that amount or $134,440 per year.

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[2] Section 234.021, *F.S.* This section currently provides that a representative of the school board, county sheriff, local safety council, or local government entity can also declare that an area contains hazardous walking conditions based on their inspection of the area even thought the area does not meet state guidelines. This provision was deleted by Ch. 2002-387, *Laws of Florida*, effective January 7, 2003.

[3] Busy roads are defined as roads other than those that are located in residential areas with little traffic or posted speed limits of 30 miles per hour or located in non-residential areas with traffic volumes of less that 180 vehicles per hour, per direction, during the times students would walk to school.

[4] A signal is considered necessary when the volume of traffic exceeds 360 vehicles an hour per direction; a crossing guard is considered necessary when the volume of traffic exceeds 4,000 vehicles per hour.

[5] This estimate was provided by transportation program staff. According to their analysis, the district could eliminate 61 bus routes and two or three buses by eliminating courtesy. In addition to saving money, this would help relieve a district bus driver shortage.

Exhibit 12-6

Discontinuing Bus Service to Students Who Could Safely Walk to School Could Save the District Up To $1,008,305 in the Next Five Years

	Fiscal Year				
	2003-04	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Annual Cost Savings	$201,661	$201,661	$201,661	$201,661	$201,661
Cumulative Cost Savings	$201,661	$403,322	$604,983	$806,644	$1,008,305

Source: Okaloosa County School District Staff.

Increasing average bus occupancy can also improve student transportation efficiency

One measure of transportation efficiency is average bus occupancy. Average bus occupancy is determined by taking the number of students transported and dividing by the number of buses on scheduled bus routes. Okaloosa County's average bus occupancy rate in school year 2000-01 was 67.65 students per bus.

If a known number of students can be appropriately served using few buses, the average bus occupancy rate and the overall efficiency of the student transportation system will be improved. Given that not all buses in the district are operated at capacity, the key item that limits bus occupancy is time. As stated earlier, the Okaloosa school district has a policy of having elementary student bus routes lasting no more than 50 minutes with secondary student bus routes lasting no more than 60 minutes. Working within this policy, the district can improve its average bus occupancy rate by

- increasing the distance between bus stops to a minimum of one-half (1/2) mile which reduces the time necessary to pick up a given number of students by and

- increasing the area covered bus routes.

Bus stops in the Okaloosa County School District are frequently placed close together. Bus drivers have to perform a number of functions from the time they leave one bus stop to the time they are ready to leave the next bus stop. These functions include

- checking to see if all students are properly seated in the bus;

- retracting electrically operated bus stop signs mounted on arms on the side of the bus and front bumper safety arm;

- accelerating the bus to the posted speed limit;

- starting decelerate the bus;

- deploying the warning lights indicating that the bus is preparing to stop;

- stopping the bus and deploying the electrically operated bus stop signs and front bumper safety arm;

- opening the front bus door; and

- waiting for students (frequently ranging from one to six students) to get on the bus and seat themselves.

As seen in the example bus route contained in Exhibit 12-7, bus drivers frequently have one minute to perform these tasks per bus stop. Consequently, the distances between bus stops are not far. Current routes frequently have stops less than one-quarter (¼) mile apart. Current board policy is that bus stops should not be established nearer than one-quarter mile apart.

Exhibit 12-7

Examples of Bus Routes with Frequent Bus Stops

Bus Stop Number	AM Time	Number of Expected students at stop	Distance From Previous Stop in miles	Description of Stop
Bus number: 95-1; School: Fort Walton Beach High School; Bus capacity: 65 passenger				
1	6:13	2	NA	220 Highway 98
2	6:15	7	.9	Benning Drive and Azalea
2	6:16	5	.2	Benning Drive and Maltezos
3	6:17	6	<.1[1]	Benning Drive and Kelly
4	6:19	2	<.1[1]	Benning Drive and Driftwood Lane
5	6:21	5	<.1[1]	Siebert Ave and Kelly
6	6:23	6	.4	Siebert Ave and Forest
7	6:45	NA	8.7	Fort Walton Beach High School
		33 total student riders		
Bus: 91-7; School: Crestview High School; Bus capacity: 65 passenger				
1	6:30	5	NA	First Avenue and Brackin Street
2	6:31	3	.2	First Avenue and Camelia Place
3	6:32	10	.1	First Avenue and Lea Place
4	6:33	2	<.1[1]	1706 First Avenue
5	6:34	1	<.1[1]	1851 First Avenue
6	6:34	1	.2	1991 First Avenue
7	6:35	1	.1	Valley Road and Forest Court
8	6:36	1	.5	104 Palmetto Drive
9	6:37	5	.1	126 Palmetto Drive
10	6:39	1	.1	147 Palmetto Drive
11	6:41	3	<.1[1]	151 Palmetto Drive
12	6:45	2	.4	107 Tyner Drive
13	6:47	3	.1	Sikes Drive and Valley Road
14	6:50	2	.6	704 Valley Road
15	6:55	2	UNK[2]	508 Hyde Park
16	6:56	1	UNK[2]	600 Hyde Park
17	7:00	NA	UNK[2]	Unload at Crestview High School
		43 total student riders		

[1] Yahoo! Maps calculates this distance as being 0.0 miles. However, the Yahoo! Map does show a small distance between the stops. Therefore, we have listed the mileage as less than one-tenth mile (<.1 miles).

[2] Hyde Road is not currently shown on Yahoo! Maps.

Source: Okaloosa County School District and Yahoo! Maps.

Distances between bus stops can have significant impact on student transportation operations. Ideally, the fewer bus stops that a bus has to make to pick up students on a given route, the less time it should take to complete. Frequent stops and subsequent starts can create more wear on bus brakes and engines and increase fuel consumption consequently increasing bus repair and fuel costs. Short distances between bus stops also have the potential to have increase traffic backed up behind buses while pick-ups and drop-offs are made.

Increasing the distances between bus stops can improve the efficiency and safety of student transportation. As seen above in Exhibit 12-7, a number of bus stops are less than one-tenth of a mile

apart despite board policy requiring bus stops to be at least one-quarter of a mile apart. A change in policy and practice to increase the distance between bus stops would allow for more students to be picked up using fewer bus stops, increases the time available for the bus to service a larger area, and thus increases bus occupancy rates. [6] For example, increasing the distance between bus stops for the current board policy of one-quarter mile to one-half mile would result in students only having to walk at the most an additional 220 yards. [7] Staff at the Okaloosa County Sheriff's Office believe that increasing the distance between bus stops should reduce traffic congestion behind buses stopped at bus stops and thus increase student safety.

Buses servicing larger areas should also improve bus occupancy rates. In general, larger areas contain more students than smaller areas. With time savings resulting from increased distances between bus stops, it is reasonable to expand the areas served by bus routes. The expanded bus routes should not exceed current board policy governing maximum route times (50 minutes for elementary school students and 60 minutes for middle and high school students). Expanded route service areas should allow a larger number of students to be transported on each bus and thus increase bus occupancy rates.

Increasing the distance between bus stops and expanding service areas has the potential to reduce Okaloosa school transportation costs, increase state funds available to the district, reduce traffic congestion, and increase student safety. An increase in bus occupancy rates from 67.65 per bus to 74.25 would allow the district to increase annual state transportation funding by $103,416, reduce the number of buses required for daily bus runs by 18, and allow the district to reduce the size of its fleet by 19 (the 18 buses on daily bus runs and 1 spare). It is estimated that the district could sell these buses for at least $38,000. The reduction in the number of daily bus routes will reduce the number of bus drivers and bus inspections needed to provide district student transportation.

Exhibit 12-8

Increasing Bus Occupancy by Changing Bus Stop Locations and Lengthening Bus Routes Could Save the District $555,080 in the Next Five Years

	Fiscal Year				
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Sale of Surplus Buses	$38,000				
Annual State Funds Increase	$103,416	$103,416	$103,416	$103,416	$103,416
Cumulative Cost Savings/Funds increase	$141,416	$244,832	$348,248	$451,664	$555,080

Source: Okaloosa County School District Staff.

The district could benefit from computerizing the routing function

As previously stated, the district manually creates and updates bus routes to provide effective student transportation. The district had previously attempted to computerize the routing function in the Crestview region using a program produced by ECOTRAN. According to district staff, the routing program was very time-consuming to set-up and difficult for the route coordinator to use. Beginning in the spring of 2001, the district was unable to obtain any updates or assistance from ECOTRAN on the program. District staff were informed that this was due to ECOTRAN declaring bankruptcy.

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[6] We would expect the school board to allow the transportation department to make exceptions to one-half mile in-between bus stops policy to prevent bus stops from being in unsafe locations or having bus stops that would require students to walk in hazardous conditions described in s. 234.021, *F.S.*

[7] Currently, with bus stops one-quarter miles apart, a student living halfway in-between the bus stops would have to walk 220 yards to a bus stop. If the minimum distance between bus stops is increased from one-quarter to one-half mile, the student living halfway between the bus stops would have to walk an additional 220 yards (440 yards total).

The use of computerized bus routing programs can help improve district bus operations by reducing the amount of time necessary to change bus routes. One county school district (Lake) estimates that computerized routing would decrease the time spent on manual routing by 35% to 40%. While Okaloosa County is not experiencing the growth that Lake County is, Okaloosa County route coordinators frequently need to change exceptional student education (ESE) routes due to these students moving to different addresses or receiving specialized educational services at different locations. Decreasing the time route coordinators spent manually preparing routes will allow them more time for other responsibilities, such as driver supervision. The Lake County School District is purchasing a computerized bus routing system (Plan Ware) in the current school year at a cost of $62,000 to improve the efficiency of bus routing. The Okaloosa School District chief information officer has stated that the district is continuing to search for a computer program that will automate the routing function that will be relatively quick to set-up and be easy for route coordinators to use. He estimates that the cost of acquiring the EDULOG bus routing system along with necessary hardware, systems maintenance, and training of staff would cost in excess of $100,000. Such an investment in bus routing programs should be justified using a return-on-investment (ROI) analysis to ensure that the savings from using such a program are sufficiently high (a positive ROI) to justify the cost of obtaining and implementing the selected bus routing program.

Recommendations ———————————————

- *We recommend that the district periodically re-evaluate its decision to provide free shuttle transportation to Fort Walton Beach High School students living in the Destin area who wish to attend Niceville High School. This re-evaluation should include comparisons of the cost of additional transportation and educational services provided for these students to possible cost savings due to reduction in demand for teachers, facilities operational costs used to provide teachers, facilities, and other operating cost reductions, etc. by not providing this transportation. This analysis should be used to guide the school board in deciding if providing shuttle transportation is to be continued.*

- *We recommend that the district school board establish and implement a policy to begin in school year 2003-2004 to eliminate bus service riders to students who live within two miles from their assigned school and can safely walk to school. By reducing the number of students it transports who are not eligible for state funding, the district can save up to $201,661 annually.*

- *We also recommend that the district school board increase bus occupancy by establishing and implementing a policy to require bus stops to be placed at least one half (1/2) mile apart when safety is not an issue. The district should then increase the areas served by bus routes in order to increase bus occupancy rates. This recommendation has the potential to reduce student transportation costs, increase state funds available to the district, and reduce traffic congestion. We estimate that the Okaloosa County School District could realize $38,000 from the sale of surplus buses with an additional $103,416 each year in state revenue by implementing this recommendation.*

- *We recommend that the district evaluate bus routing software packages that will improve the efficiency of bus routing. This evaluation should include would an analysis of the rate-of-return (ROI) of each selected software package to ensure positive returns on the investment to justify the cost of obtaining and implementing the selected bus routing program. This routing software would complement but not be a part of a school transportation management information system discussed in Section 9 of this chapter (starting on page 12-32).*

Action Plan 12-1 provides the steps needed to implement these recommendations.

Action Plan 12-1

Analyze the Decision to Provide Free Shuttle Bus Transportation for Destin-Area Students Zoned Attending Niceville High School	
Strategy	Conduct periodic re-evaluation of the school board's decision to provide free shuttle transportation to Fort Walton Beach High School students living in the Destin area who wish to attend Niceville High School. This analysis should be used to guide the school board in deciding if providing shuttle transportation is to be continued.
Action Needed	Step 1: The district performs a periodic re-evaluation of the decision to provide free shuttle transportation to Fort Walton Beach High School students living in the Destin area who wish to attend Niceville High School. This re-evaluation should include comparisons of the cost of additional transportation and educational services provided for these students to possible cost savings due to reduction in demand for teachers, facilities operational costs used to provide teachers, facilities, and other operating cost reductions, etc. by not providing this transportation.
	Step 2: The superintendent would present the re-evaluations to the school board and the public. If the analysis shows that providing this transportation is in the best interests of the district, then no further actions would be taken. If the analysis shows that providing this transportation is not in the best interests of the district, then the superintendent will recommend and the board approves changing the board policy to eliminate free bus shuttle transportation of these students.
Who Is Responsible	Superintendent, school board, district staff as assigned by the superintendent.
Time Frame	Initial re-evaluation to be completed by July 2003, and by June of each other subsequent year; superintendent to present the re-evaluation to board with school board approve change in policy if analysis indicates such is in best interest of district by August 2003, and by August in each other subsequent year.
Fiscal Impact	Existing district staff can perform the study.

Eliminating Non-state Funded Bus Riders	
Strategy	Eliminate the bus transportation of students who live within two miles of their school and can safely walk to school.
Action Needed	Step 1: The transportation department performs a comprehensive study of the impact of eliminating non-state funded bus riders in the county who can safely walk to school. This study would include overall impact on the student transportation system including number of buses and drivers needed, additional areas determined to be hazardous walking areas, certification of students eligible for hazardous walking conditions funding, savings to the district, and areas where continued school transportation for non-state funded bus riders is recommended due to hazardous walking conditions.
	Step 2: The superintendent would present the report to the school board and recommend changing the board policy to eliminate the transportation of non-state funded bus riders who can safely walk to school.
	Step 3: School board affirmatively votes for a change in board policy to prohibit the transportation of all students that can safely walk to school and who live within two miles of their assigned school.
	Step 4: Transportation department make necessary changes to routes in compliance with changed board policy.
	Step 5: Transportation department continue to actively coordinate with local governments and law enforcement agencies on way to improve student walking conditions such as crosswalks and crossing guards.

Who Is Responsible	Transportation program manager, superintendent, school board, route coordinators
Time Frame	Study to be completed by July 2003; Superintendent to present study to board and school board approve change in policy by July 2003; routing coordinators to revise bus routes August 2003; on-going coordination with local governments and law enforcement agencies on ways to improve student walking conditions
Fiscal Impact	Existing transportation resources can do the study; cost savings are estimated to be between $134,440 and $201,661 annually.

Extend Distances Between Bus Stops and Increase Areas Serviced by Bus Routes

Strategy		Extend the minimum distances between bus stops from the present one-quarter mile to one-half mile when safety is not an issue and increase the area served by individual bus routes.
Action Needed	Step 1:	The transportation department performs a comprehensive study of the impact of extending the minimum distance between bus stops from one-quarter to one-half mile. This study would include overall impact on the student transportation system including number of buses needed, drivers needed, savings to the district, and areas where increasing the distance between bus stops is not recommended due to hazardous walking conditions.
	Step 2:	The superintendent would present the report to the school board and recommend changing the board policy to extend the minimum distance between bus stops from one-quarter to one-half mile.
	Step 3:	School board affirmatively votes for a change in board policy to extend the minimum distance between bus stops from ¼ to ½ mile.
	Step 4:	Transportation department make necessary changes to routes in compliance with changed board policy.
	Step 5:	Using time saved from extending the distance between bus stops, the transportation department increases the areas serviced by individual bus routes to improve bus occupancy.
Who Is Responsible		Transportation program manager, superintendent, school board, route coordinators
Time Frame		Study to be completed by July 2003; Superintendent to present study to board and school board approve change in policy with routing coordinators to revise bus routes effective for the 2003-04 school year.
Fiscal Impact		Existing transportation resources can do the study; an annual increase in state funding due to increased bus occupancy is estimated to be $103,416.

Acquire Routing Software

Strategy	Improve the efficiency of the routing process using automated bus routing software.

Action Needed	Step 1:	The district's chief information officer and transportation director evaluate bus routing software packages that will improve the efficiency of bus routing. This evaluation should include would an analysis of the rate-of-return (ROI) of each selected software package to ensure positive returns on the investment to justify the cost of obtaining and implementing the selected bus routing program. The costs of such a system need to include factors such as price, reliability, hardware needed, and training costs. Using this evaluation, the chief information officer and transportation director will rank order the software and recommend purchase of the highest ranked software package meeting the needs of the district if the software package has a sufficiently high ROI. The evaluation and recommendation would be presented to the superintendent.
	Step 2:	The superintendent would present the evaluation and recommendation to the school board for purchasing authority (if recommended).
	Step 3:	If recommended, the school board affirmatively votes in favor of giving the district authority for the purchase of the highest ranked software. The software should be purchased using capital item funds.
	Step 4:	School district purchases the software with the district's management information systems department installing the software at the route coordinator's computer terminals and providing necessary training.
	Step 5:	The software will be used to design the district's bus routes.
Who Is Responsible		Chief information officer, transportation program manager, superintendent, school board, district purchasing staff, route coordinators
Time Frame		Evaluation to be completed by January 2003; superintendent to present study to board and school board approve purchase of routing software by February 2003; purchasing staff to purchase approved routing software by July 2003; route coordinators to implement computerized route planning as soon as possible after installation of computerized routing software.
Fiscal Impact		The above study will determine the fiscal impact to the district; the study can be done by existing district resources.

Source: OPPAGA.

2 The district does not ensure that all regular school bus routes and activity trips operate in accord with established routines and any unexpected contingencies affecting those operations are handled safely and promptly.

Bus routes in Okaloosa County generally function with few problems. The district has procedures to ensure that substitute bus drivers can operate the bus route if the primary driver is unable to operate the route. Bus overcrowding is infrequent and usually occurs only at the beginning of the school year. Bus routes are scheduled to minimize the number of students that have to travel on buses for times in excess of school board recommendations. Bus breakdowns are rare. One problem is the transportation department is not being reimbursed by schools for all costs associated with school field trip transportation.

With few exceptions, regular school bus routes are operated with few reported problems

The district has effective procedures to handle incidences where the regular driver is unable to perform their assigned routes. The master contract between the bus driver's union and the school district requires

that any driver who will be absent from work to notify the appropriate transportation office as far in advance as possible. This notification is usually done by phone to the route coordinator. The route coordinator for the region will then notify one of the region's standby drivers who will then drive the routes. The standby drivers (equal to 10% of regular drivers in each region) are guaranteed four hours of work per day, even if there is not a need for them to drive buses. When not driving buses, the standby drivers perform other duties such as acting as a monitor on a bus, cleaning spare buses, and light office work. Standby drivers have access to copies of all bus routes and schedules for the region.

Overcrowding is an infrequent problem in the school district. According to route coordinators, the beginning of the school year is the most frequent time when overcrowding occurs. The drivers of overcrowded buses will fill out a district form on the overcrowding and submit it to the route coordinator. The route coordinator then will shift bus stops among nearby bus routes to alleviate overcrowding and notify the affected drivers of the route changes.

Bus breakdowns are rare in the district. For example, in a 12-week period in the fall (October through December) of 2001, there were only 14 bus breakdowns. The district has established procedures to use in case of bus breakdowns. These procedures have been distributed to shop foremen, route coordinators, school principals, and bus drivers. Bus drivers going on field trips are given lists of phone numbers to call in case of bus breakdown.

Few bus riders are on buses longer than school board recommends. As previously stated in the section on the first best practice within this goal, an exception to the board bus time recommendations are the ESE students who live in the Crestview region and have to be transported to the Silver Sands School (in the Fort Walton region) and Valparaiso Elementary (in the Niceville region) for services only available in those schools. The other exception are four (4) students who live in the Fort Walton region who are on buses for over an hour because of from where they are coming and where they are attending school.

The district has adopted a policy (within section 12-2 of the board policies) that states that bus drivers cannot discharge a student at any stop other than the one the student usually uses unless receiving (in writing) permission from the school principal. Use of this policy helps prevent discharging of student at bus stops other than those assigned. Bus drivers are reminded of this policy yearly via memo.

Field trips cause financial problems for district student transportation

The district schedules buses and drivers for the many miles of field trips taken by students. Students in the district traveled 187,525 miles on field trips using district-provided transportation in school year 2000-01. Field trip miles accounted for 5.92% of all school bus miles during the year (3,167,534 miles). Schools are to turn in requests to district school transportation for field trip transportation at least 10 days prior to the date of the field trip. The route coordinators in the regional offices take the requests and notify drivers of the field trip. The field drivers are given procedures to use in case of breakdown, a list of emergency contact numbers, and, if driving long distances out of the local area, a fuel purchasing card.

The drivers are selected based on a seniority system. At the beginning of the school year, the most senior driver is offered the opportunity to drive the first field trip. If the driver declines the field trip, the driver is put on the bottom of the seniority list and the next senior driver is offered the field trip. This continues until a driver is found for the trip. After completing the field trip, the bus driver is put on the bottom of the seniority list.

District student transportation is not fully reimbursed for its costs incurred from providing transportation for school field trips. School board policy 12-9 (C) states:

> Each school shall be required to pay an amount set annually by the
> Finance Director, and this amount shall approximate the cost of the
> driver's salary and fringe benefits, and the cost of operation.

According to the transportation program manager, the district has been charging schools less for field trip transportation than it costs to provide the service. The schools are currently being charged either

- $15 per hour or
- $1.25 per mile for trips over 150 miles round trip.

Based on a study performed by the transportation manager and the chief financial officer, the district has been undercharging schools an average of 20% on the cost of their field trips. For example, one field trip involving nine buses went on a field trip from Choctawatchee High School to Pensacola. With the trip being billed at $15 per hour, the school was charged $1,170 while the actual cost of the trip to the transportation department was $1,606.01. Another trip had a bus going to Marianna with the school being charged $1.25 per mile totaling $265.00 while the cost to the transportation department was $318.01. Based on field trips taken in school year 2000-01, district student transportation loses an estimated $51,200 annually on school field trips. Increasing field trip transportation charges to the cost of providing the transportation would put the district in compliance with board policy along with reducing uncompensated expenses within student transportation (see Exhibit 12-9). By shifting the true cost of field trips to schools, principals can more accurately compare costs of the field trips to their results and thus make better fiscal decisions for their schools. With such comparisons, it is possible that principals will reduce the number of field trips taken, thus reducing district transportation expenses.

Exhibit 12-9

Charging the Full Cost of Field Trips Will Reduce Uncompensated Expenses by $256,000 in the Next Five Years

	Fiscal Year				
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Annual Reduced Uncompensated Expenses	$51,200	$51,200	$51,200	$51,200	$51,200
Cumulative Reduced Uncompensated Expenses	$51,200	$102,400	$153,600	$204,800	$256,000

Source: Okaloosa County School District Staff.

Recommendations ——————————————

- *We recommend that the chief financial officer, with the assistance of the transportation department, set field trip transportation fees that will fully compensate the transportation department for such trips. We further recommend that the school board approve and implement the revised fees immediately. The transportation department will receive an additional estimated $51,200 annually if schools fully compensate the transportation department for field trip services.*

Action Plan 12-2 provides the steps needed to implement this recommendation.

Action Plan 12-2

Field Trip Transportation Fees to Fully Reimburse the Transportation Department
Strategy   Establish field trip transportation fees that fully reimburse the transportation department for such trips.

Action Needed	Step 1:	The chief financial officer, with the assistance of the transportation department, will calculate the transportation department's current cost associated with field trips (e.g., cost of drivers, equipment, and administration) and devise a field trip rate structure that allows all of these costs to be reimbursed to the transportation department.
	Step 2:	The chief financial officer will request that the school board, through the district superintendent, make the new field trip rate structure effective immediately.
	Step 3:	The school board approves the new field trip rate structure and makes the new rate structure effective immediately.
	Step 4:	The chief financial officer, with the assistance of the transportation department, will disseminate this information to the district schools.
	Step 5:	The chief financial officer, with the assistance of the transportation department, will calculate the cost of field trip transportation prior to the beginning of each school year and disseminate this information to the district schools.
	Step 6:	If field trip costs escalate during the school year beyond the field trip price disseminated by the chief financial officer due to cost increases beyond the control of the transportation department (e.g., increases in fuel costs), the transportation department manager will notify the chief financial officer of the situation and request an increase in field trip fees. Upon notification, the chief financial officer will recalculate field trip prices and request (through the superintendent) the school board approve the new price of field trips and with immediate implementation.
Who is Responsible	Chief financial officer, transportation department manager, district superintendent, school board	
Time Frame	Completion of the above steps by the beginning of school year 2002-03 and each subsequent school year.	
Fiscal Impact	The recommendation can be implemented by existing management resources with an additional $51,200 annually being transferred from schools to the transportation department to compensate it for field trip expenses.	

3 The district effectively and efficiently recruits the bus drivers and attendants it needs, but does not retain them.

The district is experiencing driver turnover problems

The Okaloosa County School District has a significant turnover in its bus drivers and assistants. As of October 2002, the district employs 222 bus drivers and 46 assistants. [8] From June 2000 to October 2001, the district had a turnover of 46 drivers (21%) and 13 assistants (28%). To replace these drivers and assistants, the district hired 57 drivers and 13 assistants in the same time period. The district said that as of December 2001, it is short 8 to 10 standby bus drivers. While some turnover is expected, turnover of 15% and higher can cause the school district significant problems in manning its buses and operating its bus routes. It is interesting to note that there has not been any turnover in bus mechanics for the last two years.

The district uses several methods to notify the public of job opportunities for bus drivers. It primarily relies on ads placed in the local newspaper classified advertising sections. These ads inform the public

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[8] According to district staff about 10 of the bus drivers are on some type of medical leave, which increases the number of drivers needed on staff to operate scheduled bus routes.

that training classes for class B Commercial Driver Licenses (CDL) are being scheduled for persons wanting to be a school bus driver. The ads do not list the starting salary but do say that there is paid training and benefits. The district also notifies the public of job openings by taking buses to local business such as Wal-Mart, K-Mart, and inside the Santa Rosa Mall. The buses are set up with signs at these locations so people can see the insides of the buses. Bus drivers are stationed at the sites to encourage answer questions and encourage people to apply for bus driving positions.

The school district does not systematically collect information on why bus drivers and assistants left their positions or the competitiveness of district salaries. The district does not hold formal exit interviews to determine exactly why the drivers and assistants were leaving their positions. The Human Resources Department has a generic form that asks district employees why they are resigning their posts. The reasons given for resigning are contained in Exhibit 12-10. The form does not obtain information such as the person leaving the job for a higher wage job, to go from a part-time bus driving job to a full time job, or leaving because of job dissatisfaction. The district also does not systematically collect information on wages and benefits offered by adjacent school districts and by local employers that are likely to be competing for the pool of applicants. Lack of information makes it difficult for the district to determine the district's relative competitiveness for these applicants along with what changes are needed to be made to increase the number of applicants while increasing the retention of current bus drivers.

Exhibit 12-10

Most Drivers and Attendants Resign Their Positions for Employment Outside Education or Personal Reasons During the Period June 2000 to October 2001

Reason for Resignation	Drivers	Attendants
Retirement	6	2
Personal	9	9
Sick	5	0
Move	6	0
Employment Outside Education	13	1
Employment in Florida	3	0
Dismissal	1	0
Unknown	1	0
Return to School	2	0
Total	**46**	**12**

Source: Okaloosa County School District.

The district does provide bus drivers incentive pay to operate their routes. The Attendance Incentive Plan in effect divides the school year into three attendance periods. Drivers with perfect attendance during a period will receive $100. If the driver has perfect attendance for the entire school year, they will receive an additional $300 at the end of the year. Additionally, some schools in the district have decided to share bonus money they have received as part of the "A+ Program" with the drivers of the buses for those schools (up to $200 per driver).

Recommendations

- *The district appears to efficiently recruit bus drivers and attendants. However, it does have problems in retaining them as evidenced by high resignation rates.*

- *We recommend that the district improve the data it collects to assist it in meeting the challenge of recruiting and retaining the bus drivers and attendants it needs.*

Action Plan 12-3 provides the steps needed to implement this recommendation.

Action Plan 12-3

Collect and Analyze Data for Recruiting and Retaining Drivers and Attendants	
Strategy	Collect and analyze bus driver and attendant related data to help formulate and implement plans to assist the district in recruiting and retaining bus drivers and attendants.
Action Needed	Step 1: The transportation manager, with the assistance of the district's Human Resources Department, will determine what information should be collected from employees resigning their bus driver and attendant positions that will help the district in recruiting and retaining bus drivers and attendants.
	Step 2: The Human Resources Department, with the assistance of the transportation manager, will create a bus driver and attendant exit interview guide to assist interviewers in conducting exit interviews.
	Step 3: The Human Resources Department will conduct exit interviews with resigning bus drivers and attendants and will share the results with the transportation department.
	Step 4: The transportation manager, with the assistance of the district's Human Resources Department, will determine what information on wages and benefits needs to be collected from adjacent school districts and local employers that are likely to be competing for the pool of applicants for positions as bus drivers and attendants. They will also determine the school districts and local employers this information should be collected from.
	Step 5: The Human Resources Department, with the assistance of the transportation manager, will survey the adjacent school districts and local employers for wage and benefit information as determined above on a semi-annual basis and share the results with the transportation department.
	Step 6: The transportation manager, with the assistance of the Human Resources Department, will analyze exit interview and wages and salary information on a semi-annual basis to formulate and implement plans for the recruitment and retention of bus drivers and attendants.
Who is Responsible	Transportation department manager, human resources officer
Time Frame	Data elements, exit form design and selection of school districts and local businesses to be completed by October 2002; exit interviews will be solicited from all bus drivers and attendants resigning after October 31, 2002; surveys of local school districts and local employers will take place beginning in October 2002 and continuing every six months from that date; information from exit interviews and surveys will be analyzed with plans formulated and implemented beginning in October 2002 and continuing every six months from that date.
Fiscal Impact	The recommendation can be implemented by existing district resources. It is not possible to estimate cost savings from increased retention and recruitment of bus drivers and attendants at this time.

Source: OPPAGA.

4 The district trains, supervises, and assists bus drivers to enable them to meet bus driving standards and maintain acceptable student discipline on the bus.

The district provides sufficient training, supervision, and support to bus drivers to meet district requirements

District student transportation staff offers initial training classes for prospective bus drivers. The classes are held by the district on an as-needed basis. Training classes for prospective bus drivers allows them to receive a class B (school bus) commercial driver's license. Training consists of 20 hours of classroom training covering topics such as student discipline, safe driving skills, and district policies and procedures. The trainees also receive 24 hours of on-bus training including observations, driving buses without students, and driving buses with students and a trainer onboard. The district also provides drivers with a physical examination to ensure that the drivers are medically capable of safely operating buses.

The district also provides training and testing for current bus drivers and monitors. Each driver receives eight hours of paid annual training. This training includes topics such as field trip operations, student discipline, dress code, and FTE counts. The drivers also receive yearly dexterity testing at the same time that the drivers receive their annual driving physicals.

Transportation management conducts written surveys of transportation staff yearly. Transportation staff are not required to sign the survey forms or indicate who filled out the survey. The information is collected anonymously using sealed boxes. Transportation management uses the information to determine problem areas and plan in-service training.

State law provides that holders of commercial driver's licenses (such as school bus drivers) can lose their licenses for a period of time for certain traffic serious traffic convictions. These certain serious traffic violations include unlawful speed (15 MPH or more over the speed limit), careless or reckless driving, and traffic offenses committed in a commercial motor vehicle resulting in the personal injury of any person. If convicted of two serious traffic violations within three years, bus drivers will lose their licenses for 60 days. A third conviction within three years results in 120-day disqualification. Conviction of other driving offenses, such as driving with an alcohol concentration of .04 or more, can disqualify a person from operating a commercial motor vehicle for a year.

In addition to state regulations, the district transportation department has established guidelines to suspend drivers for varying lengths of time depending on the degree of speeding above posted limits. The transportation department also reviews the state's traffic violation database monthly with driving printouts placed in personnel files twice a year.

The transportation department takes substance abuse by bus drivers and mechanics seriously. The school board has adopted a policy on substance abuse covering bus drivers and other transportation staff such as mechanics that perform safety-sensitive functions. The district conducts drug and alcohol tests on those applying for a job as a bus driver or mechanic, drivers after accidents, and random tests for all current drivers and mechanics. A private firm (through a contract with the Human Resources Department) confidentially handles the random selection of drivers and mechanics for testing and the tests themselves. Staff tested to be positive for alcohol or drugs are not allowed to drive or repair buses and may be discharged from their employment. The district does have an employee assistance program to assist those staff that admit to substance abuse problems prior to test results being received. While in the employment assistance program, employees are not allowed to drive or repair buses.

5 The district does not document the need for specialized student transportation services in the individual education plans for exceptional students or seek Medicaid reimbursement for these services.

District student transportation not involved in special transportation decisions

Some ESE students require specialized transportation services to allow them to attend appropriate schools. Examples of students needing such specialized transportation services include those students needing items such as wheelchairs lifts, supplemental medical oxygen, special transportation restraints, and a controlled temperature environment (air conditioning). The district transportation program handles such needs by transporting these students using a number of specially equipped mini-buses along with their drivers and aides. Other ESE students do not need specialized transportation services and can instead ride regular bus routes to their assigned appropriate schools. Such schools provide ESE students with specialized classes such as intensive reading classes and gifted student classes.

Currently the district operates 33 of the specially equipped mini-buses on daily runs and has 9 of these buses for use as spares. Only two ESE students in the district use district-paid alternatives to school buses for their transportation to school.

Specialized student transportation needs are determined in staffing meetings where an Individual Education Plans (IEPs) are drawn up for exceptional education students. These IEPs have to be developed for each exceptional student with the plans dictating what services (including transportation) the exceptional student should receive. Various teachers, staff on special programs at the school, and parents of the ESE student usually attends IEP staffing meetings. On some occasions, a person planning on attending the IEP staffing meeting will ask transportation staff for some information prior to the meeting, but student transportation staff does not participate in these meetings. Student transportation staff is informed of decisions relating to special transportation requirements after the meeting is over. Transportation staff then takes this information and adjusts bus routes to provide the specialized transportation services.

Staff involved in drawing up Individual Education Plans for exceptional students do not have the necessary policy guidance to ensure that ESE students ride a regular school bus whenever possible and appropriate. Documents used in the process of drawing up IEPs do not contain information to assist staff in ensuring that ESE students only receive specialized transportation when it is would not be appropriate to transport via regular school bus. The current district ESE manual instructs staff to categorize ESE students according to the categories below without further explanation.

- NA if the student required no transportation or rides a regular bus
- Individualized pick-up if the student rides a special bus
- Shortened day if the student has a school day that has been shortened as the result of an IEP team decision
- Aide/monitor if the student requires an aide or monitor on the bus
- Environmental Concerns if the environment must be controlled for the student (i.e. the student requires air conditioning); and
- Out-of-District School if the student is transported to as school outside the district.

A review of 15 individual education plans shows that the factors used to make the specialized transportation decision were not documented in the IEPs.

Failure to provide guidance to ESE staff members that helps ensure that ESE students ride regular school buses whenever possible and appropriate can have financial consequences to the school district. The smaller buses used by the school district for specialized transportation hold fewer students, frequently have longer bus runs than do regular school buses, and cost more to operate on a per student basis than regular buses. Operating more specialized buses than is necessary can also reduce the average bus occupancy rate, which is a component in the state student transportation funding formula and thus reduce state transportation funds coming into the county.

The district does not seek Medicaid transportation reimbursements

Medicaid will reimburse the school district for some transportation services provided in association with an eligible exceptional student receiving a medical treatment or service. This reimbursement is at the rate of $1.75 per trip. For example, the district could be reimbursed for transportation to and from school of a Medicaid-eligible exceptional student that receives physical therapy at a school site as part of their individual educational plan.

As the district has not applied for Medicaid transportation reimbursements in the past, it is not possible to accurately determine the size of these reimbursements to the district. The district estimates that 74 of its students would qualify for Medicaid transportation. After processing fees from a third party billing agent, the district estimates that it would receive $8,800 a year from Medicaid for transportation reimbursement. However, the district believes that this amount of money is not significant. We disagree (see exhibit 12-11). The Agency for Health Care Administration (AHCA) is currently funding a pilot project in Orange County to have school districts throughout the state process their own Medicaid forms instead of using a third party billing agent. If the project is successful and districts begin to process their own Medicaid forms, the school district will be able to receive even more funds from Medicaid for transportation reimbursement.

Exhibit 12-11

Claiming Medicaid Transportation Reimbursement for Eligible Exceptional Student Could Increase Revenues by $44,000 over the Next Five Years

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
Annual Cost Recovered	$8,800	$8,800	$8,800	$8,800	$8,800
Cumulative Cost Recovered	$8,800	$17,600	$26,400	$35,200	$44,000

Source: OPPAGA.

Recommendations ———————————————————

- *Although the district substantially meets the best practice area, we recommend that the district change its exceptional student education (ESE) procedures to ensure that students ride regular buses whenever possible and appropriate.*

- *We recommend that the district apply for Medicaid reimbursement for all qualified exceptional education trips.*

Action Plan 12-4 provides the steps needed to implement these recommendations.

Action Plan 12-4

Improve Exceptional Student Transportation Procedures	
Strategy	District to change exceptional student education procedures to ensure that students ride regular buses whenever possible and appropriate.
Action Needed	Step 1: The district exceptional student education (ESE) office, with the assistance of the transportation department, modifies the district's ESE manual to include mandatory guidelines regarding the use of specialized student transportation. The guidelines should include specific types of situations where the use of specialized student transportation is and is not appropriate.
	Step 2: The district ESE disseminates the revisions to appropriate ESE staff, school staff, and transportation staff.
	Step 3: The district ESE office designs and implements an ongoing monitoring program to ensure that mandatory guidelines are complied with.
Who is Responsible	District exceptional student education (ESE) program manager
Time Frame	ESE manual to be modified and approved no later than December 2002; revised ESE manual to be placed in effect January 2003. Monitoring program to be designed and placed into implementation by February 2003.
Fiscal Impact	The recommendation can be implemented by existing district resources. Lack of documentation prevents estimating cost savings from policies that restrict special transportation to just those students on a necessary and appropriate basis.

Reimbursement for Medicaid-related Exceptional Student Transportation	
Strategy	District to apply for Medicaid reimbursement for transportation provided to Medicaid-eligible exceptional education students.
Action Needed	Step 1: The chief financial officer will obtain billing information on Medicaid-reimbursable transportation expenses and set up a system to bill Medicaid.
	Step 2: The chief financial officer, with the assistance of the transportation manager, will collect data necessary to bill Medicaid for reimbursable transportation expenses and bill Medicaid for transportation expenses.
Who is Responsible	Chief financial officer, transportation program manager
Time Frame	Medicaid billing system to be operational by January 2003; collection of billing data and submission for reimbursement to begin by February 2003.
Fiscal Impact	The recommendation can be implemented by existing district resources. Additional net revenues of $8,800 annually should be realized.

Source: OPPAGA.

6 The district ensures that staff act promptly and appropriately in response to any accidents that occur.

District student transportation takes various steps to prevent and minimize problems arising from accidents

Given the amount of time school buses are on the road each school day, it is almost inevitable that school districts will have accidents involving their school buses during a school year. All school districts are required to report all bus accidents involving $500 or more damage to the Florida Department of Education. The Okaloosa County School District had 15 accidents involving its school buses during school year 2000-01. Of these 15 accidents, bus drivers were at fault in 9 of the accidents with other

vehicles responsible for the remaining accidents. Accidents ranged in severity from a top hatch on a bus being knocked off due to contact with a tree branch to the injury of a student due to a dump truck swerving to the right of a stopped bus at a bus stop and hitting the student.

The district helps prevent accidents by requiring bus drivers to conduct a pre-trip inspection prior to all bus runs. The pre-trip inspections are documented on written forms and turned in each week. Problems found are reported to shop foremen for repairs. The shop foremen spot-check the forms. Transportation management also periodically observes the pre-trip inspections of the buses at the bus compounds. Drivers have been disciplined for not conducting the pre-trip inspections.

The district has taken various preparations in order to minimize additional problems arising from accidents. All buses on routes are equipped with two-way radios that are monitored by the shop foremen and/or route coordinators during all times school buses are operating in the county. Bus drivers conduct bus evacuation drills that are observed and coordinated by the principals at each school each semester. The district has procedures that are used when bus accidents occur. These procedures direct specific transportation staff (e.g., shop foremen, mechanics, route coordinators, and the transportation manager) what actions to take upon receipt of information that a bus has been involved in an accident or other emergency.

7   The school district ensures that appropriate student behavior is maintained on the bus at all times.

District policies guide student discipline actions

The district has established policies to govern student discipline on school buses. Board policy 12-3 (D)(1) specifically states:

> The principal shall assume responsibility for student behavior on the school bus. Students are under the principal's authority from the time they get on the bus in the morning until they get off at their home stop.

Board policy 12-3 (E) directs bus drivers on disciplinary matter on their buses by stating:

> The school bus driver shall maintain order and good behavior on the part of all students being transported and shall follow all applicable Florida Statutes, School Board Rules, or standard operating procedures while performing his/her responsibilities.
>
> 1. School bus drivers shall assume such authority for the control of student being transported to or from the school as may be assigned to him by the principal. He/she shall preserve order and good behavior on the part of all persons being transported to or from school functions at public expense. Any student who persists in disorderly conduct on the bus shall be reported to the principal of the school he attends.
> 2. School bus drivers shall not suspend students from riding the bus, administer physical punishment to student, or put a student off the bus at any place other than their regular stop.
> 3. School bus drivers may take the necessary actions to protect students on the bus when an emergency situation develops due to the student's conduct on the bus.
> 4. The bus shall not be operated under conditions where a student's behavior poses a danger to the safety of the driver, other students, or the bus.

Enforcement of student discipline on school buses is perceived to be variable. As stated in board policy, bus drivers are to report persistent disorderly conduct on buses to school principals. These reports are

made to principals using written school bus incident reports. There were 1,740 bus discipline referrals submitted in school year 2000-01 resulting in 872 bus suspensions.

To help bus drivers facing discipline problems on their buses, the district transportation office provided the drivers with video cameras, training, and discipline conferences. Each regional school transportation facility is equipped with a number of video cameras that can be mounted on buses to provide additional evidence of student misbehavior. Drivers also receive in-service training from the district on how to maintain bus discipline. The district transportation office periodically schedules conferences between parents, bus drivers, principals, and other appropriate district staff to help resolve perceived discipline problems on buses.

Bus Acquisition and Maintenance

8 The school district has a process to ensure that a sufficient school bus fleet is acquired economically, but has too many spare buses.

Procurement and retirement of buses

The transportation department in the Okaloosa County school system uses standard practices for the procurement and retirement of buses. Staff at the transportation department (usually the transportation manager and shop foremen) annually determine how many buses need to be replaced. This determination is based on an examination of records on all buses in the fleet for factors such as costs of operating the individual buses, miles operated, and the age of the bus. Other factors also enter the decision such as the district being in the process to standardize the fleet by using diesel engines rather than gasoline engines and district budget allocations. Projected district growth is not a factor in this decision as the district's student population is essentially stable (increasing at a rate of 1% per year).

Buses are ordered via the Florida Department of Education's pool bus purchases with the assistance of district purchasing staff. All buses are inspected prior to being placed in service with newer buses being assigned to longer routes. Buses that are replaced are placed in a salvage status and turned over to district purchasing for sale at auction. The district receives between $275 and $2,100 per bus at auction.

Excessive number of spare buses

The Okaloosa County School District school bus fleet has a high number of spare buses. As of July 2001, the district school bus fleet consists of 245 buses with 207 of these buses in daily service. Lack of breakdowns within the district does not justify having 15.5% of the bus fleet as spares.

School transportation management state that they need a large number of spare buses because of the number of field trips that are taken in the district that interfere with the operation of scheduled morning and afternoon bus routes. For example, 52 buses and their assigned drivers were involved in field trips conducted during the school week of November 13-16, 2001 (November 12 was a school holiday for Veteran's Day). Fourteen of these buses and drivers were assigned to field trips that had starting and/or ending times occurring when regular bus routes would be run. For example, one field trip was scheduled by a school to begin at 7:45 a.m. and return at 1:30 p.m. This resulted in school district transportation having to obtain a substitute bus driver and spare bus to operate the regularly assigned bus routes while the normally assigned bus and driver drove the field trip. Such field trips substantially increase the number of spare buses and substitute drivers needed in the district.

Establishment of a school board policy prohibiting the operation of field trips by school buses during regular morning and afternoon bus route hours would allow a substantial reduction in the number of spare buses. School transportation management believes that having 10% of the bus fleet would be adequate to cover situations such as when buses are temporarily out of service (such as for inspections and repairs) and activity trips as long as the district had a policy prohibiting school buses from making field trips during regular morning and afternoon bus route hours. Having only 10% of the bus fleet as spare buses would allow the district to surplus 17 buses. It is estimated that selling these buses would bring the district an estimated $34,000 ($2,000 per bus) in one-time revenue. A limited amount of cannibalization of surplus buses is also appropriate depending on a financial analysis of the need for parts, the condition of the parts to be cannibalized, and the reduced value of the cannibalized bus. The district would also save the costs of inspecting these buses every 20 school days (approximately once a month) during the 10-month school year to meet state regulations.

No bus replacement policy

The transportation department purchased 25 buses in school year 2000-01 at a cost of $978,318. As can be seen in Exhibit 12-12, as of December 2001 48.6% of Okaloosa County's bus fleet is 10 years or older with 36.3% being 12 years or older.

Exhibit 12-12

Okaloosa County School District's Bus Fleet has Many Buses Over 10 Years Old[1]

Age in Years	Number of Buses	Percentage of Total
18	4	1.6%
16	12	4.9%
15	14	5.7%
14	14	5.7%
13	23	9.4%
12	22	9.0%
11	20	8.2%
10	10	4.1%
8	19	7.8%
7	25	10.2%
5	11	4.5%
4	11	4.5%
3	20	8.2%
2	34	13.9%
1	6	2.4%
Total	**245**	**100%**

[1] Age of buses calculated from year 2002. The district does not have any buses in year groups 1996 and 1985.

Source: Okaloosa County School District.

An essential element for the operation of a school bus fleet is to ensure that buses within the fleet are replaced on a set periodic basis. The Okaloosa County School Board has not established such a policy. The student transportation department attempted to establish a policy in school year 1997-98 to have school buses replaced on a 10-year replacement cycle, but this policy is not currently in effect.

In the past, the Florida Department of Education (FDOE) had recommended for many years a planned 10-year replacement cycle for all public school buses in the state. FDOE had stated that older buses do not have many of the items found in newer buses like strobe lights, emergency exit roof hatches, and bumper mounted pupil crossing arms. The flexing of bus bodies over time may decrease crash protection over the years. One of the FDOE bus design goals was for buses to have a 10-year usable life by not "over

spacing" bus components. For example, the diesel engines in the buses would normally have to be rebuilt at an average cost of $5,500 after 150,000 to 200,000 miles of service (about 10 years of service in most districts). Finally, FDOE recommended replacement of buses after 10 years of service because for value of buses tends to drop dramatically after the eleventh year of service substantially reducing salvage values received when surplus buses are sold at auction. FDOE no longer recommends a specific time frame in which school buses should be replaced. OPPAGA, with the assistance of the Florida Association for Pupil Transportation (FAPT) and FDOE, is currently studying the planned replacement of buses with a report scheduled to be issued in the fall of 2002.

While there is a need to have a planned replacement cycle for public school buses in a school district, a 10-year replacement cycle may not be appropriate for Okaloosa County. Daily mileage and road conditions can affect the length of cost-effective, productive bus use. Buses in the Fort Walton Beach and Niceville regions travel on all paved or improved roads. Buses in the Crestview region frequently travel on unpaved or unimproved roads. Travel on unpaved or unimproved roads cause more stress on bus body parts (possibly reducing bus safety) along with more dust and dirt that can be ingested into the engine (possibly reducing engine life).

Determination of what the life cycle of school buses in Okaloosa County school district needs to be based on district-specific bus operations data. Such data includes gathering and attributing all maintenance and operational costs to individual buses so that accurate costs per bus per mile can be determined. This cannot easily be done at present in Okaloosa County because of the lack of an automated fleet maintenance information system (see section 9 for additional discussion). We believe that the district can safely operate without the purchase of new buses for one year (Fiscal Year 2002-03) based on the district's record of few breakdowns. Not purchasing new buses for one year would permit a one-time savings of $978,318 (based on bus purchases in Fiscal Year 2000-01). However, in light of having a fleet increasing in age, prudence will require the district to increase the number of spare buses for one year (Fiscal Year 2002-03) from the previously recommended 10% of the buses needed for daily bus service (21 spare buses) to an estimated 15% (31 spare buses). Keeping 10 additional spare buses will reduce the estimated savings by $23,000 (see exhibit 12-13). Although maintenance will be required on these spare buses, lack of a computerized vehicle maintenance system prevents an accurate estimate of additional maintenance costs for these buses.

Exhibit 12-13

Not Purchasing New School Buses For One Year Would Result in One-Time Savings of Transportation Capital Costs of $955,318

Fiscal Year 2001-02	
Not Purchasing New School Buses for One Year	+\$978,318
Salvage Value of 10 buses not recovered for one year	-$20,000
Additional Spare Buses Inspection Costs @ $300 per year per bus	-$3,000
Cumulative Cost Reduction	**$955,318**

Source: Okaloosa County School District, OPPAGA.

Recommendations ─────────────

- *We recommend that the Okaloosa County school board implement a policy that prohibits school buses from being used for field trips during the hours that regular bus routes are operated.*

- *We recommend that the transportation department establish a policy to reduce the number of spare buses to 10% of the number of number of buses in daily service. We also recommend*

that the transportation department select and surplus 17 buses out of its current fleet to reduce the number of spare buses to 10%.

- *We recommend that the Okaloosa County school board, using information provided by the transportation department, implement a policy that provides for the replacement of school buses. Based on the low breakdown rate for school buses, we recommend that the district forgo the purchase of buses for school year 2002-03.*

Action Plan 12-5 provides the steps needed to implement this recommendation.

Action Plan 12-5

Prohibit School Buses Making Field Trips During Regular Bus Route Runs	
Strategy	Prohibit school buses from making field trips during the hours when regular bus routes are being operation.
Action Needed	Step 1: The transportation department performs a study of the impact of school buses being assigned to field trips during the same time that regular bus routes are operating. This study should include the impact on number of buses and drivers needed as well as potential savings to the district by not operating school buses on field trips during the operation of regular bus routes. This report should be submitted to the school superintendent along with a recommendation that the school board establish a policy of not authorizing school buses making field trips during the operation of regular bus routes. Step 2: The superintendent would present the report to the school board and recommend changing the board policy to eliminate the transportation of courtesy bus riders. Step 3: School board affirmatively votes for a change in board policy to prohibit school buses from making field trips during the operation of regular bus routes. Step 4: Transportation department informs appropriate district staff (e.g., route coordinators and principals) of the change in board policy.
Who Is Responsible	Transportation program manager, superintendent, school board, route coordinators, principals
Time Frame	Transportation program manager to complete study by August 2002; superintendent to present study to board and school board approve change in policy by September 2002; transportation program manager to notify routing coordinators, principals, and other district staff of the change of board policy via e-mail.
Fiscal Impact	Existing transportation resources can do the study; cost savings are included in recommendations to reduce the number of spare buses.

Reduce the Number of Spare Buses	
Strategy	Reduce the number of spare buses to 10% of the number of buses in daily service on regular bus routes.
Action Needed	Step 1: The transportation department performs a study of the impact on student transportation of reducing the number of spare buses to 10% of the number of buses in daily service on regular bus routes. This study would include overall impact on the student transportation system including number of buses needed, drivers needed, and savings to the district.

Action Needed	Step 2:	Based on the study, the transportation department should establish a policy to reduce the number of spare buses to 10% of the number of buses in daily service on regular bus routes.
	Step 3:	The transportation department should surplus all buses in excess of 10% of the number of buses in daily service on regular bus routes.
Who Is Responsible	Transportation program manager	
Time Frame	Study to be completed by October 2002; policy to be changed by December 2002; excess surplus buses to be surplused by June 30, 2004.	
Fiscal Impact	Existing transportation resources can do the study; selling the excess surplus buses is estimated to bring in $34,000 to the district.	

Bus Replacement Policy

Strategy	School board to establish a bus replacement policy based on an optimal longer bus cycle.	
Action Needed	Step 1:	The transportation program manager, with the assistance of the shop foremen, will conduct a study using district data and their professional judgment, to determine the optimal life cycle of buses operated in Okaloosa County. The study and its recommendations would be presented to the superintendent.
	Step 2:	The superintendent would present the evaluation and recommendations to the school board to establish a bus replacement policy.
	Step 3:	The school board affirmatively votes in favor of establishing and implementing a bus replacement policy.
	Step 4:	Yearly bus purchases are to be made in accordance with this policy.
Who Is Responsible	Transportation program manager, shop foremen, superintendent, school board, district purchasing staff.	
Time Frame	Study to be completed by November 2002 and presented to the superintendent; superintendent to present study to board and school board establish and implement a bus replacement policy by January 2003; transportation staff, with the assistance of district purchasing staff, determine the proper number of buses to purchase and purchase same by May 2002.	
Fiscal Impact	Existing transportation staff resources can do the study. Lack of information prevents a determination of cost savings.	

Delay Purchase of Buses for One Year

Strategy	School board to delay purchase of buses for one year based on infrequent breakdowns.	
Action Needed	Step 1:	The transportation program manager will recommend to the superintendent the delay of bus purchases for one year in light of the fleet's infrequent breakdowns along with the temporary increase for one year in the number of spare buses from an optimal 10% to 15% for one year.
	Step 2:	The superintendent would present the recommendation to the school board.
	Step 3:	The school board affirmatively votes in favor of delaying purchases of new buses for one year along with concurring with the temporary increase for one year in the number of spare buses to 15%.
	Step 4:	The superintendent and staff delay purchases of buses for one year along with temporarily increasing the number of spare buses to 15% for one year.
Who Is Responsible	Transportation program manager, superintendent, school board.	
Time Frame	Recommendation from transportation program to the superintendent by January 2003; superintendent to present recommendation to school board by April 2003 with recommendation passed by school board by May 2003.	

Fiscal Impact	Existing transportation staff resources can do the study. Not purchasing the buses along with increasing the spare bus fleet for one year will reduce transportation costs by an estimated $955,318.

Source: OPPAGA.

9 The district provides prompt response for breakdowns and other unforeseen contingencies, but does not uniformly provide timely routine servicing for buses and other district vehicles.

Bus-related inspections

State-required 20-day bus inspections are the foundation for most bus-related repair work. These inspections cover all major operating and safety systems. Buses with items not meeting specifications are repaired. District shop foremen schedule the inspections in advance for the entire school year with inspection schedules being distributed to shop staff, route coordinators, and bus drivers. Bus drivers are sent inspection reminders. Buses are usually inspected during the time between morning and afternoon bus runs, as most buses (in excess of 80%) are stored at the regional bus facilities when not on bus runs. For buses that are stored in locations other than the regional bus facilities, the bus drivers come into the bus facility after their bus runs and are issued a spare bus for use until their buses are inspected and, if necessary, receive repairs. Bus inspection records are maintained in individual bus files. The latest review of the 20-day inspection records by the Department of Education shows only one adverse comment dealing with problems overlooked by one bus inspector. The transportation department transferred the inspector and believes that this condition cited by the Department of Education no longer exists. [9]

A formal vehicle quality control program is needed

Some preventative maintenance work is not always done on a timely basis. For example, oil changes should be made on the district's buses every 5,000 to 8,000 miles of travel, depending on driving conditions (dirt roads verses paved roads). An examination of bus records at the regional bus facilities showed one facility changed the oil on all buses examined every 5,000 miles. Another facility generally had the oil changed in buses at 8,000 miles but some buses ran up to 12,000 miles in-between an oil change. The final facility changed the oil in buses once a year. This last condition allowed some buses to operate up to 25,000 miles between oil changes. Such extended periods between oil changes can cause increased wear within the engine and a reduced service life.

The school district lacks a formal quality control program to help ensure that preventative maintenance and repairs are done in a timely and proper manner. Shop foremen base their informal quality control inspections primarily on personal knowledge of areas in which the individual mechanic has had a weaknesses and the review of parts used (to ensure the right parts are being used for the appropriate job). Bus files do not indicate any type of systematic quality control program was used to ensure that either shop foremen or the transportation manager reviews bus inspections and repairs.

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[9] The department also made an adverse comment during the review of the 20-day inspection records on the pupil loading zone at Davidson Middle School. The district has since made changes to the loading zone to eliminate the condition cited.

An automated vehicle maintenance management system is needed

Lack of an automated vehicle maintenance management information system contributes to failure to having an efficient bus maintenance quality control program. [10] The Niceville and Crestview facilities rely totally on manually maintaining vehicle records and the scheduling of preventative maintenance. The Fort Walton Beach facility has a limited automated work order system that tracks labor time, parts, and costs associated with work orders for repairs and 20-day inspections. Without automation of vehicle records, review of records for quality control purposes has to rely on going through individual paper bus records which, given the number of buses in the county, can be a laborious task.

Discussions with the district's chief information officer indicate that an automated vehicle maintenance management information system can be made using the MAXIMO computer program already being used by the district's facilities maintenance operations. As envisioned, the system would be able to do a number of functions such as

- schedule all 20-day inspections;
- integrate mileage data with 20-day inspection data to automatically schedule all mileage preventative maintenance services (e.g., oil changes);
- printout automated work orders;
- daily printout 20-day inspection forms for buses to be inspected including noting if a mileage-based preventative maintenance service is needed;
- equipment warranty information would be maintained and automatically notify maintenance staff if a part being replaced is under warranty;
- use pre-formatted report formats and graphs to allow shop foremen to monitor the individual status of all buses based out of their shops on a number of factors such as miles per gallon, repair costs per month, etc. in comparison to similar buses in the fleet;
- use pre-formatted forms and graphs that will alert shop foremen to potential problems as indicated by excessive repair costs over a period of time or excessive fuel/oil/brake fluid/etc. consumption over a period of time; and
- calculate factors such as the annual total costs and cost per mile for all buses for use in determining which buses need to be replaced.

The chief information officer estimates that such a system would cost approximately $105,000 to design, create, implement such a system (including all hardware and software costs) as well as train transportation staff in its use. The proposed bus routing software (see section 1 beginning on page 12-14) would complement but not be part of an automated school transportation management information system.

Recommendations ──────────────────────

- *We recommend that the district establish a formal vehicle quality control program that will help ensure that preventative maintenance and repairs are done in a timely and proper manner.*

- *We recommend that the district obtain and implement an automated school transportation management information system that will interface with the district's existing information systems and provide necessary information to district transportation staff.*

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[10] The proposed vehicle maintenance system is different from the previously discussed bus routing system.

Action Plan 12-6 provides the steps needed to implement this recommendation.

Action Plan 12-6

Formal Vehicle Quality Control Program		
Strategy	The district to establish a formal vehicle quality control program.	
Action Needed	Step 1:	The district's transportation program manager, with the assistance of shop foremen, will survey other school districts in Florida to gather information on the types of quality control programs the districts use to ensure school bus inspections and repairs are properly performed.
	Step 2:	Based on an evaluation of other districts' quality control programs, the transportation program manager and shop foremen will establish a formal vehicle quality control program in the district that will involve quality control reviews by shop foremen and the transportation manager.
Who is Responsible	The transportation program manager and shop foremen	
Time Frame	Survey to be completed by July 2003; district formal vehicle quality control program to be established and implemented no later than August 2003.	
Fiscal Impact	Existing district resources can perform the survey as well as the creation and implementation of the formal vehicle quality control program.	

Vehicle Maintenance Management Information System		
Strategy	The district to obtain and implement an automated vehicle maintenance management information system.	
Action Needed	Step 1:	The district's chief information officer along with the transportation program manager, shop foremen, and a representative of the purchasing office who is familiar with the district's fueling system will form a team for the acquisition of an automated vehicle maintenance management information system (system).
	Step 2:	The team will meet to determine the functions that the automated vehicle maintenance management information system needs to perform in order to meet the needs of the transportation program.
	Step 3:	The chief information officer will determine the estimated cost of producing the system using the MAXIMO program already in use by the district.
	Step 4:	The team will write up their results in a memo and submit it to the superintendent with a copy to the chief financial officer requesting that funds be made available as soon as possible for the purchase, implementation, and training on the system.
	Step 5:	The chief financial officer will recommend via memo to the superintendent (with a copy to the team) that the district make acquisition, implementation, and training on the system a district priority in school year 2002-2003.
	Step 6:	The superintendent will make the acquisition, implementation, and training on the system a district priority in school year 2003-04. Funding for the system should come from the district's general funds by temporarily (for a two year period) funding district maintenance from capital finds (see chapters 4 (information technology) and 11 (maintenance) for additional details).
	Step 7:	Upon acquisition of the system, district management information systems will install the automated vehicle maintenance management information system.
	Step 8:	Selected individuals in the transportation department will receive training on the system
	Step 9:	The transportation will begin to operate the system.

Who is Responsible	The chief information officer, the transportation program manager, shop foremen, purchasing staff, the chief financial officer, the superintendent
Time Frame	Team to be formed and system functions determined by January 2003; survey of cost estimates of an in-house developed system to be completed by March 2003; survey results memo to be completed and sent to superintendent and chief financial officer by April 2003; chief financial officer to evaluate available funds and submit memo to superintendent and team by May 2003; superintendent make acquisition, implementation, and training on the system to be a priority in school year 2003-04; Implementation of system to be complete within 60 days of acquisition; training on system to be complete 30 days after system implementation.
Fiscal Impact	Existing district resources can perform studies for the acquisition and financing of the system; system acquisition, implementation, and training are estimated to cost $105,000.

10 The district ensures that fuel purchases are cost-effective and that school buses and other vehicles are efficiently supplied with fuel.

Smoothly operating fueling system in district

The district operates a TECH 21 fueling system to supply buses and other school vehicles with fuel. There are five fueling locations in the district. Three of the fueling locations are at the regional transportation facilities in Fort Walton Beach, Niceville, and Crestview. Because of the distance from some of the schools to the regional transportation facilities, the district established fueling facilities at the Laurel Hill School and the Baker School. Locating the fueling facilities at regional transportation facilities and rural bus compounds allows the convenient fueling of buses as drivers prepare to secure their buses at the end of their bus routes. The district also has agreements with the North Bay Fire District and the Crestview Head Start Program for the use of school fueling facilities on a reimbursement basis.

The district places bids out each year for the purchase and delivery of fuel. Bids are based on the weekly average price for each product for all companies at the Pensacola terminals as reported by the Oil Price Information Service plus a firm markup or discount. Reorder points for each district fuel tank are based on the tank size and volume pumped on an average day. The district purchasing office manually prints out a report every day to determine if reorder points have been reached. If so, the purchasing office telephones the supplier with an order that is delivered within 48 hours. The TECH 21 system confirms the amount of fuel received through internal tank measuring devices.

The TECH 21 fueling system is designed to prevent the unauthorized pumping of fuel. In order for fuel to be dispersed, two cards need to be used. One card is issued for each vehicle with another card for every employee authorized within the district to receive fuel. The drivers also have to enter the bus's mileage at the time of receiving fuel. If the mileage is outside a preset range, then the pumps will not activate until remotely reset by district purchasing staff. At the regional facilities and Baker School, fueling is generally performed by a bus driver who is responsible for fueling school buses at that location between morning and afternoon bus runs. Bus drivers fuel their own buses if their bus is assigned to Laurel Hill school or have to be fueled after regular school hours. Four of the five fueling facilities are located in secure areas (fenced in bus parking lots). The exception to this is the Niceville fueling facility. However, it is not possible to pump fuel from the Niceville fueling facility without the access cards. Padlocks secure all accesses into the fuel tank and pumping motors at the fueling sites.

The TECH 21 fueling system is very automated. Run by staff of the district purchasing office, the system electronically polls every fuel station every two hours via the district's Wide Area Network (WAN). The fueling stations report the date, time, number of gallons dispensed, cost per gallon, site dispensed identification number, the vehicle getting fuel, the person dispensing the fuel, and the type of fuel (diesel

or unleaded gasoline). These reports are automatically processed and uploaded to the district's AS 400 computer server. Charges for fuel are sent to each school or department's budget within two or three days after the end of the month with the North Bay Fire District and Crestview Head Start Program receiving a printed record of the charges for the month and forwarding a check to the purchasing department by the 15[th] of the month.

Records of inspections by the Florida Department of Environmental Protection have indicated no environmental problems with the district fueling facilities. Use of above-ground fuel tanks prevents contamination problems often associated with underground fuel tanks.

11 The district maintains facilities that are conveniently situated to provide sufficient and secure support for school transportation and other student transportation functions.

Regional transportation facilities are appropriately located and equipped

The Okaloosa County School Board has located regional transportation facilities in Fort Walton Beach, Niceville, and Crestview. Each of these facilities house transportation maintenance and operational staff and associated files (e.g., bus maintenance files and bus route files) for the region. Vehicles are maintained by mechanics in covered work bays with concrete slab floors. The Fort Walton Beach facility has six work bays, the Niceville facility two work bays, and the Crestview facility four work bays. To ease crowding in the Crestview facility, the district plans on adding another work bay onto the Crestview facility in the future. Floor layouts appear to be appropriately laid out with all facilities having safety apparatus such as fire extinguishers, eye washes, and emergency showers.

The district has established procedures to deal with hazardous wastes generated by bus maintenance operations at the regional facilities. Antifreeze and used oil filters are collected and placed in drums marked for the receiving of hazardous waste. Waste oil is collected and placed in a marked tank. When the drums or tank are full, the shop foremen call a specialized environmental company who is under contract to pick up these items and safely dispose of them.

Each facility is equipped with a small parts room. The rooms contain a limited amount of parts such as a few tires, light bulbs, and an alternator. Because of the limited number of parts in these parts rooms, the district does not use dedicated positions (i.e., parts men) to control access to the parts rooms. Rather, access to the rooms located near the shop foremen's windowed offices in the Fort Walton Beach and Crestview facilities. The Niceville facility (the smallest facility) has just completed construction of a parts storeroom.

Secure bus parking is inadequate

There is insufficient secure bus parking at the Niceville facility. The majority (82.7%) of the district's buses are parked at district transportation facilities in Fort Walton Beach, Niceville, Crestview, Laurel Hill, and Baker with the remainder parked at the bus drivers' homes. These facilities offer sufficient fenced parking for all the buses compounded at these facilities with the exception of the buses compounded at the Niceville location. Presently, 50 buses are compounded at the Niceville location. However, there is only enough fenced parking for 40 buses (80%). The excess buses are parked in the unfenced back of the transportation facility and thus vulnerable to damage from vandalism.   This situation could be remedied through additional fencing and striping in the front parking lot of the Niceville facility. It is estimated by district staff that the cost of the additional fencing and striping would be $3,500.

Recommendations ───────────────

- *We recommend that the district provide additional secure bus parking at the Niceville facility.*

Action Plan 12-7 provides the steps needed to implement this recommendation.

Action Plan 12-7

Increase Secure Bus Parking at Niceville Regional Transportation Facility		
Strategy	Increase the amount of secure bus parking at the Niceville regional transportation facility.	
Action Needed	Step 1:	The transportation program director, with the assistance of the Niceville bus shop foreman, determines how many buses compounded at the Niceville regional transportation facility are not parked in secured (fenced) parking.
	Step 2:	The transportation program director sends a memo to the superintendent, with a copy to district maintenance, requesting additional fencing and traffic striping be put in the Niceville regional transportation facility to provide secure parking for all buses compounded at the site.
	Step 3:	The superintendent will direct district maintenance to put up additional fencing and traffic striping at the Niceville regional transportation facility so that all buses compounded at the site are parked inside a fenced enclosure.
	Step 4:	District maintenance will install the additional fencing needed at the Niceville regional transportation facility along with needed traffic striping.
Who is Responsible	Transportation program director, Niceville bus shop foreman, superintendent, district maintenance.	
Time Frame	Research completed and memo submitted to superintendent and district maintenance by December 2002; superintendent to direct district maintenance to install additional fencing and traffic striping by January 2003; district maintenance to install additional fencing and traffic striping by March 2003.	
Fiscal Impact	Existing district resources can perform the study and write the memos; existing district resources can also install fencing and striping; additional fencing and striping materials estimated to cost $3,500.	

Source: OPPAGA and Okaloosa County School District.

12 **The district maintains an effective staffing level in the vehicle maintenance area and provides support for vehicle maintenance staff to develop their skills.**

Vehicle maintenance staffing is comparable to other districts

The transportation department's fleet maintenance staffing ratio is comparable to its peer districts. As seen below in exhibit 12-14, school year 2000-01 data from the Florida Department of Education's *Q-Links* publication shows that peer fleet maintenance staff serviced an average of 9.9 buses per maintenance worker. Okaloosa serviced an average of 10.3 buses per maintenance worker, which is comparable to the buses per maintenance employee ratio in peer counties with two counties (Alachua and Leon) having lower ratios and Collier and Clay having higher ratios.

Exhibit 12-14

Maintenance Staffing in School Year 2000-01 Was Comparable With Peer Districts

School District	Total Buses in Daily Service	Mechanic Positions	Other Fleet Maintenance positions	Buses Per Maintenance Employee
Okaloosa	**207**	**13**	**7**	**10.3**
Alachua	180	14	6	9.0
Clay	180	10	4	12.9
Collier	233	13	3	14.6
Leon	166	16	11	6.1
Peer Average	189.7	13.2	6.0	9.9

Source: Florida Department of Education, OPPAGA.

The Okaloosa County School District transportation department currently employs three shop foremen, three secretaries (one on a part-time basis), 13 mechanics, and six laborers (school bus drivers who work in the maintenance facilities during the time between their morning and afternoon bus runs). District transportation management is in the process of evaluating staffing levels using software provided by the Florida Department of Education.

Vehicle maintenance staff are encouraged to improve job skills

The school district encourages district mechanics to improve their job skills through training opportunities and financial incentives. Selected mechanics attend Florida Association for Pupil Transportation (FAPT) bus repair classes in the summertime. Occasionally, representative of the manufacturers of bus parts such as alternators offer classes on their products to vehicle maintenance staff. Information acquired in these classes passes on to the mechanics that did not attend the classes through informal in-service training that occurs on an as-needed basis. The district further encourages its maintenance staff to maintain a high level of proficiency by giving mechanics that have passed the FAPT master technician test a $200 stipend per month. As of December 2001, all mechanics employed by the district have passed this test and are receiving this stipend.

13 The district maintains an inventory of parts, supplies, and equipment needed to support student transportation functions that balances the concerns of immediate need and inventory costs.

Parts inventories are adequate in size and appropriately obtained

District transportation parts rooms are small and contain a small number of spare parts. However, these parts are sufficient to meet district needs. This can be attributed to standardization of bus engines in the district and use of a just-in-time inventory system. Use of the T444 diesel engine in the majority of the school buses owned by the district allows the district to maintain a smaller parts inventory than if it used a large variety of engines. The district also has parts contracts with bus distributors allowing the district to order parts with delivery within 48 hours. Use of this just-in-time type of inventory allows the district to minimize its parts inventory while the bus distributor bears the majority of the cost of inventorying parts.

The district obtains parts and supplies in an economical manner. District purchasing staff work with transportation staff to obtain necessary parts while minimizing costs. School board-approved sole source parts contracts with bus distributors grants the transportation department substantial price discounts with

delivery of the parts directly to the three regional school bus transportation facilities. The district purchases parts such as oil filters using state contracts when the prices are lower and quality is higher than from other sources. Some local firms perform some services for the district like rewinding alternators. Periodically the shop foremen call up area part vendors to compare prices and quality for determining what firm should get the district's business.

Parts coming into district parts rooms are properly inventoried and accounted for. All received parts are checked to ensure that the part is the correct one, is properly priced, and the quality of the part is acceptable. The same procedures are used for services. Parts are inventoried with the inventory being kept on a computerized perpetual inventory program. Annual audits of the parts rooms show that little inventory, such as several light bulbs, is unaccounted for.

Automated warranty tracking system needed

Use of an automated transportation management information system would improve the maintenance and use of warranty information. Currently warranty information is maintained in paper files within the shop foreman's office and is available to mechanics. There is nothing to notify the mechanic or shop foreman that the part being replaced is under warranty. The shop foremen believe that the warranties on the buses and major parts are "general knowledge". Use of an automated warranty tracking system could assist the district in knowing that parts needing replacement are under warranty with subsequent claims made against the warranty and thus saving district funds.

Recommendations —————————————————

- *We recommend that the district incorporate warranty tracking in a school transportation management information system for the school transportation program.*

    Action Plan 12-6 (see above) provides the steps needed to implement this recommendation.

Managerial Oversight

14 The district does not provide appropriate technological and computer support for student transportation functions and operations.

Student transportation lacks necessary automation

As stated earlier, the student transportation program needs additional computer support. Currently district student transportation is able to produce performance information on fleet operations only by going through numerous paper files. This information needs to be computerized to improve management oversight. Additional computerization of data currently being placed in paper files could help transportation management better analyze and manage its functions such as personnel, fueling operations, and maintenance expenditures. At present, the only information relating to transportation that has been computerized is budgetary data (from the district budget office) and some parts data (from the district finance office). The school transportation office has not requested additional computer support from the district's Management Information Systems Office to perform the above functions.

Recommendations ————————————————————————

- *We recommend that the district obtain and implement an automated school transportation management information system that will interface with the district's existing automated information systems to provide necessary information to district transportation staff.*

Action Plan 12-6 (see above) provides the steps needed to implement this recommendation.

15The district has not established an accountability system for student transportation, and it does not regularly track and make public reports on its performance in comparison with established benchmarks.

Student transportation lacks meaningful goals and objectives

The Okaloosa student transportation program does not have an accountability system that regularly reports its performance as compared to established benchmarks to school district management or the public. Student transportation currently does not have goals or objectives that reflect the purpose of the program and major aspects of the program and its expenditures. In the past, the district had a strategic plan that included transportation. The transportation part of the plan was general and vague. An example is below.

- Goal - To provide cost-effective, efficient, and responsive central support services to the Okaloosa County School District.
- Objective – Have overall bus route efficiency.
- Evaluation – February and October FTE counts were conducted and calculated.
- Status – Met, ongoing.
- Strategies for new year – Conduct FTE count, February, and October.
- Estimated costs – 0

As can be seen above, the plan did not have any measurable outcome - oriented objectives for the student transportation program or address the major aspects of the program's purpose and expenditures. The plan also did not state who the customers of the plan were or who was responsible for carrying out the plan.

No peer district comparisons

The district transportation program identified four other Florida school districts it considers to be peer districts. Peer districts can be selected using characteristics such as number of buses in daily service, average bus occupancy, and expenditures. Using these characteristics, school transportation management selected Alachua, Clay, Collier, and Leon County school districts as peer districts. Although these school districts were selected as peers, transportation management has not made any regular comparisons between itself and its peers or identified any exemplary school districts to compare itself to. Regular comparisons with peers and exemplar districts would help the Okaloosa County school district to assess performance.

Appropriate measures and benchmarks not established, evaluated, and reported

Transportation management does not formally track the performance of the district transportation program. The district transportation program has not established any performance and cost-efficiency measures and benchmarks to report student transportation performance. At a minimum, the benchmarks

should include targets for average bus occupancy, the percentage of courtesy students served, annual operational cost per student, vehicle breakdowns per 100,000 miles, the percentage of buses that are spare buses, accidents per million miles, and the percentage of students delivered within established ride time standards. Transportation management does hold frequent (including daily and weekly) informal meetings with shop foremen and route coordinators to discuss transportation issues. These informal meetings do not adequately substitute for adoption of a formal transportation evaluation system.

The formal transportation evaluation needs to include a component to systematically solicit periodic feedback on student transportation performance from student transportation clients such as school staff and parents. The transportation manager has recently begun to informally meet with school principals (as transportation customers) to review the service that transportation is providing to the school. The transportation department has began also began to log all phoned-in complaint calls and follow up with 20% of them to check for customer satisfaction. According to transportation management, approximately 350 calls in the first semester of school year 2001-02. Of these, 100 were called back with only three customers indicating that they were not satisfied with the service received.

Reporting performance

School transportation does not formally report performance results on a regular basis to the superintendent, school board, or the public. District administrators such as the superintendent as well as the school board and the public should be provided, at a minimum, an annual "report card" of the measures and benchmarks so that they can assess performance and make appropriate management decisions on transportation.

Recommendations ⸻⸻⸻⸻⸻⸻⸻⸻⸻

- *We recommend that the school transportation department establish an accountability system for student transportation, regularly track its performance as compared to established benchmarks, and report its performance to district management and the public.*

Action Plan 12-8 provides the steps needed to implement this recommendation.

Action Plan 12-8

Establish an Effective Student Transportation Accountability System		
Strategy	Establish a student transportation accountability system that will track performance as compared to established benchmarks and will report results to district management and the public.	
Action Needed	Step 1:	District student transportation management will create an accountability system with clearly stated goals and measurable outcome-oriented objectives for the student transportation program. The accountability system should reflect the purpose of the program and address the major aspects of the transportation program's purpose and expenditures.
	Step 2:	Transportation management will identify exemplar school districts. Transportation management will also make regular comparisons of its own performance with those of peer and exemplar districts.

Action Needed	Step 3:	Transportation management will establish appropriate performance and cost-efficiency measures and benchmarks for key indicators of student transportation performance. Benchmarks should be established based on past performance and reasonable expectations of future performance. They should also be limited to a number of indicators that collectively provide a "big picture" assessment of student transportation management.
	Step 4:	Transportation management will provide district administrators and the school board an annual "report card" that shows actual performance for all selected performance and cost efficiency measures in comparison with the selected benchmarks for that indicator and actual performance during the previous year. To provide this "report card" to the public, it should be placed on the district's website by the district webmaster.
Who is Responsible	Student transportation program manager, superintendent, school board, district webmaster	
Time Frame	Transportation management should create goals and objectives by January 2003; Exemplary school districts should be selected by February 2003; comparison of the performance of the Okaloosa County School transportation function to peer and exemplar school districts should be completed by April 2003, and each 6 months thereafter; key indicators along with benchmarks should be established by April 2003, and updated annually; a "report card" reporting performance compared to benchmarks should be presented to the superintendent and school board no later than May 2003, and annually thereafter; the district webmaster should take the transportation "report card" presented to the school board and place it on the district's web site no later than June 2003, and annually thereafter.	
Fiscal Impact	Creation of goals, objectives, and benchmarks along with the measurement and reporting of these items can be performed by existing district resources.	

Customer feedback

Strategy	Obtain performance feedback from student transportation clients	
Action Needed	Step 1:	District student transportation management, with the assistance of district evaluation staff, will create standardized forms to register the satisfaction of parents, students, teachers, principals, and other school-based staff with the performance of student transportation. The forms should also allow suggestions for improvement.
	Step 2:	Transportation management, with the assistance of district evaluation staff, should attempt to survey teachers, principals, and other school-based staff annually. Parents should be annually surveyed at parent-teacher-student organization meetings at schools. A small sample of students should be surveyed using the standardized forms on an annual basis.
	Step 3:	Survey results should be reviewed quarterly by transportation management and compiled on an annual basis to improve operations.
Who is Responsible	School transportation program manager, school evaluation staff	
Time Frame	Standardized forms to be created by December 27, 2002; surveys to commence April 2003; annual compilation of survey results to be completed by May of each year beginning in 2003	
Fiscal Impact	Existing district resources can perform action items.	

Source: OPPAGA.

16 The district coordinates long-term planning for student transportation but does not identify potential areas of cost savings.

No systematic financial analysis of transportation needs and priorities

Although the transportation department coordinates its budget needs with other departments within the school district, the transportation department does not conduct a systematic assessment of student transportation needs and areas of potential cost savings. Assessment of student transportation needs should include priorities for all items in the proposed transportation budget. As part of the annual budget process, student transportation should include options that offer cost savings to the district. Such options should include eliminating courtesy riders served, reducing the number of spare buses, realigning routes, and reviewing the types of buses purchased. In the summer of 2000, the transportation department did a school bus route "audit" that resulted in cost savings; however, these "audits" are not done on a regular basis.

Consulting with others on areas impacting student transportation

The transportation program manager has been appointed to several committees that can affect school transportation operations. He has been appointed to the technical review committee of the planning and inspection department of Okaloosa County, and the Fort Walton Beach Metropolitan Planning Organization's Bicycle/Pedestrian Advisory Committee. As part of these committees, the transportation manager can bring to the attention of others how community growth and requirements for items such as sidewalks and areas for school buses to turn around can impact the cost of school transportation and the services school transportation can provide. Student transportation was also involved in a review of exceptional student education conducted by the district.

Recommendations ─────────────────────────────

- *We recommend that the school transportation program, as part to the annual budget development process, review current and planned future operations to identify areas of potential cost savings. This information should be presented to the district's chief financial officer, the superintendent, and the school board.*

  Action Plan 12-9 provides the steps needed to implement this recommendation.

Action Plan 12-9

Develop and Present Potential Cost Savings	
Strategy	Develop and present areas of potential cost savings as part of budget process.
Action Needed	Step 1: The student transportation program will review current and planned future operations to identify areas of potential cost savings. Areas of potential savings include eliminating transportation services to courtesy bus riders, reducing the number of spare buses, realigning bus routes to increase efficiency and effectiveness, reducing transportation staffing, and reviewing the types of buses and equipment purchased.

Action Needed	Step 2:	The transportation program manager will take information on areas of potential cost savings and put them in an easy to understand format presenting the pros and cons of options that decision makers can use to make informed decisions during budget discussions.
	Step 3:	This information will be presented annually to the chief financial officer, superintendent, and school board.
Who is Responsible		Student transportation program manager, selected transportation staff, chief financial officer, superintendent, and school board.
Time Frame		Review of current and planned future operations to be complete by April 2003, and annually thereafter; formatting of area of potential cost savings options to be completed by May 2003, and annually thereafter; presentations of options to chief financial officer, superintendent, and school board to be completed prior to decisions finalizing school budget for school year 2003-04, and annually thereafter.
Fiscal Impact		Existing district resources can perform analysis and presentation of financial data; district fiscal impact depends on cost savings chosen and implemented by school district.

Source: OPPAGA.

17 The district monitors the fiscal condition of student transportation functions by regularly analyzing expenditures and reviewing them against the budget.

Generally adequate district fiscal monitoring

District student transportation staff has problems in reviewing bus maintenance records to determine unexpected patterns of maintenance activities that indicate problems that can have adverse financial impacts on transportation maintenance and operations. An example of this type of pattern would be determining engine wear as evidenced by excessive oil consumption. Lack of automation of bus maintenance records means that shop foremen and the program manager would have to go through individual paper bus records to attempt to determine these patterns. The need for automation within the student transportation program has previously been discussed in review.

Student transportation in Okaloosa County generally monitors its expenditures in an adequate manner. The shop foremen and transportation program manager review their expenditures on a monthly basis. These expenditures include items such as bus repair parts and fuel but do not include salaries. District transportation expenditures are organized in varying categories that appropriately break up expenditures in appropriate groups. Information received from district staff indicates that student transportation staff follow district procedures when amending their budgets.

Recommendations —————————————————————

- *As previously recommended, we recommend that the district obtain and implement an automated school transportation management information system. This system should assist shop foremen and the transportation program director in determining unexpected patterns that can adversely impact district student transportation maintenance and operations.*

Action Plan 12-6 (see above) provides the steps needed to implement this recommendation.

18 The district provides regular, accurate, and timely counts to the Florida Department of Education of the number of students transported as part of the Florida Education Finance Program.

Students counts are performed

The school district surveys the number of students riding its buses through sample counts conducted during October and February of each school year. The district send these counts to the Florida Department of Education for use in determining the state funds the district will receive for student transportation. The district's management information system staff notifies schools and student transportation of survey dates and provides the survey forms. Bus drivers receive training on how to correctly fill out the survey forms during initial bus driver training and during in-service training. Both route coordinators and school-based staff (usually the school principal) review information on the completed survey forms for accuracy. Transportation management also reviews student count information.

19 The district has not reviewed the prospect for privatizing student transportation functions, as a whole or in part.

Selected maintenance repairs are privatized

The Okaloosa school transportation program has not reviewed the prospect of privatizing all of its student transportation functions. These functions can be relatively large such as the driving of regular school bus routes and all maintenance operations associated with school buses or relatively small such as the routing of school buses and the maintenance of school bus air conditioners. The district transportation has not systematically broken down its operations into functions. The district also does not report certain costs such as utilities, maintenance, and unemployment compensation when determining the full cost of its student transportation. Without this information, it would be difficult for the transportation program to develop key unit cost information for the various student transportation functions that comprise the Okaloosa County student transportation system.

The district currently contracts out the rebuilding of transmissions, alternators, and air conditioning repairs. The decision to contract out these services resulted from shop foremen determining that it was cheaper to outsource these services than it was to perform them in-house. Vendors are selected based on the shop foremen's experience with the quality of services provided by the local vendors and price comparisons. The shop foremen check the quality of the services received with the contractors giving warranties for their services.

Recommendations ———————————————————

- *We recommend that the school transportation program review all school transportation functions on a biennial basis to determine if the district could save money and/or improve service quality by privatizing selected transportation functions.*

Action Plan 12-10 provides the steps needed to implement this recommendation.

Action Plan 12-10

Privatization of Selected Transportation Functions	
Strategy	Review student transportation functions on a biennial basis to determine if the district could save money and/or improve service quality by privatizing selected transportation functions.
Action Needed	Step 1: The transportation program manager, with the assistance of transportation staff, will divide the district's student transportation operation into functions (such as school bus routing, operation (driving) of school buses, and vehicle maintenance) and sub-functions (such as operation of school buses on regular bus runs, operation of school buses on field trips, oil changes, and bus inspections).
	Step 2: Assigned transportation staff will, with the assistance of district financial staff, determine the full cost of the district performing the function and sub-functions identified above and the quality level of the service (e.g., determining the cost to the district to perform oil and filter changes using a specified oil and filters on buses per manufacturer's recommended change intervals miles for all buses in the district).
	Step 3: Assigned transportation staff, with the assistance of district purchasing staff, will contact appropriate vendors to determine the probable cost of having private vendors perform various transportation functions and sub-functions.
	Step 4: Assigned transportation staff will compile and present to the transportation manager information comparing the cost of performing transportation functions and sub-functions by district staff versus private contractors.
	Step 5: The transportation manager will take this information and will incorporate it in budget discussions and reports on the performance of the student transportation program to the superintendent, the school board, and the public.
Who is Responsible	Transportation program manager, assigned transportation staff, assigned district financial staff, assigned district purchasing staff, the superintendent, and the school board.
Time Frame	Transportation functions and sub-functions to be established by January 2003; Full cost of functions and sub-functions to be determined by March 2003, and biennially thereafter; probable costs to perform transportation functions and sub-functions by private vendors determined and presented to transportation manager by April 2003, and biennially thereafter; incorporation of information in budget discussions and reports by May 2003, and biennially thereafter.
Fiscal Impact	Existing district resources can perform analysis and presentation of financial data; district fiscal impact depends on cost savings chosen and implemented by school district.

Source: OPPAGA.

20 The district periodically reviews the organizational structure and staffing levels of the student transportation program to minimize administrative layers and processes.

Relatively "flat" transportation organizational structure

As seen in exhibit 12-3, student transportation in Okaloosa County School District is relatively "flat". This structure is the result of a reorganization of student transportation program in January 2001. Such a

structure emphasizes personal responsibility and accountability of individuals in the program as management is reduced to a minimal level. For example, the only management level between bus drivers and the transportation program manager are the route coordinators. Transportation management has not formally compared its organization to that of peer counties; however, Okaloosa's transportation organization does appear to be efficient. According to the transportation program manager, staffing summaries/staffing requests are submitted by the transportation program annually to district management for review.

It is difficult to compare staffing levels in the Okaloosa school transportation program to those in peer districts using Florida Department of Education-provided data. As previously shown in exhibit 12-14, Okaloosa's student transportation program staffing is comparable to that of its peer districts. However, information in the Florida Department of Education's *Quality Links* document does not distinguish between full-time employees and part-time employees. For example, the *Quality Links* covering school year 1999-2000 has a category within personnel data area of "additional fleet maintenance positions". All five of the Okaloosa school district staff in this category (bus drivers working in the bus shops or fueling areas between their morning and afternoon bus runs) are part-time employees in the fleet maintenance area. It is also possible for a district to require bus drivers to fuel their own buses with the time to fuel the buses being charged to fleet operations (bus routes) rather than fleet maintenance.

13 Food Service Operations

The Okaloosa County School District food service program is beginning to collect financial management information to ensure program efficiency and effectiveness but needs to continue to develop its accountability system to improve decision-making.

Conclusion ──────────────────

The Okaloosa County School District (the district) is using 6 of 17 best practices for food service. As outlined below, the food service program regularly reviews staffing levels, has financial cost controls, accounts for and reports meals served by category, has a system for receiving and storing goods, and provides nutritious meals in a safe and sanitary environment. However, the food service program needs to improve its efficiency and financial profitability and accountability. The Okaloosa County School District food service program appears to be moving toward improved leadership and management. The area assistant superintendent of Central School Operations has led a recent effort to institute sound financial management practices into the food service program.

During the course of this review, OPPAGA identified a number of district accomplishments in the food service operation, some of which are included in Exhibit 13-1 below.

Exhibit 13-1

**The District Has Had a Number of Notable Accomplishments
in Food Service Operations in the Last Three Years**

- The district established a central kitchen operation over the summer of 1998 and claims it did not miss serving a lunch during its first year of operation.
- The district claims it established food courts in 11 of its 14 secondary schools during the past three years helping to increase participation in the school lunch program in those schools by 12.6%.
- The district assigned direct authority of cafeteria managers to the food service director in August 2001 to achieve more uniform and consistent district operating practices.

Source: Okaloosa County School District.

Overview of Chapter Findings ──────────

Fieldwork was concluded in July 2002, therefore any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of the chapter findings is presented below.

Efficient and Effective Operation

1. The district is developing a mission statement for the food service program, but needs to also update and improve its policies, procedures, and strategic plan. (Page 13-10)
2. The district regularly reviews the organization structure and staffing levels of the food service program. (Page 13-13)

3. The district provides food service training to increase productivity, improve employee performance, and enhance the food service program, but lacks a strategic training plan. (Page 13-17)

4. The district identifies barriers to student participation in the school meals program and implements strategies to eliminate the barriers, but a more systematic approach is needed. (Page 13-18)

5. The district has not established cost-efficiency benchmarks based on comparable private and public sector food service programs and other applicable industry standards. (Page 13-21)

6. The district does not regularly evaluate the school food service program based on established benchmarks. (Page 13-22)

7. The district does not regularly assess the benefits of service delivery alternatives, such as contracting and privatization. (Page 13-23)

Financial Accountability and Viability

8. The program budget is not based on department goals, but is based on revenue and expenditure projections. (Page 13-27)

9. The district's financial control process has started an on-going review of the program's financial and management practices. (Page 13-29)

10. The district accurately reports meals served by category. (Page 13-33)

11. The district does not regularly evaluate purchasing practices to decrease costs and increase efficiency. (Page 13-33)

12. The district has not developed an effective inventory control system that is appropriate to the size of the school nutrition program. (Page 13-35)

13. The district has a system for receiving, storing, and disposing of food, supplies, and equipment. (Page 13-36)

14. The district does not have a plan for the repair and replacement of equipment that includes preventative maintenance practices. (Page 13-37)

Meal Preparation and Nutrition

15. The district provides school meals designed to meet the nutritional needs of students. (Page 13-38)

16. The district's food production and transportation system does not ensure the service of high quality food with minimal waste. (Page 13-39)

Safety and Sanitation

17. The district does follow safety and environmental health practices and regulations. (Page 13-41)

Fiscal Impact of Recommendations——————

There are several things the district can do to improve the financial condition of the food service program. As illustrated in Exhibit 13-2 and Exhibit 13-3, we estimate that the district could reduce costs by implementing a shared cafeteria manager program at select schools and by turning off the unneeded cooler/freezer units at its Carver Hill warehouse location. The district could realize an increase in income by expanding its breakfast program to all schools and by increasing paid meal prices. These recommendations represent a net five-year increase of approximately $1,054,825. In addition, the district should accurately account for the full cost of its food service operation by charging back expenses such as school cafeteria utilities to the food service program.

Exhibit 13-2

Four Food Service Operations Action Plan Recommendations Have Fiscal Impacts (Five Year Fiscal Impact)

Recommendation	Five Year Fiscal Impact [1]
• Implement shared manager program at school cafeterias.	• $277,370
• Expand breakfast program to all schools.	• $23,335
• Increase paid meal prices.	• $700,000
• Shut down Carver Hill freezer to reduce utility costs.	• $54,120
• **Total**	• **$1,054,825**

[1] Fiscal impact estimates are based on recommendations being mutually exclusive. However, depending on implementation, one recommendation may change the fiscal impact of another.

Source: OPPAGA analyses.

Exhibit 13-3

Four Food Service Operations Action Plan Recommendations Have Fiscal Impacts (Annual Fiscal Impact)

Action Plan No. and Strategy		Fiscal Impact Cost Savings/Increased Income*					
		2002-03	2003-04	2004-05	2005-06	2006-07	Total
13-2	Implement shared manager program	$18,491	$ 36,983	$ 55,474	$ 73,965	$ 92,457	$ 277,370
13-7	Expand breakfast program to all schools	4,667*	4,667*	4,667*	4,667*	4,667*	23,335*
13-9	Increase paid meal prices [1]	63,050*	126,100*	151,150*	176,200*	183,500*	700,000*
13-12	Shut down Carver Hill freezer to reduce utility costs	10,824	10,824	10,824	10,824	10,824	54,120
Total		**$97,032**	**$178,574**	**$222,115**	**$265,656**	**$291,448**	**$1,054,825**

[1] OPPAGA estimates that the district could incrementally increase paid meal prices by five cents per year.

Source: OPPAGA analyses.

Background

The purpose of the Okaloosa County School District food service program is to provide school food services consistent with the nutritional needs of students and contribute to the student's educational experiences (6A-7.041, Florida Administrative Code). To achieve this purpose, the food service program should provide the district with expertise, management skills, direction, and implementation in the areas of nutrition, finance, school board policies, and federal and state regulations, while maintaining good customer relations with principals, teachers, students, and parents. The food service program operates as a separate financial entity within the district's budget and is self-supporting.

The food service program design changed substantially in 1998. The Okaloosa County School District centralized its food service operations in a $7 million facility in an effort to reduce labor costs; equipment, mechanical, and electrical costs; capital outlay; and food costs and improve food quality and safety. This facility is located in Niceville. It includes a central warehouse to distribute most stock except items such as milk and a cook-chill kitchen to process some food to heat and serve at 36 school cafeterias. The district permits students to choose among meal items as long as they select the minimum required components to make up a USDA-approved reimbursable meal. In addition to meals served at the 36

cafeterias, the district provided up until the 2001-02 school year, reimbursable meals to two satellite locations, Emerald Coast Maine Institute and Okaloosa Academy, and non-reimbursable meals to two private schools, Tall Pines Academy and Cinco Baptist. In 2000-01, the district's food service program had revenues of $7,102,957 serving on average 3,103 breakfasts and 12,642 lunches daily to a student population of 30,335.

The Okaloosa County food service program is financially stable and pays for most direct and indirect services provided by other departments in the district. The program has a 2001-02 budget of $8,539,441 and started the year with a reserve fund balance of $1,329,326 (including inventory). The food service program has 205 employees including 168 school cafeteria employees and 37 district-level staff positions, consisting of 9 administrative and support positions and 28 central kitchen production and warehouse positions. In addition, several district-level staff positioned outside of the food service program contribute a portion of their time for food service related activities, such as accounting, maintenance, and personnel.

Food Service Organization

As illustrated in the department's current organization structure in Exhibit 13-4, the food service director is responsible for program administration and has line authority over cafeteria managers and food service assistants. In 2001, program management of the food service program changed in two ways. First, the district's chief financial officer was responsible for the food service program and now the area assistant superintendent of Central School Operations is responsible for the food service program. Second, program authority was split between the food service director and school principals and now the food service director has direct line authority over the cafeteria managers and food service assistants to provide one continuous line of responsibility for quality, participation, and cost control. This second change should especially result in a more effective reporting relationship, as the director should have significant knowledge of the area for which they are providing supervision. Food service is a very specialized area, and most principals do not have significant knowledge of this function.

Exhibit 13-4

Food Service Director Has Authority Over Cafeteria Managers
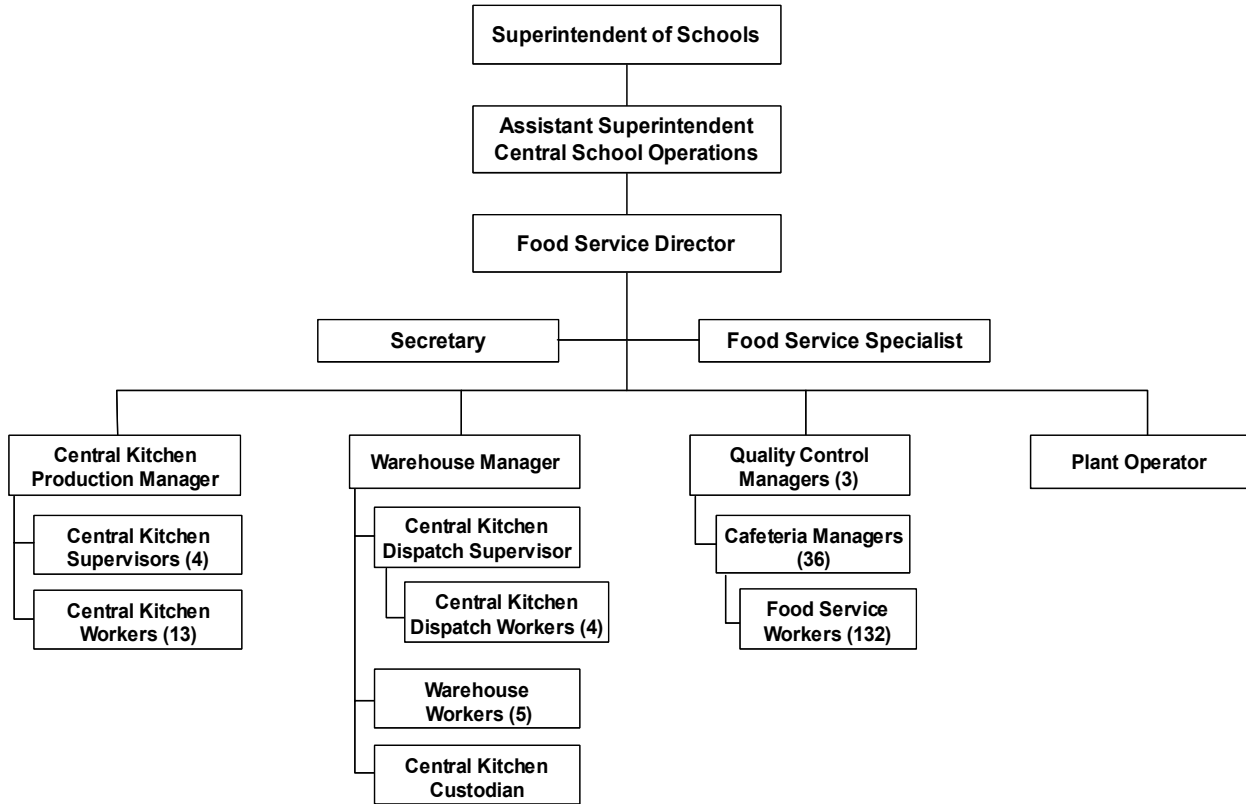
Source: Okaloosa County School District.

Nutritional Programs

The district participates in the National School Lunch Program (NSLP) and National Breakfast Program (NBP), which are regulated by the United States Department of Agriculture (USDA). These school nutrition programs are designed to assist states through grant-in-aid and other means such as menu design in establishing, maintaining, operating, and expanding school feeding programs. USDA's key programs in this area aim to safeguard the health and well-being of the nation's children as well as provide and encourage the consumption of nutritious domestic agricultural commodities (USDA Donated Foods).

Within Florida, the NSLP and NBP are administered through the Food Nutrition Management Office of Florida's Department of Education and the USDA Donated Foods program through the Bureau of Food Distribution of Florida's Department of Agriculture and Consumer Services. Each school district executes an annual agreement with these state agencies to operate the programs at the local level. Within the district, the school board, superintendent, and the food service program share local responsibility for program administration.

As a participant in these programs, the district receives monthly federal reimbursement income based on the number of full, reduced, and free priced meals served. [1] Exhibit 13-5 shows the federal cash reimbursement rates for each breakfast and lunch meal served by type of eligible student. All students are eligible for the base federal reimbursement rate. Economically needy students, as defined by the USDA,

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[1] Quarterly, the State of Florida also adds federally required state matching funds to lunch programs and supplement funding for breakfast meals served.

are eligible for either a reduced price meal or free meal. Federal reimbursement rates also depend on the relative economic need of the student population. For example, the base reimbursement rate for each lunch meal served is $0.22 (two cents more) for schools serving more than 60% of their student's meals at free or reduced prices.

Exhibit 13-5

USDA Meal Reimbursement Rates for 2001-02

Meal	Eligible Students	Reimbursement Amount	Total
Breakfast	All	$0.21	$0.21
	Reduced/Severe Need	0.21+ 0.64/0.86	0.85/1.07
	Free/Severe Need	0.21 + 0.94/1.16	1.15/1.37
Lunch	All/Severe Need	$0.20/0.22	$0.20/0.22
	Reduced/Severe Need	1.49 + 0.20/0.22	1.69/1.71
	Free/Severe Need	1.89 + 0.20/0.22	2.09/2.11

Source: Okaloosa County School District.

During the 1999-2000 school year, 27.93% of the district's 30,358 students were approved to receive free or reduced meal benefits through the NLSP and NBP. As illustrated in Exhibit 13-6, eligibility is the lowest among peer districts. Demographic data indicates Okaloosa County has the lowest percentage of its population below the poverty level compared to its peer school districts, which explains in part why Okaloosa County has a low percentage of its student membership eligible for free and reduced lunch (see Exhibit 2-3, page 2-3).

Exhibit 13-6

1999-2000 Percentage of Students Eligible for Free and Reduced Priced Meals

District	District Membership	Eligible for Free Lunch	Eligible for Reduced Lunch	Total Eligible	Percentage Eligible
Alachua	29,673	11,207	2,191	13,398	45.15%
Bay	25,752	8,760	2,840	11,600	45.05%
Escambia	45,007	20,083	5,118	25,201	55.99%
Lake	29,290	9,311	2,406	11,717	40.00%
Marion	38,555	15,847	4,065	19,912	51.65%
Okaloosa	**30,358**	**5,899**	**2,579**	**8,478**	**27.93%**
Santa Rosa	20,067	5,034	2,082	7,116	35.46%
Walton	5,877	2,293	769	3,062	52.10%
Peer Average [1]	**27,746**	**10,362**	**2,782**	**13,144**	**47.37%**

[1] Excluding Okaloosa.

Source: Florida Department of Education Food and Nutrition Management Section.

In addition to federal meal income reimbursements, the district receives USDA food commodities. The USDA issues a dollar allocation to Florida's Department of Agriculture and Consumer Services, which in-turn allocates to the district its allocation of free surplus food items. The allocation to the districts is based on the number of meals served per year. The district then orders the desired items from the USDA catalog. In 2000-01, Okaloosa County was offered $340,956 in USDA commodities. Commodities are packaged in commercial size packages and are grouped into two categories:

- Group A commodities—meat, fish, poultry, fruits, and vegetables and
- Group B commodities—grains, oil, shortening, cheese, and peanut products.

The food commodities are received at a USDA-approved storage facility located in Mobile, Alabama where they are either stored or sent out for further processing. The commodities are then delivered from the USDA-approved storage facility to the district's central warehouse.

Receipt of Goods

Okaloosa County cafeterias receive food and non-food items from two sources: direct vendor delivery and the district's central warehouse. The central warehouse currently contracts with over 28 vendors for food and non-food items. Some food items such as milk and pizza are delivered directly to the school cafeteria by the vendor whereas other food items such as chicken nuggets, fresh produce, and USDA products are first delivered to the central warehouse and then distributed to the school cafeterias. The district uses three refrigerated trucks to make daily deliveries to each school cafeteria. The supplier delivers non-food items such as hazardous cleaning supplies to the school, whereas paper products such as napkins and styrofoam trays are stored at and delivered to schools from the central warehouse.

Financial Status

The food service program is funded through a combination of federal and state meal reimbursements and cash sales. For 2000-01, federal and state monies account for 47% of total program income, cash sales represent 51%, and interest and other food sales account for 2% of the district's food service income. The food service program has maintained a reasonable reserve, although declining fund balance while at the same time absorbing program and program-related costs.

As illustrated in Exhibit 13-7, both food service revenues and expenditures have been variable, going up and down over the past five years. The district's fund balance has decreased all but one year over the last five years due to increasing expenditures resulting in an operating deficit of $26,036 in Fiscal Year 2000-01. These expenditures include equipment and supplies such as food carts, steamers, and employee uniforms; costs for summer training opportunities; testing new food items; steady increases in employee salaries and benefits; increases in food costs; and the addition of new food service maintenance positions. Monies from the fund balance have been used to meet this budget deficit. However, the fund has decreased for all but one of the past five years while costs continue to rise, a trend that needs attention.

Exhibit 13-7

The Food Service Fund Balance Is Declining Over Time

	Fiscal Year 1996-97		Fiscal Year 1997-98		Fiscal Year 1998-99		Fiscal Year 1999-00		Fiscal Year 2000-01	
	Dollars	Percentage of Revenue	Dollars	Percentage of Revenue	Dollars	Percentage of Revenue	Dollars [2]	Percentage of Revenue	Dollars [2]	Percentage of Revenue
REVENUE										
National School Lunch	$2,904,954	43%	$2,883,481	42%	$2,775,253	43%	$2,849,987	42%	$2,962,428	42%
USDA Donated Foods	401,651	6%	227,947	3%	399,616	6%	261,859	4%	268,216	4%
Donated Cash		0%	230	0%		0%		0%		0%
State Supplement	154,467	2%	157,675	2%	141,850	2%	128,242	2%	122,444	2%
Student Lunches	1,816,723	27%	1,825,467	27%	1,576,235	24%	3,539,973	52%	3,602,322	51%
Student Breakfasts	83,186	1%	85,998	1%	93,944	1%		0%		0%
Adult Breakfast/Lunch	202,299	3%	229,108	3%	157,985	2%		0%		0%
A la Carte	1,137,896	17%	1,316,549	19%	1,286,879	20%		0%		0%
Other Food Sales	20,978	<1%	25,902	<1%	47,170	1%	35,739	<1%	101,522	1%
Interest	50,276	1%	54,245	1%	18,485	<1%	15,194	<1%	46,025	1%
Refund of Expenditures		0%	13,815	<1%		0%		0%		0%
Total Revenue	**$6,772,430**	**100%**	**$6,820,417**	**100%**	**$6,497,417**	**100%**	**$6,830,994**	**100%**	**$7,102,957**	**100%**
EXPENDITURES [1]										
Salaries	$2,370,001	37%	$2,489,807	35%	$2,268,309	34%	$2,402,371	36%	$2,637,699	37%
Benefits	885,372	14%	932,311	13%	876,274	13%	773,319	12%	822,966	12%
Purchased Services	73,909	1%	128,439	2%	126,811	2%	115,718	2%	128,056	2%
Energy Services	80,089	1%	88,962	1%	95,027	1%	99,122	1%	95,187	1%
Materials and Supplies	2,792,682	43%	3,021,806	43%	2,813,031	42%	2,998,858	45%	3,003,762	42%
Capital Outlay	22,558	<1%	44,091	1%	190,391	3%	89,215	1%	235,788	3%
Other Expenses	145,125	2%	197,647	3%	174,944	3%	183,777	3%	205,536	3%
Other Capital Outlay	116,944	2%	191,361	3%	225,247	3%	40,277	1%		0%
Total Expenditures	**$6,486,680**	**100%**	**$7,094,424**	**100%**	**$6,770,034**	**100%**	**$6,702,657**	**100%**	**$7,128,994**	**100%**
Net Operating Income	285,750		(274,007)		(272,617)		128,337		(26,036)	
FUND BALANCE	**$1,773,648**		**$1,499,641**		**$1,227,025**		**$1,355,362**		**$1,329,326**	

[1] Reported food service expenditures do not include all indirect costs such as school cafeteria utility costs.

[2] The *Superintendent's Annual Financial Report* combined student lunches, student breakfasts, adult breakfast/lunch, and a la carte revenue into the student lunches category.

Source: Okaloosa County School District Superintendent's *Annual Financial Report*.

In 1999-2000, the district's food service reserve fund was $1,503,951 below the maximum amount allowed by law. Federal law limits program cash reserves (unreserved fund balance less the value of inventory) to an amount that does not exceed three months average expenditures. This restricts accumulation of too much cash surplus yet allows for financial stability and self-sufficiency. As illustrated in Exhibit 13-8 the food service reserve was 78% below allowable maximum limits in 1999-2000 and 32% above the peer average indicating the district can increase unreserved cash assets to improve its financial condition without violating federal law.

Exhibit 13-8

1999-00 Unreserved Fund Balance Analysis

District	Net Cash Resources	Average Operating Expenses [1]	Amount Above/(Below) Cap	Percentage Above/(Below) Cap
Alachua	$1,791,493	$2,766,456	($974,963)	(35%)
Bay	499,795	2,479,053	($1,979,258)	(80%)
Escambia	3,298,145	4,635,370	($1,337,225)	(29%)
Lake	2,342,479	2,211,875	$130,604	6%
Marion	2,027,049	3,660,076	($1,633,027)	(45%)
Okaloosa	**416,877**	**1,920,828**	**($1,503,951)**	**(78%)**
Santa Rosa	(152,742)	1,734,758	($1,887,500)	(109%)
Walton	(29,676)	568,917	($598,593)	(105%)
Peer Average [2]	**$1,396,649**	**$2,579,501**	**($1,182,852)**	**(46%)**

[1] Three-month average.
[2] Excluding Okaloosa.

Source: Florida Department of Education Food and Nutrition Management Section.

Methodology

OPPAGA reviewed the district's food service operations using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. In conducting this review, OPPAGA used a variety of methods to collect information about the district's use of the Best Financial Management Practices. Review staff conducted several site visits to the Okaloosa County School District over the course of five months. The review staff conducted numerous interviews with district administrators and staff, held two public forums, conducted focus groups with principals and teachers, attended school board meetings, and conducted site visits to eight school cafeterias. Staff also gathered and reviewed many program documents, financial data, and data on program activities and performance.

In an effort to put Okaloosa's programs and activities in context with other Florida school districts, OPPAGA gathered information from seven peer districts around the state: Alachua, Bay, Escambia, Lake, Marion, Santa Rosa, and Walton. The peer districts were selected based on their similarities with Okaloosa across a number of categories, including the size of the student population and demographic information.

Efficient and Effective Operation

1 **The district is developing a mission statement for the food service program, but needs to also update and improve its policies and procedures, and strategic plan.**

The program lacks a formally developed mission statement and program goals and objectives

A mission statement should be developed with input from school-level food service staff and customers. To become fully operational, the mission statement needs to undergo school board approval and be communicated to stakeholders at large. It is important to formalize and publish the mission statement because it communicates to students, their parents or guardians, food service employees, teachers and school based administrative staff, custodians, and others the purpose and direction of the program.

Goals and objectives establish a framework for key decisions and actions regarding programs. Without goals and objectives for each major operational and educational program, program staff can have difficulty identifying data to collect to assess whether a program or service is meeting expectations, and determining when they need to change strategies or program activities to better serve students. In addition, because each piece of a school district accountability system is interrelated, in the absence of an adequate set of program-level goals and objectives, it is difficult for program managers to provide needed direction and effective leadership that focuses on

- continuously improving overall program performance;
- creating work processes that support efficient and effective accomplishment of performance objectives; and
- effectively communicating values, directions, and expectations as the basis for the district's key decisions and actions.

Program-level goals and objectives also enable senior district administrators, such as the superintendent and assistant superintendents who are responsible for overseeing numerous related programs, to review and report on program performance to the public and school board. This aspect of leadership is crucial, because reviews help to provide rationale for and build consistency behind critical decisions such as allocation of resources. Exhibit 13-9 summarizes the basic elements of program goals and objectives.

Exhibit 13-9
Basic Elements of Program Goals and Objectives

A *program goal* is a long-range end towards which a program directs its efforts and should
- relate to the district's mission, values, goals, priorities, and expectations;
- support state educational goals;
- reflect the intent (purpose) of the program; and
- incorporate state and federal program requirements.

A *program objective* is an action statement which defines how program goals will be achieved and should
- support the program's goals;
- address major aspects of the program's purpose and expenditures;

- be specific;
- be easily understood;
- be challenging but achievable;
- be measurable and quantifiable;
- identify data needed to assess whether progress toward an objective is being made; and
- indicate the performance outcome (result) or improvement target desired. For the food service program objectives should be stated in terms of the quality and cost of service provided.

Source: Literature review.

The district has not yet developed an accountability system for the food service program. According to the superintendent, the district intends to develop an accountability system and district staff are beginning to develop systems to collect performance data on its food service program. When the superintendent took office in January 2001, he gave priority instead to developing a performance accountability system for the district's educational program. During the course of this review, the food service director began drafting a mission statement and developing data to be used to measure program performance. However, the mission statement has not yet received stakeholder input and been formally adopted by the school board. Also, program level goals and measurable objectives reflecting the expected outcomes and expenditures of the program have not been fully developed.

Staff need assistance in developing goals and objectives

In order to develop a comprehensive program-based accountability system, staff need training on how to develop specific accountability components, such as goals and objectives, and how to link accountability components to the program and district budget and decision-making process. In addition, to better ensure consistency across district administrative units, staff need a template that provides a format to guide them through the development of accountability system components. This could be accomplished with in-house expertise or by hiring a consultant.

Policies and procedures are not up-to-date and school board policies for food service are not readily available to school cafeteria staff

The Okaloosa County School Board policies address the specific topics below which are applicable to the food service program.

- General Food Service Requirements
- Authorized Persons in the Kitchen Area
- USDA Commodities
- Offer vs. Serve
- Meal Patterns
- Free and Reduced Price Meals
- Food and Beverage Services Available to Students
- Emergency Feeding

While these policies are relevant to food service operations, they are not readily available to the school cafeteria managers who OPPAGA staff visited. It is important that school cafeteria managers have ready access to school board policies in order to comply. For instance, OPPAGA staff witnessed unauthorized school personnel walking through the kitchen area at one high school visited. Without ready access to school board policies, new staff in particular may deviate from appropriate administration of the food service program.

The food service program does have a reasonably complete set of procedures that were found to be readily available at school sites. However, these procedures need to be up-to-date, date stamped, and include school board policies. The procedures manual does not have dates stamped on its contents indicating the latest revisions. It is important that food service administrators including cafeteria managers review the procedures to ensure they are current and cover all critical program functions to provide new staff with guidance in performing critical functions. For instance, the point-of-sale computerized system used to track the sale of individual items will need to be updated or replaced as additional information is being collected. Procedures should also be updated to cover perpetual and physical inventory procedures. Also, new procedures will need to be included that cover full cost accounting of central kitchen operations and point-of sale functions as the food service computer system continues to be developed.

Recommendations ——————————————————

- *The district should continue developing a food service mission statement and establish program goals and objectives and*

- *The district should update the food service procedures manual.*

Action Plan 13-1 provides the steps needed to implement these recommendations.

Action Plan 13-1

Develop Program Mission Statement, Goals and Objectives	
Strategy	Continue developing a mission statement with input from school-level food service staff and customers and then regularly communicate the mission to stakeholders. Establish clearly stated goals and measurable objectives for the food service program that reflects the expected outcomes and expenditures of the program.
Action Needed	Step 1: Collect stakeholder input.
	Step 2: Develop a mission statement, goals, objective, priorities, benchmarks, and plans of action to maximize food service program efficiency.
	Step 3: For assistant in developing goals and objectives, see Action Plan 3-5, page 3-24.
	Step 4: For assistance in developing benchmarks, see Action Plan 3-5, page 3-24.
	Step 5: Present to appropriate authorities for final approval.
	Step 6: Communicate to stakeholders.
Who Is Responsible	The school board and superintendent
Time Frame	The plan should be completed by July 2004
Fiscal Impact	See Action Plan 3-5, page 3-24.

Update the Food Service Procedures Manual	
Strategy	Review, update, and date coded written policies and procedures for the food service program and make available to food service personnel and school administrators.
Action Needed	Step 1: Establish master procedures manual and during quality control managers inspection compare this master against school cafeteria manuals to validate current procedures are on file.

	Step 2:	Identify all key functions of the food service program, including inventory management and information technology.
	Step 3:	Identify best practices and draft or update procedures for each function with stamp of last date revised on a periodic basis. Include input from cafeteria managers, vendors, principals, and food service assistants, as appropriate.
	Step 4:	Ensure that a copy of the food service related school board polices and food service procedures are available in each cafeteria for review by any employee.
	Step 5:	Inform all food service employees in writing that policies and procedures are available for their review. Include an outline/or table of contents of the available materials with the memo.
Who Is Responsible	Food service director	
Time Frame	The first memo should be distributed to food service employees at the beginning of the Fiscal Year 2002-03 school year and provided again at the beginning of each new school year. Polices and procedures may be incrementally updated where necessary over a two-year period.	
Fiscal Impact	This recommendation can be completed with existing resources or as part of a districtwide effort (see Action Plan 3-2, page 3-12). Keeping policy and procedure manuals up-to-date covering all critical program functions is a routine and integral activity of management.	

Source: OPPAGA.

2   The district regularly reviews the organization structure and staffing levels of the food service program.

Program management adjust staffing levels at least twice annually

The food service program currently reviews the staffing needs for each food service location (cafeteria) bi-annually, at the beginning of the school year in October and again in January. The staffing needs of the cafeterias for the coming year are established based on projected enrollment. As a result, management adjusts the scheduled working hours at the beginning of each semester to align with actual student enrollment and participation in the food service program. Early or mid-October and early or mid-February are good points in time because actual participation would have settled-in and at least one month of actual data is available to management.

This practice prevents cafeterias from being understaffed and employees from being overworked and possibly reducing the quality of the program, while preventing other cafeterias from having an excess of allocated hours and be a waste of staffing costs. Controlling the labor hours is a critical component of obtaining a cost-efficient operation. Adequate monitoring of this variable at critical points helps to enhance program performance and cost-efficiency.

The allocation of labor hours is based on historical and projected average daily meals served. These standards are tailored to the unique circumstances of each location. Currently, the number of labor hours allocated to each school cafeteria is low, ranging from 10.5 hours at Silver Sands to 42.75 hours at Niceville High School, but maybe too lean in that it forces the cafeteria manager to double as a food service assistant serving food, operating cash registers, cleaning up, and cooking meals. The food service director has justified in some circumstances increased labor hour allocations at school cafeterias to adjust for increases in student participation. As shown in Exhibit 13-10, labor hours declined overall 26% with implementation of the central kitchen operation in 1998-99. However, the food service director should review food service processes at school sites and prepare more cost-effective items centrally to reduce prep-time as envisioned by central kitchen planners.

Exhibit 13-10

Labor Hours Reduced 26% with Implementation of Central Kitchen In 1998-99

	Year 1996-97	Year 1997-98	Year 1998-99	Year 1999-00	Year 2000-01
School Staff [1]	1,265.0	1,219.0	730.0	790.5	786.0
Percentage Change		-3.6%	-40.1%	8.3%	-0.6%
Central Staff	75.0	82.5	232.5	232.5	232.5
Percentage Change		10.0%	181.8%	0.0%	0.0%
Total [1]	**1,340.0**	**1,301.5**	**962.5**	**1,023.0**	**1,018.5**
Percentage Change		-2.9%	-26.0%	6.3%	-0.4%

[1] This analysis does not include three new schools opened in 1998-99 including Antioch, Davidson, and Destin.

Source: Okaloosa County School District.

Shared manager program should be implemented where feasible

To improve the efficiency and effectiveness of school cafeterias, the district should consider implementing a school cafeteria shared manager program. For over three years, the Broward County School District food service program has successfully used shared managers to operate their school cafeterias. Shared managers could split their time between two schools in close proximity. A designated "key person" is left in charge to handle any emergencies in the absence of the manger.

The benefit of the shared manager program to the district is realized by only having to pay the fringe benefits and salary for one manager while getting the performance of two. Based on the current average salary and benefits of 36 cafeteria managers at $26,340 each, OPPAGA estimated that by phasing out two cafeteria managers each year, the district could save approximately $790,200 gross over five years by reducing manager salaries and benefits costs at 10 of the district's 36 food service locations. However, there would be some offsetting costs associated with this plan. For example, OPPAGA estimates that incentive pay to shared managers for these additional duties could increase the shared manager's salaries by an average of about $5,000 each, which reduces the estimates savings by $150,000 to $640,200. Also, the district estimates it will need to increase non-manager hours allocated to each involved cafeteria by 4.82 hours to replace managers currently preparing and serving food at an additional total cost of $362,830, which as shown in Exhibit 13-11, nets the total estimated five-year savings at $277,370. [2]

Efforts should be made to encourage high performing managers to take on the shared manager roles when existing managers retire or new schools open. Shared management is most feasible at smaller schools, especially newer schools where participation might be low. The criteria for choosing schools that would benefit from having shared managers are multi-faceted. The following should be considered before shared management is considered:

- schools must be located within approximately five miles of each other to facilitate reaction time if unexpected problems arise;

- total meals served at the two schools should be relatively low enough, thereby manageable by a single manager; and

- the manager should be both willing and considered capable by the director to take on the additional duties.

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[2] Cafeteria worker costs were estimated by multiplying an average of the range of cafeteria worker hourly pay rates ($6.36 + $12.87/2 = $9.62) by a benefit factor of 45% ($9.62 x 1.45% = $13.94). This figure was then multiplied by 2 for two schools and then by 180 for the number of days school cafeterias may be in operation each year ($13.94 x 2 x 180 = $24,189).

In discussions with the former food service director, an attainable goal of two shared managers per year was agreed upon as an achievable target. The proposed increase in shared managers should be accomplished through natural attrition and not though a reduction in staff. It is important to note that two shared managers annually may not be feasible if there is low turnover or enrollment levels fall or remain constant. Many factors such as turnover, close proximity of schools, and willing participants are involved with successful implementation of this recommendation.

Exhibit 13-11

Five-Year Projected Shared Manager Program Savings

	Fiscal Year					
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**Total**
Average Cafeteria Manager Salary and Benefit Savings	$52,680	$105,360	$158,040	$210,720	$263,400	$790,200
Incentive Pay Cost	($10,000)	($20,000)	($30,000)	($40,000)	($50,000)	($150,000)
Cafeteria Worker Costs [1]	($24,189)	($48,377)	($72,566)	($96,755)	($120,943)	($362,830)
Cumulative Savings	**$18,491**	**$36,983**	**$55,474**	**$73,965**	**$92,457**	**$277,370**

[1] Cafeteria workers assuming assistant manager duties in the absence of the cafeteria manger should be considered in training and should not be at additional cost to the school district.

Source: OPPAGA analyses.

The food service director lacked formal training in central kitchen operations

At the beginning of our review, the food service director in place had more than 20 years of military food management experience prior to joining the district and had managed the food service program for three years. However, the food service director did not have a degree in business administration or nutrition, and he did not have prior experience in operating a central cook-chill facility as suggested by the minimum eligibility requirements for the Okaloosa County School food service program director position. The district did not provide the food service director with adequate central cook-chill training. This lack of training and experience in operating a central cook-chill facility contributed to a lack of leadership in refining the design and completing the implementation of the central cook-chill operation that had just been started when the food service director was hired. One of the most deficient areas has been in terms of setting up the meal cost accounting system used to ensure the central kitchen operates efficiently. During the course of this review, the district reports that given higher performance expectations, the current food service director requested reassignment. In light of these events, the district should take steps to conduct a search for a new food service director or contracted firm with extensive central kitchen experience, particularly in designing and optimizing its efficient and effective operation.

The district should be commended for a recent change to have cafeteria managers report to the food service director

The school district recently shifted the responsibility of supervising cafeteria managers from the principals to the food service director. The food service procedures manual details the roles and responsibilities of the food service director and principals, stating that principals have input pertaining to the evaluation of the cafeteria manager and food service assistants and the principal assists in making recommendations for the hiring of new food service workers. Providing the food service director with the authority to conduct performance appraisals for all food service personnel and to take corrective actions where necessary should result in more uniform and consistent district operating practices at all district kitchens.

While the food service organization chart and the district's reorganization plan suggests that the food service director report to the chief financial officer, currently the food service director reports to the area

assistant superintendent of Central School Operations. The area assistant superintendent said that while the CFO is focusing her attention on improving the district's financial reporting systems, he will focus on improving the financial reporting of the food service program. Ultimately, the food service director should report to a district administrator who has a strong business operations background to ensure that the food service program is operated efficiently and effectively according to sound business practices (see Action Plan 3-4, Page 3-17).

Recommendations ────────────────────────────

- *The district should develop and implement a shared manager program for cafeteria managers and*

- *The district should hire a food service director or firm with extensive central kitchen experience.*

Action Plan 13-2 provides the steps needed to implement these recommendations.

Action Plan 13-2

Develop and Implement Shared Manager Program for Cafeteria Managers		
Strategy	Identify and implement where appropriate and feasible shared managers to manage school cafeteria functions.	
Action Needed	Step 1:	The food service director identifies at least two sets of schools in close proximity that would be suitable for shared management and at least two existing managers that would be suitable.
	Step 2:	When vacancies at the manager level occur, the identified managers should be encouraged to participate and be presented with facts concerning the increased pay and responsibilities that go along with shared management. The food service director should attempt to fill the vacancies with shared mangers.
	Step 3:	If successful, during the 2002-03 school year efforts should be made to add two more shared managers each year thereafter. Successful implementation also depends on enough schools in close proximity to become available and enough managers leaving through natural attrition.
Who is Responsible	Food service director	
Time Frame	August of each year	
Fiscal Impact	Potential five-year savings are approximately $277,370.	

Employ a Food Service Director or Firm with Extensive Central Kitchen Experience		
Strategy	Conduct a search and hire new food service director or contract with an experienced central kitchen management operation.	
Action Needed	Step 1:	Conduct a search for a food service director or firm that meets the district's qualifications.
	Step 2:	Food service director candidates or firms should be presented to the school board with the superintendent's recommendations for final approval by the school board.
Who is Responsible	The superintendent is responsible for directing the assistant superintendent overseeing food services to see to it that a fully experienced food service director or firm is hired	
Time Frame	August 2003	

Fiscal Impact	It may cost more to hire a director or firm with the necessary knowledge, skills, and abilities to complete and optimize the central kitchen operation than what the district currently allocates in salaries and benefits for the food service director position.

Source: OPPAGA.

3 The district provides food service training to increase productivity, improve employee performance, and enhance the food service program, but lacks a strategic training plan.

A strategic staff development plan could improve program performance

The food service program cannot maximize staff productivity through training without better identifying staff training needs and planning and coordinating staff development activities to address those needs through a comprehensive staff development plan. The food service program has not compiled a training needs assessment. Consequently, the district lacks information to help focus its training efforts on its greatest needs. The district does not currently have a comprehensive or a goal-driven approach to training. Without training goals and objectives, evaluation of the effectiveness of training offered cannot be assessed. The lack of a comprehensive training plan limits the ability of the district to prioritize training expenditures. Without a training plan, training is being planned and organized at multiple levels without proper coordination to ensure that the district's primary food service training needs are addressed.

There are several sources of information the food service director has available to feed into a needs assessment. Personnel evaluations can be used to help focus staff development on critical functions such as food safety, cost accounting, and inventory control. When used properly, personnel evaluations provide district administrators and trainers with information regarding common employee performance deficiencies and can be used to identify training priorities. These evaluations can be used to ensure minimum training to maintain certifications and meet federal and state requirements is achieved for each employee. Quality control manager reviews of school cafeterias as well as school cafeteria manager observations about the food service operation are other sources of information that could be used to identify staff training needs. However, the food service director could not provide evidence that he had used these sources of information as a means of identifying potential training needs of his staff.

Although the food service program lacks a goal-driven framework to guide its training efforts, the district provides opportunities for employees to attend professional workshops and activities including self-paced training modules that can be completed at home. District staff participated in a wide variety of food service related training activities during the 2000-01 school year such as a manager-training conference that used post-tests covering course material. Thus, additional staff time and training resources are not needed; instead the district can strategically deploy existing resources to better meet training needs.

Recommendations ───────────────────────

- *The district should develop a comprehensive staff development plan based on needs assessments.*

Action Plan 13-3 provides the steps needed to implement this recommendation.

Action Plan 13-3

Develop Staff Development Plan Based on Needs Assessments		
Strategy	Develop and use comprehensive staff development plan to focus training programs on critical functions and staff needs to meet food service goals and objectives.	
Action Needed	Step 1:	Identify training needs through program evaluations; personnel evaluations; quality control manager and school cafeteria manager observations and reviews, employee feedback; and review of certification, federal and state requirements.
	Step 2:	Develop staff development plan based on needs assessment including training goals and objectives linked to program performance.
	Step 3:	Perform periodic assessment of how effective training programs are in meeting goals and objectives and revise training programs accordingly.
Who is Responsible	The superintendent is responsible for directing the assistant superintendent overseeing food services to see to it that the food service director develops a staff development plan.	
Time Frame	Ongoing	
Fiscal Impact	Strategically targeting existing training resources can be implemented with existing resources.	

Source: OPPAGA.

4 The district identifies barriers to student participation in the school meals program and implements strategies to eliminate the barriers, but a more systematic approach is needed.

A systematic process should be in place to promote the food service program and eliminate barriers to student participation in the breakfast and lunch programs

As shown in Exhibit 13-12, meal participation rates in the district are the lowest compared to peer districts. [3] Meal participations rates indicate the viability and desirability of food service products. The participation rate reflects the percentage of students choosing to eat school food verses students, e.g., those who choose to bring their own food, go off campus for food, or not eat. Thus, it is important for the food service program to increase participation rates through marketing and research to ensure its products are in demand. However, the food service program is not consistently promoting the food service program and formally or systematically soliciting student input or to identify potential barriers that limit student participation in the district's breakfast and lunch programs.

The food service program considered providing more information to students and parents by promoting the "Healthy Tools for School" campaign, which helps build awareness among students and parents of the importance of physical activity and healthy nutrition in combating obesity by distributing information in school monthly newsletters, but has not yet distributed such information. At a minimum, the food service program should have a web page on the district's website promoting healthy eating habits and the food service program in addition to listing school menus. The food service program should also ensure that menus are sent home with all students promoting the food service program and healthy eating habits.

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[3] Meal participation rates can be influenced, in part by the percentage of students eligible for free and reduced meals, as those students may be more likely to participate in the school food program. As shown in Exhibit 13-5, page 6, the Okaloosa County School District has the lowest percentage of students eligible for free and reduced lunch compared to peer school districts.

To identify barriers in response to news articles and complaints of poor quality food, particularly in reaction to the new central kitchen, the school district contracted for a survey of students. Also, the food service director has analyzed customer survey comments and visited schools with complaints to speak with students and teachers to identify problems one on one. As a result of these evaluations, the food service program implemented food courts in several schools providing more choice increasing meal participation at those schools by 12.6%. However, the food service program has historically had low participation rates and needs to do more than react to complaints. The food service program should systematically seek ways to exceed nutritional and food quality expectations of students and their parents.

Exhibit 13-12

1999-00 Lunch Participation Rates

District	Average Daily Participation
Alachua	59.36%
Bay	72.38%
Escambia	60.89%
Lake	66.77%
Marion	63.95%
Okaloosa	**55.48%**
Santa Rosa	59.76%
Walton	68.74%

Source: Florida Department of Education Food and Nutrition Management Section.

The food service program needs to increase some a la carte tem prices and restricts access to vending machines

Prices should be set such that complete meals provide more food for the money than a la carte items. This encourages students to purchase reimbursable meals over al la carte items. Further, school board policy prohibits the sale of food and beverage items to students in competition with the district's food service program. However, OPPAGA staff noticed in one high school that purchased items such as "Tom's" and "Little Debbie's" were priced below similar central kitchen prepared items. The central kitchen sets prices for all items sold in school cafeterias, but needs to ensure that a la carte prices are set at all schools at levels that are not competitive with reimbursable meals and centrally prepared items.

Also, OPPAGA staff noticed there was a viable restriction on access to vending machines during the lunch period at only one of eight schools visited where the machine was locked behind a gate. The food service director has made the superintendent and some principals aware that carbonated drinks were being sold through vending machines during lunch at some schools in violation of state law and school board policy. In some cases, vending machines are supposed to be on automatic times so that they become operational only one hour following the close of the last lunch period. The district should ensure effective timers are in effect in all vending machines or have the vending machines removed from the schools.

Recommendations ─────────────────────────────

- *The food service program should develop a systematic process for obtaining input from students about the food service program at each school*

- *The food service program should adjust prices of a la carte items and restrict access to vending machines in secondary schools during lunch periods.*

  Action Plan 13-4 provides the steps needed to implement this recommendation.

Action Plan 13-4

Reduce or Eliminate Barriers to Participation	
Strategy	Develop a systematic process for obtaining input from students, their parents, and teachers about the food service program at each school. Also, through quality control and cafeteria manager reviews, identify barriers to participation and seek to implement changes that remove or reduce impact of these barriers.
Action Needed	Step 1: The food service director should form an ad hoc committee of several food service managers and principals to brainstorm ideas on how to obtain and use input from students and parents regarding food service issues. In implementing this recommendation, the district should consider establishing food advisory committees composed of students and strategically surveying samples of students and parents to collect information using existing resources. The district should continue to work with its food service vendors to test promotional items with students in the menu development process.
	Step 2: Quality control and cafeteria managers should observe and collect information during their regular reviews on potential barriers to student participation and report this information to the food service director for consideration of possible changes.
	Step 3: Incorporate findings into the food service strategic plan.
	Step 4: Work to eliminate the identified barriers.
Who is Responsible	The area assistant superintendent of Central School Operations should direct the food service director to develop and implement, in coordination with the principals and food service managers, a systematic process for obtaining feedback from students, parents, quality control and cafeteria managers.
Time Frame	During the 2002-03 school year
Fiscal Impact	This can be implemented with existing resources.

Adjust A La Carte Prices and Reduce Access to Vending Machines	
Strategy	Adjust prices of a la carte food items to encourage healthy eating habits and the purchase of reimbursable meals and centrally prepared food items. Also, restrict access to vending machine items according to state law and school board policy or have vending machines removed from campus.
Action Needed	Step 1: Collect actual prices charged for all items served at each of the school cafeterias.
	Step 2: Reconfigure prices such that a la carte purchased items are priced above similar items centrally produced and at a level that encourages the purchase of a complete reimbursable meal.
	Step 3: Identify all vending machines and their contents at each school.
	Step 4: Test all vending machines for compliance with state law and school board policy. Correct any discrepancies or have non-compliant machines removed from campus.
Who is Responsible	The food service director should direct the quality control managers to collect actual food prices charged at each school, identify all vending machines, and test vending machine compliance at each school. The food service director should analyze the price information to reconfigure prices.
Time Frame	During the 2002-03 school year
Fiscal Impact	The fiscal impact is included in Action Plan 3-5, page 3-24.

Source: OPPAGA.

5 The district has not established cost-efficiency benchmarks based on comparable private and public sector food service programs and other applicable industry standards.

The district has not adopted program performance benchmarks

Benchmarks are expectations of how well an activity or function, such as food service, should perform. These expectations should be based not solely on history, but where the program should progress. Thus, when an entity tracks its actual performance over time and compares that performance against developed benchmarks, managers then have the means to evaluate the status of their plan.

The district has not adopted any formal performance benchmarks, such as costs per meal, meals per labor hour and overall meal participation in order to effectively manage the food service program and to determine if improvements need to be made. Further, the food service director is just beginning to collect reasonably accurate meal cost data. Since converting to a central operation, the food service program cost accounting systems were not developed to track production and meal costs accurately. As a result, important information on performance and costs are not monitored. This lack of benchmarks and reliable data has limited management's ability to provide decisionmakers with key information on the performance and cost-efficiency of the food service program.

Since program performance information is beginning to be gathered, once the district develops the benchmarks, the analysis should be accomplished with minimal additional effort. With the full implementation of the BOSS computer system, analyzing program performance will be more efficient.

Recommendations ——————————————————————

- *The district should continue to develop its food service cost accounting systems and purchase software where necessary to complete the system, and*

- *The district should establish food service benchmarks to assess its key management performance indicators, including*

    — *meals per labor hour,*

    — *costs per meal,*

    — *overall meal participation,*

    — *satisfaction with menu selections from customers, and*

    — *increase or decrease of meals purchased from last reporting period.*

    Action Plan 13-5 provides the steps needed to implement this recommendation.

Action Plan 13-5

Establish Performance Benchmarks		
Strategy	Identify program benchmarks to assess program performance.	
Action Needed	Step 1:	Identify food service past program performance on key indicators and identify school districts with exemplary food service programs in order to compare current Okaloosa County food service program performance.

	Step 2:	Develop program performance benchmarks at least for meals per labor hour; cost per meal; overall meal participation for breakfast, lunch, and other feeding programs; satisfaction with menu selections from customers; and increase or decrease of meals purchased from last reporting period.
	Step 3:	Conduct regular comparisons of the program performance to established benchmarks and to other previously identified food service programs.
	Step 4:	Communicate food service benchmarks to food service personnel, appropriate school administrators, and other interested stakeholders such as community members.
Who is Responsible	The area assistant superintendent of Central School Operations directs the food service director to develop and implement food service benchmarks and to communicate program performance to food service personnel, appropriate school administrators, and other interest stakeholders.	
Time Frame	The benchmarks should be established by July 2004.	
Fiscal Impact	This can be implemented with existing resources or in conjunction with a districtwide effort (see Action Plan 3-5, page 3-3-24).	

Source: OPPAGA.

6 The district does not regularly evaluate the school food service program based on established benchmarks.

The food service program cannot be evaluated because it lacks accurate and reliable performance data

The food service program has not reviewed food service operations at least annually based on performance and cost-efficiency benchmarks, as benchmarks have not been established for most of the program's major functions. However, the food service program does conduct some limited reviews. The food service program conducts site inspections as does the county health department of each cafeteria, but county assistance has been less frequent during the recent West Nile virus outbreak due to other demands placed upon county inspectors. The food service program also reviews staffing levels at least bi-annually at school cafeterias.

Although the school district does not have adequate information to assess food service program performance, the program has been subject to evaluation as part of the school district's annual financial audit, the Florida Department of Agriculture and Consumer Services review of the USDA Commodity Food Program, and the School Meal Initiative review by Florida Department of Education Food and Nutrition Office. These reviews found numerous problems with the program. For example, the 1999 annual financial audit found inventories too high, revenues on the decline, and savings estimated in the Central Kitchen Cook-Chill Study report not realized. The DACS review found physical inventories did not match perpetual inventories, some commodities had old pack dates, and temperatures of coolers and freezers were not being checked on weekends. The SMI review found some food items with excessive saturated fat and sodium content. The food service program has since addressed most of these issues.

Recommendations ———————————————

- *Once accurate and reliable program performance data is available and meaningful benchmarks are established, the food service program should establish a system for routine*

evaluation of the program in accordance with action plan 4-3, Performance Accountability. To the extent possible and based on the result of these evaluations, the district should implement program changes that would ultimately reduce cost and/ or increase income.

Action Plan 13-6 provides the steps needed to implement this recommendation.

Action Plan 13-6

Evaluate Program Performance	
Strategy	Use developed food service benchmarks to evaluate the overall food service program and identify areas to improve efficiency and effectiveness.
Action Needed	Step 1: See Action Plan 13-5.
	Step 2: Design a routine system for periodically evaluating performance using developed benchmarks versus actual performance.
	Step 3: Evaluate performance and initiate corrective action as needed. Implement program changes that would ultimately reduce cost and/or increase revenue.
Who is Responsible	The area assistant superintendent of Central School Operations should direct the food service director to develop food service benchmarks and a system for evaluation and action. The food service director should conduct the evaluation and take corrective action as needed.
Time Frame	During the 2002-2003 school year
Fiscal Impact	This can be implemented with existing resources.

Source: OPPAGA.

7 The district does not regularly assess the benefits of service delivery alternatives, such as contracting and privatization.

The district has not assessed major service delivery alternatives since converting the food service program to a central kitchen operation in 1998

The last time the school district assessed and implemented major changes to the food service program to improve the delivery and cost-efficiency of its operations was in 1995 when the cook-chill central kitchen was first considered. At that time, no other service delivery options besides the central cook-chill kitchen were presented to the school board for consideration. However, during the course of this review, the district issued a notice to vendors requesting a letter of intent to participate in selling lunch in secondary school lunchrooms. The district envisioned as many as five vendors serving each school each day to help improve food quality, service, and value. As the district moves forward, it should fully evaluate all options before making major commitments to service delivery alternatives.

The district has evaluated some minor service delivery alternatives. Recently the food service staff did evaluate catering services and food services provided to charter schools and alternative school sites and the school board decided to discontinue these services, as providing these services did not cover operating costs. The food service staff intends to re-evaluate the potential of these services in the future since catering by school food service programs can be profitable enterprises. Potential exists to bring in additional funds by catering school-sponsored events such as banquets, PTA meetings, and dances. Staff and school board meetings, retreats, and conferences present additional opportunities to earn income. Given the potential that the central kitchen operation could have excess food production capacity, opportunities likely exist to serve organizations outside of the school district as well. There is potential

that a school district consortium could be established to maximize the efficient food production capacity of the central kitchen while benefiting other school districts.

A successful catering program has the potential to bring in thousands of dollars of revenue depending on the aggressiveness of the marketing effort. However, with increased catering, the need for additional central office staff may arise. Analysis should continue to be performed to ensure that the workload involved with an increase in catering functions does not surpass the capacity of the current staff level. At the point where it would not be possible to increase catering any further without hiring additional central kitchen staff, then additional efforts at increasing the amount of catering should be further evaluated.

The food service program needs to expand participation in its breakfast program

State law requires a breakfast program in every elementary school, but not in secondary schools. There are three middle schools and three high schools in Okaloosa County without a breakfast program. This is due primarily to lack of a legal requirement to offer breakfast programs in secondary schools and the district's decision to not offer a breakfast program based on lack of response to a survey and little interest expressed by parents.

Exhibit 13-13 shows the number of students enrolled in 2000-01 who would pay full price for their meals and the number eligible for reduced price and free meals. Research findings support the linkage between the serving of school breakfast and student learning. As a result, school districts and food service administrators across the United States are continuing to implement innovative programs to increase student breakfast participation such as "breakfast-in-a-bag" that may be served on school buses or in classrooms.

Exhibit 13-13

There Are Six Okaloosa County Schools Without a Breakfast Program

School Name	Number of Full Price Enrollment	Number of Free and Reduced Price Enrollment	Total Enrollment
Davidson Middle	602	222	824
Destine Middle	563	46	609
Meigs Middle	505	212	717
Sub-total	1,670	480	2,150
Choctawhatchee High	1,725	307	2,032
Crestview High	1,425	310	1,735
Fort Walton High	1,787	153	1,940
Sub-total	4,937	770	5,707
Total	**6,607**	**1,250**	**7,857**

Source: Okaloosa County food service program, food service director.

If these schools were to implement a breakfast program, the district could increase income by $4,667 annually; an increased income of $23,335 over the next five years. Exhibit 13-14 illustrates this expected income, assuming a 10% profit margin on the additional breakfasts served. Breakfast participation rates for the middle and high schools without a breakfast program were estimated using the current high school and middle school participation rates by paid, reduced, and free categories. Overall meal participation figures tend to decrease as students progress through grade levels.

Exhibit 13-14

Potential Incomes From Implementing Additional Breakfast Programs

School Category	Number of Students w/o Breakfast Program	Participation Rates at Schools with Breakfast Program	Potential Annual Participation at Schools w/o Breakfast Program [1]	Revenue per Breakfast [2]	Total Revenue	Total Income [3]
Middle School						
Paid	1,670	2%	6,000	$0.50	$3,000	$300
Reduced	167	8%	2,400	$1.15	$2,760	$276
Free	313	19%	10,700	$1.15	$12,305	$1,231
Sub-total	2,150		19,100		$18,065	$1,807
High School						
Paid	4,937	1%	8,900	$0.50	$4,450	$445
Reduced	185	3%	1,000	$1.15	$1,150	$115
Free	585	19%	20,000	$1.15	$23,000	$2,300
Sub-total	5,707		29,900		$28,600	$2,860
Total	**7,857**		**49,000**		**$46,665**	**$4,667**

[1] Average daily participation is multiplied by 180 school days per year to determine annual participation and rounded to the nearest hundredth.
[2] Revenue to the food service program for a reduce price breakfast would include both federal ($.85) and student contributions ($.40).
[3] Estimate is based on current prices and participations rates, exclusive of other recommendations in this report, such as price increases would increase income.
Source: OPPAGA analyses.

Five-Year Projected Income for Additional Breakfast Programs

	Fiscal Year				
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Annual Income	$4,667	$4,667	$4,667	$4,667	$4,667
Cumulative Income	$4,667	$9,334	$14,001	$18,668	$23,335

Source: OPPAGA analyses.

Recommendations ───────────────────

- *Once accurate and reliable program performance data is available, the food service program should identify alternative service delivery options and conduct an assessment of the costs and benefits of contracting out functions of the food service program and again at least every three years thereafter*

- *The district should develop a requirement that, when feasible, all schools participate in a student breakfast program*

Action Plan 13-7 provides the steps needed to implement this recommendation.

Action Plan 13-7

Evaluate Alternative Service Delivery Options	
Strategy	Evaluate possible alternative service delivery methods to improve the efficiency and effectiveness of the food service program, while ensuring quality.
Action Needed	Step 1: Continue to develop cost information systems to use in planning.
	Step 2: Research and identify alternative service delivery options.

	Step 3:	Conduct cost benefit analyses of alternative service deliver methods compared to the current operation and present findings to the superintendent and the school board.
	Step 4:	Obtain feedback from and brainstorm with food service managers and principals to identify other potential events or opportunities to increase food service revenue, e.g., catering, banquets, meetings, contracting with other agencies and organizations.
	Step 5:	The food service director should oversee the implementation of any additional services, document costs and income, and report this information to the area assistant superintendent of Central School Operations
Who is Responsible	The area assistant superintendent of Central School Operations is responsible for directing the food service director to evaluate alternative service delivery options.	
Time Frame	The district acknowledged it would expand its breakfast programs by August 2002. During the 2002-03 school year, the district should explore other opportunities for increasing food program revenues and at least every three years thereafter.	
Fiscal Impact	Fiscal impact will be determined as part of the evaluation of alternative service delivery options and the cost benefit findings.	

Expand Nutritional Programs

Strategy	Implement breakfast programs at all schools.	
Action Needed	Step 1:	Food service managers should work cooperatively with the food service director to establish breakfast programs in all middle and high schools.
	Step 2:	Meet with principals to obtain support and feedback of breakfast programs in middle and high schools.
	Step 3:	Assess the project outcomes and submit a written report to the superintendent and respective principals recommending options to improve participation based on program results.
Who is Responsible	The area assistant superintendent of Central School Operations is responsible for directing the food service director to outline and implement additional nutritional programs.	
Time Frame	During the 2002-03 school year, implement breakfast program in selected middle and high schools. Assess the project at the end of the 2002-03 school year and complete a written report evaluating the project by June 2003.	
Fiscal Impact	Based on current participation rates at schools with breakfast programs, implementing a breakfast program at the remaining middle and high schools without breakfast programs could increase the district's net income by $4,667 annually.	

Source: OPPAGA.

Financial Accountability and Viability

8 **The program budget is not based on department goals, but is based on revenue and expenditure projections.**

The food service budget is based on actual and projected fiscal information, but lacks formal goals

Since the food service program lacks formal fiscal goals, its budget is based only upon projections using historical revenues and expenditures. Future budgets should include enrollment forecasts, participation rates, and estimated costs of future projects, necessary replacement equipment, computer hardware and software, and other expected expenditures. The district should also have as part of its food service strategic plan, fiscal goals so the district can assess whether the program's fiscal status is in-line with expected performance levels. A food service strategic plan, with fiscal goals and objectives, will allow the district to better gauge program performance.

The food service program has not had accurate monthly fiscal information to make adjustments

Since transitioning to the central kitchen operation, the food service program experienced financial management problems partly because the food service accounting system was never fully implemented. The food service's point-of-sale system including the cash registers and student pin number keypads was never fully programmed to capture by-item sales information. Additionally, until recently, the food service's central kitchen computer system was never fully programmed to capture meal production costs.

Further, the district-level accounting system does not track expenditures on an accrual basis precluding the monthly tracking of accrual expenditures. The food service director needs complete and accurate financial information to help identify cafeterias with revenues and expenditures that don't meet expectations to target and correct problems. Under current practices, the district runs the risk of experiencing an unanticipated loss at the end of the year, and has no way of knowing whether actual expenditures are significantly higher than budgeted and/or whether actual revenues are significantly lower than budgeted. If projections were evaluated against actual costs, the district would have the opportunity to reduce costs during the year or as necessary.

At the time of our review, the district did not have the software capability to evaluate income and expenditure projections against actual revenues and expenditures on a monthly basis and the point-of-sale and back-office computer systems were not able to exchange information. District staff members had to manually enter some critical information daily, such as bank deposits. On May 13, 2002, the school board agreed to purchase the full compliment to the central kitchen's computer system allowing for a fully integrated system. Upon full development of its computer system, the district should be able to manage its food service operation more efficiently.

The food service program should be charged all operating costs

Although the food service program pays for the majority of the indirect costs associated with operating the program (e.g., salaries and benefits of all workers and vehicles for transporting food to schools), the costs of school cafeteria utilities, maintenance, or space are not fully charged back to the program. The food service fund operates as an enterprise fund and should be charged for all costs associated with operating the food service function. In contrast, when other programs cover the cost of the food service

program, money is typically taken from the district's general fund, which would reduce the amount available for classroom expenditures.

Recommendations ——————————————————————

- *The district should develop fiscal goals for the food service program that link to the program's budget in order to increase revenues and reduce expenses. These goals should be part of the program's strategic plan (see Action Plan 13-1).*

- *The district should anticipate necessary budget adjustments during the annual budget process by regular review and comparison of budget projections and actual performance.*

- *The food service program should be charged the full cost of its operations in order for it to recover those costs though its sales revenue.*

Action Plan 13-8 provides the steps needed to implement this recommendation.

Action Plan 13-8

Evaluate Program Fiscal Performance		
Strategy	Develop food service program fiscal goals.	
Action Needed	Step 1:	Develop the food service program fiscal goals that guide the annual budget development process. Program fiscal goals should be part of the strategic plan.
	Step 2:	Validate the accuracy of the reporting system.
Who is Responsible	The area assistant superintendent of Central School Operations is responsible to direct the food service director to establish program fiscal goals as part of the strategic plan and validated system for analyzing these goals versus the budget.	
Time Frame	In-place for preparation of the Fiscal Year 2003-04-budget	
Fiscal Impact	This can be implemented with existing resources.	

Regularly Review Budget		
Strategy	Review budgeted versus actual revenue and expenses on a regular basis. Use this information to make informed management decisions.	
Action Needed	Step 1:	Track actual revenue and expenditure projections versus actual in a format that can be easily compared.
	Step 2:	The food service director, purchasing supervisor, and the finance and accounting supervisor should meet to review and analyze budgeted versus actual expenditures and revenue to discuss plans for making necessary program adjustments to minimize costs and maximize revenue.
	Step 3:	Make management decisions based on this information and plan.
Who is Responsible	The area assistant superintendent of Central School Operations is responsible to direct the food service director to establish program fiscal goals as part of the strategic plan and validated system for analyzing these goals versus the budget.	
Time Frame	In-place for preparation of the Fiscal Year 2003-04-budget	
Fiscal Impact	This can be implemented with existing resources.	

Charge Food Service Program Full Costs	
Strategy	Identify all costs incurred by other district programs in support of the food service program and charge those costs to the food service program.
Action Needed	Step 1: Track actual or estimated expenditures such as cafeteria utility, maintenance, and space costs.
	Step 2: Budget those additional costs into the food service program planned expenditures.
	Step 3: Include additional operational costs in analysis of adequate food prices and set prices accordingly.
Who is Responsible	The area assistant superintendent of Central School Operations is responsible to direct the food service director to identify the full cost of its operations and set its food prices to cover those costs accordingly.
Time Frame	In-place for preparation of the Fiscal Year 2003-04-budget
Fiscal Impact	The district's general fund will realize a savings, as these food service related expenditures will instead be covered by food service program revenues. The district has acknowledged it will charge its food service program the full cost for its operation by 2002-03 school year.

Source: OPPAGA.

9   The district's financial control process has started an ongoing review of the program's financial and management practices.

Food service automation is being developed

The district has food service financial controls in place, but they are not used to evaluate financial and management practices. The program has procedures outlining the collection, deposit, and disbursement of money, as well as procedures to account for reimbursable meals and other food sales. However, these procedures have not been reviewed for efficiency or needed changes. The food service computer system is designed to help the food service director manage and monitor program performance. The system also assists cafeteria managers in collecting data on meal counts and meal categories (free, reduced, and paid). However, as mentioned above, both the point-of-sale system used in the school cafeteria and the back office system used at the Nutrition Center have never been developed to their full potential. Thus, the systems do not provide all the possible financial information that could readily be used to efficiently and effectively management the food service program.

The food service program is in the process of developing its automated system to monitor financial and management practices and overall program performance. Reporting financial information from individual cafeterias has been limited by counting only meals by category (i.e., free, reduced, paid, a la carte) rather than the actual items being sold. This lack of automation impedes the food service director's ability to monitor demand for menu items and program costs and identify and implement timely program changes to contain costs.

The district has not had the advantage of key production and cost information to make informed decisions since establishment of the cook-chill facility. Since the transition to a central kitchen operation, the new back office computer system had never been fully developed to capture accurate production and labor information. Instead, the food service director and staff produced menu items based on ability rather than informed cost information. Therefore, the program likely produced some items that cost more to make than buy, and vise versa.

By the end of our fieldwork for this review, the food service program staff were beginning to develop its back-office computer systems to collect accurate production and labor cost information to enable the food service director to conduct "make or buy" analyses and informed production decisions. Also needed was the integration of the multiple automated systems. As mentioned above, the school board agreed with its staff recommendation to purchase the full compliment of hardware and software for its central kitchen computer system, which should result in a fully integrated food service operation system.

School cafeteria cash handling practices need to be improved

During OPPAGA's site visits, cafeteria mangers and assistants were observed counting cash from daily lunch deposits in unlocked kitchen offices with individuals entering and exiting the offices. The back doors to these kitchens were also unlocked. The relaxed cash handling practices observed at kitchens provides a concern for both employee safety and the protection of district funds. All managers and employees who deal with cash should be trained or retrained on proper cash handling procedures. Food service quality control managers should incorporate cash handling in the site visitation report and should make sure that proper practices are being followed on each visit to their respective kitchens. Where applicable, curtains or screens should be on office windows and should be closed when cash is being counted. Office doors should be locked when cash is out and cash secured at all other times.

Some meal prices are too low when compared to the peer districts

Even though food costs and labor rates have increased significantly, the district has not raised its meal prices in at least 10 years. As Exhibit 13-15 illustrates, the district's meal prices are among the lowest of its peers. The price charged for full meals has been the same for so long that it is now substantially less than the total federal and state supplement the district receives for students who are eligible for free meals.

Although reliable cost figures are not yet fully developed, it appears that the district may not be charging students who pay full price enough to cover the costs of meal production. The food service program experienced an operating deficit in 2000-01, and has lost money in three of the past four years. Without raising meal prices, the program is likely to continue to experience operating losses, especially if it is fully charged for utility and maintenance costs as discussed earlier in this report. This will force the district to continue to expend food service reserve fund monies or, if reserve monies are insufficient, to use general operating funds to meet the budget shortfall. Since the district has recently committed to purchase a new point-of-sale automated system costing $322,884, the food service program's unrestricted cash reserves may already be nearly depleted.

The food service director should evaluate menu prices on an annual basis and the school board should make price adjustments, where appropriate, to keep pace with increasing costs of administration, training, food, labor, and other operating expenses. Pricing strategies may include incremental annual meal price increases (e.g., five cents). Annual menu price comparisons should be made to ensure that district lunch menu prices remain within a satisfactory range of other peer districts. Meanwhile, the district should continue to improve food quality, service, and expand the use of food courts to increase participation and customer satisfaction.

Exhibit 13-15

1999-2000 Full Meal Prices

Meal	Elementary School	Middle School	High School	Adult Price
Breakfast				
Alachua	$1.00	$1.00	$1.00	$1.25
Bay	0.70	0.70	0.70	1.25
Escambia	0.90	1.30	1.30	1.70
Lake	0.75	NA	NA	NA
Marion	0.95	0.95	0.95	1.20

Meal	Elementary School	Middle School	High School	Adult Price
Okaloosa	**0.50**	**0.55**	**0.55**	**0.75**
Santa Rosa	0.60	0.60	0.60	1.00
Walton	0.60	0.60	0.60	1.00
Peer Average [1]	$0.79	$0.86	$0.86	$1.23
Lunch				
Alachua	$1.50	$1.65	$1.65	$2.00
Bay	1.50	1.75	1.75	2.50
Escambia	1.60	2.00	2.00	2.50
Lake	1.10	1.35	1.35	2.00
Marion	1.35	1.50	1.50	2.05
Okaloosa	**1.30**	**1.40**	**1.40**	**1.80**
Santa Rosa	1.50	1.75	1.75	2.25
Walton	1.25	1.40	1.40	2.25
Peer Average [1]	$1.40	$1.63	$1.63	$2.22

[1] Excluding Okaloosa.

Source: Florida Department of Education Food and Nutrition Management Full Price Report.

Exhibit 13-16 shows potential additional income by raising paid meals prices to the peer average.

Exhibit 13-16

Potential Income From Increasing Paid Meal Prices

Meal	Current Price Per Meal	Average Peer Price Per Meal	Proposed Paid Meal Price Increase	Number of Paid Meals Served Per Year [1]	Potential Additional Income [2]
Paid Breakfast					
Elementary	$0.50	$0.79	$.25	123,000	$30,750
Secondary	0.55	0.86	.25	23,000	5,750
Paid Lunch					
Elementary	1.30	1.40	.10	760,000	76,000
Secondary	1.40	1.63	.20	355,000	71,000
TOTAL					**$183,500**

[1] Rounded to nearest thousand.
[2] Estimate is based on current participation rates, exclusive of other recommendations in this report.
Source: OPPAGA calculations based on Okaloosa County food service program data, Fiscal Year 2000-01 and peer data from the Florida Department of Education Food and Nutrition Management Full Price Report.

Exhibit 13-17 shows the annual increases in income by phasing in paid meal price increases by five centers per year.

Exhibit 13-17

Proposed Meal Price Increases Phased-In By Five Cents Per Year

	Fiscal Year				
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Paid Breakfast					
Elementary	$.55	$.60	$.65	$.70	$.75
Secondary	.60	.65	.70	.75	.80
Paid Lunch					
Elementary	1.35	1.40	1.40	1.40	1.40
Secondary	1.45	1.50	1.55	1.60	1.60

Source: OPPAGA analyses.

Projected Five-Year Income From Phasing-In Meal Price Increases

	Fiscal Year				
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Paid Breakfast					
Elementary	$6,150	$12,300	$18,450	$24,600	$30,750
Secondary	1,150	2,300	3,450	4,600	5,750
Paid Lunch					
Elementary	38,000	76,000	76,000	76,000	76,000
Secondary	17,750	35,500	53,250	71,000	71,000
Annual Revenue Increase	**63,050**	**126,100**	**151,150**	**176,200**	**183,500**
Cumulative Revenue Increase	**63,050**	**189,150**	**340,300**	**516,500**	**700,000**

Source: OPPAGA analyses.

Recommendations ⸻

- *The district should ensure full development of its food service computer systems to generate necessary financial information to manage the food service program.*

- *To ensure future financial viability, the food service director should prepare an annual financial analysis to the school board and recommend an increase in meal prices. In future years, the analysis should address the issue of meal prices and, if necessary, recommend additional price adjustments.*

Action Plan 13-9 provides the steps needed to implement this recommendation.

Action Plan 13-9

Develop Food Service Automation System	
Strategy	Continue to develop and operationalize its central kitchen computer systems.
Action Needed	Step 1: Identify the district's food service automated information needs.
	Step 2: Outline central office data/automated information needs.
	Step 3: Outline individual school automated information needs.
	Step 4: Identify data that should routinely be available to Finance and Accounting.
	Step 5: Identify data that should routinely be available to the assistant superintendent overseeing food services.
	Step 6: Identify reports the back-office and point-of-sale computer systems should produce to manage the food service operation and ensure programming necessary to produce such reports is complete.
Who Is Responsible	The area assistant superintendent of Central School Operations is responsible for ensuring that the food service director or contracted firm fully develops the food service automation system to provide required information for the proper administration of the food service operation.
Time Frame	Fully develop and implement the system by December 2002
Fiscal Impact	The district recently committed to funding the purchase of new hardware and software to complete and integrate the food service computer system. Implementation of this recommendation can be implemented with existing resources.

Raise Paid Meal Prices	
Strategy	Increase the charge per meal for all paid lunches and breakfasts.
Action Needed (may need to differentiate between breakfast and lunch prices)	Step 1: Prepare necessary paperwork for submission to the school board for approval to raise meal prices. Step 2: Obtain school board approval to raise meal prices. Step 3: Implement increased meal prices.
Who Is Responsible	The area assistant superintendent of Central School Operations is responsible for directing the food service director to prepare a price increase proposal for presentation to the school board.
Time Frame	Meal price increases should begin being implemented by August 2002
Fiscal Impact	This would result in a first-year increase in revenue of $63,050 the fist year and $700,000 over a five-year period.

Source: OPPAGA.

10 The district accurately reports meals served by category.

Procedures are in place to report meals served by category

The district has policies and procedures in place to accurately report the number of paid, free, and reduced meals served. Each school uses the district's PCS point-of-sale computerized system to track meals served by category (i.e., free, reduced, paid) for each student. Each student has an account number and enters the number on a keypad once for each meal period. OPPAGA's review of a sample of a consolidated meal count submitted to the Department of Education with the meal count from an individual school was found to be accurate. The new point-of-sale system mentioned above should be fully tested before going on line to ensure continued accuracy in its reporting.

Edit checks are run to compare the number of free and reduced meals served with the approved free and reduced meal applications times an attendance factor. However, the food service director only reviews these edits checks once per month and does not determine why free or reduced meals exceed approved applications times an attendance factor. On any given day the USDA estimates that 7% of the students are expected to be absent from school and therefore not served a free or reduced meal. To determine whether no more than 93% of approved applications for free or reduced meals are served, the edit check flags the percentage served above 93% for each day. The food service director should review these edit checks more frequently to follow-up with cafeteria managers to explain the deviation and record the explanation for review by the Department of Education.

11 The district does not regularly evaluate purchasing practices to decrease costs and increase efficiency.

The district needs to routinely evaluate purchasing practices

The district has developed purchasing procedures and specifications for the purchase of major food, supply, and equipment items. Individual bids include special instructions specifying for example delivery locations and schedules. The food service director prepares the bid specifications for food purchases, forecasts food purchases for the year, and decides what entrée items to put in the bid. The food service director gives the bid specifications to the Purchasing Department for organizing and presenting to

bidders. The Purchasing Department maintains a master bid list of vendors. The Purchasing Department distributes the request for bids to prospective vendors and a committee of three purchasing department employees opens and tabulates vendor responses. A committee of three food service employees including the food service director reviews the bids and makes a recommendation of award to the Purchasing Department, who then presents a recommendation to the school board for approval.

Currently, the food service director unilaterally develops bid specifications without input from vendors. However, the district does not know if it is getting the maximum benefit from its food service purchasing practices or inadvertently excluding some vendors from participating because of bid specifications. That is, the district does not know whether for example food specifications are limiting vendor's ability to offer the best price given the specifications in the request for proposal. Consequently, different delivery schedules may be more cost efficient for vendors, but the district would not know that without holding a pre-bid meeting to discuss with vendors specifications that may be causing higher bids. There is a need for more communication between the food service program, the Purchasing Department, and vendors in developing specifications for major purchases. While the food service director has expertise regarding selection of food items and necessary bid specifications, the vendors know their costs and the specifications that affect their bids. Increased communication between the district and vendors should result in more efficient purchasing practices, increased bid and vendor satisfaction, and cost savings to the district. The district should also consult with its vendors and nearby school districts to determine whether a purchasing co-operative would reduce food costs. This may include a purchasing co-operative to include food products such as milk, bread, juice, ice cream, snacks, and pizza.

Recommendations —————————————————————

- *The district should establish pre-bid meeting procedures to improve communication with vendors in developing bid specifications for major food, supply, and equipment items.*

Action Plan 13-10 provides the steps needed to implement this recommendation.

Action Plan 13-10

Establish Vendor Pre-bid Meetings		
Strategy	Involve vendors in specification development to reduce costs and increase quality of purchased food products.	
Action Needed	Step 1:	Distribute proposed bid specifications to all qualified vendors and ask that they review the specification for potential inefficiencies.
	Step 2:	Invite all qualified vendors to a pre-bid meeting to discuss the bid specifications.
	Step 3:	Revise bid specifications based on discussions with vendors.
Who is Responsible	Food service director and purchasing director.	
Time Frame	Prior to bid renewal or requests for bids for the 2003-04 school year	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

12 The district has not developed an effective inventory control system that is appropriate to the size of the school nutrition program.

The inventory control systems are not yet fully operational

The district's food service inventory management systems have not yet been fully developed to accurately provide all necessary information to effectively control central office, central warehouse, cook-chill production facility, and school cafeteria inventories. In 2001, a review of the district's USDA commodity food program conducted by the Florida Department of Agriculture and Consumer Services found several food items in the computer inventory did not match the physical inventory. Since then, the district started a perpetual inventory for USDA-distributed commodities and conducts a monthly physical inventory of USDA items for comparison at its central kitchen/warehouse location. However, during OPPAGA's initial site visits, the computer system had not yet been consistently producing reliable perpetual inventories of USDA commodities and purchased items to compare to physical inventories. The food service director reported that a software upgrade to it inventory management system caused inventory data to be corrupted.

The district does have procedures for conducting monthly inventories of USDA commodities and purchased items, but is only beginning to develop its automated systems to produce an accurate perpetual count. During OPPAGA's third site visit, we selected several items (about 10 total purchased and commodity line items of various types), sent district teams to get a physical blind count of the line items while having a quality control manager produce the perpetual count from the computer. Blind counts had to come from the warehouse, kitchen prep, production (done for the day), coolers/freezers, and the delivery staging area. The results were mixed. Some items matched exactly, or were close enough (one case off) to be reasonable. However, not all items did match closely enough. For example, a physical count of about 109 – 50-pound bags of flour came out short by over 122 bags compared to the computer records of about 231 bags. The food service staff need to reconcile the differences detected in its monthly comparison of physical and perpetual inventory counts.

Considering the discrepancies found among USDA commodity items at the central kitchen/warehouse, inventories of purchased items and inventories at school cafeteria should also be reconciled on a monthly basis. The school district also needs to continue to develop its inventory management systems to accurately track inventory of both USDA commodities and purchased items to ensure that food is not being wasted or stolen.

Recommendations ──────────────────────

- *The district should continue to ensure the development of its food service inventory management system and reconcile any discrepancies detected during its monthly perpetual inventory comparisons to physical counts.*

    Action Plan 13-11 provides the steps needed to implement this recommendation.

Action Plan 13-11

Develop Inventory Control System	
Strategy	Continue to develop the inventory control system including refinements to the automated inventory management system.

Action Needed	Step 1:	Continue to compare physical counts to perpetual counts and reconcile the difference monthly.
	Step 2:	Amend the automated inventory management system to account for variables complicated by a central kitchen operation such as the stages of production.
Who is Responsible		The area assistant superintendent of Central School Operations is responsible for ensuring that the food service director or contracted firm fully develops the food service inventory system to provide required information for the proper administration of the food service operation.
Time Frame		Central kitchen/warehouse inventories should be monitored monthly and school cafeteria inventories should be spot-checked every three months.
Fiscal Impact		This can be implemented with existing resources.

Source: OPPAGA.

13 The district has a system for receiving, storing, and disposing of food, supplies, and equipment.

Food service has a receiving system

The district has a system that records the purchase and delivery of food, supplies, and equipment and limits the number of persons authorized to receive purchased items. Warehouse personnel receive deliveries to the central kitchen/warehouse and check requisitions against delivery invoices. Unacceptable items are noted and returned to the vendor for credit. At school sites, cafeteria managers or a designee are required to check actual delivery of items from the central kitchen/warehouse against the delivery ticket. Cafeteria managers are required to prepare a receiving ticket prior to delivery that lists all items to be delivered and keep those records on site.

Carver Hill cooler and freezer units should be shut down

The central kitchen/warehouse facility located in Niceville has adequate dry, cooler, and freezer storage for approximately six months of inventory. The district's food service warehouse staff has transferred deliveries in excess of this capacity to a 6,000 square foot cooler and freezer located at the districts Carver Hill facility. However, with proper ordering procedures and inventory control at the central kitchen/warehouse, the district should not need the cooler and freezer space at the Carver Hill complex. Since subletting the cooler and freezer space on district property to another entity is likely not feasible, the district should turn off the cooler and freezer units saving about $900 monthly in utility costs. The district may be able to use the facility as a warehouse.

Projected Five-Year Savings From Reduced Utility Costs at Carver Hill

	Fiscal Year				
	2002-03	**2003-04**	**2004-05**	**2005-06**	**2006-07**
Annual Savings	$10,824	$10,824	$10,824	$10,824	$10,824
Cumulative Savings	10,824	21,648	32,472	43,296	54,120

OPPAGA estimates.

Recommendations ——————————————

- *The district should turn off the cooler and freezer storage units located at its Carver Hill*

facility.

Action Plan 13-12 provides the steps needed to implement this recommendation.

Action Plan 13-12

Minimize Energy Costs	
Strategy	Turn off cooler/freezer units at the Carver Hill warehouse facility.
Action Needed	Step 1: Turn off cooler/freezer units.
	Step 2: Use cooler/freezer space for dry storage.
	Step 3: Consider selling cooler/freezer.
Who is Responsible	The food service director.
Time Frame	By the end of the 2001-02 school year
Fiscal Impact	The annual fiscal impact will be $10,824 and $54,120 over a five-year period.

Source: OPPAGA.

14 The district does not have a plan for the repair and replacement of equipment that includes preventative maintenance practices.

There is no plan for equipment maintenance or replacement

The district lacks sufficient equipment inventory information for school cafeteria equipment upon which to develop an equipment replacement and maintenance plan. The district has an inventory of all school cafeteria equipment, but does not have a corresponding list of equipment condition or necessary maintenance intervals and services to be performed. Currently the food service program has one maintenance person on its staff that maintains an inventory list and corresponding maintenance schedule for the new equipment recently installed in the central kitchen facility.

The district's maintenance department typically responds to school cafeteria manager requests for equipment repair on an as-needed basis. Although most staff reported that the district's maintenance department handled repairs timely, a preventative maintenance plan could extend the life of equipment and minimize potential disruptions to the food service program. Studies have shown that equipment that undergoes routine preventive maintenance (e.g., changing fluids and belts and recalibrating gauges) lasts longer and therefore costs less over time than equipment that is only serviced when a component breaks. Further, the district does not have a corresponding list of expected replacement dates for each piece of equipment. Without a replacement plan, expenditures for major equipment purchases cannot be planned for in cash flow budgets. Consequently, major equipment replacement could result in un-programmed operating losses.

Currently, the maintenance department is developing a district inventory database to track all equipment maintenance and replacement needs to include in a master plan. Once complete, the computer system should be used to generate reports for equipment service and replacement plans.

Recommendations ————————————————————

- *The district should develop both a comprehensive preventive maintenance and equipment replacement plan for the food service program.*

Action Plan 13-13 provides the steps needed to implement this recommendation.

Action Plan 13-13

Improve Equipment Maintenance and Replacement		
Strategy	Develop a long-range equipment replacement and preventative maintenance plan.	
Action Needed	Step 1:	Identify equipment replacement needs and costs for the next five years.
	Step 2:	Obtain input from cafeteria managers on equipment use rates.
	Step 3:	Inspect and document current equipment conditions.
	Step 4:	Develop equipment maintenance plans to maximize the life of the product and minimize replacement costs.
	Step 5:	Submit the equipment replacement and maintenance plans to the maintenance department for inclusion in an overall equipment plan.
Who is Responsible	The food service director.	
Time Frame	June 2003	
Fiscal Impact	The cost to upgrade the MAXIMO system is given in Action Plan 11-9, page 11-22. The district should charge the food service program for costs maintenance program incurs for tracking food service equipment needs.	

Source: OPPAGA.

Preparation and Nutrition

15The district provides school meals designed to meet the nutritional needs of students.

The food service program plans menus that meet student nutritional needs and dietary guidelines

The food service program attempts to strike a balance between ensuring that it provides basic nutritious food required for the district to receive reimbursement and providing foods with taste appeal and appearance that will attract student participation. The food service program offers basic nutrition required in reimbursable meals, but serves additional popular food items that are attractive to students and increase cafeteria sales such as Pizza Hut pizza. Cafeteria managers usually set up separate serving lines for serving popular food items. However, time allotted for lunch often precludes students from going through the regular serving line to select other items for a complete meal. Consequently, students may not have ready access to both popular food items and nutritious food items to make a complete meal. If the district continues to serve popular food items, it should consider incorporate such items into the reimbursable meal serving lines so that all students have the opportunity to select a complete meal.

In 2001, the food service program was found by School Meal Initiative review by the Florida Department of Education Food and Nutrition Office to have excessive sodium, total fat, and saturated fat content in certain menu items. For example, turkey pot pie had 1,092 grams of sodium compared to 600 grams recommended allowance. To ensure the quality and nutritional value of menu items, the food service program should develop a procedure to test the integrity of menu items served on a sample basis across all school cafeterias.

Administrative staff receive nutrition training

Both the food service administrators and cafeteria managers receive nutrition education. However, the food service program does not have a registered dietician on staff to help develop the master menu that is distributed to all schools. Cafeteria managers are provided nutrition training through the monthly manager's meetings, but food service workers do not receive nutrition training. Although prescribed recipes and menus are provided, staff sometimes tailor recipes to taste or otherwise alter them to make them more appealing. Lack of staff training could impact the nutritional value of meals since these workers are responsible for actually preparing the items served.

Some food items are tested prior to purchase

The district makes an effort to test convenience foods for nutrition and student acceptability. The food service program also has a test kitchen to test new recipes and food products. The district provided documentation of a pizza taste test conducted by students and faculty for awarding vendor contracts to deliver pizzas to schools. However, the district allowed students to select from three vendors to provide pizza to their school. The district may be able to negotiate more favorable prices with vendors if contracts were district-wide. Further, when the district fully develops its food service program computer system, it should be able to conduct "make vs. buy" decisions comparing convenience pre-packaged foods to central kitchen produced items for cost-effectiveness.

16 The district's food production and transportation system does not ensure the service of high quality food with minimal waste.

The district uses standardized recipes, generally adheres to correct serving sizes, and has refrigerated trucks that deliver food to schools to maintain food quality and safety. However, the food service program has not maximized its USDA commodity allocation, routinely analyzed wasted food, and tracked over or under food production.

Use of USDA commodities should be improved

The food service program does not know if it is getting the most for its money when ordering USDA commodities. The food service program does not do an analysis of purchased food costs and USDA item value to maximize commodity allocations. For example, the food service program does not know if it can purchase flour at less cost than the USDA can provide commodity flour. Further, the food service program has not taken full advantage of its commodity allocation totaling $338,725 in 1999-00 and $340,956 in 2000-01. Instead, the food service program ordered only 78% of its total allocation each year in order to reduce excess inventory. The food service program needs to order its full allocation thereby reducing expenditure for purchased items. Otherwise, the result is a direct loss of income to the district such as $73,780 in 1999-00 and $74,414 in 2000-01.

The food service program could improve its use of USDA Donated Foods (commodities) by better managing its inventory, making full use of its allocation, and being more selective in how it uses its allocation. Because the district did not properly manage its inventory of commodities prior to 1999-00, program staff had so much inventory on hand it had to use up aging inventory and not take full advantage of its annual allocation. This occurred again in 2000-01. As a result, for each year's allocation of approximately $340,000, twice the district was unable to take advantage of about $75,000 of free commodities. These revenues are lost forever. Better management attention to inventory should avoid future lost opportunities. In addition, management should attempt to optimize the allocation it orders. That is, comparing its historical purchase food prices and commodity projection, the district should select commodities and processed commodities that will make best use of allocations. Thus, the district will spend less of its cash for purchased items. Many districts also over-order their allocation in case some

line items become unavailable. This method is not only allowed, it is encouraged by the state processing office. Additional allocations of select items may become available during the school year. These additional allocations should be accepted only if the select items can be readily used and not disrupt inventory usage forecasts and result in over stocking.

Meal production records should require more information

Annual cafeteria inspections include an observation of school meal production but do not include specific procedures to ensure that data is collected for waste analysis. The site review instrument does not require notation of what students are throwing away and will not provide necessary feedback to cafeteria managers on ways to reduce food waste.

Food service staff do not collect and analyze sufficient meal production information to minimize food waste. Each cafeteria manager is responsible for completing a meal production sheet for every meal served. However, this information is not sent to the central food service office. The meal production sheet records information such as portion size, number of portions planned, and leftovers. Further, the production report does not contain a reference to portion utensils nor does it indicate under-production. Neither the food service director nor anyone in the central food service office regularly reviews the individual school meal production reports. The annual site review includes a check of the production reports but this one-time inspection does not allow for analysis over time. This could result in higher districtwide food costs if schools are regularly over-serving or over-producing meals. On the other hand, without noting under-production or cases where the number of main entrees ran out before all students were served, information is not available to ensure maximum meal participation.

Recommendations ———————————————————

- *The district should order its full USDA allocation and over order appropriately.*

- *The district should collect more meal production information to make corrections.*

Action Plan 13-14 provides the steps needed to implement this recommendation.

Action Plan 13-14

Maximize USDA Commodity Allocation		
Strategy	Improve USDA commodity ordering to minimize waste and maximize the USDA commodity allocation.	
Action Needed	Step 1:	Consult cafeteria managers about ordering needs and potential use rates of USDA commodities.
	Step 2:	Design menu items to maximize use of commodity allocations.
	Step 3:	Compare USDA item prices with vendor prices to maximize value dollar prior to ordering USDA commodities.
	Step 4:	Compare the current inventory of USDA commodities with original receipt amounts to assess use rates to assist in identification of high and low use commodities prior to ordering.
Who is Responsible	The food service director with the assistance of the quality control managers.	
Time Frame	June 2003	
Fiscal Impact	This can be implemented with existing resources.	

Minimize Waste and Over Production	
Strategy	Require notation of waste and over-production on the cafeteria site review instrument.

Action Needed	Step 1:	Revise the cafeteria site review instrument to require notation of what students throw away and over production of food.
	Step 2:	Provide a copy of the completed site review instrument to cafeteria managers to allow for meal production adjustments.
Who is Responsible	The food service director with the assistance of the quality control managers.	
Time Frame	August 2002	
Fiscal Impact	This can be implemented with existing resources.	

Source: OPPAGA.

Safety and Sanitation

17 **The district follows safety and environmental health practices and regulations.**

Safety regulations are followed but copies are not kept at all cafeteria sites

The Okaloosa County Health Department typically inspects the food service program for compliance with safety and environmental health practices. OPPAGA staff observed that county inspections typically rated school cafeteria satisfactorily with few recommendations such as cleaning of oven hoods. However, during 2001, the West Nile Virus outbreak in North Florida required county health inspectors to delay their inspections of school district cafeterias. In their absence, the food service program should have conducted more frequent inspections for compliance with safety and environmental health practices. For example, OPPAGA staff observed a can opener and air vents at one school with substantial unsanitary residue buildup. Also, the county health department distributes two copies of disaster plans and emergency procedures to each school, but OPPAGA staff found only one school with ready access to emergency procedures.

Additionally, the district is self-insured for workers' compensation and should conduct a risk assessment to minimize its exposure to workers' compensation claims related to school cafeteria accidents. There is no documentation that the district's Risk Management Department conducts regular inspections regarding safety and environmental health practices and regulations.

Recommendations ———————————————————

- *The district should take steps to minimize risk of injury at school cafeterias.*

Action Plan 13-15 provides the steps needed to implement this recommendation.

Action Plan 13-15

Minimize Risk of Injury	
Strategy	School cafeterias should be inspected for workplace hazards by risk management and school cafeteria managers should ensure staff ready access to county first aid procedures.
Action Needed	Step 1: Evaluate workers' compensation claim records to identify school cafeterias with the highest rate of claims.
	Step 2: Direct risk management to identify hazardous conditions and make recommendations to address any issues.
	Step 3: Provide each cafeteria manager a copy of the county health department's first aid procedures reference chart and require that it be located by the first aid kit readily available for quick access by any staff.
Who is Responsible	The food service director.
Time Frame	Begin August 2002
Fiscal Impact	This can be accomplished with existing resources.

Source: OPPAGA.

14 Cost Control Systems

The district's cost control systems include internal auditing, financial auditing, asset management, risk management, inventory management, financial management, purchasing, and payment processing. Overall, the district has established effective cost control systems in these areas. However, certain enhancements could be made in the areas of internal auditing, risk management, financial management, and purchasing.

Conclusion

The Okaloosa County School District (district) generally established effective cost control systems. The district uses all best practices related to financial auditing, asset management, inventory management, purchasing, and payment processing. The district can enhance its internal auditing process by establishing a more formalized risk assessment process so that management could use the results of the process to effectively allocate resources. In the area of risk management, the district should formalize its disaster recovery procedures to ensure that all staff are aware of their responsibilities when a disaster, such as a hurricane, occurs. In financial management, the district should develop a policy that provides a process for employees to report improprieties and to identify the rights and responsibilities of employees reporting such improprieties. The district should also develop processes to encourage the use of direct deposit for employee payroll.

During the course of this review, the Auditor General identified a number of district accomplishments in the cost control systems, some of which are included in Exhibit 14-1.

Exhibit 14-1

The District Has Had a Number of Notable Accomplishments in Cost Control Systems in the Last Three Years

- The district has established school site-based financial management ahead of the phase-in period required by the state.
- Through strong inventory management, the district has significantly reduced the amount of inventories it maintains.
- The district's finance function has continued to provide and improve financial services even though there has been higher than average employee turnover and staff reductions.

Source: Okaloosa County School District.

Overview of Chapter Findings

The Auditor General reviewed the district's cost control systems using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. We employed several methodologies to develop chapter conclusions and action plans. For instance, we conducted on-site interviews with district level managers and gathered information on the cost control systems' activities,

such as reviewing policies and procedures, analyzing financial data, including general ledger reports, budget reports, reports made to the board, and audited financial reports.

Fieldwork was concluded in July 2002, therefore any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Internal Auditing

1. The district has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that will improve performance. (Page 14-6)

Financial Auditing

2. The district obtains an external audit in accordance with government auditing standards. (Page 14-9)

3. The district provides for timely follow-up of findings identified in the external audit. (Page 14-10)

4. The district obtains and reviews required financial information relating to school internal accounts, direct-support organizations (DSOs), and charter schools. (Page 14-10)

Asset Management

5. Segregation of Duties: The district segregates responsibilities for custody of assets from record keeping responsibilities for those assets. (Page 14-13)

6. Authorization Controls: The district has established controls that provide for proper authorization of asset acquisitions and disposals. (Page 14-14)

7. Project Accounting: The district has established records that accumulate project costs and other relevant data to facilitate reporting construction and maintenance activities to the board, public, and grantors. (Page 14-14)

8. Asset Accountability: The district provides recorded accountability for capitalized assets. (Page 14-15)

9. Asset Safeguards: Assets are safeguarded from unauthorized use, theft, and physical damage. (Page 14-15)

Inventory Management

10. Segregation of Duties over Inventory: The district segregates responsibilities for custody of inventories from record keeping responsibilities for those assets. (Page 14-18)

11. Inventory Requisitioning Controls: The district has established and implemented controls that provide for proper inventory requisitioning. (Page 14-18)

12. Inventory Accountability and Custody: The district has established controls that provide for inventory accountability, and appropriate safeguards exist for inventory custody. (Page 14-18)

13. Inventory Management: The district periodically evaluates the inventory function to determine its cost-effectiveness. (Page 14-19)

Risk Management

14. General: The district has a process to set objectives for risk management activities, identify and evaluate risks, and design a comprehensive program to protect itself at a reasonable cost. (Page 14-20)

15. Providing for Coverage Against Risk Exposure: The district has comprehensive policies and procedures relating to acquiring and reviewing coverage for risks of loss. (Page 14-21)

Financial Management

16. Management Control Methods: District management communicates its commitment and support of strong internal controls. (Page 14-27)

17. Financial Accounting System: The district records and reports financial transactions in accordance with prescribed standards. (Page 14-29)

18. Financial Reporting Procedures: The district prepares and distributes its financial reports timely. (Page 14-29)

19. Budget Practices: The district has a financial plan serving as an estimate of and control over operations and expenditures. (Page 14-30)

20. Cash Management: The district has effective controls to provide recorded accountability for cash resources. (Page 14-31)

21. Investment Practices: The district has an investment plan that includes investment objectives and performance criteria designed to maximize return consistent with the risks associated with each investment, and specifies the types of financial products approved for investment. (Page 14-31)

22. Receivables: The district has established effective controls for recording, collecting, adjusting, and reporting receivables. (Page 14-32)

23. Salary and Benefits Costs: The district has effective controls that provide accountability for the payment of salaries and benefits. (Page 14-32)

24. Debt Financing: The district analyzes, evaluates, monitors, and reports debt-financing alternatives. (Page 14-34)

25. Grant and Entitlement Monitoring: The district effectively monitors and reports grant activities. (Page 14-35)

Purchasing

26. Segregation of Duties: The district segregates purchasing responsibilities from the requisitioning, authorizing, and receiving functions. (Page 14-36)

27. Requisitioning: The district has established controls for authorizing purchase requisitions. (Page 14-37)

28. Purchasing: The district has established authorization controls over purchasing. (Page 14-38)

29. Receiving: The district has established controls to ensure that goods are received and meet quality standards. (Page 14-39)

Payment Processing

30. Disbursements: The district has established controls to ensure that disbursements are properly authorized, documented, and recorded. (Page 14-39)

31. Invoice Processing: The district has established controls for processing invoices to ensure that quantities, prices, and terms coincide with purchase orders and receiving reports. (Page 14-40)

Fiscal Impact of Recommendations————

One of this chapter's recommendations has a direct fiscal impact—the recommendation to establish a formal risk assessment process. Exhibit 14-2 shows this recommendation.

Exhibit 14-2

One Cost Control Systems Action Plan Recommendation has a Fiscal Impact

Recommendation	Five Year Fiscal Impact
• We recommend that the district implement a more formalized risk assessment process that will enhance the identification of high-risk activities and assist in prioritizing these risks for purposes of resolving them.	• The average annual cost should be approximately $15,000. This amount is based on an estimate of 175 hours at an average rate of $85 per hour ($14,875 rounded up to $15,000). Although first year costs may be higher, efficiencies gained during the first year should result in lower costs in subsequent years. Using the average of $15,000 for each year will result in a cost of $75,000 over five years.
	• Addressing risks identified in the risk assessments will result in cost savings and avoidances that will likely offset the cost of the risk assessments. However, the cost impact of these potential savings and avoidances cannot be determined at this time.

Source: Auditor General.

Background━━━━━━━━━━━━━━━━━━━━━━━━━━━

As provided in s. 230.03(2), *Florida Statutes*, the board is required to operate, control, and supervise all free public schools in the district. Law, rules, regulations, and grantor restrictions applicable to the district's activities define, among other matters, the purposes for which resources may be used and the manner in which authorized uses shall be accomplished and documented. Section 230.23(3), *Florida Statutes*, provides that the responsibility for the administration of the district is vested with the superintendent as the secretary and executive officer of the board. To assure the efficient and effective operation of the district in accordance with good business practices and with applicable legal and contractual requirements, the district must establish and maintain effective cost control systems.
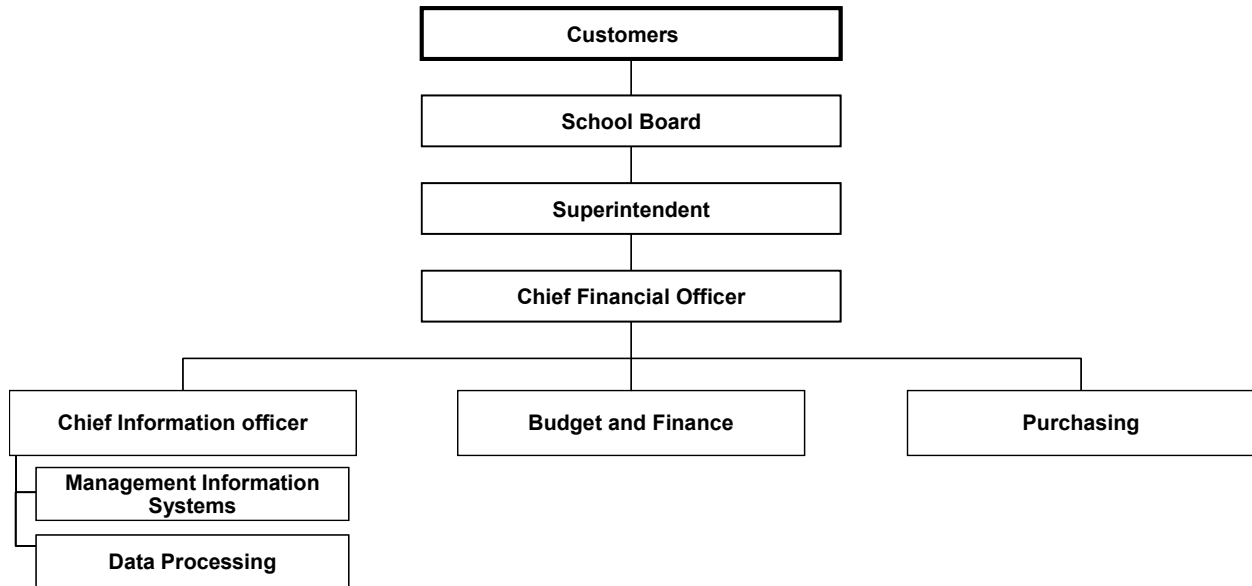
The superintendent is responsible for establishing and maintaining effective cost control systems. The objectives of efficient and effective cost control systems are to

• provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition;

• ensure that transactions are executed in accordance with the board's authorization;

• ensure that transactions are recorded properly to promote reliable financial data;

• ensure that restricted assets are managed in compliance with applicable law, regulations, and contracts; and

• within the constraints established by applicable laws and regulations, ensure that operating policies and procedures promote cost-effective and efficient methods of operation.

Exhibit 14-3 presents the organizational structure of the finance function at Okaloosa County School District.

Exhibit 14-3

The Chief Financial Officer Manages Accounting and Finance Functions

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                    ┌─────────────────────┐
                    │     Customers       │
                    └─────────────────────┘
                              │
                    ┌─────────────────────┐
                    │    School Board     │
                    └─────────────────────┘
                              │
                    ┌─────────────────────┐
                    │   Superintendent    │
                    └─────────────────────┘
                              │
                    ┌─────────────────────┐
                    │Chief Financial Officer│
                    └─────────────────────┘
          ┌───────────────────┼───────────────────┐
┌──────────────────┐ ┌──────────────────┐ ┌──────────────────┐
│Chief Information │ │Budget and Finance│ │   Purchasing     │
│    officer       │ └──────────────────┘ └──────────────────┘
└──────────────────┘
  ┌────────────────────┐
  │Management Information│
  │      Systems        │
  └────────────────────┘
  ┌────────────────────┐
  │  Data Processing    │
  └────────────────────┘
```

Source: Okaloosa County School District.

The finance function is somewhat similar to finance departments in its peer districts and with other similarly sized school districts in the state. At the Okaloosa County School District, significantly all of the responsibilities for ensuring efficient and effective cost control systems rest with the finance function, which is headed up by the chief financial officer.

To develop a better understanding of the financial operating processes, we evaluated the district's efforts to meet best financial management practices in the following eight cost control systems areas:

- internal auditing
- financial auditing
- asset management
- risk management;
- inventory management
- financial management
- purchasing
- payment processing

Internal Auditing

An established internal audit function can add value to district operations

The Institute of Internal Auditors defines internal auditing as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and

improve the effectiveness of risk management, control, and governance processes." A completely established internal audit function's responsibilities (scope) can include:

- verifying the reliability and integrity of information;
- determining compliance with laws, regulations, policies, procedures, and contracts;
- ensuring the safeguarding of assets;
- appraising the economical and efficient use of resources; and
- determining and/or measuring whether established objectives and goals for operations or programs have been accomplished.

The scope of many internal audit functions may not include all of the above responsibilities. Management decisions, the scope of entity operations, and the regulatory environment that the entity exists in can impact the degree of responsibility given an internal audit function. Section 230.23(10)(l), *Florida Statutes* (2001), provides that school boards may employ an internal auditor to perform ongoing financial verification of the financial records of the school district. This law also provides that the internal auditor shall report directly to the board or its designee.

In addition to resources received at the district level, the individual schools also receive moneys for club and class activities. These moneys are deposited in each school's internal accounts, which are commonly referred to as school internal funds. Rule 6A-1.087, *Florida Administrative Code*, requires school districts to provide for annual audits of the school internal funds. As a practicality, internal auditors employed pursuant to s. 230.23(10)(l), *Florida Statutes* (2001), may also be assigned the responsibility for auditing the school internal funds.

1 The district has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that will improve performance.

The district uses in-house and privatized resources to achieve internal audit function responsibilities

Although Florida school districts generally provide for annual audits of school internal funds as required by Rule 6A-1.087, *Florida Administrative Code*, many school districts do not have internal audit functions as suggested by s. 230.23(10)(l), *Florida Statutes* (2001). Okaloosa County School District uses a variety of in-house and privatized resources to achieve many of the responsibilities of the internal audit function. In general, Okaloosa County School District's peer districts do not have internal audit functions as shown in Exhibit 14-4.

Exhibit 14-4

Peer School Districts Do Not Have Internal Audit Functions

School District	Nature of Work
Alachua	No internal auditor; has internal accounts auditor whose primary responsibility is to audit school internal funds.
Bay	No internal auditor; has internal accounts auditor whose primary responsibility is to audit school internal funds. Has also been assigned other duties, including reconciling bank accounts.
Lake	No internal auditor; has internal accounts auditor whose primary responsibility is to audit school internal funds.
Marion	No internal auditor; has internal accounts auditor whose primary responsibility is to audit school internal funds.
Okaloosa	**Uses contracted and in-house resources. See discussion below.**
Santa Rosa	No internal auditor; has internal accounts auditor whose primary responsibility is to audit school internal funds. Has also been assigned other duties.

Source: Auditor General.

The district's practices as they relate to an internal auditor are very similar to other school districts that do not have internal auditors. Where the district's practices differ is that they have contracted with a certified public accounting firm to provide informal analyses of risk and to perform internal audit reviews of operations and areas of high risk and concern to district management. District staff informed us that the firm meets with district management on a periodic basis to assess management concerns and to determine risk. District staff told us that during these periodic meetings, the firm provides assessments/evaluations of district operations which identify potential areas in which enhancements can be made to generate cost savings and efficiencies. District management uses the firm's assessments as well as those of district staff to prioritize those risk areas that should be addressed.

The certified public accounting firm has performed a number of internal audit reviews for the district and the results of these reviews are documented in internal audit reports that are given to district management. Areas covered in these reports are areas that district management consider to be high risk to the district. The certified public accounting firm also conducts the annual audit of each school's internal funds.

The district also performs in-house reviews of various programs that management considers to be high risk. During periodic management meetings, district management raise concerns about the operation of specific programs and these concerns are prioritized so that reviews can be conducted. During the past fiscal year, district staff presented reports of the results of their review for two programs considered to be high risk – transportation and exceptional student education. District staff are currently reviewing food service operations.

The district should enhance its risk assessment process

Based on internal audit and program reports produced by the certified public accounting firm and district staff, it is obvious that the district is identifying and addressing areas of high risk to the district. However, the district's risk assessment process is informal, relying on input at management meetings and suggestions from the certified public accountant. Because of this, district staff was unable to provide clear documentation of the risk assessment process, including the identification of high-risk activities and programs, and the prioritization of these activities in the order that they should be addressed. A more formal risk assessment process conducted annually will benefit the district in that the process may identify other areas of risk that may be overlooked. Also, it will serve to clearly identify and prioritize high-risk activities and eliminate confusion that may occur as to the order in which these risks should be addressed and the objectives to be achieved by addressing the various risks.

For a risk assessment to be effective, it should include input from stakeholders. This would include the superintendent, board members, and financial and operational management, including school principals. It could also include concerned citizens; for example, members of the School Leadership Council, a group of parents that includes SAC and PTO members among others. Using many stakeholders helps in identifying the level of concern for specific high-risk activities and is useful in assigning priority.

A risk assessment performed on an annual basis will require additional time and human resources. Due to the responsibility demands on finance staff, the district should arrange to have the risk assessment outsourced by a certified public accounting firm experienced in conducting risk assessments.

Recommendation————————————————————

- *We recommend that the district implement a more formalized risk assessment process that will enhance the identification of high-risk activities and will assist in prioritizing these risks for purposes of resolving them.*

Action Plan 14-1 provides the steps needed to implement this recommendation.

Action Plan 14-1

Enhance Documentation of Risk Assessment Process	
Strategy	Implement a more formalized risk assessment process to enhance identification of high-risk activities and will result in prioritizing these activities in order of highest risk for purposes of resolving them.
Action Needed	Step 1: Develop and distribute a request for proposal for risk assessment services.
	Step 2: Review and select firm based on proposal. Firm conducts self-assessment.
	Step 3: Firm presents a prioritized list of risks to the district.
	Step 4: Upon approval, the district develops strategies for addressing risks.
Who Is Responsible	Chief Financial Officer
Time Frame	June 2003
Fiscal Impact	The average annual cost should be approximately $15,000. This amount is based on an estimate of 175 hours at an average rate of $85 per hour ($14,875 rounded up to $15,000). Although first year costs may be higher, efficiencies gained during the first year should result in lower costs in subsequent years. Using the average of $15,000 for each year will result in a cost of $75,000 over five years.
	It is likely that the addressing of risks identified in the risk assessments will result in cost savings and avoidances that will offset the cost of the risk assessments. However, the cost impact of these potential savings and avoidances cannot be determined at this time.

Source: Auditor General.

Financial Auditing

State law governs the district's responsibility to obtain annual financial audits. Section 11.45(2)(i), *Florida Statutes,* provides that the Auditor General will conduct financial audits of the accounts and records of all district school boards in counties with populations under 125,000 and conduct financial audits of school districts with populations of 125,000 or more once every three years. Section 218.39(1),

Florida Statutes, provides that during the other two years, those school districts with populations of 125,000 or more shall have annual financial audits conducted of their accounts and records by certified public accountants. Certified public accountants performing such audits shall be retained by each school district and paid from its public moneys and each audit shall be completed within 12 months after the end of the fiscal year. Section 11.45(c), *Florida Statutes,* defines a financial audit as an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with generally accepted auditing standards and government auditing standards as adopted by the Board of Accountancy.

In addition to financial audits conducted on the district, there are also other audits of district related organizations and activities. For example, the individual schools also receive moneys for club and class activities. These moneys are deposited in each school's internal accounts, which are commonly referred to as school internal funds. Rule 6A-1.087, *Florida Administrative Code*, requires school districts to provide for annual audits of the school internal funds. Most school districts employ internal accounts auditors to perform the audits of the internal funds. Others, like Okaloosa County School District, contract with certified public accountants to perform the audits.

In many instances, school districts are primary governments that include one or more component units. Component units can either be "blended" into the financial transactions of a particular fund, or they may be "discretely presented" in separate column(s) in the financial statements. Accounting standards provide specific criteria that are used to identify component units and to determine whether they should be blended or discretely presented. Okaloosa County School District has two foundations (direct-support organizations) and three charter schools that are considered discretely presented component units. Certified public accounting firms conduct separate audits of each of these organizations.

2 The district obtains an external audit in accordance with government auditing standards.

Annual financial audits are performed in accordance with government auditing standards

The district is required to submit financial reports of fiscal year activity, called the Superintendent's Annual Financial Report, to the Florida Department of Education within specified timeframes. Our review of the Superintendent's Annual Financial Reports submitted for the past three years showed that they were either submitted timely or the district applied for and received appropriate filing extensions.

The population of Okaloosa County exceeds 125,000. As such, Okaloosa County School District is paying for annual audits performed by certified public accountants for two of the three years and receiving an annual financial audit by the Auditor General for the third year. Our review of annual financial audits for each of the last three years showed that the audits were performed in accordance with generally accepted auditing standards and government auditing standards as adopted by the Board of Accountancy.

3   The district provides for timely follow-up of findings identified in the external audit.

The district makes reasonable efforts to resolve findings noted in annual audits

State law requires, as applicable, the Auditor General or the certified public accountant to provide the district with a list of findings that may be included in the audit report. Although the law provides for different methods of response depending on who is performing the audit, the district is required to provide a written statement of explanation concerning all of the findings, including corrective actions to be taken to prevent a recurrence of the findings. Our review of past reports shows that the district makes reasonable efforts to resolve findings noted in annual audits.

4   The district obtains and reviews required financial information relating to school internal accounts, direct-support organizations (DSOs), and charter schools.

Annual audits are conducted of school internal accounts

Although not significant when compared to overall district financial operations, a substantial amount of money flows through the district's school internal funds. Exhibit 14-5 provides a district-wide summary of internal fund financial activity over the last three years.

Exhibit 14-5

Three Year Financial Summary of School Internal Funds

Internal Fund Activity	1998-99	1999-00	2000-01
Assets (Cash and Investments), July 1	$ 2,762,304.13	$ 3,101,004.24	$ 3,431,579.40
Internal Funds Receipts (Includes Transfers-In)	8,529,116.23	9,557,050.24	9,359,900.99
Internal Funds Disbursements (Includes Transfers-Out)	(8,190,416.12)	(9,226,475.08)	(9,146,074.62)
Assets (Cash and Investments), June 30	**$ 3,101,004.24**	**$ 3,431,579.40**	**$ 3,645,405.77**

Source: Okaloosa County School District – Superintendent's Annual Financial Reports.

Since these moneys are controlled primarily at the school level, it is important that the district periodically monitor this activity to ensure that the moneys are being used as directed in the district's School Internal Funds Manual. The district contracts with a certified public accountant to provide for annual audits of the school internal funds. Our review showed that the required audits for the 2000-01 fiscal year were completed and presented to the board for approval in December 2001. Based on infrequency of repeat findings noted by the certified public accountant in the reports, the district is effectively taking appropriate action to address the findings noted in the reports.

Annual audits are conducted of direct-support organizations

The district has two direct-support organizations (DSOs), the Okaloosa Communications Foundation, Inc., and the Okaloosa Public Schools Foundation, Inc. The foundations are incorporated under the laws of Florida as separate not-for-profit corporations operated as DSOs pursuant to s. 237.40, *Florida Statutes*. This law also requires that each DSO provide for an annual financial audit of its accounts and

records to be conducted by a certified public accountant in accordance with rules adopted by the Auditor General and the Commissioner of Education. The district has received the required annual audits of these two DSOs.   The audits of the direct-support organizations are presented to the board for approval.

Exhibit 14-6 provides a district-wide summary of internal fund financial activity over the last three years.

Exhibit 14-6
Three Year Financial Summary of DSO Activities

	Okaloosa Public Schools Foundation, Inc.			Okaloosa Communications Foundation, Inc.		
	1998-99	1999-00	2000-01	1998-99	1999-00	2000-01
Assets	$380,834	$407,008	$446,012	$45,576	$64,111	$86,331
Liabilites					840	8,074
Fund Equity / Net Assets	380,834	407,008	446,012	45,576	63,271	78,257
Total Liabilities & Fund Equity / Net Assets	$380,834	$407,008	$446,012	$45,576	$64,111	$86,331
Revenues	$60,180	$70,902	$94,052	$21,689	$24,032	$24,865
Expenses / Expenditures	64,557	44,728	55,048	2,534	6,337	9,879
Net Increase (Decrease)	**(4,377)**	**26,174**	**39,004**	**19,155**	**17,695**	**14,986**
Beginning Fund Equity / Net Assets	385,211	380,834	407,008	26,421	45,576	63,271
Ending Fund Equity / Net Assets	**$380,834**	**$407,008**	**$446,012**	**$45,576**	**$63,271**	**$78,257**

Source: Okaloosa County School District – Audited Financial Statements.

Annual audits are conducted of charter schools

Section 228.056, *Florida Statutes*, permits a school district to sponsor a charter school in the county over which the board has jurisdiction. The school district has three charter schools. The Okaloosa Academy, Inc., provides educational services for at-risk students in grades 6 through 12 in Okaloosa County. The Okaloosa-Walton Community College Charter High School provides academic and technical education for serious high school students who desire to undertake college-level study. The three-year program will enable students to complete a high school diploma and an associate degree simultaneously. The Liza Jackson Preparatory School, Inc., provides educational services to students in pre-kindergarten through eighth grade.

Pursuant to the charter school law, students enrolled in a charter school, regardless of the sponsorship, shall be funded by the school district as if they are in a basic program or a special program, the same as students enrolled in other public schools in the school district. Also, charter schools whose students or programs meet the eligibility criteria in law shall be entitled to their proportionate share of categorical program moneys distributed to the school district by the Legislature, including transportation.

Since public moneys are used to finance charter school operations, the charter school law requires that school districts monitor the charter schools in a variety of areas, including finance. Law provisions include a requirement for an annual report that includes financial information and an annual audit by a certified public accountant. Each of the three charter school's contracts require the annual report within 45 days after the close of the fiscal year, and audited financial statements within 75 days after the close of the fiscal year. Our review showed that the district timely received the required financial reports of the charter schools. As the district receives each report, they are presented to the board for approval. Exhibit 14-7 shows summary financial information for the district's charter schools. Since Liza Jackson

Preparatory School, Inc.'s first year of operation was the 2001-02 fiscal year, which has not been completed, no financial information is presented.

Exhibit 14-7

Three Year Financial Summary of Charter School Activities

Charter School Activity	Okaloosa Academy, Inc.			High School
	1998-99	1999-00	2000-01	2000-01[1]
Assets	$ 1,300,739	$ 1,445,842	$ 1,718,782	$ 600,021
Liabilities	$ 53,041	$ 53,948	$ 86,216	$ 270,315
Investment in General Fixed Assets	872,315	1,000,902	1,139,961	327,747
Fund Equity	375,383	390,992	492,605	1,959
Total Liabilities & Fund Equity	$ 1,300,739	$ 1,445,842	$ 1,718,782	$ 600,021
Revenues	$ 2,861,438	$ 1,823,304	$ 2,073,711	$ 826,235
Expenditures	2,696,598	1,807,695	1,972,048	824,276
Net Increase	$ **164,840**	$ **15,609**	$ **101,663**	$ **1,959**
Beginning Fund Equity	210,543	375,383	390,942	
Ending Fund Equity	$ **375,383**	$ **390,992**	$ **492,605**	$ **1,959**

[1] Began operation during the 2001-01 fiscal year.

Source: Okaloosa County School District – Audited Financial Statements.

Asset Management

The district has a fiduciary responsibility to protect publicly financed fixed assets acquired to educate students. To carry out this fiduciary responsibility, the district must develop effective accounting and tracking processes that will ensure that fixed assets are properly accounted for, reported, and safeguarded.

Accounting for fixed assets involves tracking and reconciling additions and deletions to property and performing physical verifications of the existence of the property. The most important purposes for keeping and maintaining accurate accounting records of fixed assets are listed below

- Properly kept fixed asset records furnish taxpayers with information about the investment of tax dollars in the district;

- Adequate fixed asset records provide the basis for insurance coverage;

- Reliable information about currently owned fixed assets can provide material assistance in determining future requirements (replacement, etc.); and

- Periodic physical inventories identify lost or stolen items so that insurance claims can be filed, additional controls instituted, and accounting records adjusted to reflect the losses.

The district records expenditures for the acquisition or construction of fixed assets in the governmental fund type or expendable trust fund that paid for the acquisition or construction. These fixed assets are recorded at cost in the general fixed assets account group on the financial statements. The depreciation of general fixed assets is not recorded in the district's accounts. Effective with the 2001-02 fiscal year, accounting practices relating to the reporting of fixed assets, including depreciation on these assets, will change as the district implements Governmental Accounting Standards Board Statement 34. However, for the purpose of this report, information is presented using current accounting standards.

The district's chief financial officer has overall responsibility for accounting for fixed assets. An accountant and a property clerk help the chief financial officer perform day-to-day tasks. School

principals and department managers have custodial responsibilities for property charged to and under their area of responsibility.

The principals and department heads are responsible for establishing effective safeguards for property at their location. Procedures include, among others, requirements to lock rooms when not occupied, establishing more intensive storage, and issuing documentation requirements for desirable items.

State law and *Rules of the Auditor General* govern school district responsibilities relative to fixed assets. State law defines property as fixtures and other tangible personal property of a nonconsumable nature, the value of which is $750 or more, and the normal expected life of which is one year or more. School districts are permitted to use lower capitalization thresholds if they choose.

During our review, Okaloosa County School District's capitalization threshold was raised to $750 from $500. Information related to general fixed asset balances over the most recent three fiscal years is shown in Exhibit 14-8.

Exhibit 14-8

Three Year Summary of General Fixed Asset Balances

General Fixed Assets	1998-99	1999-00	2000-01
Land	$ 6,106,768	$ 6,108,433	$ 6,103,563
Improvements Other than Buildings	6,814,027	7,527,345	8,833,407
Buildings and Fixed Equipment	172,005,619	177,836,308	184,296,475
Furniture, Fixtures, and Equipment	26,135,101	33,062,775	34,575,817
Motor Vehicles	8,819,239	10,941,928	11,559,867
Construction in Progress	2,607,609	6,363,382	32,980,904
Property Under Capital Lease	617,413	617,413	668,542
Audio Visual Materials & Computer Software	2,254,728	616,546	3,191,592
Total General Fixed Assets	**$ 225,360,504**	**$ 243,074,130**	**$ 282,210,167**

Source: Okaloosa County School District – Superintendent's Annual Financial Report.

Of the above fixed asset categories, the categories related to purchase of equipment (primarily furniture, fixtures, and equipment) and construction (buildings and fixed equipment and construction in progress) are the most active and are the accounts for which effective cost controls are most needed.

5 Segregation of Duties: The district segregates responsibilities for custody of assets from record keeping responsibilities for those assets.

The district segregates capital asset custody responsibilities from responsibilities for accounting for those assets

School principals, or their designees, and department heads initiate capital expenditures. Capital outlay expenditures are controlled by the budget. Budget commitments for significant construction projects require board approval. The record keeping responsibilities for capital expenditures are in the Property Control and Finance Departments. School principals or their designees and department heads have custodial responsibilities for the assets and property control. A contracted inventory firm conducts annual physical inventory of assets. The district level property accountant reconciles the results of the physical inventory with the property records at the school and department level. Similarly, district level accounting staff maintain and monitor project ledgers for construction projects.

6 Authorization Controls: The district has established controls that provide for proper authorization of asset acquisitions and disposals.

Appropriate policies and procedures govern the acquisition and disposal of assets

Department heads and principals initiate requisitions for the acquisition of new assets. The Purchasing Department controls the purchase of these assets. The Purchasing Department ensures that the district follows controls established for requisitioning, authorizing, and receiving these assets. The chief financial officer and her staff provide guidance when financing alternatives are considered. If assets are purchased using financing alternatives, the chief financial officer's staff ensures that appropriate accounting procedures are followed. Separate capital project budgets and accounts are maintained, and the board approves all material capital asset projects or acquisitions.

Board policy and the property control manual establishes the process for property dispositions and following this process ensures that property dispositions are made in accordance with legal requirements. We determined that district staff disposed of property in accordance with these procedures.

7 Project Accounting: The district has established records that accumulate project costs and other relevant data to facilitate reporting construction and maintenance activities to the board, public, and grantors.

In those instances where contractors do construction work, procedures are in place for ensuring that the terms of the contract are followed. Progress payments must be in accordance with the terms of the contract and the district reviews billings for cost-plus contracts for accuracy and conformity to the terms of the contract. Additionally, contractors are monitored to ensure compliance with EEO, Davis-Bacon, and other regulations and non-financial contract provisions.

The district's accounting system accommodates accounting for the cost of construction projects

To ensure proper accounting of construction project costs, information involving a variety of cost factors should be maintained. Large construction projects typically have an architect and a general contractor, and often will include engineers and various other sub-contractors. Okaloosa County School District also employs a construction management contractor and the cost of construction management must also be allocated to each project. Depending on the scope and funding of the project, initial equipment purchases may also be a part of the project costs.

When construction projects are initiated, the district assigns project numbers to each contracted capital outlay and maintenance project. Also the district assigns project numbers to all material in-house capital outlay and maintenance projects. The district's accounting system is designed to generate reports on a project basis. This feature allows the district to identify costs on a project basis. The district charges costs within a project to various object codes to separately identify the various costs of the project. This practice provides a means for the district to separately keep track of payments to the various vendors on a project.

The district's property accountant who maintains project ledgers is also assigned the responsibility of monitoring progress payments from the construction manager. During the process of verifying progress payments, the property accountant verifies that construction costs are allocated to the correct funding source, construction project, and object code. When projects are completed and have passed inspection, the district receives a certificate of completion. The property accountant uses this certificate of completion as a basis for transferring completed projects to appropriate fixed asset accounts.

8   Asset Accountability: The district provides recorded accountability for capitalized assets.

The district has established procedures that ensure that capital expenditures are identified and properly recorded in the appropriate asset subsidiary records. The district out-sources the annual physical inventory of tangible personal property. The physical inventory contractor is able to complete the count of all tangible personal property in two or three months, which is an improvement from when the district did this in-house and frequently was unable to complete the counts annually as required by *Rules of the Auditor General*. Finance staff work with the physical inventory contractor to reconcile counts to the property records.

9   Asset Safeguards: Assets are safeguarded from unauthorized use, theft, and physical damage.

The district's tangible personal property is effectively safeguarded

The district safeguards and controls capital property pursuant to policies adopted by the board. When capital property is acquired, it is tagged to show district ownership. To establish responsibility for capital assets, the district assigns each item of tangible personal property to a custodian (principal or department manager) who is responsible for safeguarding the property. The custodian is held accountable through an annual physical inventory, whereby all items are either located or identified as missing. After the initial physical inventory is completed, each custodian receives a report of missing property for their area of responsibility and the district requires the custodians to locate each missing item. The property custodian must give a satisfactory explanation for property items that cannot be located. After the custodians have exhausted all efforts to locate missing property, district level staff prepare detailed missing property reports that are presented to the board on at least an annual basis.

The district uses a pre-numbered, bar-coded sticker in labeling each asset and has established accountability for each asset. A capitalization threshold of $500 (recently increased to $750) has been established and approved by the school board. For each property item, the property clerk indicates the cost center and department that the asset was assigned to, the fixed asset number, and the purchase order that authorized its acquisition. The property clerk also maintains detailed property records for all assets in the district.

Tangible personal property is tagged when purchased, thereby facilitating the periodic inventories and assisting in searches for missing items. Detailed property records are maintained and are periodically reconciled to the general ledger control accounts.

Property dispositions are made in accordance with Florida statutes and procedures in the district's Property Accounting Manual, and accounting records are properly adjusted when dispositions occur.

Inventory Management

Traditionally, many school districts have used centralized warehouses to store consumable items that are used regularly in school district operations. In earlier years, purchases of such items in bulk generally resulted in significant savings that offset the overhead cost of warehousing operations. Efficient warehouse operations ensured that all purchases and deliveries to schools and departments were complete and timely and that inventory levels were sufficient to meet requests for supplies from individual schools and departments.

In recent years, competitive market conditions and service-driven marketing by inventory suppliers have caused many organizations to reevaluate the need to have warehousing operations. In many instances, organizations have found that inventory suppliers can provide services nearly equivalent to in-house warehouse operations at lower overall costs. In these instances, many organizations have phased out in-house warehouse inventory operations in favor of inventory vendors providing next-day or similar delivery of consumable supply items.

The district has been reevaluating its inventory practices

Okaloosa County School District's warehousing/inventory function has been in a state of transition over the past few years. A few years ago, the district had a central warehouse and inventories were maintained for supplies, maintenance, food, and transportation. The central warehouse has since been closed. The district no longer maintains supply inventories, using suppliers to provide delivery services for needed supply items. Maintenance inventories have also been all but eliminated. Maintenance crews have been provided purchasing cards and they purchase items as needed for each job. Although the district still has a transportation inventory, it has been reduced. At June 30, 2001, this inventory was approximately $104,300 of which approximately $71,300 was fuel for buses and approximately $33,000 represented parts and supply items.

The district is currently evaluating the food service operation. Food service inventories are a part of this evaluation. Included in food service inventories are donated Federal surplus commodities and regular canned and boxed food items such as flour and canned fruit. Commodity inventories are provided free of charge from the United States Department of Agriculture and are assigned market value costs to account for the use of the inventory. The value of these donated commodities represents the significant portion of the food service inventory (at June 30, 2001, the commodities inventory was $112,539.71, or 28 percent of the total inventory value of $398,482.14). The district does not have as much control over the timing of the delivery and quantities received of donated commodities as it does over purchased food. During the period of our review, the district was moving towards minimizing the amount of purchased food on hand; attempting to maintain no more than a 30-day supply of non-perishable food items. Exhibit 14-9 shows the impact of these changes on the total year-end inventory values for the past five years.

Exhibit 14-9

**Inventory Balances Have Declined as the District has Reduced
its Reliance on In-House Warehousing Functions**
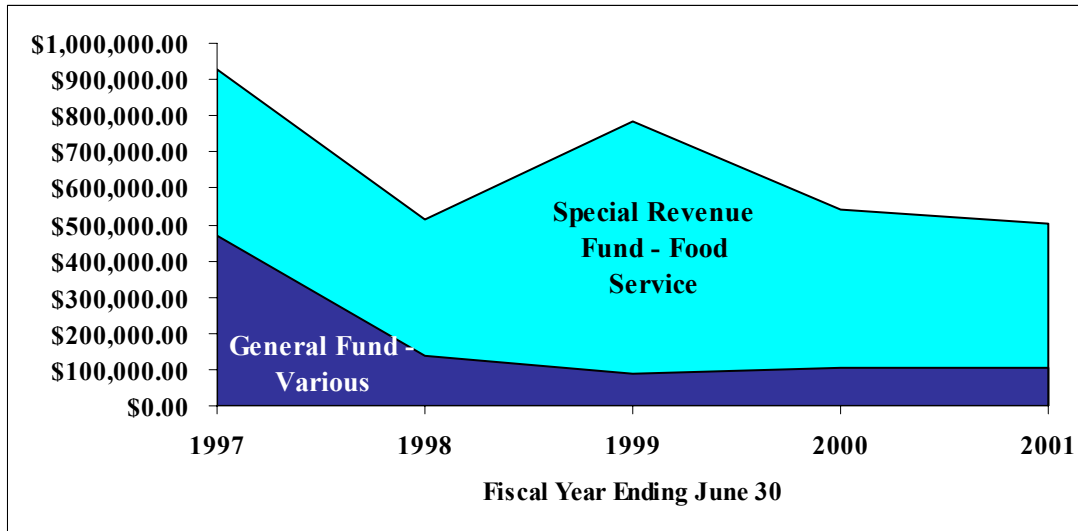
Source: Audited Financial Statements – Okaloosa County School District.

The reduction of inventory operations from four functions (central stores, maintenance, transportation, and food service) to two functions (transportation and food service) has benefited the district by allowing it to reallocate resources formerly assigned to warehousing functions. Additionally, as the inventories become smaller, control systems do not have to be as sophisticated in order to achieve desired levels of control.

As a result, we evaluated the district's efforts to achieve best financial management practices as they relate to inventories for the district's remaining inventory functions – transportation and food service.

The transportation inventory function reports to the transportation maintenance director. Essentially, the entire non-fuel transportation inventory is maintained at the south bus repair facility. The north area superintendent has administrative responsibility for the transportation inventory function. At the transportation facility, the shop foreman authorizes all requisitions from inventory. Approvals of requisitions are based on work orders. The inventory clerk fills requisitions and a data entry operator enters all filled requisitions into the perpetual inventory subsystem. The inventory clerk determines reorder needs and all purchase requisitions to restore inventory stock are reviewed and approved by the transportation director before sending them to purchasing to be completed.

The food service inventory function reports to the food service director. The district has a central kitchen where most food for consumption at the school cafeterias is prepared. This central kitchen facility also houses the food service inventory. Inventory issues are controlled through menu planning and requisitions are documented on requisition logs. As inventory issues are made, a data entry operator records the transactions in the perpetual inventory subsystem. With information obtained from menu plans, the inventory clerk determines reorder needs and completes purchase requisitions to restore inventory stock. The food service director approves these purchase requisitions before sending them to purchasing to be completed.

10 Segregation of Duties over Inventory: The district segregates responsibilities for custody of inventories from record keeping responsibilities for those assets.

Responsibilities for inventory custody and accounting for inventory transactions have been adequately segregated

To the extent practical with available staff, district staff assigned inventory record keeping responsibilities do not also have responsibility for custody of the inventories. The Finance Department maintains general ledger control accounts. These accounts are periodically reconciled with the perpetual inventory records. Write-downs of inventory are initiated only after the physical inventory and the reconciliation process has determined that such a procedure is needed.

11 Inventory Requisitioning Controls: The district has established and implemented controls that provide for proper inventory requisitioning.

The district has established effective inventory requisitioning controls

The district accounts for its inventories on a perpetual basis and reports its inventories for financial reporting purposes based on physical counts of inventories. Periodically, the district conducts physical counts of inventory stocks for financial reporting purposes. Variations between counts and records are investigated and resolved before any adjustments are made to the accounting systems. The district has established physical security controls to protect inventories from misappropriation.

12 Inventory Accountability and Custody: The district has established controls that provide for inventory accountability, and appropriate safeguards exist for inventory custody.

Inventories are effectively accounted for and safeguarded

The district accounts for its inventories on a perpetual basis and reports its inventories for financial reporting purposes based on physical counts of inventories. Periodically, the district conducts physical counts of inventory stocks for financial reporting purposes. Variations between counts and records are investigated and resolved before any adjustments are made to the accounting systems. The district has established physical security controls to protect inventories from misappropriation.

The transportation parts inventory is maintained in a locked storeroom for which access is restricted to only authorized personnel. Access to the storeroom is through a work area in which the inventory custodians work. This arrangement ensures that access to the storeroom is effectively restricted.

The food service warehouse was designed to ensure effective control over the inventory. Inventory supplies requisitioned for food preparation are moved to a "staging area" in which authorized food service personnel have access. The other side of this staging area provides access to the inventory warehouse;

however, locked doors for which only authorized warehouse personnel can open, protect this access. Locked doors and security systems protect access to the food service warehouse.

13 Inventory Management: The district periodically evaluates the inventory function to determine its cost-effectiveness.

The district regularly evaluates its inventory functions

As discussed in the background section, the district has been gradually reducing its reliance on in-house warehousing of inventory. It has eliminated its central supply inventory, has essentially no maintenance inventory, has greatly reduced its transportation inventory, and is currently reviewing its food service inventory practices. In doing so, the district has significantly reduced the size of the inventories that it manages.

The reduction of these inventory functions has streamlined accounting and operational processes and freed resources to meet other essential district needs. District personnel believe that any savings resulting from in-house warehousing of inventory would be minimal. Also, these savings would not offset the other indirect costs of in-house warehousing of inventories, such as the cost of additional internal control processes; the cost of staff and related benefits (including retirement) needed to manage and account for warehoused inventories; and the cost of risks, including workers' compensation and protection of assets (facilities and inventories).

Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Florida law requires school districts to provide effective protection against these risks. Section 230.23(9)(d), *Florida Statutes*, requires a school district to carry insurance on school property, including contents, boilers, and machinery. Section 230.239(10)(h), *Florida Statutes*, requires that school districts carry insurance (bonds) on all employees who are responsible for school moneys. Section 230.23(10)(k), *Florida Statutes*, requires school districts to provide adequate protection against any loss or damage to school property or loss resulting from any liability for which the board or its officers, agents, or employees may be responsible for under law. This section also provides that a school board is authorized to purchase insurance, to be self-insured, to enter into risk management programs, or to have any combination of the above in any area to the extent the board is either authorized or required by law to contract for insurance.

The district has established a policy for risk management. The district's Risk Management Department is charged with the responsibility of implementing the district's risk management policy and ensuring that the district has acquired all insurance coverage required by law. The district employs service agents to provide annual premium renewal assessments for commercial coverage and to manage claims for the self-insurance programs. The Human Resource Officer has administrative responsibility for risk management.

The district reports all of its risk-management activities in the General Fund. At June 30, 2001, the district designated $2,700,000 of the fund balance of the General Fund for repayment of estimated self-insured claims in the future. This amount has been actuarially determined on a discounted present-value basis and the liability for these estimated claims payable is reported in the district's General Long-Term Debt Account Group.

14 General: The district has a process to set objectives for risk management activities, identify and evaluate risks, and design a comprehensive program to protect itself at a reasonable cost.

The district has identified risks and effectively manages them

The district is completely self-insured for general liability claims up to $100,000. For individual claims in excess of that amount, the district relies upon the doctrine of sovereign immunity to indemnify the district.

The district is also self-insured for workers' compensation, automobile liability, and property insurance up to certain specified limits. The district has entered into agreements with insurance companies to provide specific excess coverage for individual claims exceeding stated amounts for workers' compensation and automotive liability coverage. For property insurance coverage, the district has obtained specific excess coverage through the Florida School Boards Insurance Trust, a self-insurance fund for Florida school districts.

Health, life, and dental coverage for district employees is being provided through purchased commercial insurance.

The district should enhance its comprehensive written disaster recovery plan

The district has adopted and uses the Okaloosa County School District 2000-2001 Emergency Handbook and the State of Florida Statewide Emergency Shelter Plan, January 2000, in the event of a disaster or emergency situation. In addition, the district has in place a Disaster Shelter Agreement with the American Red Cross. These documents extensively cover the district facilities to be used as emergency shelters and how the shelters will be staffed and supplied to provide for the safety and preservation of life.

These documents, however, do not provide a comprehensive disaster recovery plan to ensure continued district operations upon the termination of a disaster or emergency. Although not a part of the written disaster recovery plan, the district has procedures in place to resume operations after a disaster or emergency. These undocumented procedures include an informal standing committee consisting of the superintendent, board chairman, risk management program director, maintenance program director, and school principals that meet as soon as possible after the disaster to:

1. Gather information to assess damage and prioritize what needs to be done for the district to become operational with as little delay as possible.
2. Develop a plan, based on the established priorities that will expedite resumed operations. (There is no adopted outline or guideline established for a starting point to assist the committee in the preparation of the plan.)
3. Implement the plan based on the priorities and guidelines established within the plan.

These undocumented procedures provide a good basis for ensuring continued operations as soon as feasible after a disaster. However, the fact that they are not documented increases the risk of misunderstandings and miscommunication that may result in the procedures not be followed in the event of an actual natural disaster. These procedures should be more formalized and include alternatives, such as what to do if certain committee members cannot be reached.

Recommendation ——————————————————

- *We recommend that the district enhance the comprehensive written disaster recovery plan to provide for and ensure continued district operations.*

Action Plan 14-2 provides the steps needed to implement this recommendation.

Action Plan 14-2

Enhance Comprehensive Disaster Recovery Plan	
Strategy	To enhance written disaster recovery plan to provide for and ensure continued district operations subsequent to a disaster or emergency situation.
Action Needed	Step 1: Develop enhancements to the comprehensive disaster recovery plan that describe procedures to follow for the purpose of ensuring continued district operations. Enhancements should take into account the current unwritten procedures. The draft should also incorporate other ideas and information gathered from various sources such as county emergency management departments.
	Step 2: Present draft to the board for board and public review and input.
	Step 3: Revise draft based on board and public review and input and re-submit to the board for final approval and adoption.
	Step 4: Distribute copies of approved comprehensive disaster recovery plan to all appropriate personnel and provide training as necessary.
Who is Responsible	Superintendent and Risk Management Program Director
Time Frame	June 30, 2002
Fiscal Impact	This recommendation can be implemented with existing resources.

Source: Auditor General.

15Providing for Coverage Against Risk Exposure: The district has comprehensive policies and procedures relating to acquiring and reviewing coverage for risks of loss.

The district's procedures generally ensure that coverages are obtained at reasonable prices

The risk management function has established processes to determine current valuations of district assets to ensure that insurance policies cover recent changes in assets. Annually, with the assistance of an insurance service agent, the insurance lines are evaluated to determine satisfaction with services provided relative to the cost of the insurance. Based on the annual evaluations, the district will either negotiate premiums or place insurance lines up for requests for proposal to ensure that costs are reasonable. While the district's processes include periodically reviewing insurance coverage to determine adequacy, the processes could be enhanced to ensure that cost increases are kept to a minimum.

Financial Management

The district's General Fund is used to account for most of the general operating activities of the district. During the 2000-01 fiscal year, the district reported General Fund expenditures and other uses of approximately $162,123,000 and General Fund revenues and other sources of approximately $163,616,000.

Revenues were generated from federal, state, and local sources. Exhibit 14-10 provides information related to the district's General Fund revenues and other sources.

Exhibit 14-10

The State Provided Most of the District's 2000-01 General Fund Resources
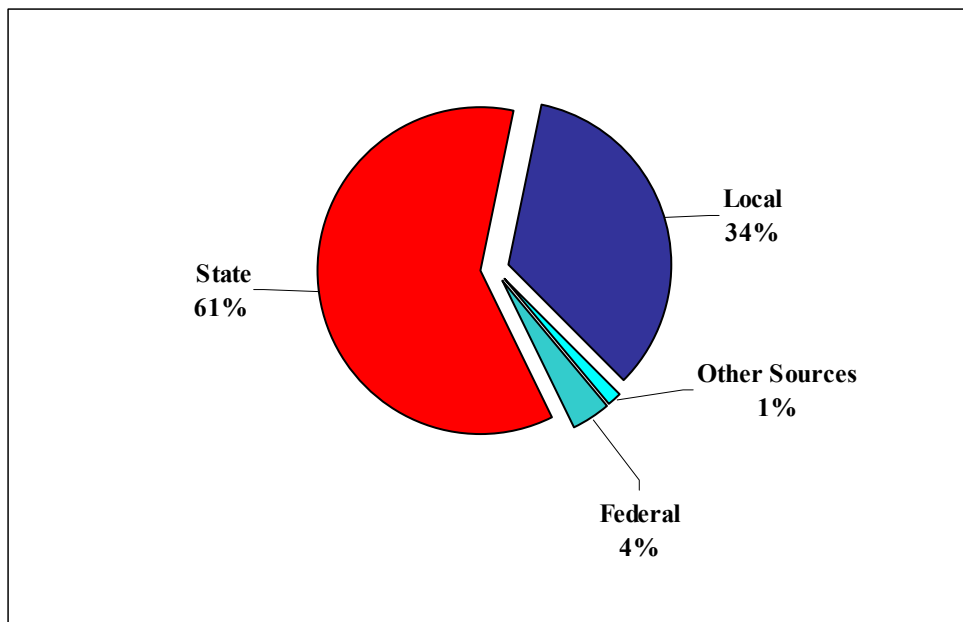
Source: Audited Financial Statements – Okaloosa County School District.

There are four primary state revenue sources. Together, these four state revenue sources comprise essentially all state revenue accounted for in the district's General Fund. The following describes these four primary sources:

- Revenues from state sources for current operations are primarily from the Florida Education Finance Program (FEFP), administered by the Florida Department of Education.

- The state also provides financial assistance to administer certain categorical education programs. State Board of Education rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided. The major categorical education program funding sources include Instructional Materials and Transportation. The Florida Department of Education requires that categorical education program revenues be accounted for in the General Fund.

- Workforce development moneys are provided to the district to specifically fund adult and other vocational education services offered by the district.

- Lottery proceeds are earmarked to finance educational enhancement and school advisory council activities.

Local revenues are primarily generated from ad valorem (property) taxes. Exhibit 14-11 shows the taxes levied for education for the 2000-01 fiscal year.

Exhibit 14-11

Ad Valorem (Property) Taxes Levied for District Purposes

Type	Millage	Taxes Levied
General Fund:		
Required Local Effort	6.211	$ 47,634,172.90
Basic Discretionary Local Effort	0.510	3,911,424.98
Supplemental Discretionary Local Effort	0.208	1,595,200.87
Capital Projects Fund:		
Local Capital Improvements	1.289	9,885,707.51
Total	**8.218**	**$ 63,026,506.26**

Source: Superintendent's Annual Financial Report - Okaloosa County School District 2000-01 fiscal year.

These non-voted millage levies are provided by law and appropriations act provisions. The required local effort is tied to state FEFP funding and represents the amount school districts must levy in order to receive FEFP funding. Also, school districts are authorized by law to levy up to 2 mills for local capital improvements.

Total General Fund revenues have not changed much over the past three years, increasing only 6.76%. Exhibit 14-12 shows the changes by source during this period.

Exhibit 14-12

The District's General Fund Revenues and Other Sources Increased by 6.76% over the Past Three Fiscal Years

| Source	1998-99	2000-01	Change	
			Dollars	**Percent**
Federal	$ 5,394,632.00	$ 6,420,644.77	$ 1,026,012.77	19.02%
State	95,726,271.00	98,955,740.96	3,229,469.96	3.37%
Local	49,774,602.00	55,821,026.26	6,046,424.26	12.15%
Other Sources	2,362,204.00	2,419,010.08	56,806.08	2.40%
Total	**$153,257,709.00**	**$163,616,422.07**	**$ 10,358,713.07**	**6.76%**

Source: Audited Financial Statements – Okaloosa County School District 1998-99 and 2000-01 fiscal years.

The increase in revenue does not provide any indication of whether per-student funding increased, so we also analyzed the impact of the revenue change on a per-student basis. This analysis compared total

actual General Fund revenues (but not other sources) received, and divided them by the unweighted full-time equivalent (UFTE) student membership. Due to changes in reporting UFTE student membership over these years, UFTE membership was modified to make it comparable from year to year. This revenue per UFTE student membership was also compared to the average of the district's peers. We compared the five fiscal-year periods ending with the 2000-01 fiscal year. Exhibit 14-13 shows revenues per student for the district and the average of its peers.

Exhibit 14-13

Although Under Statewide Averages, the District's General Fund Revenues per UFTE Student is Consistent with its Peers
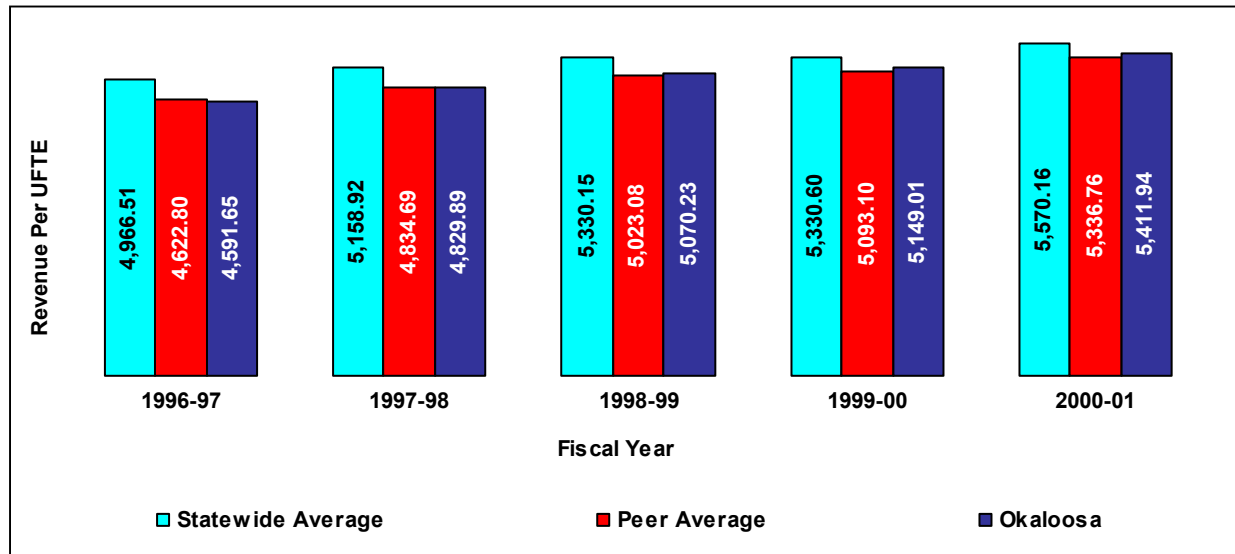
Source: Audited Financial Statements – Okaloosa County School District and FDOE UFTE data.

During the most recent complete three-year period, the district's General Fund spending increased by 6.35%, which is consistent with the increase in revenue. Exhibit 14-14 summarizes the change over the three-year period.

Exhibit 14-14

The District's General Fund Expenditures and Other Uses Increased by 6.35% over the Past Three Fiscal Years

| Expenditures	1998-99	2000-01	Change Dollars	Percent
Current:				
Instruction	$ 93,780,755	$ 100,007,077	$ 6,226,322	6.64%
Pupil Instructional Services	5,898,678	6,122,832	224,154	3.80%
Instructional Media Services	3,503,887	3,605,004	101,117	2.89%
Instruction and Curriculum:				
Development Services	3,833,549	2,853,234	(980,315)	-25.57%
Instructional Staff Training Services	660,010	741,507	81,497	12.35%
Board	1,398,546	1,604,313	205,767	14.71%
General Administration	315,250	389,219	73,969	23.46%
School Administration	12,778,969	13,517,057	738,088	5.78%
Facilities Acquisition and Construction	257,241	19,518	(237,723)	-92.41%
Fiscal Services	1,197,972	1,181,135	(16,837)	-1.41%
Central Services	3,345,064	5,200,895	1,855,831	55.48%
Pupil Transportation Services	5,593,703	6,569,264	975,561	17.44%
Operation of Plant	10,527,202	11,677,009	1,149,807	10.92%
Maintenance of Plant	4,674,752	4,835,101	160,349	3.43%
Community Services	663,636	847,128	183,492	27.65%
Capital Outlay:				
Facilities Acquisition and Construction	127,379	121,830	(5,549)	-4.36%
Other Capital Outlay	3,291,390	2,546,653	(744,737)	-22.63%
Debt Service:				
Principal	407,056	79,352	(327,704)	-80.51%
Interest and Fees	21,154	9,561	(11,593)	-54.80%
Other Uses	**165,250**	**195,673**	**30,423**	**18.41%**
	$ 152,441,443	**$ 162,123,362**	**$ 9,681,919**	**6.35%**

Source: Audited Financial Statements – Okaloosa County School District 1998-99 and 2000-01.

Significantly all of the increases relate to increases in salary and benefit costs. As these costs have risen, and resource increases have been small, the district has attempted to hold down costs in other areas, such as the acquisition of equipment and other capital items. The significant increase in Central Services relates to the inception of a new technology support contract that the district started. The decrease in Instruction and Curriculum Development Services relates to administrative organizational changes, which reassigned departments to other functions.

To determine if the district's efforts to control costs have had a beneficial impact on its financial position, we analyzed the fund balance of the General Fund. The most common measure of financial position is the ratio of fund balance to operating activity. The fund balance of most school districts includes reserved and unreserved portions. Fund balances are often reserved for legal and other commitments of the entity. Common examples of reserves in school districts include amounts reserved for outstanding purchase orders and contracts (encumbrances) and amounts reserved for restricted purposes (categorical programs). As a result, only the unreserved portion of the fund balance is actually available to offset unexpected needs and this portion is often referred to as the "rainy day" fund. For the purposes of our analysis, we compared the district's ratio of General Fund unreserved fund balance with expenditures to its peer districts and with the statewide average. Exhibit 14-15 compares the district's financial position with its peers and statewide averages for the five-year period ending June 30, 2001.

Exhibit 14-15

The District's General Fund Financial Position is Higher than the Statewide Average and the Average of Its Peers
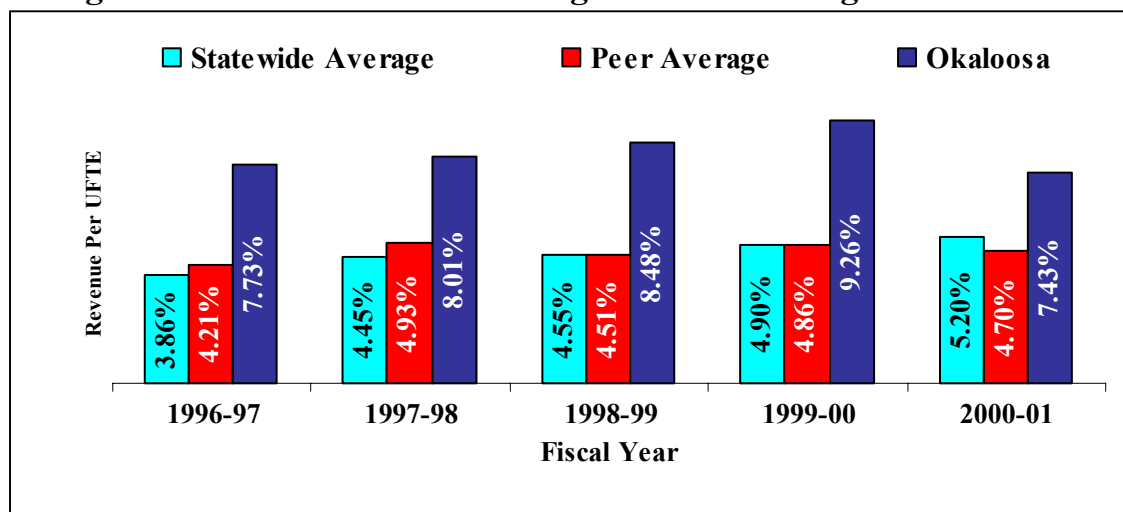
Source: Auditor General.

Over this period, the district has kept its expenditure growth at a level consistent with its revenue growth. As can be seen in Exhibit 14-15, this stewardship has had a beneficial impact on the district's financial position. The district's ratio of unreserved fund balance to expenditures is almost two times better than the statewide average and the average of its peers.

The number of accounting staff is lower than peer districts

Exhibit 14-3 shows the organizational structure of the finance function.

When it comes to school finance, the organizational structures of accounting and finance-related functions in school districts vary considerably. As with the organizational structures, responsibilities assigned to these functions also vary considerably. For example, some school districts may have a more extensive group health self-insurance program that requires more in-house accountants to account for insurance claim transactions. Other school districts will have purchased group health insurance and have no accountants with those responsibilities. As such, comparisons of staff sizes between school districts cannot provide specific conclusions related to staff size. However, broad general conclusions can be made.

District staff informed us that they use Alachua, Bay, Lake, Marion, and Santa Rosa school districts as peer districts. These districts vary in size, ranging from approximately 22,000 to 37,600 UFTE students and 30 to 47 schools.

When we surveyed these districts, we attempted to identify those individuals that performed general accounting responsibilities, including those employees that performed budgeting, accounts payable, payroll, food service, grants, facilities, and risk management accounting duties. There was a wide variety of position title descriptions, including some districts that had positions described as secretaries performing accounting responsibilities, such as bank reconciliations. Using these factors as a guide, the peer districts had from 15 to 26.5 staff performing accounting responsibilities. Okaloosa County School District has 20 staff members performing accounting responsibilities. For the 2000-01 fiscal year, Okaloosa County School District had 29,897.23 UFTE students in 37 schools. Using UFTE as a measure, Okaloosa County School District has fewer accounting staff as a ratio to UFTE than all but one of its

peers. In more pragmatic terms, the district could have as many as three more accounting staff before it reached the average of its peer districts.

This generalized comparison is also supported from observation of district level staff. Professional level staff consistently incur overtime, and for some staff it is quite high. According to the chief financial officer, the two salaried administrative positions (who receive no compensatory or paid overtime) have consistently incurred in excess of 20 hours each week of overtime, with overtime in some weeks being as high as 40 hours. The district gives compensatory and paid overtime to other accounting staff, and for the period July 2001 through November 2001, accounting staff have been compensated approximately $18,000 for approximately 1,500 hours of overtime work.

The accounting function has also experienced a higher than average degree of turnover in recent months. Although some of the turnover can be attributed to retirement opportunities offered by the district, higher than average turnover is also characteristic of working environments where there is excessive amounts of overtime for long periods of time.

Recent mandates to control costs and the state funding shortfalls have created an environment in which increasing staff is not considered a viable solution. Should economic conditions improve, district management should consider organizational changes within the accounting function to upgrade positions that are currently vacant and also add at least one professional level accounting position. With the replacement of higher level staff with higher professional qualifications, the chief financial officer will be able to reallocate responsibilities and improve functional segregation of duties among professional staff in an effort to reduce overtime and to improve internal control. These changes will also ensure the consistent and timely delivery of accounting services to users.

16 Management Control Methods: District management communicates its commitment and support of strong internal controls.

District management communicates commitment and support of strong internal controls

The district has established a finance function that, as indicated by its organizational structure, provides for effective separation of various business activities to promote an adequate system of internal controls. As shown in Exhibit 14-3, functional responsibilities within the finance function are further segregated into accounting, budgeting, purchasing, information and data processing services, human resources, and risk management. Responsibilities assigned to various staff members within these functional responsibilities are such that a comprehensive system of internal controls has been established. Also, financial management staff conduct various oversight and verification steps to ensure that internal control procedures are being followed. For example, the accounting director oversees the accounting processes and reviews the work of accounts payable and payroll clerks to ensure that established procedures are carried out. Additionally, the accounting director will observe the procedures and processes of each area at unannounced times. Further means of reviewing the internal controls include approving all accounting entries and back-up documentation before the journal entries are input into the system. This form of observation and verification also serves to communicate the importance of strong internal controls to staff.

Also, the district has established various ethics related policies that govern employee conduct. These policies cover such areas as employment of relatives; outside employment; solicitation; use of position for personal gain; indebtedness created against school district; telephone, facsimile, and on-line computer services use, and other areas. In addition, district policies incorporate by reference Chapter 6B-1 Code of Ethics – Education Profession from State Board of Education Rules which district employees are

expected to follow. However, the district could improve its commitment and support of strong internal controls by developing a policy relating to improprieties.

The district should develop a policy for the reporting of suspected improprieties

One indication that a district has a strong commitment to internal controls is its encouragement of timely feedback of information from employees, particularly information relating to suspected improprieties. Through such a process, an organization becomes aware of internal control weaknesses that may otherwise be overlooked. To facilitate the development of such a process, organizations need policies that promote the reporting of suspected improprieties. Absent such a policy, it is possible that a work environment could be created in which employees do not believe that it would be advantageous to report such incidents that they have observed or their reports may not be timely. Such a policy is beneficial to the organization because it provides a process that both the employee and the organization should follow. A well-designed policy will help protect the interests of the employee as well as reduce the organization's liability exposure.

The district has not established a policy or a process for the reporting of suspected improprieties. We recommend that it develop such a policy. Some of the features of a well-designed policy include:

- a process for ensuring the anonymity of the employee reporting the impropriety;
- a process for reporting back to the employee the results of any investigation of the impropriety;
- a process to ensure that the employee has immunity from reprisals provided that the employee follows the procedures outlined in the policy; and
- if the employee deems it necessary, a process for allowing the employee to report the suspected impropriety to someone other than the employee's direct supervisor.

When the district does receive reports of improprieties, it takes action to correct the situation. For example, In August 2001, an issue was reported to the Area Superintendent concerning allegations of financial malfeasance including payroll irregularities, questionable travel expenses, and questionable asset purchases at one of the district's schools. On September 12, 2001, the district requested their contracted internal auditor to investigate the allegations. The contracted internal auditor provided the district with the investigation results on October 12, 2001, confirming the allegations of financial malfeasance and the district took appropriate administrative actions. From the above summary, the district has demonstrated that once an impropriety is reported, it is responsive and it investigates; however, several of the allegations were related to time periods in excess of a year old.

District personnel indicated that there have been other instances of suspected improprieties that employees have reported to the Human Resource Department. However, these reports were not the result of an established policy and there is no consistent method for district employees to follow when they come across improprieties.

The district should develop a policy that addresses the reporting of improprieties so that district staff will have a process to follow should they need to report them.   An established policy properly communicated to all employees may result in more timely reporting of these improprieties.

Recommendation —————————————————————

- *The district should establish procedures that employees can follow if they suspect that improprieties are occurring. We suggest that such procedures include provisions that allow employees to contact someone other than a direct supervisor, anonymity for those reporting*

> *such improprieties, feedback to employees who report such improprieties, and immunity from reprisals.*

Action Plan 14-3 provides the steps needed to implement this recommendation.

Action Plan 14-3

Develop Policy for Reporting of Suspected Improprieties	
Strategy	Develop a district policy for the reporting of suspected improprieties.
Action Needed	Step 1: Preparation of and subsequent submission to the board of proposed policy.
	Step 2: Subsequent to board approval and adoption of the policy, provide proper communication to all district employees to ensure proper implementation.
Who is Responsible	Superintendent
Time Frame	June 2003
Fiscal Impact	This recommendation can be implemented with existing resources.

Source: Auditor General.

17 Financial Accounting System: The district records and reports financial transactions in accordance with prescribed standards.

The district records and reports financial transactions in accordance with prescribed standards

The district's accounting system was designed to include a chart of accounts consistent with the requirements of FDOE's manual *Financial and Program Cost Accounting and Reporting for Florida Schools - 2001* (known as the Red Book), which is required under s. 237.01, *Florida Statutes*, and State Board of Education Rule 6A-1.0001, *Florida Administrative Code*. The features of this system include account-coding information (cost center, program, function, and object) to accumulate costs in accordance with prescribed standards.

18 Financial Reporting Procedures: The district prepares and distributes its financial reports timely.

The district established processes that ensure that required financial reports are submitted timely and within reporting deadlines

The district is governed by various laws, rules, and contract provisions relative to the required submission dates for various financial reports. For example, State Board of Education Rule 6A-1.0071, *Florida Administrative Code*, requires the district to have its annual financial report prepared and submitted to the Florida Commissioner of Education no later than September 11 of each year. State Board of Education Rule 6A-1.008, *Florida Administrative Code*, requires the superintendent to submit monthly financial statements to the board in the form prescribed by the board. Additionally, various federal grants and contracts provide for monthly statements of financial activity relating to the grants and generally provide for required submission dates.

The district has established procedures to ensure compliance with these requirements. The district prepares a monthly budget analysis comparing the revised budgeted expenditures to the actual year-to-date expended amounts. This report also includes information on amounts that have already been encumbered and the percentage of the budget (including encumbrances) that has already been expended. The information is presented monthly to the board in summary format, making it practical for decision making. This report also includes the required information of grants and programs funded from restricted sources.

Our review of the processes in place to ensure compliance with these requirements indicated that the processes were effective to ensure that the required financial reports were timely submitted.

19 Budget Practices: The district has a financial plan serving as an estimate of and control over operations and expenditures.

The district prepares annual budgets to control operations and expenditures

The district's financial plan serving as an estimate of and control over operations and expenditures is contained in its budget. There are several state laws and administrative rules affecting the district relative to budgeting. For example, s. 230.23(10)(g), *Florida Statutes*, requires a school district to implement a system of accounting and budgetary control to ensure that payments do not exceed amounts budgeted. Section 237.031, *Florida Statutes*, requires a school district to establish a budget system. Section 237.041, *Florida Statutes*, requires the board to adopt an annual budget and submit the adopted budget to the Florida Department Education. State Board of Education Rule 6A-1.006, *Florida Administrative Code*, provides guidelines for amending the budget and State Board of Education Rule 6A-1.007, *Florida Administrative Code*, requires the superintendent to ensure that obligations and expenditures are kept within budgeted income.

The district formulates and adopts budgets in accordance with applicable state laws and Department of Education rules. District management develops a budget calendar for the orderly submission of the budget. The district places required notification to the public concerning millage rates and the dates of budget hearings in commonly available local newspapers. The chief financial officer prepares budgets in sufficient detail to provide effective monitoring of restricted moneys. Additionally, the district has implemented an encumbrance accounting system to provide a means of comparing budgeted amounts to actual and planned expenditures. The district also uses an automated position control system that is integrated into the financial accounting system for the budgeting of personnel costs. Any requests for supplemental dollars are affected through the same methodology the district utilizes for regular budget amendments. Actual and budgetary amounts are compared on a monthly basis, and the budget is sent to the board for approval if revisions are necessary.

The district has established effective procedures to ensure that state requirements for budget preparation and subsequent amendments thereto are timely completed.

20 Cash Management: The district has effective controls to provide recorded accountability for cash resources.

The district has effective controls to provide recorded accountability for cash resources

The Finance Department has sufficient personnel to provide a segregation of duties for the cash receipts and disbursement functions, and the recording of cash receipts is functionally separate from the responsibility to make general ledger entries.

With the exception of food service and internal funds collections made at the individual schools, significantly all cash receipting activity is done within the Finance Department. The district has minimized the amount of receipting activity that must be done by making arrangements to have significant state and local collections wire-transferred directly to district accounts. The district also has procedures in place that physically safeguards cash that has not been deposited.

The district deposits cash in numerous bank accounts. District staff maintain records in sufficient detail to account for the various cash transactions. District staff perform bank reconciliations timely. The district has current plans to reduce the number of bank accounts, which will serve to consolidate records and reduce some current cumbersome record keeping processes.

21 Investment Practices: The district has an investment plan that includes investment objectives and performance criteria designed to maximize return consistent with the risks associated with each investment, and specifies the types of financial products approved for investment.

The district's investments are consistent with its investment policy and district staff evaluate investment performance

The district identifies moneys that it considers excess to immediate cash needs. In addition, the district, through a new banking agreement, began the use of zero balance accounts and on-line transfers during November 2001. The district plans to monitor the results of the new banking program for 12 months and make adjustments based upon the results of the review. The district invests the majority of its available moneys with the State Board of Administration's Local Government Surplus Funds Trust Fund investment pool created by s. 218.405, *Florida Statutes*. This investment pool is a Securities and Exchange Commission Rule 2a-7-like external investment pool that operates under the investment guidelines established in s. 215.47, *Florida Statutes*. The district also invests a small portion of its available moneys in United States Treasury Securities and Obligations of United States Government Agencies and Instrumentalities, all of which are authorized investments pursuant to s. 236.24(2), *Florida Statutes*.

The district's investments in the Local Government Surplus Funds Trust Fund are reported at amortized cost. This fund offers highly liquid investments with competitive rates and provides a simplistic conservative investment approach by allowing investments to remain with the fund and request withdrawals based on periodic cash needs with no type of withdrawal penalties.

22 Receivables: The district has established effective controls for recording, collecting, adjusting, and reporting receivables.

The district has effective processes for recording, collecting, adjusting, and reporting receivables

As a service provider that provides free public education to children, the district generally does not have activities that would require that it bill for and attempt collection from others. Other than its risk management activities, essentially all of the district's receivables relate to accounting entries to account for amounts due from other state and local governments. These amounts due from other governments are considered to be fully collectable.

Based on the limited volume and nature of receivables that the district has, its procedures are generally effective to provide for the proper reporting of receivables.

23 Salary and Benefits Costs: The district has effective controls that provide accountability for the payment of salaries and benefits.

Section 236.02(4), *Florida Statutes*, and Rule 6A-1.052, *Florida Administrative Code*, require school districts to annually adopt salary schedules for employees that shall be the sole instrument used in determining employee compensation. The district annually adopts and includes in the board minutes the approved salary schedules for school personnel. Additionally, the district has established procedures to ensure that amounts paid to employees are consistent with the amounts provided in the salary schedules. The district's payroll accounting program provides for the calculation of retirement plan contributions and that procedures are in place to ensure that those contributions are timely remitted.

As with most school districts, employee salary and benefits costs represent a significant portion of the expenditures of the district. Exhibit 14-16 shows salary and benefit costs for the fiscal year ended June 30, 2001.

Exhibit 14-16

Employee Salary and Benefit Costs for the 2000-01 Fiscal Year

Account	Amount
Salaries	$115,730,789
Employee Benefits	27,620,085
Total	**$143,350,874**

Source: Okaloosa County School District general ledger.

Controls provide accountability for the payment of salaries and benefits

The district limits access to the master payroll file to employees who are authorized to make changes. Access to the employee payroll records is limited to the Personnel and Payroll Departments. Access to the employee records in the accounting system is limited to authorized employees. The Payroll Department can access the system to record changes to the payroll records of an existing employee, but the access to new employee screens is restricted to the Personnel Department.

The district tracks employee leave and vacation hours and reports leave and vacation balances to employees on each pay stub. The district sends the annual W-2 reports to the employees in a timely manner, and all returned W-2 forms are retained for the required period of time. Approximately 44 % of district employees are on direct deposit for payroll.

A direct deposit initiative would enhance controls and payment processes

The district could enhance accountability and the efficiency and effectiveness of the payroll payment process by paying all employees by direct deposit. Although each new employee of the district is afforded the opportunity to sign up for the direct deposit method of payroll, the district does not currently have a mandatory direct deposit requirement for new employees. In addition, the district has not taken a proactive approach to encouraging current district employees to participate in the direct deposit program.

The district currently makes payroll payment distributions once per month. We selected the October payroll as a sample month to determine the number of employees receiving payroll checks and those on direct deposit. The October payroll included a total of 4,125 employees. Exhibit 14-17 shows the distribution of how employees were paid the October 2001 payroll.

Exhibit 14-17

Approximately 56% of District Employees Do Not Use Direct Deposit

Type	Number	Percentage
Received Payroll Checks	2,295	55.64%
Used Direct Deposit	1,830	44.36%
Total	4,125	100.00%

Source: Okaloosa County School District payroll records.

Based on the October payroll, about 56% of the current employees still receive a traditional paycheck. The monthly payroll checks require tracking and follow-up through the time that these checks clear the district's bank account. They additionally require subsequent reconciliations by district personnel, require payroll check filing by district personnel, require storage in district facilities, and eventual destruction by district personnel in accordance with applicable public record retention periods. Many of these time consuming processes are eliminated or are greatly reduced with the direct deposit payroll method. Also, processes can be developed that would provide for the electronic distribution of "pay stub" information to district employees, thereby eliminating the need for mailing or delivering the information by manual means.

Although there may not be significant cost savings, the numerous control benefits associated with the direct deposit method of payroll processing would add greater efficiencies to the overall payroll transaction process. The efficiencies gained will allow the district to reallocate resources to other district priorities.

Recommendation ───────────────────────

- *We recommend that the district proactively encourage new and current employees receiving payroll checks to convert to the direct deposit of payroll checks.*

Action Plan 14-4 provides the steps needed to implement this recommendation.

Action Plan 14-4

Direct Deposit Initiative	
Strategy	Proactively encourage new and current employees to convert to the direct deposit of payroll checks.
Action Needed	Step 1: Develop strategies for encouraging new and current employees to convert to direct deposit.
	Step 2: Obtain board approval for encouraging direct deposit.
	Step 3: Begin campaign to encourage direct deposit for those employees currently receiving paychecks. Information can be included in paycheck materials, etc.
	Step 4: Periodically report to the board the progress towards achieving 100 percent direct deposit.
Who is Responsible	Chief Financial Officer & Human Resource Program Director
Time Frame	January 2003
Fiscal Impact	This recommendation can be implemented with existing resources. Although cost savings are likely to be insignificant, implementing this recommendation will bring about increased efficiencies and strengthen control in the payroll process.

Source: Annual Financial Report and Payroll Department.

24 Debt Financing: The district analyzes, evaluates, monitors, and reports debt-financing alternatives.

District processes ensure that various debt financing alternatives are evaluated, monitored, and analyzed

The district does not enter into long-term financing on a frequent basis. When the district determines that it needs to raise moneys to meet district needs, it uses its retained financial advisor who is experienced in the issuance and sale of debt instruments to assist in determining the best financing alternatives given the district's specific needs. Based on the advice of the financial advisor, the district determines the best financing alternatives given the district's specific needs. The district did not issue any new long-term debt in the fiscal year ended June 30, 2001, and does not currently have any plans to issue long-term debt during the 2001-2002 fiscal year.

The district's June 30, 2001, outstanding debt-financing and interest rates are summarized in Exhibit 14-8.

Exhibit 14-18

The District had $20,602,084 in Borrowed Debt at June 30, 2001

Debt Instrument	Balance June 30, 2001	Date of Maturity	Interest Rates	
			Low	High
Capital Leases	$ 257,084	2004	5.65%	7.59%
Certificates of Participation	7,895,000	2005	6.00%	6.25%
Note Payable	800,000	2003	5.18%	5.18%
Bonds Payable	11,650,000	2019	4.00%	6.10%
Total	**$ 20,602,084**			

Source: Okaloosa County School District general ledger.

Periodically, district staff analyzes the reserve balances as compared to the outstanding principal for the potential early debt extinguishment or debt refinancing of the various outstanding balances. This analysis includes the consideration of the cost of potential new financing and encompasses the potential costs of the delay of new construction prior to any early debt extinguishment or debt refinancing.   The district should be commended for the limited amount of current outstanding long-term debt.

25 Grant and Entitlement Monitoring: The district effectively monitors and reports grant activities.

Grant Monitoring and Reporting

The district receives significant resources from federal grantors. During the 2000-01 fiscal year, resources from federal grantors totaled approximately $17,899,000. These grants provide resources for a variety of district programs. For example, during the 2000-01 fiscal year:

- The Child Nutrition Cluster (National School Lunch Program, School Breakfast Program, and Summer Program for Needy Children) provided $3,216,078 to supplement the district's food service program and to provide free and reduced price meals to eligible children.
- The Title I Grants to Local Educational Agencies Program provided $2,859,339 to enhance delivery of educational services to elementary schools located in economically disadvantaged areas.
- The Special Education- Grants to States Program provided $2,945,583 to enhance delivery of educational services to students with special educational needs.
- Impact Aid provided $5,225,253 to enhance the overall delivery of educational services to all students.

Most of these resources are derived from recurring grants that have been received by the district for many years. Accordingly, procedures to ensure compliance with these grants are well established. District personnel monitor changes in these grant requirements and, as appropriate, procedural changes are made to meet changing grant requirements.

The district has established practices to ensure monitoring of grant activities in accordance with grantor requirements. Reporting requirements for grants are determined and procedures are established to ensure that grantor-required reports are submitted within established deadlines. The district effectively monitors and reports the activity on each grant by identifying the following for each grant that the district receives:

- Agency received from
- Grant name
- Project code assignment
- Granting agency project number
- Granting agency contact person
- Information about contract/grant terms and conditions
- Last date for incurring expenditures and issuing purchase orders
- Date that all obligations are to be liquidated
- Date that final disbursement reports need to be submitted

The district uses a unique number (project number) to identify each grant that has been received. All expenditures on the grant will be coded to that project number. The district reviews the terms of the grant before any expenditure is made using related grant moneys. The district monitors federal grant cash requirements on a monthly basis by tracking individual project expenditure needs.

If the terms of the grant extend over more than one fiscal year, district personnel will review and verify all amounts, which have not yet been expended or encumbered or committed. The unencumbered and uncommitted remaining grant balance is transferred as the beginning grant budget for the next fiscal year.

Purchasing

The district's total expenditures for the 2000-01 fiscal year, excluding salaries & employee benefits and building construction, totaled approximately $49,180,000. These expenditures are subjected to the various district-established purchasing control processes.

As shown in Exhibit 14-3, the purchasing function reports administratively to the chief financial officer. The Purchasing Department consists of a purchase director, two buyers, and two secretaries.

In addition to being responsible for traditional purchasing responsibilities, the purchasing function also oversees the automated fuel dispensing system that tracks fuel consumption by all district vehicles.

26 Segregation of Duties: The district segregates purchasing responsibilities from the requisitioning, authorizing, and receiving functions.

The district effectively segregates purchasing responsibilities

Section 237.02(1)(a), *Florida Statutes*, provides that each school district shall develop and adopt policies establishing the plan to be followed in making purchases as may be prescribed by the state board. State Board of Education Rule 6A-1.012, *Florida Administrative Code*, prescribes purchasing requirements for school districts. Generally, school districts must establish purchasing policies and procedures that, at a minimum, meet these requirements. Through their developed policies and procedures, school districts may establish more comprehensive purchasing requirements.

Within the finance function, the district has established a separate centralized purchasing function. The purpose of the Purchasing Department is to ensure that board-adopted purchasing policies and procedures have been followed. District procedures provide for the decentralized requisitioning and receiving of goods and services and the Purchasing Department is physically and functionally separate from these activities.

27 Requisitioning: The district has established controls for authorizing purchase requisitions.

The district's purchase requisition controls are effective

The district has established a comprehensive budgeting process that allocates budget to departmental and cost center (including school) levels. Department heads and principals in charge of activities at these levels are responsible for ensuring that required expenditures are kept within available budget. Consequently, authorization to request the expenditure of budgeted moneys is also vested in these employees. As the need arises, the department head or principal submits to the Purchasing Department on-line requisitions for the purchase of goods and services. Depending on the type and amount of the requisition, Purchasing Department employees process the requisitions, and if sufficient budget exists, authorize the purchases.

The district began promoting greater use of its purchasing card program during our review

The district has adopted the state's purchasing card program for use by district employees to make small purchases without going through the process of generating a purchase order. This program allows district staff to more efficiently obtain low cost items such as materials and supplies for immediate use. Purchasing cards have been issued to most administrative staff, including school principals. Additionally, purchasing cards have been issued to maintenance staff and school secretaries. The cards have daily and monthly purchase limits of varying amounts based on user responsibility levels.

The district has established effective controls for monitoring the use of the cards. Card features include identification of the department the cards were issued to so that purchases made on the cards will be charged to the specific department or school location that was issued the cards. Users must obtain receipts or bills for purchases made with the purchasing card. Department heads must review documentation and support for all purchases made with the cards and to provide the finance function with support for the charges made before the district pays charge card balances.

During the 2000-01 fiscal year, the district issued approximately 2,200 fewer purchase orders than the year before. District staff credits the purchasing card program as the reason for the reduction in the number of purchase orders issued. This frees up staff resources that were normally committed to the processing of purchase orders. With the increase in the use of purchase card transactions, purchasing function resources are used to review support for charges, reconcile the card statements, and other related activities to ensure that charges are for appropriate school purposes and that they are charged to the appropriate departments. So to the extent that card usage is increased, resources needed for processing the charges offset some of the resources that were saved from issuing fewer purchase orders.

However, district staff believes that more resources are saved than committed when purchasing cards are used. Current purchasing card use is not sufficient to provide measurable benefits in terms of resource needs. However, one of the features of the state plan is that purchase credits are earned for purchases made with the purchasing cards. During the 2000-01 fiscal year, the district made purchases on the purchasing cards totaling $2,153,170.31, and earned credits of $8,949.54, for a net cost to the district of $2,144,220.77.

Even though a large amount of purchases were made using the purchasing cards, many purchases were still made through the traditional purchase order system. During the 2000-01 fiscal year, the district issued approximately 9,600 purchase orders for amounts less than $750, the current capitalization threshold for tangible personal property (district management does not want capital purchases to be made

with purchasing cards). The total value of the purchases made on these purchase orders was $2,281,908.77. We realize that some purchases, by their nature will be better suited to issuing purchase orders. However, if a conservative estimate of half of these purchases were made with purchasing cards, approximately $9,128 in additional credits could have been generated.

Some employees have purchasing cards with limits that exceed $750. This recommendation does not intend to restrict their purchase limits. It is directed towards promoting greater use of the card for purchases under $750 that are currently being made with purchase orders. Over a five-year period, if purchase patterns remain consistent, savings potentially could approximate $45,600. During the course of our review of the district and discussion of the use of purchasing cards, district personnel developed procedures to implement this recommendation.

28 Purchasing: The district has established authorization controls over purchasing.

The district has effective controls for authorizing purchases

In addition to state law and State Board of Education rule regarding purchasing requirements, the district's policies and procedures have established additional purchasing requirements and processes. For example, verbal quotations and written quotations are required for purchases that exceed specified amounts enumerated within the district's policies and procedures.

Additionally, the district has procedures to consolidate and bid recurring purchases when feasible. To determine feasibility, the Purchasing Department conducts surveys to determine their upcoming equipment and supply needs. Detailed specifications are submitted to vendors for all goods and services and district personnel monitor the quality of items purchased and vendor performance on contracts. When practical, the district also uses various state purchasing contracts, piggybacks on the bids of other school districts, and conducts searches of various web-sites.

In May of 2001, a newly created Florida Panhandle Purchasing Group comprising 15 counties, including Okaloosa, have teamed up with BidNet to develop a new bidding system that allows all vendors online access to bid information. This group's objective is to further enhance the ability to obtain goods and/or services with the best quality for the lowest cost.

The district increased its formal bid threshold to the state authorized maximum during our review

State law requires formal bids to ensure that goods and services of acceptable quality are received at the lowest cost. Understanding that the bid process itself can be time consuming, state law only requires formal bids for purchases over specified amounts which vary based on the type of purchases and the size of the entity.

Conducting a formal bid process can be a time consuming task. Purchasing staff must prepare requests for proposals and this process can involve lengthy research of technical and legal specifications. Staff must be available to answer requests for clarification from vendors and then comply with legal requirements when opening bids. Depending on the nature of the bids, the evaluation of bids from competing vendors can also be a time consuming process. It is not uncommon for a formal bid process to take over two months to complete.

Until recently, state law required the district to go through a formal bid process for most purchases over $10,000. This statutorily established bid threshold was recently increased to $25,000. With the moderate

growth of the district and price inflation, the need for the purchasing function to conduct more formal bid processes has increased.

The Purchasing Department should be commended for the quantity of purchases made considering the limited amount of staff within the department. During our review, the district revised its current formal bid threshold from $10,000 to the statutorily established maximum (currently $25,000). Changing the bid limit would allow the district to reallocate resources to other essential district needs.

29 Receiving: The district has established controls to ensure that goods are received and meet quality standards.

District-established controls are effective to ensure that goods are received and meet quality standards

The district has established controls ensuring that goods received meet its quality standards. The individual school/department that ordered the item bears the ultimate responsibility for verification that items ordered meet quality standards. When an item is received, authorized personnel at the school/department will check to verify that the item meets quality standards and then forward their copy of the receiving report to the Finance Department for processing.

Payment Processing

Within the finance function is an accounts payable section that is responsible for processing bills and invoices for payment. The finance function reports to the chief financial officer. The district has established controls for processing invoices by requiring that all invoices received for payment be forwarded to the accounts payable section of the finance function.

30 Disbursements: The district has established controls to ensure that disbursements are properly authorized, documented, and recorded.

The district effectively monitors and controls cash disbursements through various control processes. Most vendor and payroll checks are computer generated, computer printed, and all checks require two facsimile signatures prior to issuance. Implicit in the control procedures are reconciliation processes that ensure that checks processed by the accounting system agree with the control data, both in amount and in the number of checks.

During the requisition process, purchases are coded to ensure that sufficient budget exists for the payment. During the process of approving requisitions for payment, the coding information is verified and corrected if necessary. When purchasing staff processes approved requisitions, they search for unusual account coding and re-verify as necessary.

31Invoice Processing: The district has established controls for processing invoices to ensure that quantities, prices, and terms coincide with purchase orders and receiving reports.

The finance function has established procedures that provide for invoices to be reviewed, verified, and approved for completeness of supporting documents and required clerical checking by accounts payable employees before disbursements are made. This procedure involves a comparison of the invoice for payment to the original purchase order requisition and the receiving report. Accounts payable personnel verify that the items submitted for payment on the invoice are those that are contained on the original purchase requisition and that all the items listed on the invoice have been received. If discrepancies exist between the invoices received and the supporting documentation maintained by the district, procedures are in place to ensure timely resolution of these discrepancies.

15 Community Involvement

The Okaloosa County School District is actively involved with the larger community. A Community Relations Office was created only recently, but is having good success expanding community interactions. Modifications in program oversight and planning are needed to improve efficiency and effectiveness.

Conclusion

The Okaloosa County School District (the district) is actively engaged with the larger community. The district meets 9 of the 11 best financial management practices for community involvement. The two remaining practices are related to policies of the district as a whole.

The district is successful in soliciting and incorporating parent and community involvement and support for schools in the county. The district has several mechanisms in place for communicating with parents and the general public, most of which are school-based. The district recently reorganized the district's administration and created the Office of Community Relations. The district has a positive relationship with the business community, an active volunteer program complete with adequate background checks, and procedures in place to solicit parental input. The district's community involvement department provides active and effective support to its schools. Volunteers and business partners are the foundation of this effort.

The district could improve coordination between the Office of Community Relations goals and objectives and those of the overall district. The district could also increase accountability and evaluation to ensure performance, efficiency and effectiveness of the office.

During the course of this review, OPPAGA identified a number of district accomplishments in the community involvement, some of which are included in Exhibit 15-1 below.

Exhibit 15-1

The District Has Had a Number of Notable Accomplishments in Community Involvement in the Last Three Years

- The Office of Community Relations holds monthly school leadership council meetings with over 80 parents and school leaders in attendance. This committee is made up of representatives of PTO, SAC and Booster Club members.
- The district partnered with Big Brothers Big Sisters of Northwest Florida to provide mentors for students in the county. The district currently has over 1,000 mentors in the program.
- The district has received over $ 656,000 in grants to fund special programs in the county.

Source: Okaloosa County School District.

Overview of Chapter Findings ─────────

OPPAGA reviewed the district's community involvement using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. The OPPAGA team employed several methodologies to develop chapter conclusions and action plans. For instance, OPPAGA conducted on-site interviews with district level administrators and gathered information on the community involvement activities such as the district's grants records and mentoring program. To receive additional input, OPPAGA conducted focus groups of principals, which included obtaining documentation of methods used to provide information to parents and the larger community. Information has been reviewed and validated, then incorporated into this chapter where applicable.

Fieldwork was concluded in July 2002, therefore any subsequent district action is not reported in this report but will be presented in a follow-up review.

An overview of chapter findings is presented below.

Effective Communication

1. The district has developed a community involvement mission statement, but does not maintain ongoing community involvement activities in its strategic plan directed toward performing that mission. (Page 15-4)
2. The district has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the Office of Community Relations. (Page 15-5)
3. The district solicits and incorporates parent and community involvement and support. (Page 15-7)
4. The district uses a variety of methods of communicating with parents. (Page 15-7)
5. The district periodically reviews the organizational structure and staffing levels of the community involvement program to minimize administrative layers and processes. (Page 15-8)

Parents and Decisions

6. The district has active Parent Teacher Associations /Parent Faculty Organizations (PTA/PFO) and other effective methods to involve and encourage parent leadership and participation. (Page 15-8)
7. The district provides activities that encourage families to be involved in the schools. (Page 15-9)

Community Involvement

8. The district uses community resources to strengthen schools, families, and student learning and consistently offers school resources to strengthen communities. (Page 15-10)
9. The district has developed school-business partnerships. (Page 15-10)
10. District schools maintain active and effective programs to involve volunteers in the education process. (Page 15-11)
11. District schools solicit economic support through school foundations. (Page 15-12)

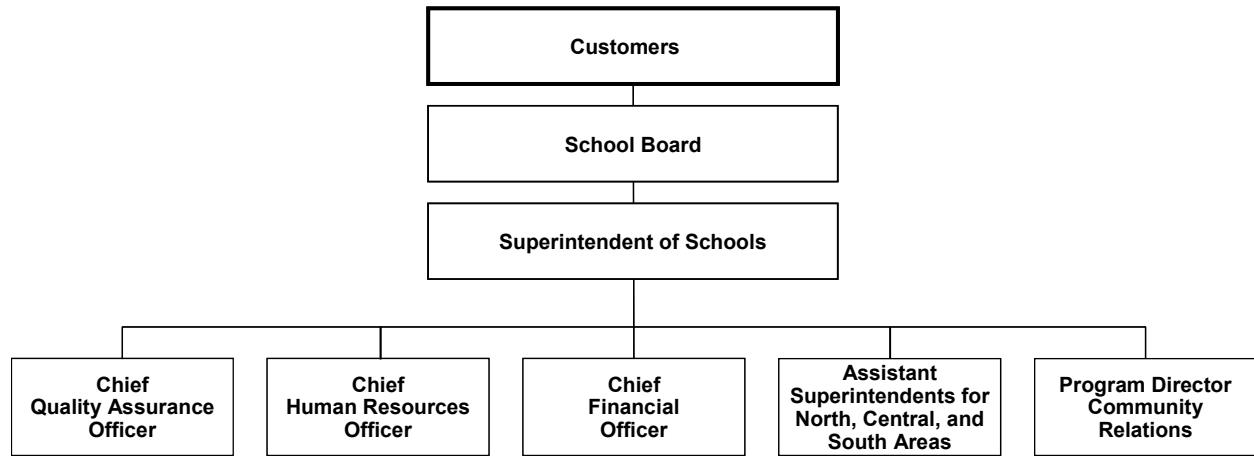# *Fiscal Impact of Recommendations* ─────────

None of this chapter's recommendations have a direct fiscal impact. All can be accomplished with existing resources or with those necessary to implement recommendations in other chapters.

Background

The Okaloosa County School District created the Office of Community Relations during the general restructuring of its management structures in 2001. The office is staffed with a director and two secretaries. The director is a long-time resident of the community and was a former county commissioner. The director serves as part of the superintendent's "cabinet," which helps to ensure coordination of activities with other areas (refer to Exhibit 15-3).

Exhibit 15-3

The Office of Community Relations Functions
as Part of the Superintendent's "Cabinet"

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                    ┌─────────────────────┐
                    │      Customers      │
                    └─────────────────────┘
                    ┌─────────────────────┐
                    │    School Board     │
                    └─────────────────────┘
                    ┌─────────────────────┐
                    │ Superintendent of Schools │
                    └─────────────────────┘
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| Chief Quality Assurance Officer | Chief Human Resources Officer | Chief Financial Officer | Assistant Superintendents for North, Central, and South Areas | Program Director Community Relations |

Source: Okaloosa County School District.

Typically, a school district's community involvement function includes communicating with and engaging different segments of the community, including parents, local businesses, and other local groups. The notion of "community involvement" within a public school district includes activities to provide supplemental resources to the schools, get students involved with the community, and enhance parental involvement in student and school activities. The Office of Community Relations and the individual schools share responsibility for these activities (e.g., coordinating volunteers and communicating with parents about school activities).

The Office of Community Relations takes the lead in some activities including soliciting grants, coordinating the district's mentoring program, conducting intergovernmental relations, managing the district's foundation, and coordinating the district's School Leadership Counsel. In addition, the Office of Community Relations coordinates emergency management planning and activities for the school district.

Effective Communication

1 **The district has developed a community involvement mission statement, but does not maintain ongoing community involvement activities in its strategic plan directed toward performing that mission.**

The district does not have a functional strategic plan

It is important for the Office of Community Relations to have a formal mission statement because it allows stakeholders to immediately understand the purpose of its activities. This is especially true when the office is a new unit of a district's management structure, as is the case in the Okaloosa County School District. The mission statement, in turn, should be consistent with the goals and objectives of the district-wide strategic plan so that funding and community participation generated by the office's activities are not misdirected.

The district has established a written mission statement, but it is vague. The statement does not indicate why or how the office incorporates business partners, volunteers, parents, community leaders, and its foundation in reaching the district's overall objectives. The mission statement states:

> Our mission is to open the door between the School District and the community through areas of involvement.

More importantly, community involvement activities are not coordinated with an overall strategic plan because the district does not have a functional plan. Instead, the Office of Community Relations is directed by internal goals that were developed with input from the district's foundation members. The office also assesses its activities against the superintendent's overarching goals of improving student performance, improving fiscal responsibility, and improving customer relations.

Recommendations ———————————————

- *We recommend that the Office of Community Relations develop and adopt a mission statement that describes its functions as they relate to the district's overall goals and objectives.*

- *We recommend that the district include specific activities for the Office of Community Relations when it develops its five-year strategic plan*

Action Plan 15-1 provides the steps needed to implement this recommendation.

Action Plan 15-1

Develop a Mission Statement	
Strategy	The Office of Community Relations should develop and adopt a meaningful mission with input from stakeholders.
Action Needed	Step 1: The Office of Community Relations should meet with members of the foundation board and the School Leadership Counsel to develop recommendations for mission statements.

	Step 2:	The director of Community Relations and superintendent should review the recommendations and chose a mission statement.
	Step 3:	The mission statement should reflect the goals and objectives of the larger district.
	Step 4:	The superintendent should submit the mission statement for board approval.
Who Is Responsible	Director of Community Relations, superintendent	
Time Frame	December 2003	
Fiscal Impact	This recommendation can be completed with existing resources.	

Incorporating Community Relations' Activities Into the Strategic Plan		
Strategy	The district should include specific activities for Community Relations in its strategic plan.	
Action Needed	Step 1:	The director of Community Relations should work with the superintendent to develop performance goals and measurable objectives for Community Relations programs and projects.
	Step 2:	The director and superintendent should determine specific action strategies necessary to meet the goals and objectives.
	Step 3:	The director and superintendent should coordinate with the district's strategic planning consultant to ensure that the goals and objectives are consistent with those of the larger district.
	Step 4:	The director, in conjunction with the strategic planning consultant, should develop costs estimates for the specific strategies.
	Step 5:	The board should review, amend, and adopt the strategic plan.
Who Is Responsible	Director of Community Relations, superintendent	
Time Frame	Dependent on the development of the district's strategic plan	
Fiscal Impact	This recommendation can be completed as part of the resources used for the overall development of the strategic plan.	

Source: OPPAGA.

2 The district has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the Office of Community Relations.

The district should adopt performance and cost-efficiency measures to assess Community Relations activities

Efficient and effective community involvement activities can provide a school district many benefits, not the least of which are increased resources for programs and projects. Community involvement activities also allow parents, business partners, and others to have ownership in the performance of the school district. The Office of Community Relations serves as the face of the school district to the larger community. Because of the role Community Relations serves in the district's management structures, it is important that there is appropriate accountability of the office to ensure responsible ethical and fiscal behavior, efficient and effective operations, and performance that helps the district meet its overall goals and objectives.

The Office of Community Relations does have a few goals established to measure performance for individual programs, but they are limited in scope and do not help to determine overall program success. For example

- the mentoring program has a goal of having 500 students enrolled in the mentoring program during the 2001-02 school year and

- the district's foundation has a goal of increasing scholarships provided through its Take Stock in Children program by 100% over the next year.

While these are measurable goals for these programs, the district has not established and implemented accountability mechanisms to ensure the performance, efficiency, and effectiveness of the Office of Community Relations as a whole. For example, the performance of the Office of Community Relations in developing the mentoring program could be assessed on whether at-risk students are successfully linked to mentors and how many mentoring sessions are taking place on a regular basis. These measures get more to the point of whether the program is functioning or simply exists.

The lack of performance measures for the office as a whole is not unique in this district. We found, in general, that the district has developed strong accountability for schools through the budget process and the schools' A+ Plans, but has not developed similar accountability mechanisms for its operational areas or its administrative units (see Chapters 3 and 4).

Recommendations ───────────────────────────

- *We recommend that the district establish accountability mechanisms for the Office of Community Relations. These performance measures should help to determine whether community involvement activities are contributing to the district's overall goals and objectives.*

Action Plan 15-2 provides the steps needed to implement this recommendation.

Action Plan 15-2

Development of Accountability Mechanisms		
Strategy	The Office of Community Relations should develop accountability mechanisms that allow the district to assess the reliability of the program's performance.	
Action Needed	Step 1:	The Office of Community Relations should review performance measures used by community involvement programs in other school districts in Florida.
	Step 2:	The director of Community Relations should coordinate with the strategic planning consultant to develop specific performance measures for each of the department's programs (i.e., grant development, volunteering, business partnerships, etc.).
	Step 3:	The director of Community Relations should coordinate with the superintendent to ensure that each performance measure allows the district to determine if community involvement activities contribute to the achieving the district's overall goals and objectives.
	Step 4:	The board should review, amend, and adopt the performance measures recommended by the director and superintendent.
Who is Responsible	Director of Community Relations, superintendent	
Time Frame	Dependent on the development of the district's strategic plan	
Fiscal Impact	This recommendation can be completed as part of the resources used for the overall development of the strategic plan.	

3 The district solicits and incorporates parent and community involvement and support.

The district receives input from parents and the larger community through surveys and participation on the School Leadership Committee

The Okaloosa County School district provides a number of opportunities for parental and community involvement in the district's activities. The two main activities for receiving input are annual surveys of parents and monthly meetings of the School Leadership Committee.

The district surveys parents on an annual basis. The school climate surveys are distributed through individual schools and compiled under a contract with the University of West Florida. Survey questions address various issues including quality of curriculum, staff performance, school safety, and community involvement. Responses are measured on a scale from strongly agree to strongly disagree. Staff reports that they are currently assessing the climate survey to see if questions could be more informative and are looking at ways to increase response rates, as participation tends to be very low (see Chapter 4, performance indicator number 4 for more information in these surveys).

The district also operates a School Leadership Council (SLC). This council is composed of representatives from the school board and each of the districts schools, the chairs of the School Advisory Councils (SACs), PTO representatives, other school leaders, and parents. The SLC currently has between 70 and 75 members. The SLC meets at least seven times during a school year and most meetings are well attended, based on meeting minutes. The superintendent and the director of Community Relations attend each meeting. Meetings are usually held at Edge Elementary School in Niceville. Beginning in September 2002, the name of the council will be changed to the Parent Leadership Roundtable.

The district views the SLC as the primary educational opportunity for community involvement. The purpose of the meetings are to provide a forum for "inclusion and information exchanges between parents, friends, the superintendent and the school board, as it relates to community involvement." The committee discusses issues ranging from school funding to school uniforms. The district's administration brings some issues to the committee for discussion, but other agenda items come from the individual committee members in their role as representatives for other groups. Information on issues and decisions by the committee are taken back to the various groups through these representatives.

4 The district uses a variety of methods of communicating with parents.

Individual schools primarily are responsible for communicating with parents

The Okaloosa County Schools district utilizes many techniques for communicating with parents and guardians. Individual schools are primarily responsible for communicating with parents, although the district is expanding its activities through the development of a new Internet website.

Individual schools use a variety of techniques to communicate with parents. Each school has a website, although the quality and amount of information provided on each site varies significantly from school to school. Schools also use newsletters, pamphlets, and flyers that are sent home with students in an effort to make parents and guardians aware of policies and school activities. Most schools host open houses and encourage parent/teacher conferences for individual students. Parents and guardians are provided conference times before and after regular school hours to facilitate these meetings. Schools also use telephone contacts with parents on some occasions.

In focus groups with principals, we found that there was no single preferred method for communicating with parents and guardians. Principals report that each parent responds differently to different mediums and that the most successful technique is "bombarding" parents using all techniques. They also reported that they have found certain "tricks" to increase the chance that parents will review materials sent home. For example, one principal found that including as many pictures of students as possible in newsletters increases the chances that parents will at least look at the newsletter. While the parents are looking for a picture of their child, they are likely to come across other issues as well. Other principals suggest that their websites are increasingly important, especially for new families moving into the community.

At the district level, the administration is seeking to increase communications with parents through the development of an upgraded Internet website. The new site (http://www.okaloosaschools.com) became operational in December 2001. The website includes sections on the administration and school board, certain district policies, parent and teacher resources, budget documents, and community involvement activities. District publications and forms (e.g., employment applications, volunteer applications) are also available through the website.

5 The district periodically reviews the organizational structure and staffing levels of the community involvement program to minimize administrative layers and processes.

The Office of Community Relations was created during the general reorganization of the district's administration in 2001

The Okaloosa County School district created the Office of Community Relations during the general restructuring of its management structures in 2001. The office is staffed with a director and two secretaries, although volunteers provide additional assistance on occasions.

Our review found that current staffing levels are sufficient to manage community involvement functions. We did not identify a need for additional changes in the office's management structure, although the office should be evaluated as part of any future reorganization.

Parents and Decisions

6 The district has active Parent Teacher Associations /Parent Faculty Organizations (PTA/PFO) and other effective methods to involve and encourage parent leadership and participation.

The district's schools have active Parent/Teacher/Student Organizations whose members also cooperate with the School Leadership Committee

Most of the district's schools have Parent/Teacher/Student Organizations (PTSOs) that meet on a regular basis. These organizations are separate from the School Advisory Councils (SACs), although there is usually some overlap in membership. Schools provide information to parents concerning meeting times and locations for these organizations through newsletters, calendars, and flyers. PTSOs are organized at the school level with little input from the district's administration.

Almost all of the district's elementary schools have a PTSO. These organizations generally meet on a monthly basis during the school year. PTSO participation ranges from a small core of parents and faculty to 20 or more individuals in the larger schools. All of the elementary schools also have a SAC that meets on a monthly basis during the school year.

In contrast to the elementary schools, only a few middle schools have a separate PTSO and none of the high schools contacted for this review had an organization separate from the SAC. Faculty sponsors of the PTSOs explain that as extracurricular activities increase in middle and high school (e.g., band, sports), there is more specializing of support groups in the form of "booster clubs." As a result, high schools may have several booster clubs that help specific school programs obtain additional resources, where elementary schools have a single entity to provide this function.

7 The district provides activities that encourage families to be involved in the schools.

The district provides opportunities for families to participate in school board meetings, school activities and on School Advisory Councils

There are many opportunities for families to be involved in Okaloosa County school activities. Individuals in the community are provided opportunities to speak on board policies during meetings and parents are important participants in the schools and on each school's School Advisory Council (SAC).

Parents and other interested persons are provided opportunities to speak on any issue discussed during board meetings. School board meetings are held twice a month in locations reasonably accessible to the community. Board members and district staff report that this rarely occurs except in the more contentious issues, such as rezoning. The most common interactions by parents at school board meetings tend to involve awards and recognition ceremonies. County residents may also attend meetings of the School Leadership Committee and comment on any issues discussed by the group.

Parents and guardians are encouraged to participate in specific schools activities. Parents are made aware of school functions through newsletters, flyers and websites and asked to volunteer or participate. Focus groups conducted with principals found that parent participation was very high in these situations. For example, Thanksgiving luncheons coincided with our review, and principals reported that the majority of students had at least one parent attend the luncheon. Principals and district staff report that this level of participation is common and that there is always significant cooperation between the schools and parents.

Another opportunity for parents to participate in school activities is through the School Advisory Councils (SACs). Each school has an active SAC comprised of parents, faculty and community leaders. Staff reports that parents play an active role in SAC decisions and were key in the development of the schools improvement plans.

In general, school board members, district staff, and principals report that parental involvement is very high in the district. They attribute this community involvement to the high educational attainment level of the population and the impact of the military influence from the large Air Force bases in the county.

Community Involvement

8 The district uses community resources to strengthen schools, families, and student learning and consistently offers school resources to strengthen communities.

Schools invite community resources into their facilities to provide services for students and families, but also offer their facilities for use by the community

District and community resources are exchanged on a regular basis according to district administrators, board members, and principals. Schools provide information to parents and students about community activities, offer facilities for community organizations and coordinate volunteers in the schools and with business partners.

In three principal focus groups, principals reported that their schools include announcements about community activities in the materials they send home with students. These include announcements by city sports leagues, cultural centers, local health and social service centers, and business partners. Some of these activities occur off school grounds while others use district classrooms, sports fields, or cafeterias. Schools also allow social service organizations to solicit assistance from students and their families in these materials. For example, schools in the district partnered with Sharing and Caring, Inc., to solicit donations for families suffering from job losses after the terrorists' attacks in September 2001. Schools sent flyers to students' families asking for donations, or for families to "adopt" other families for Christmas.

Local YMCA programs, church groups, scouting organizations, and other groups use school facilities for activities that benefit both students and county residents. Principals reported that schools coordinate with social organizations and business partners to provide activities like health and employment fairs through the school system. Schools, in turn, coordinate student volunteer activities and job training in the larger community. Students volunteer in area health centers, day care centers and other facilities for public service credits, or serve in internships to provide labor assistance while learning job skills.

This interchange of resources betters both the school district and the larger community. The schools and students benefit by gaining diverse educational opportunities, while the community benefits by helping students become productive members of society.

9 The district has developed school-business partnerships.

The district has developed school-business partnerships to provide mentoring, resources, and other educational and employment opportunities

The Okaloosa County School district is actively engaged with the local business community. Business partners facilitate the mentoring program in the district, help acquire additional resources for students and schools, and provide students with certain educational and employment opportunities that supplement the education obtained in the classroom.

The district has a growing mentoring program developed in conjunction with community business partners. Mentoring takes place in the schools on a one-on-one basis between a business person and a student. Mentoring sessions take place once a week, usually lasting 45 minutes to an hour. Mentors may

work with students on areas of academic difficulty or simply spend time talking to the student. In 2001, the district entered into an agreement with Big Brothers Big Sisters of Northwest Florida to administer the program for the district. The Big Brothers Big Sisters organization recruits, screens, and trains mentors; matches them with students; and monitors their relationships. Under the current program only at-risk students have been paired with mentors. However, the district is looking to expand the program to students scoring low on the FCAT reading section, tenth graders who have not passed the FCAT as an exit exam, students at risk of repeating a grade, or students failing a core curriculum class. The program currently has almost 1,000 mentors.

Business partners also assist schools and students obtain additional resources. For example, local businesses have provided basic supplies to students under the "Tools for Schools" and "Making the Grade" programs. Business partners collect pencils, sharpeners, backpacks, hand sanitizers, markers, pens, paper, folders, glue sticks, scissors, notebooks, rulers, and crayons. In July 2001, Bank of America and Boeing/Boeing Fort Walton Beach Leadership Association participated in the "Tools" and "Making" programs, collecting enough materials for six full-service schools in the district. The district is also actively pursuing grants for a wide range of programs in the schools. At the time of this review, the district had received almost $640,000 in grants and has applications pending for many others. Grants applied for and received include funds for expanding the mentoring program, suspension alternative programs, family literacy initiatives, drug prevention programs, and transportation services for homeless children.

Finally, the district coordinates with business partners to provide supplemental academic and business educational opportunities. The district is working with the Mattie Kelly Arts Foundation to provide art shows and other opportunities for students; coordinated a county art award (the Van Porter Artist of the Year); partnered with the Fort Walton Beach Medical Center to train students in customer relations; and joined with the University of Florida Graduate Research Center to develop other education programs.

10 District schools maintain active and effective programs to involve volunteers in the education process.

The district has a strong volunteer program that has received state recognition

Interviews with district staff and principals found that volunteers are a critical part of the district's resources. Staff reports that all schools have heavy volunteer participation and many schools have received the state's "Golden School" awards for the level of volunteerism.

School board members, district administration and school principals all commented on the high level of volunteers in the district schools. While most volunteers are parents of children in the school system, staff reports that grandparents and other family members, single military personnel, and seniors (either residents or seasonal visitors) make up a significant portion of volunteers. Principals report that volunteer numbers equal up to half of the school's student population in some schools, and others report that there are times when they have too many volunteers. For example, one principal said that her school had so many volunteers that there was not enough work for everyone. As a result, the school put a central "task bin" in the school office with specific projects and jobs so that volunteers can select an activity if the classroom they are assisting has no immediate needs.

The state has recognized the active volunteerism in the district with its Golden School Awards. These awards recognize schools that meet the criteria below.

A minimum of 80% of the school's staff participated in training related to school volunteerism.

A school volunteer coordinator is designated for recruitment, placement, training, and supervision.

- The total number of hours in volunteer service hours equals twice the number of students enrolled in the school.

Thirty of the district's schools received this award in 2000-01, some of which for the tenth or even twentieth year in a row. Specifically, four schools have received Golden School Awards for 20 consecutive years and 11 schools have received the award for 10 years in a row. As a whole, this means that 84% of the district's schools have met all of these criteria.

11 District schools solicit economic support through school foundations.

### The district has a foundation whose main goal is providing scholarships for students

The district's Office of Community Relations administers the Okaloosa Public Schools Foundation, Inc. The foundation is a not-for-profit partnership between families, schools, and business. Founded in 1995, the foundation funds educational enrichment programs including teacher grants for unique programs, student scholarships, community educational initiatives, and student and teacher recognition awards.

> The foundation's main scholarship program is "Take Stock in Children." Take Stock in Children provides four-year scholarships to deserving low-income youth who are at risk of not going to college because of their families' financial situation. Sixth-grade students with good grades, good attendance, and good discipline records are invited to apply for these scholarships. Each student who is selected by the Executive Committee of the Foundation signs a contract, along with his or her parent and school principal, promising to maintain a good school record and to remain drug and crime free. When the student goes to college in Florida, all tuition is paid by the scholarship.

The program accepts donations for student scholarships that are matched on a dollar-for-dollar basis by the Florida Prepaid College Fund Foundation. At the current time, the district has 48 Take Stock Scholars funded by this program. The Office of Community Relations accomplished its goal of doubling the current amount of donations over the past year (see Exhibit 15-4).

Exhibit 15-4

Take Stock Scholarships Have More Than Doubled Over The Last Year
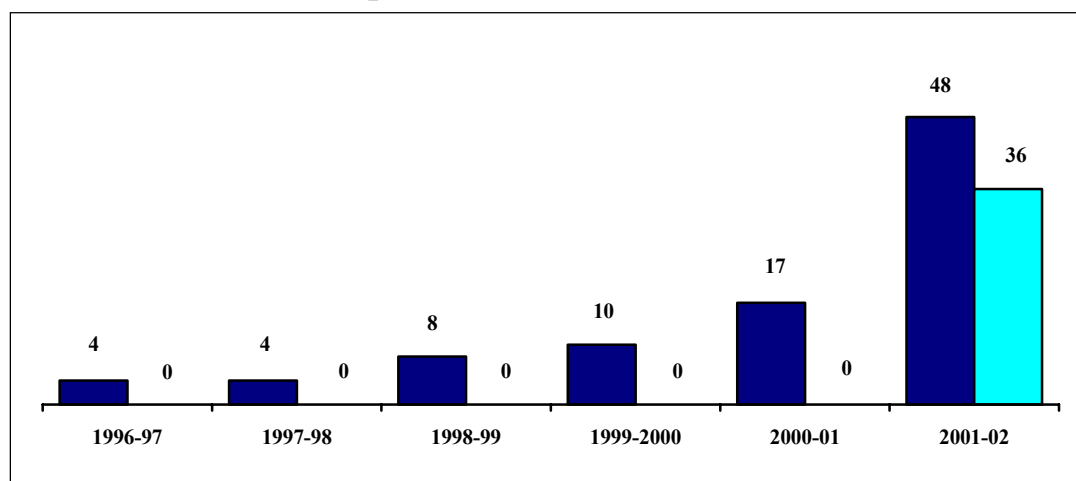
Source: Okaloosa County School District.

The foundation has also partnered with the local military bases and community businesses to fund special projects and programs. The foundation provides annual cash awards to the Okaloosa County Teacher of the Year and Non-instructional Staff Person of the Year, supports the Newspapers in Education Literacy Project, and provides funding for a project entitled Technically Speaking that provides information to county residents about workforce opportunities.

A

Action Plans

Management Structures

Action Plan 3-1

Adhere to Delineated Roles and Responsibilities; Assess and Improve Management Structure Functioning		
Strategy	The board should reassign all of the owner-representative designation for the Sverdrup/Delta contract to the superintendent or his staff.	
Action Needed	Step 1:	The board and superintendent should consult with the board attorney about steps necessary to amend the owner-representative designation.
	Step 2:	The board should consult with the superintendent concerning the appropriate person within the administration to serve as owner-representative. (See Action Plan 3-4 on page 3-17 for possible placement.)
	Step 3:	The chairman should resign from the owner-representative designation.
	Step 4:	The board should appoint a new owner-representative based on the recommendation of the administration.
	Step 5:	The board should require periodic reporting from the administration concerning contract implementation and monitoring.
Who Is Responsible	Board, superintendent, and board attorney	
Time Frame	November 2002	
Fiscal Impact	This recommendation can be completed with existing resources.	

Adhere to Delineated Roles and Responsibilities; Assess and Improve Management Structure Functioning		
Strategy	The board should not function as the selection committee for decisions related to the contract.	
Action Needed	Step 1:	District administration should suggest selection committee representatives for board approval.
	Step 2:	No more than a single board member should be allowed on the selection committee.
	Step 3:	Selection committee recommendations should be sent to the board.
Who Is Responsible	Board, superintendent	
Time Frame	November 2002	
Fiscal Impact	This recommendation can be completed with existing resources.	

Adhere to Delineated Roles and Responsibilities; Assess and Improve Management Structure Functioning	
Strategy	Board members should continue seeking master board training.
Action Needed	Step 1: The board should approve request from other board members seeking training.
Who Is Responsible	Board
Time Frame	As necessary
Fiscal Impact	The cost of training school board members for master board certification is estimated to be $5,000. This estimate assumes that each board member attends two training sessions at an average cost of $500 per session for registration fees, travel, lodging, and per diem expenses.

Adhere To Delineated Roles and Responsibilities; Assess and Improve Management Structure Functioning	
Strategy	The board and superintendent should meet on a regular basis to develop and evaluate performance measures to ensure efficiency of the district's management structures.
Action Needed	Step 1: The board and superintendent should set an annual date to review the board performance and its interactions with the administration.
	Step 2: The board and superintendent should establish performance measures based on goals and objectives described in the district's strategic plan. (See Action Plan 3-5 on page 3-23 for strategic plan development.)
	Step 3: The board and superintendent should identify information and data needed to facilitate the evaluation of selected performance measures.
	Step 4: The board and superintendent should analyze this information.
	Step 5: The board and superintendent should meet to discuss outcomes, evaluate working relationships, and determine possible changes in performance needed to satisfy the strategic plan.
Who Is Responsible	Board, superintendent
Time Frame	January 2003, annually thereafter
Fiscal Impact	This recommendation can be completed with existing resources.

Action Plan 3-2

Districtwide Administrative Procedures Should Be Developed	
Strategy	The superintendent and his administration should develop districtwide procedures that are relevant, up-to-date, and easily accessible.
Action Needed	Step 1: The superintendent should survey operational areas to identify existing procedures.
	Step 2: The administration should review and amend procedures to ensure that they are current, effective, and efficient.
	Step 3: The superintendent should distribute procedures to the operational areas and through the district web page.
	Step 4: The web page should include a comprehensive search engine to help operational areas identify appropriate procedures.
Who is Responsible	Superintendent, administrators from operational areas
Time Frame	July 2003
Fiscal Impact	This recommendation can be completed with existing resources or could cost up to $15,000 if the district needs outside assistance from FADSS.

Action Plan 3-4

Division of Operations Should Be Created	
Strategy	The district should establish the Division of Operations that includes transportation, food services, contract management, construction and maintenance.
Action Needed	Step 1: The superintendent should develop a workplan to describe the benefits and drawbacks to additional restructuring of the management structures. The workplan should include the justification for creating a Division of Operations, describe its placement in management structures, describe the activities to be included under the division, detail the qualifications and duties of a chief operations officer, and detail potential costs of this transition. Step 2: The board should consider the workplan and work with the administration to implement its recommendations. Step 3: Staff should be selected for the position of chief operations officer. Step 4: The superintendent should develop goals and objectives with new division staff and determine performance measures for its activities.
Who is Responsible	Superintendent, board
Time Frame	July 2004
Fiscal Impact	The development of a reorganization plan can be completed with existing resources. The fiscal impact for the new position would be approximately $102,708 annually. This position could be paid for through costs savings identified in the review, including savings from transportation, increased revenues from food services, and cost savings from maintenance and construction. Please see these chapters for fiscal impacts.

Action Plan 3-5

A Strategic Plan Should Be Developed	
Strategy	The district should develop a five-year strategic plan with measurable goals and objectives.
Action Needed	Step 1: The board should solicit bids from consultants experienced in developing strategic plans. Step 2: The board, with cooperation and input from the superintendent, should select a consultant. Step 3: The consultant should hold public hearings to solicit community input on the strategic plan. Step 4: The consultant should hold a series of workshops to solicit input from the schools and their stakeholders. Step 5: The consultant should solicit input from the board, central administrative staff, and school-based staff. Step 6: Based on the input it has received, the consultant should develop a draft of a strategic plan, including measurable goals and objectives and specific strategies, responsibility assignments, and timelines for the superintendent and assistant superintendents. Step 7: The superintendent and staff should review the draft and present it to the board for comment. Step 8: The consultant should incorporate their comments into a final draft. Step 9: The superintendent should present the final draft to the board for approval.
Who is Responsible	The board and superintendent

Time Frame	The plan should be completed by December 2003 and implemented by July 2004.
Fiscal Impact	The fiscal impact will vary based on how the district chooses to implement this recommendation. If district staff develops the strategic plan without outside assistance, the plan could be developed within existing resources. This is especially true if the board and superintendent pursue master board training. [1] The district could also hire the Florida Association of District School Board Superintendents at a cost of $20,000-$55,000 (depending on the level of stakeholder input desired). Hiring a private consultant to produce a strategic plan with appropriate performance in a one-year period of time is estimated to cost between $91,000 and $98,000.

Action Plan 3-6

Districtwide Goals and Objectives Should Be Linked to the Budget	
Strategy	The district should link the goals and objectives developed in the strategic plan to its budget allocations.
Action Needed	Step 1: During the strategic planning process, the superintendent needs to direct the consultant to work with the assistant superintendents and chief officers to identify strategies they believe will be most effective in attaining the district's goals and objectives.
	Step 2: The consultant should determine the likely cost of implementing the selected strategies in conjunction with the chief financial officer.
	Step 3: The consultant should identify changes in current operations that could offset the cost of implementing the strategies in conjunction with operational area administrators.
	Step 4: A written report should be developed detailing ways to implement the districts strategies and their fiscal impact.
	Step 5: The superintendent should forward the report to the board for consideration.
	Step 6: The board should review the report, modify the recommendations as needed, and adopt them. It should then direct the superintendent to base the upcoming budget on the recommendations.
Who is Responsible	The board and superintendent
Time Frame	The recommendations should be implemented with six months of the adoption of a strategic plan
Fiscal Impact	This recommendation could be implemented with resources allocated in Action Plan 3-5.

Performance Accountability Systems

Action Plan 4-1

Develop an Accountability Systems for All Educational and Support Programs	
Strategy	Develop measurable objectives for all district educational and support programs.
Action Needed	Step 1: Assign one of the area superintendents the responsibility for overseeing the development of an accountability system for all educational and support programs. The system should include longer-term outcomes for presentation to the board and public and short-term outcomes that are useful to program managers.

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[1] Other districts that have completed master board training report that it was beneficial in helping them develop their strategic plan, allowing staff to develop the plan more economically.

	Step 2: Work with key staff in each program to develop useful measures. Proposed measures should be made available to stakeholders for comment.
	Step 3: If necessary, hire a consultant to take district staff through a process to help them develop an accountability system and strategic plan.
	Step 4: Make proposed measures available to stakeholders for comment.
	Step 5: Revise the proposed measures as needed.
	Step 6: Submit the objectives to the board for approval.
	Step 7: Develop systems for collecting reliable data on the approved measures.
	Step 8: Periodically review the measures to ensure that they are still useful or whether new measures should be developed.
Who Is Responsible	Superintendent
Time Frame	December 2003
Fiscal Impact	Included in the fiscal impact of Action Plan 3-5 and 3-6.

Action Plan 4-4

Accountability Information Should be Better Reported to the Public	
Strategy	Report accountability information for support programs to the board and public.
Action Needed	Step 1: The district should annually report should report on the performance of special groups of students, such as ESE, ESOL, and at-risk students to both the board and the general public. Because these groups may comprise relatively small numbers of children at the school level, the district may want to report this information districtwide.
	Step 2: After it develops accountability measures for its support programs, the district should report this information in the budget document that is approved by the boards.
	Step 3: The district should consider reporting performance data for special groups of students and support programs on its website. This information would be most helpful if the district included comparative information on basic students or from similar programs in other districts.
Who is Responsible	The superintendent
Time Frame	March 2003
Fiscal Impact	This can be implemented with current resources.

Educational Service Delivery

Action Plan 5-1

Compare Performance and Strategies to Peer Districts	
Strategy	The district will regularly compare its performance to peer districts and report on the results to the public and the school board.
Action Needed	Step 1: The superintendent and the chief officer of quality assurance should select peer districts from the following list: Clay, Citrus, Charlotte, Hernando, Lake, Leon, Martin, Santa Rosa, and Sarasota.
	Step 2: The chief officer of quality assurance and curriculum support contacts her counterpart in each peer district and arranges an information sharing process. Information would include the most up-to-date data available for that district along with any performance information not available from the state.

	Step 3: The Office of Quality Assurance and Curriculum Support reviews the peer data and identifies areas in which peers outperform Okaloosa.
	Step 4: The chief officer of quality assurance and curriculum support contacts her counterparts in districts with stronger performance to discuss the services and policies of those districts.
	Step 5: Based on the results of those interviews, the chief officer of quality assurance and curriculum support prepares an action plan that incorporates some of the strategies identified by high-performing peers.
	Step 6: Report on performance through district publications, web site, and to the school board.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	July, 2003
Fiscal Impact	This can be implemented with existing resources.

Action Plan 5-6

Ensure that School Advisory Council Members are Trained and Ready to Participate	
Strategy	Revise the training schedule for school advisory council members so that they receive training on their roles and responsibilities and are able to participate in the school improvement process.
Action Needed	Step 1: Change the election schedule for School Advisory Council members so that the members are elected by October of each new school year
	Step 2: Provide training to new and returning SAC members by November. Training should emphasize the right of the advisory council to make changes to the A+ plan, including the addition of non-academic performance measures.
	Step 3: Provide each school advisory council time and opportunity to review the A+ plans and provide feedback.
	Step 4: Ensure that school advisory council feedback is incorporated into the each school's A+ plan
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	August 2003
Fiscal Impact	This can be implemented with existing resources.

Action Plan 5-7

Maximize Collections of Outstanding Debt	
Strategy	Require principals to report on the level of outstanding debt for lost and damaged texts and target improvements where necessary
Action Needed	Step 1: Area Superintendents require each principal to report his or her school's level of outstanding debt for lost and damaged textbooks.
	Step 2: For schools with significant outstanding debt or debt levels that are climbing, district staff should work with the principal to develop strategies to increase the rate of collection or ensure the students pay through community service.
	Step 3: Continue the process on an annual basis.
Who is Responsible	Area Superintendents in conjunction with the Chief Financial Officer.
Time Frame	June 2003
Fiscal Impact	This can be implemented with existing resources, but if the amount of outstanding debt collected increases, it may generate some savings for those schools.

Action Plan 5-8

Use Performance Data to Identify Areas in Need of Evaluation and Review	
Strategy	By closely monitoring the district's performance on key indicators, the district can identify areas of weakness at the school and district level. The district can then target those areas for a detailed evaluation.
Action Needed	**Step 1:** The district should identify a few key performance measures for the K-12 program. The performance measures should include both academic and non-academic data and reflect on all major components of the K-12 program. For example, performance measures could include results from the school climate survey, graduation and retention rates, disciplinary actions, FCAT scores, college readiness, and absenteeism.
	Step 2: The district should then monitor its performance on these measures over time and in comparison to its peers. Any areas in which performance declines, stagnates, or fails to match peers the district should identify for further review.
	Step 3: The district should review targeted areas by collecting specific feedback from teachers and parents regarding perceived problems. Based on this feedback the district should develop and implement an action plan for improvement.
	Step 4: The district should follow up on the actions taken and the changes in performance during the next year. If appropriate improvement has been made, then return to monitoring the area. If appropriate improvement has not been made, the district should review the area again.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	August 2003
Fiscal Impact	This can be implemented with existing resources.

Action Plan 5-9

Conduct a Cost-Benefit Analysis of Contracting for Evaluation	
Strategy	Compare the costs of using in-house staff to evaluate educational programs and instructional strategies with the costs of contracting out for that service.
Action Needed	**Step 1:** Estimate the costs and benefits of conducting evaluations of educational programs and instructional strategies in house. Costs include a new staff position, possibly with other duties. Benefits include the flexibility of having in-house staff and the ability to be more proactive in reviewing programs and strategies.
	Step 2: Estimate the costs and benefits of contracting out for the evaluations. The costs include the direct payments to the contractor. Benefits include, for example, the flexibility to not contract during times of fiscal constraint.
	Step 3: Based on the results of the analysis, either continue contracting or develop an in-house evaluation function.
Who is Responsible	Office of Quality Assurance and Curriculum Support
Time Frame	January 2003
Fiscal Impact	This can be implemented with existing resources.

Administrative and Instructional Technology

Action Plan 6-1

Unify Technology Planning and Administration	
Strategy	The superintendent should assign the chief information officer (CIO) the responsibility for planning, overseeing, and developing accountability for technology.
Action Needed	The superintendent restructures the district's organization chart to assign technology planning and administration, including management of the technology portion of the contract, to the chief information officer. (See Chapter 3, Management Structures)
	The superintendent recommends and the board approves the creation of a new administrative position and transfer responsibility for FTE projections to that position.
	The CIO reviews the technology plan for currency and designs a process for conducting technology needs assessments and updating the plan.
	The CIO ensures that the updated plan includes administrative as well as instructional systems.
	The CIO ensures that the updated plan contains measurable goals and objectives and performance measures.
Who Is Responsible	The superintendent
Time Frame	July 2003
Fiscal Impact	The salary and benefits for the new FTE administrator will cost $77,276 per year, with a cumulative cost of $309,104 through 2006-07.

Action Plan 6-2

Establish In-House Network Software Implementation, Hardware Support and an Expanded Help-Desk Function or Improve Contract Management and Obtain a Lower-Cost Contract for these Services		
Strategy	The district should lower the cost of its technology support services by providing the services in-house or renegotiating the costs of contracted services.	
Action Needed	Step 1:	The chief information officer should design and project the cost of de-privatizing the hardware support and help-desk functions.
	Step 2:	The chief information officer should design and project the cost of providing in-house support for the Maximo system.
	Step 3:	The chief information officer should negotiate a new contract with the current or an alternative provider.
	Step 4:	If necessary, the chief information officer should negotiate a transition plan with the current provider for all or part of the services.
	Step 5:	The chief information officer should present the plan, either to renegotiate the contract or de-privatize all or part of the services, to the superintendent for his approval.
	Step 6:	The superintendent should present the plan to the school board for approval.
	Step 7:	Once approved, the chief information officer should implement the plan.
Who is Responsible	Superintendent, school board, and chief information officer.	
Time Frame	July 2003	
Fiscal Impact	Cost savings of de-privatization through Fiscal Year 2006-07 will be $2.2 million. Maximo support will cost $297,264 through Fiscal Year 2006-07.	

Action Plan 6-3

Create Training Plans for New Employees and Annual Update Workshops for Administrative Systems	
Strategy	The chief information officer should design a needs assessment and implement training and refresher seminars for administrative systems.
Action Needed	Step 1: The chief information officer should create a data collection tool to gather needs for administrative systems training.
	Step 2: The chief information officer should email the needs survey to principals and department heads.
	Step 3: Principals and department heads should distribute the survey to their staff and compile the results.
	Step 4: Principals and department heads should email the results to the chief information officer.
	Step 5: The chief information officer should compile these results and create a plan for administrative training.
	Step 6: The superintendent's cabinet should review the plan for alignment with district priorities and approve budgetary support.
	Step 7: The chief information officer, department heads, and the principals should implement the training plan.
Who is Responsible	Chief information officer
Time Frame	July 2003
Fiscal Impact	The training costs are $25,000 for all systems that cannot be accomplished with district personnel. This does not include the costs for training the maintenance and transportation staff in the use of the Maximo system, which is addressed in Section 5 of this chapter. Training should be accomplished as part of the employees' workday.

Action Plan 6-4

De-privatize the Purchase of Computer Hardware	
Strategy	The school district should purchase computer hardware without assistance from the technology contractor.
Action Needed	Step 1: The superintendent should direct the staff to renegotiate the Delta-BTG contract to exclude hardware purchases and the fee associated with this service.
	Step 2: The Purchasing Department should collaborate with the CIO and his staff to establish procedures and specification parameters for computer hardware.
	Step 3: Principals and district staff should be informed of the revised procedures.
Who is Responsible	The director of purchasing
Time Frame	July 2003
Fiscal Impact	Savings would amount to $428,685 in the Capital Projects Budget through Fiscal Year 2006-07.

Action Plan 6-6

Inventory Independent Data Systems	
Strategy	The CIO should survey all district staff to determine the scope and necessity of independent databases and software systems.
Action Needed	Step 1: The CIO should create a web-based survey form for all district staff to report on independent data systems.
	Step 2: The CIO should determine if further study is required of any of these systems.
	Step 3: District staff should be trained and directed to use centralized systems that would eliminate duplication of effort.
Who is Responsible	Chief information officer
Time Frame	July 2003
Fiscal Impact	The survey should be accomplished with existing resources. The fiscal impact of actions suggested by the survey cannot be projected at this time.

Personnel Systems and Benefits

Action Plan 7-6

The District Should Implement an Automated Personnel Records Keeping System	
Strategy	The Okaloosa County School District should develop and implement a system of automated personnel records.
Action Needed	Step 1: Identify basic personnel data that should be retained in an automated personnel database.
	Step 2: Design a database format to include the needed data.
	Step 3: By January 1, 2003, enter data for all district employees newly hired since January 1, 2001.
	Step 4: Test the database to ensure that it contains appropriate data and that needed data can be easily accessed.
	Step 5: Revise the database format as indicated by the testing.
	Step 6: By December 31, 2003, enter data for all remaining active employees.
	Step 7: Activate the database no later than January 1, 2003.
	Step 8: Enter data in the database as new employees are hired.
Who is Responsible	Chief Human Resources Officer
Time Frame	January 1, 2004
Fiscal Impact	The chief human resources officer estimated that the initial development and data entry will cost the district $80,000 to $100,000. She also said that once the automated system was implemented the existing staff could maintain the system in future years without additional resources. Therefore, the estimated cost for the next five years would be between $80,000 and $100,000.

Facilities Construction

Action Plan 10-1

Seek Stakeholder Input in the Facilities Planning Process	
Strategy	The district needs to establish a means of gaining parent and stakeholder input on decisions regarding the use of facilities.
Action Needed	Step 1: The district should actively solicit parent involvement in decisions regarding school facilities, including new construction, large renovation projects and the proposed opening and closing of schools. Step 2: Stakeholders should address future business needs and the resulting future educational program needs. Step 3: Stakeholders should consider alternative program solutions and the feasibility of each. Step 4: Stakeholders should periodically review the status of work on the long-range plan, consider any changing parameters, and make recommendations to the school board for adjustment to the long-range plan. Step 5: Stakeholders should establish a mechanism for documenting decisions and reporting to the board.
Who Is Responsible	Superintendent
Time Frame	July 2003
Fiscal Impact	This recommendation can be completed with existing resources.

Action Plan 10-2

Amend Written Policies and Procedures for Facilities Planning	
Strategy	The district should revise its written procedures to provide a coordinated framework for carrying out the facilities planning function of the district.
Action Needed	Step 1: The district should develop written policies and procedures that will • clarify the roles and responsibilities of each district department; • provide for regular lines of communication among the managers that report to the assistant superintendents and the director of Facilities Planning; • provide for regular lines of communication among all entities that report to the board; and • define the role of the board, district staff and the total program manager. Step 2: The district should periodically review policies in order to keep them current and eliminate any that are outdated.
Who is Responsible	Superintendent
Time Frame	July 2003
Fiscal Impact	This can be implemented with existing resources.

Action Plan 10-5

Develop a structured post-occupancy building evaluation	
Strategy	Require post-occupancy building evaluations for all construction projects.
Action Needed	Step 1: Develop procedures to ensure that post-occupancy evaluations regularly occur. The post-occupancy review process should focus on building performance from the point of view of school-based staff, students, custodians and maintenance staff. Step 2: The evaluation should include • A survey of users, • An operational cost analysis, • Comparison of the finished product with the educational and construction specifications, • Recommendations for future improvements, and • An analysis of the educational program improvements for consideration by future educational specification committees;
Who is Responsible	Executive director of facilities and maintenance
Time Frame	January 2004
Fiscal Impact	This recommendation can be accomplished with existing resources.

Facilities Maintenance

Action Plan 11-1

Develop a Mission Statement Unique to the Maintenance Department.	
Strategy	As part of the strategic planning effort, the maintenance department should establish a mission statement for board approval.
Action Needed	Step 1: Work with maintenance staff to develop a mission statement unique to the department. Step 2: Present the mission statement to the superintendent and board for approval.
Who Is Responsible	Maintenance/facilities director
Time Frame	December 2003
Fiscal Impact	This recommendation can be completed with existing resources.

Action Plan 11-2

Develop Maintenance Operating Procedures.	
Strategy	Codify operating procedures for the maintenance department.
Action Needed	Step 1: Develop operating procedures that includes routines and maintenance for: • heating, ventilating and air conditioning, • communication and alarm systems, • fire protections systems and equipment, • preventive maintenance, • site and Grounds, • emergency response, and • acquiring parts. Step 2: Present operating procedures to the superintendent for approval. Step 3: Incorporate procedures into maintenance manual. Step 4: Provide training to staff on operating procedures.

Who Is Responsible	Maintenance/facilities director; program director for facilities
Time Frame	July 2004
Fiscal Impact	The cost of this recommendation is accounted for in the creation of the facility planner position.

Action Plan 11-3

Develop Custodial Operating Procedures.	
Strategy	Codify operating procedures for custodial staff into a custodial operations manual.
Action Needed	Step 1: Develop operating procedures that includes routines for • general floor cleaning; • trash removal; • cleaning portables and restrooms; • cleaning food service areas; • vertical surface cleaning: windows, mirrors, vents, blinds, partitions; • mowing and raking; • safety coordination and emergency responses; • handling hazardous chemicals and blood borne pathogens; • event preparation/cleanup; • opening/closing of building; • replacing janitorial supplies; and • initiating work orders. Step 3: Present operating procedures to the superintendent for approval. Step 2: Distribute operating procedures to site based managers and custodial staff. Step 3: Provide training on procedures to custodial staff.
Who Is Responsible	Maintenance/facilities director; facility planner
Time Frame	July 2004
Fiscal Impact	The cost of this recommendation is accounted for in the creation of facility planner position and the cost of a consultant to coordinate procedures development (Management Structures).

Action Plan 11-4

The Maintenance Department Needs to Develop Facility Standards	
Strategy	Develop maintenance and operations criteria based the district's facility standards.
Action Needed	Step 1: Work with district staff to determine appropriate facility standards for district facilities. Step 2: Develop maintenance and operations criteria for the facility standards below. • Safety – environmental and occupational risks • Sanitation – frequency of cleaning • Security – protection of occupants and property • Functional Performance – operating efficiently and economically • Physical condition – sound condition • Appearance – desired level of appearance Step 3: Present standards and maintenance criteria to the superintendent and board for approval.
Who is Responsible	Maintenance/facilities director; facility planner; assistant superintendents
Time Frame	July 2003
Fiscal Impact	The cost of this recommendation is contained in the cost of adding the facility planner position.

Action Plan 11-5

The Maintenance Department Needs to Develop Work Standards for Maintenance and Custodial Staff	
Strategy	Develop a method for evaluating maintenance and custodial tasks based on work standards.
Action Needed	Step 1: Develop work standards for each task that may include • Frequency of task • duration of task, • materials cost of task, • labor cost of task, and • comparisons to applicable professional standards and peer districts. Step 2: Information maintenance and custodial personnel of the work standards. Step 3: Track the implementation of work standards and how employees meet those stardards Step 4: Evaluate employee performance based on the standards.
Who is Responsible	Maintenance/facilities director; facility planner
Time Frame	July 2003
Fiscal Impact	The cost of this recommendation is accounted for in the costs to upgrade of the MAXIMO System and the creation of the facility planner position.

Action Plan 11-6

Increase Subscriptions and Circulation of Trade Publications	
Strategy	Subscribe to and circulate trade publications to ensure maintenance and custodial staff are informed of new procedures, technology, equipment and materials.
Action Needed	Step 1: Review trade publications to determine which would best meet the needs of the district. Step 2: Survey custodial and maintenance staff for input. Step 3: Test survey instrument. Step 4: Create a budget item for trade publications. Step 5: Ensure publications are made available to district staff.
Who is Responsible	Maintenance/facilities director
Time Frame	December 2002
Fiscal Impact	$500 annually

Action Plan 11-7

The District Needs to Conduct Annual Customer Feedback Surveys	
Strategy	Conduct periodic surveys of facility users to measure how well the maintenance department is fulfilling its mission from a customer service standpoint.
Action Needed	Step 1: Develop survey instrument with input from maintenance staff. Ask users to rank services provided on a 1-5 point scale. Step 2: Include questions relating to quality, timeliness, and cost of service. Step 3: Survey principals and a random sample of teachers. Step 4: Summarize and evaluate responses. Step 5: Use results to evaluate the use of maintenance resources and make adjustments accordingly.
Who is Responsible	Facility planner
Time Frame	May 2003
Fiscal Impact	This can be accomplished with existing resources.

Action Plan 11-8

The District Needs to Develop Performance Standards	
Strategy	Develop standards for maintenance and custodial operations based on recognized industry benchmarks and comparisons with peer districts.
	Step 1: Develop cost-effectiveness standards based on the following: • maintenance cost per square foot; • maintenance cost per student; • custodial costs per square foot; • square feet of building per FTE custodian; • square feet of building per FTE maintenance staff; • average age of facilities; • timeliness of response; and • customer satisfaction. Step 2: Contact peer districts to identify information sharing opportunities Step 3: Obtain historical data from budget and FISH records. Step 4: Calculate and verify measures. Step 5: Set cost-effectiveness standards and goals.
Action Needed	Step 6: Select a few critical performance and cost-efficiency measures that should be reported annually to the school board and superintendent.
Who is Responsible	Maintenance/facilities director; facility planner
Time Frame	September 2003
Fiscal Impact	The cost of this recommendation is accounted for in the costs to upgrade the MAXIMO System and creation of the facility planner position.

Action Plan 11-9

Use the MAXIMO System to Collect Cost Data on Labor and Materials.	
Strategy	Systematically collect and analyze performance and cost data in the MAXIMO System to identify opportunities to increase effectiveness, efficiency and reduce costs.
Action Needed	Step 1: Meet with supervisors to identify what data needs to be collected, how often and what report format is needed to determine progress toward cost efficiency goals. Step 2: Set up a procedure to routinely generate work orders for analysis. Step 3: Analyze reports to identify trends and opportunities to reduce costs. Step 4: Meet with staff to identify strategies to increase productivity and lower costs. Step 5: Use data/operational information to make operational improvements; establish timeframes for routine tasks. Step 6: Discuss expectations with maintenance staff on ways to work more efficiently and effectively. Step 7: Routinely report performance and cost-efficiency results to staff. Step 8: Use data to make routine comparative analysis between actual and budgeted costs. Step 9: Evaluate performance and costs to include potential for cost-saving alternatives for providing services.
Who is Responsible	Maintenance/facility director; facility planner, and supervisors
Time Frame	July 2003
Fiscal Impact	MAXIMO System upgrade and training - $175,045. Recurring support costs are covered in the Technology chapter.

Action Plan 11-10

Privatization	
Strategy	Evaluate outsourcing certain maintenance trades functions.
Action Needed	Step 1: Identify maintenance trade functions that could be privatized. Step 2: Identify criteria to use in determining whether to outsource functions. Step 3: Contact vendors to determine costs to privatize identified functions. Step 4: Compare privatized costs to in-house costs. Step 5: Determine feasibility of privatizing maintenance trade functions based on the results of the comparison.
Who is Responsible	Maintenance/facilities director
Time Frame	December 2003
Fiscal Impact	This recommendation can be accomplished with existing resources.

Action Plan 11-12

Reorganize the maintenance department to function as a single unit.	
Strategy	Create a single maintenance department under the direction of a maintenance/facilities supervisor.
Action Needed	Step 1: Eliminate three zone administrators. Step 2: Develop and adopt a new organizational chart for the maintenance department. Step 3: Create new positions, position descriptions and establish salaries. Step 4: Recruit for new positions internally and externally, as appropriate. Step 5: Develop a transition plan.
Who is Responsible	Superintendent and board
Time Frame	January 2003
Fiscal Impact	The initial cost of implementing this recommendation is $18,806.

Action Plan 11-14

The District Needs to Improve its Skills Training Program for Maintenance Staff and Custodial Staff	
Strategy	Develop a training program for staff covering job skills, safety, efficiency, work habits, and district policies.
Action Needed	Step 1: Develop a systematic way of identifying training needs and then establish goals for each position. Step 2: Training goals should identify how the training will benefit the district's operations and effectiveness. Step 3: Develop a program of cross training for specific positions to improve efficiency. Step 4: Establish a budget for training, training schedule and curriculum. Step 5: Provide an opportunity for staff feedback and evaluation to ensure training meets their needs.
Who is Responsible	Maintenance/facilities director; director of human resources
Time Frame	January 2003
Fiscal Impact	Restore $5,000 eliminated from the training budget.

Action Plan 11-15

The MAXIMO System Needs to be Uniformly Implemented Throughout the District	
Strategy	Ensure that uniform procedures are established for implementing the MAXIMO System in all three maintenance zones.

Action Needed	Step 1:	Meet with maintenance supervisors to determine procedures to be established (preventive maintenance), data collected, and reports generated by the MAXIMO System.
	Step 2:	Work with the district technology office to determine staff training needs, software licensing requirements and other system upgrades required to effectively implement the MAXIMO System.
	Step 3:	Create a budget to cover training and system upgrades.
	Step 4:	Establish a schedule for training staff.
	Step 5:	Present the budget for system upgrades, training needs and goals for increasing productivity and reducing costs as a result of implementing the system to the board for approval.
Who is Responsible	Maintenance/facilities director	
Time Frame	January 2003	
Fiscal Impact	The cost of this recommendation is included in Action Plan 11-9.	

Action Plan 11-16

The District Needs to Develop Policies and Procedures to Address Health and Safety Issues		
Strategy	Develop policies and procedures for the district's safety program.	
Action Needed	Step 1:	Prepare policies and procedures for submission to board.
	Step 2:	Board adoption of policies and procedures.
	Step 3:	Implement policies and procedures.
Who is Responsible	Program director, facilities	
Time Frame	Develop draft policies and procedures – July 2004 Board adoption – August 2004 Implementation – September 2004	
Fiscal Impact	This can be accomplished within existing resources.	

Student Transportation

Action Plan 12-1

Analyze the Decision to Provide Free Shuttle Bus Transportation for Destin-Area Students Zoned Attending Niceville High School	
Strategy	Conduct periodic re-evaluation of the school board's decision to provide free shuttle transportation to Fort Walton Beach High School students living in the Destin area who wish to attend Niceville High School. This analysis should be used to guide the school board in deciding if providing shuttle transportation is to be continued.

Action Needed	Step 1:	The district performs a periodic re-evaluation of the decision to provide free shuttle transportation to Fort Walton Beach High School students living in the Destin area who wish to attend Niceville High School. This re-evaluation should include comparisons of the cost of additional transportation and educational services provided for these students to possible cost savings due to reduction in demand for teachers, facilities operational costs used to provide teachers, facilities, and other operating cost reductions, etc. by not providing this transportation.
	Step 2:	The superintendent would present the re-evaluations to the school board and the public. If the analysis shows that providing this transportation is in the best interests of the district, then no further actions would be taken. If the analysis shows that providing this transportation is not in the best interests of the district, then the superintendent will recommend and the board approves changing the board policy to eliminate free bus shuttle transportation of these students.
Who Is Responsible	Superintendent, school board, district staff as assigned by the superintendent.	
Time Frame	Initial re-evaluation to be completed by July 2003, and by June of each other subsequent year; superintendent to present the re-evaluation to board with school board approve change in policy if analysis indicates such is in best interest of district by August 2003, and by August in each other subsequent year.	
Fiscal Impact	Existing district staff can perform the study.	

Eliminating Non-state Funded Bus Riders

Strategy	Eliminate the bus transportation of students who live within two miles of their school and can safely walk to school.	
Action Needed	Step 1:	The transportation department performs a comprehensive study of the impact of eliminating non-state funded bus riders in the county who can safely walk to school. This study would include overall impact on the student transportation system including number of buses and drivers needed, additional areas determined to be hazardous walking areas, certification of students eligible for hazardous walking conditions funding, savings to the district, and areas where continued school transportation for non-state funded bus riders is recommended due to hazardous walking conditions.
	Step 2:	The superintendent would present the report to the school board and recommend changing the board policy to eliminate the transportation of non-state funded bus riders who can safely walk to school.
	Step 3:	School board affirmatively votes for a change in board policy to prohibit the transportation of all students that can safely walk to school and who live within two miles of their assigned school.
	Step 4:	Transportation department make necessary changes to routes in compliance with changed board policy.
	Step 5:	Transportation department continue to actively coordinate with local governments and law enforcement agencies on way to improve student walking conditions such as crosswalks and crossing guards.
Who Is Responsible	Transportation program manager, superintendent, school board, route coordinators	
Time Frame	Study to be completed by July 2003; Superintendent to present study to board and school board approve change in policy by July 2003; routing coordinators to revise bus routes August 2003; on-going coordination with local governments and law enforcement agencies on ways to improve student walking conditions	
Fiscal Impact	Existing transportation resources can do the study; cost savings are estimated to be between $134,440 and $201,661 annually.	

Extend Distances Between Bus Stops and Increase Areas Serviced by Bus Routes

Strategy	Extend the minimum distances between bus stops from the present one-quarter mile to one-half mile when safety is not an issue and increase the area served by individual bus routes.
Action Needed	Step 1: The transportation department performs a comprehensive study of the impact of extending the minimum distance between bus stops from one-quarter to one-half mile. This study would include overall impact on the student transportation system including number of buses needed, drivers needed, savings to the district, and areas where increasing the distance between bus stops is not recommended due to hazardous walking conditions. Step 2: The superintendent would present the report to the school board and recommend changing the board policy to extend the minimum distance between bus stops from one-quarter to one-half mile. Step 3: School board affirmatively votes for a change in board policy to extend the minimum distance between bus stops from ¼ to ½ mile. Step 4: Transportation department make necessary changes to routes in compliance with changed board policy. Step 5: Using time saved from extending the distance between bus stops, the transportation department increases the areas serviced by individual bus routes to improve bus occupancy.
Who Is Responsible	Transportation program manager, superintendent, school board, route coordinators
Time Frame	Study to be completed by July 2003; Superintendent to present study to board and school board approve change in policy with routing coordinators to revise bus routes effective for the 2003-04 school year.
Fiscal Impact	Existing transportation resources can do the study; an annual increase in state funding due to increased bus occupancy is estimated to be $103,416.

Acquire Routing Software

Strategy	Improve the efficiency of the routing process using automated bus routing software.
Action Needed	Step 1: The district's chief information officer and transportation director evaluate bus routing software packages that will improve the efficiency of bus routing. This evaluation should include would an analysis of the rate-of-return (ROI) of each selected software package to ensure positive returns on the investment to justify the cost of obtaining and implementing the selected bus routing program. The costs of such a system need to include factors such as price, reliability, hardware needed, and training costs. Using this evaluation, the chief information officer and transportation director will rank order the software and recommend purchase of the highest ranked software package meeting the needs of the district if the software package has a sufficiently high ROI. The evaluation and recommendation would be presented to the superintendent. Step 2: The superintendent would present the evaluation and recommendation to the school board for purchasing authority (if recommended). Step 3: If recommended, the school board affirmatively votes in favor of giving the district authority for the purchase of the highest ranked software. The software should be purchased using capital item funds. Step 4: School district purchases the software with the district's management information systems department installing the software at the route coordinator's computer terminals and providing necessary training. Step 5: The software will be used to design the district's bus routes.
Who Is Responsible	Chief information officer, transportation program manager, superintendent, school board, district purchasing staff, route coordinators

Time Frame	Evaluation to be completed by January 2003; superintendent to present study to board and school board approve purchase of routing software by February 2003; purchasing staff to purchase approved routing software by July 2003; route coordinators to implement computerized route planning as soon as possible after installation of computerized routing software.
Fiscal Impact	The above study will determine the fiscal impact to the district; the study can be done by existing district resources.

Action Plan 12-2

Field Trip Transportation Fees to Fully Reimburse the Transportation Department

Strategy		Establish field trip transportation fees that fully reimburse the transportation department for such trips.
Action Needed	Step 1:	The chief financial officer, with the assistance of the transportation department, will calculate the transportation department's current cost associated with field trips (e.g., cost of drivers, equipment, and administration) and devise a field trip rate structure that allows all of these costs to be reimbursed to the transportation department.
	Step 2:	The chief financial officer will request that the school board, through the district superintendent, make the new field trip rate structure effective immediately.
	Step 3:	The school board approves the new field trip rate structure and makes the new rate structure effective immediately.
	Step 4:	The chief financial officer, with the assistance of the transportation department, will disseminate this information to the district schools.
	Step 5:	The chief financial officer, with the assistance of the transportation department, will calculate the cost of field trip transportation prior to the beginning of each school year and disseminate this information to the district schools.
	Step 6:	If field trip costs escalate during the school year beyond the field trip price disseminated by the chief financial officer due to cost increases beyond the control of the transportation department (e.g., increases in fuel costs), the transportation department manager will notify the chief financial officer of the situation and request an increase in field trip fees. Upon notification, the chief financial officer will recalculate field trip prices and request (through the superintendent) the school board approve the new price of field trips and with immediate implementation.
Who is Responsible		Chief financial officer, transportation department manager, district superintendent, school board
Time Frame		Completion of the above steps by the beginning of school year 2002-03 and each subsequent school year.
Fiscal Impact		The recommendation can be implemented by existing management resources with an additional $51,200 annually being transferred from schools to the transportation department to compensate it for field trip expenses.

Action Plan 12-3

Collect and Analyze Data for Recruiting and Retaining Drivers and Attendants

Strategy	Collect and analyze bus driver and attendant related data to help formulate and implement plans to assist the district in recruiting and retaining bus drivers and attendants.

Action Needed	Step 1:	The transportation manager, with the assistance of the district's Human Resources Department, will determine what information should be collected from employees resigning their bus driver and attendant positions that will help the district in recruiting and retaining bus drivers and attendants.
	Step 2:	The Human Resources Department, with the assistance of the transportation manager, will create a bus driver and attendant exit interview guide to assist interviewers in conducting exit interviews.
	Step 3:	The Human Resources Department will conduct exit interviews with resigning bus drivers and attendants and will share the results with the transportation department.
	Step 4:	The transportation manager, with the assistance of the district's Human Resources Department, will determine what information on wages and benefits needs to be collected from adjacent school districts and local employers that are likely to be competing for the pool of applicants for positions as bus drivers and attendants. They will also determine the school districts and local employers this information should be collected from.
	Step 5:	The Human Resources Department, with the assistance of the transportation manager, will survey the adjacent school districts and local employers for wage and benefit information as determined above on a semi-annual basis and share the results with the transportation department.
	Step 6:	The transportation manager, with the assistance of the Human Resources Department, will analyze exit interview and wages and salary information on a semi-annual basis to formulate and implement plans for the recruitment and retention of bus drivers and attendants.
Who is Responsible	Transportation department manager, human resources officer	
Time Frame	Data elements, exit form design and selection of school districts and local businesses to be completed by October 2002; exit interviews will be solicited from all bus drivers and attendants resigning after October 31, 2002; surveys of local school districts and local employers will take place beginning in October 2002 and continuing every six months from that date; information from exit interviews and surveys will be analyzed with plans formulated and implemented beginning in October 2002 and continuing every six months from that date.	
Fiscal Impact	The recommendation can be implemented by existing district resources. It is not possible to estimate cost savings from increased retention and recruitment of bus drivers and attendants at this time.	

Action Plan 12-4

Improve Exceptional Student Transportation Procedures		
Strategy	District to change exceptional student education procedures to ensure that students ride regular buses whenever possible and appropriate.	
Action Needed	Step 1:	The district exceptional student education (ESE) office, with the assistance of the transportation department, modifies the district's ESE manual to include mandatory guidelines regarding the use of specialized student transportation. The guidelines should include specific types of situations where the use of specialized student transportation is and is not appropriate.
	Step 2:	The district ESE disseminates the revisions to appropriate ESE staff, school staff, and transportation staff.
	Step 3:	The district ESE office designs and implements an ongoing monitoring program to ensure that mandatory guidelines are complied with.
Who is Responsible	District exceptional student education (ESE) program manager	

Time Frame	ESE manual to be modified and approved no later than December 2002; revised ESE manual to be placed in effect January 2003. Monitoring program to be designed and placed into implementation by February 2003.
Fiscal Impact	The recommendation can be implemented by existing district resources. Lack of documentation prevents estimating cost savings from policies that restrict special transportation to just those students on a necessary and appropriate basis.

Reimbursement for Medicaid-related Exceptional Student Transportation

Strategy	District to apply for Medicaid reimbursement for transportation provided to Medicaid-eligible exceptional education students.
Action Needed	Step 1: The chief financial officer will obtain billing information on Medicaid-reimbursable transportation expenses and set up a system to bill Medicaid.
	Step 2: The chief financial officer, with the assistance of the transportation manager, will collect data necessary to bill Medicaid for reimbursable transportation expenses and bill Medicaid for transportation expenses.
Who is Responsible	Chief financial officer, transportation program manager
Time Frame	Medicaid billing system to be operational by January 2003; collection of billing data and submission for reimbursement to begin by February 2003.
Fiscal Impact	The recommendation can be implemented by existing district resources. Additional net revenues of $8,800 annually should be realized.

Action Plan 12-5

Prohibit School Buses Making Field Trips During Regular Bus Route Runs

Strategy	Prohibit school buses from making field trips during the hours when regular bus routes are being operation.
Action Needed	Step 1: The transportation department performs a study of the impact of school buses being assigned to field trips during the same time that regular bus routes are operating. This study should include the impact on number of buses and drivers needed as well as potential savings to the district by not operating school buses on field trips during the operation of regular bus routes. This report should be submitted to the school superintendent along with a recommendation that the school board establish a policy of not authorizing school buses making field trips during the operation of regular bus routes.
	Step 2: The superintendent would present the report to the school board and recommend changing the board policy to eliminate the transportation of courtesy bus riders.
	Step 3: School board affirmatively votes for a change in board policy to prohibit school buses from making field trips during the operation of regular bus routes.
	Step 4: Transportation department informs appropriate district staff (e.g., route coordinators and principals) of the change in board policy.
Who Is Responsible	Transportation program manager, superintendent, school board, route coordinators, principals
Time Frame	Transportation program manager to complete study by August 2002; superintendent to present study to board and school board approve change in policy by September 2002; transportation program manager to notify routing coordinators, principals, and other district staff of the change of board policy via e-mail.
Fiscal Impact	Existing transportation resources can do the study; cost savings are included in recommendations to reduce the number of spare buses.

Reduce the Number of Spare Buses

Strategy	Reduce the number of spare buses to 10% of the number of buses in daily service on regular bus routes.
Action Needed	**Step 1:** The transportation department performs a study of the impact on student transportation of reducing the number of spare buses to 10% of the number of buses in daily service on regular bus routes. This study would include overall impact on the student transportation system including number of buses needed, drivers needed, and savings to the district.
	Step 2: Based on the study, the transportation department should establish a policy to reduce the number of spare buses to 10% of the number of buses in daily service on regular bus routes.
	Step 3: The transportation department should surplus all buses in excess of 10% of the number of buses in daily service on regular bus routes.
Who Is Responsible	Transportation program manager
Time Frame	Study to be completed by October 2002; policy to be changed by December 2002; excess surplus buses to be surplused by June 30, 2004.
Fiscal Impact	Existing transportation resources can do the study; selling the excess surplus buses is estimated to bring in $34,000 to the district.

Bus Replacement Policy

Strategy	School board to establish a bus replacement policy based on an optimal longer bus cycle.
Action Needed	**Step 1:** The transportation program manager, with the assistance of the shop foremen, will conduct a study using district data and their professional judgment, to determine the optimal life cycle of buses operated in Okaloosa County. The study and its recommendations would be presented to the superintendent.
	Step 2: The superintendent would present the evaluation and recommendations to the school board to establish a bus replacement policy.
	Step 3: The school board affirmatively votes in favor of establishing and implementing a bus replacement policy.
	Step 4: Yearly bus purchases are to be made in accordance with this policy.
Who Is Responsible	Transportation program manager, shop foremen, superintendent, school board, district purchasing staff.
Time Frame	Study to be completed by November 2002 and presented to the superintendent; superintendent to present study to board and school board establish and implement a bus replacement policy by January 2003; transportation staff, with the assistance of district purchasing staff, determine the proper number of buses to purchase and purchase same by May 2002.
Fiscal Impact	Existing transportation staff resources can do the study. Lack of information prevents a determination of cost savings.

Delay Purchase of Buses for One Year	
Strategy	School board to delay purchase of buses for one year based on infrequent breakdowns.
Action Needed	Step 1: The transportation program manager will recommend to the superintendent the delay of bus purchases for one year in light of the fleet's infrequent breakdowns along with the temporary increase for one year in the number of spare buses from an optimal 10% to 15% for one year. Step 2: The superintendent would present the recommendation to the school board. Step 3: The school board affirmatively votes in favor of delaying purchases of new buses for one year along with concurring with the temporary increase for one year in the number of spare buses to 15%. Step 4: The superintendent and staff delay purchases of buses for one year along with temporarily increasing the number of spare buses to 15% for one year.
Who Is Responsible	Transportation program manager, superintendent, school board.
Time Frame	Recommendation from transportation program to the superintendent by January 2003; superintendent to present recommendation to school board by April 2003 with recommendation passed by school board by May 2003.
Fiscal Impact	Existing transportation staff resources can do the study. Not purchasing the buses along with increasing the spare bus fleet for one year will reduce transportation costs by an estimated $955,318.

Action Plan 12-6

Formal Vehicle Quality Control Program	
Strategy	The district to establish a formal vehicle quality control program.
Action Needed	Step 1: The district's transportation program manager, with the assistance of shop foremen, will survey other school districts in Florida to gather information on the types of quality control programs the districts use to ensure school bus inspections and repairs are properly performed. Step 2: Based on an evaluation of other districts' quality control programs, the transportation program manager and shop foremen will establish a formal vehicle quality control program in the district that will involve quality control reviews by shop foremen and the transportation manager.
Who is Responsible	The transportation program manager and shop foremen
Time Frame	Survey to be completed by July 2003; district formal vehicle quality control program to be established and implemented no later than August 2003.
Fiscal Impact	Existing district resources can perform the survey as well as the creation and implementation of the formal vehicle quality control program.

Vehicle Maintenance Management Information System

Strategy	The district to obtain and implement an automated vehicle maintenance management information system.
Action Needed	Step 1: The district's chief information officer along with the transportation program manager, shop foremen, and a representative of the purchasing office who is familiar with the district's fueling system will form a team for the acquisition of an automated vehicle maintenance management information system (system).
	Step 2: The team will meet to determine the functions that the automated vehicle maintenance management information system needs to perform in order to meet the needs of the transportation program.
	Step 3: The chief information officer will determine the estimated cost of producing the system using the MAXIMO program already in use by the district.
	Step 4: The team will write up their results in a memo and submit it to the superintendent with a copy to the chief financial officer requesting that funds be made available as soon as possible for the purchase, implementation, and training on the system.
	Step 5: The chief financial officer will recommend via memo to the superintendent (with a copy to the team) that the district make acquisition, implementation, and training on the system a district priority in school year 2002-2003.
	Step 6: The superintendent will make the acquisition, implementation, and training on the system a district priority in school year 2003-04. Funding for the system should come from the district's general funds by temporarily (for a two year period) funding district maintenance from capital finds (see chapters 4 (information technology) and 11 (maintenance) for additional details).
	Step 7: Upon acquisition of the system, district management information systems will install the automated vehicle maintenance management information system.
	Step 8: Selected individuals in the transportation department will receive training on the system
	Step 9: The transportation will begin to operate the system.
Who is Responsible	The chief information officer, the transportation program manager, shop foremen, purchasing staff, the chief financial officer, the superintendent
Time Frame	Team to be formed and system functions determined by January 2003; survey of cost estimates of an in-house developed system to be completed by March 2003; survey results memo to be completed and sent to superintendent and chief financial officer by April 2003; chief financial officer to evaluate available funds and submit memo to superintendent and team by May 2003; superintendent make acquisition, implementation, and training on the system to be a priority in school year 2003-04; Implementation of system to be complete within 60 days of acquisition; training on system to be complete 30 days after system implementation.
Fiscal Impact	Existing district resources can perform studies for the acquisition and financing of the system; system acquisition, implementation, and training are estimated to cost $105,000.

Action Plan 12-8

Establish an Effective Student Transportation Accountability System

Strategy	Establish a student transportation accountability system that will track performance as compared to established benchmarks and will report results to district management and the public.

Action Needed	Step 1:	District student transportation management will create an accountability system with clearly stated goals and measurable outcome-oriented objectives for the student transportation program. The accountability system should reflect the purpose of the program and address the major aspects of the transportation program's purpose and expenditures.
	Step 2:	Transportation management will identify exemplar school districts. Transportation management will also make regular comparisons of its own performance with those of peer and exemplar districts.
	Step 3:	Transportation management will establish appropriate performance and cost-efficiency measures and benchmarks for key indicators of student transportation performance. Benchmarks should be established based on past performance and reasonable expectations of future performance. They should also be limited to a number of indicators that collectively provide a "big picture" assessment of student transportation management.
	Step 4:	Transportation management will provide district administrators and the school board an annual "report card" that shows actual performance for all selected performance and cost efficiency measures in comparison with the selected benchmarks for that indicator and actual performance during the previous year. To provide this "report card" to the public, it should be placed on the district's website by the district webmaster.
Who is Responsible	Student transportation program manager, superintendent, school board, district webmaster	
Time Frame	Transportation management should create goals and objectives by January 2003; Exemplary school districts should be selected by February 2003; comparison of the performance of the Okaloosa County School transportation function to peer and exemplar school districts should be completed by April 2003, and each 6 months thereafter; key indicators along with benchmarks should be established by April 2003, and updated annually; a "report card" reporting performance compared to benchmarks should be presented to the superintendent and school board no later than May 2003, and annually thereafter; the district webmaster should take the transportation "report card" presented to the school board and place it on the district's web site no later than June 2003, and annually thereafter.	
Fiscal Impact	Creation of goals, objectives, and benchmarks along with the measurement and reporting of these items can be performed by existing district resources.	

Customer feedback

Strategy	Obtain performance feedback from student transportation clients	
Action Needed	Step 1:	District student transportation management, with the assistance of district evaluation staff, will create standardized forms to register the satisfaction of parents, students, teachers, principals, and other school-based staff with the performance of student transportation. The forms should also allow suggestions for improvement.
	Step 2:	Transportation management, with the assistance of district evaluation staff, should attempt to survey teachers, principals, and other school-based staff annually. Parents should be annually surveyed at parent-teacher-student organization meetings at schools. A small sample of students should be surveyed using the standardized forms on an annual basis.
	Step 3:	Survey results should be reviewed quarterly by transportation management and compiled on an annual basis to improve operations.
Who is Responsible	School transportation program manager, school evaluation staff	

Time Frame	Standardized forms to be created by December 27, 2002; surveys to commence April 2003; annual compilation of survey results to be completed by May of each year beginning in 2003.
Fiscal Impact	Existing district resources can perform action items.

Action Plan 12-9

Develop and Present Potential Cost Savings		
Strategy	Develop and present areas of potential cost savings as part of budget process.	
Action Needed	Step 1:	The student transportation program will review current and planned future operations to identify areas of potential cost savings. Areas of potential savings include eliminating transportation services to courtesy bus riders, reducing the number of spare buses, realigning bus routes to increase efficiency and effectiveness, reducing transportation staffing, and reviewing the types of buses and equipment purchased.
	Step 2:	The transportation program manager will take information on areas of potential cost savings and put them in an easy to understand format presenting the pros and cons of options that decision makers can use to make informed decisions during budget discussions.
	Step 3:	This information will be presented annually to the chief financial officer, superintendent, and school board.
Who is Responsible	Student transportation program manager, selected transportation staff, chief financial officer, superintendent, and school board.	
Time Frame	Review of current and planned future operations to be complete by April 2003, and annually thereafter; formatting of area of potential cost savings options to be completed by May 2003, and annually thereafter; presentations of options to chief financial officer, superintendent, and school board to be completed prior to decisions finalizing school budget for school year 2003-04, and annually thereafter.	
Fiscal Impact	Existing district resources can perform analysis and presentation of financial data; district fiscal impact depends on cost savings chosen and implemented by school district.	

Action Plan 12-10

Privatization of Selected Transportation Functions		
Strategy	Review student transportation functions on a biennial basis to determine if the district could save money and/or improve service quality by privatizing selected transportation functions.	
Action Needed	Step 1:	The transportation program manager, with the assistance of transportation staff, will divide the district's student transportation operation into functions (such as school bus routing, operation (driving) of school buses, and vehicle maintenance) and sub-functions (such as operation of school buses on regular bus runs, operation of school buses on field trips, oil changes, and bus inspections).

	Step 2:	Assigned transportation staff will, with the assistance of district financial staff, determine the full cost of the district performing the function and sub-functions identified above and the quality level of the service (e.g., determining the cost to the district to perform oil and filter changes using a specified oil and filters on buses per manufacturer's recommended change intervals miles for all buses in the district).
	Step 3:	Assigned transportation staff, with the assistance of district purchasing staff, will contact appropriate vendors to determine the probable cost of having private vendors perform various transportation functions and sub-functions.
	Step 4:	Assigned transportation staff will compile and present to the transportation manager information comparing the cost of performing transportation functions and sub-functions by district staff versus private contractors.
	Step 5:	The transportation manager will take this information and will incorporate it in budget discussions and reports on the performance of the student transportation program to the superintendent, the school board, and the public.
Who is Responsible	Transportation program manager, assigned transportation staff, assigned district financial staff, assigned district purchasing staff, the superintendent, and the school board.	
Time Frame	Transportation functions and sub-functions to be established by January 2003; Full cost of functions and sub-functions to be determined by March 2003, and biennially thereafter; probable costs to perform transportation functions and sub-functions by private vendors determined and presented to transportation manager by April 2003, and biennially thereafter; incorporation of information in budget discussions and reports by May 2003, and biennially thereafter.	
Fiscal Impact	Existing district resources can perform analysis and presentation of financial data; district fiscal impact depends on cost savings chosen and implemented by school district.	

Food Service Operations

Action Plan 13-1

Develop Program Mission Statement, Goals and Objectives		
Strategy	Continue developing a mission statement with input from school-level food service staff and customers and then regularly communicate the mission to stakeholders. Establish clearly stated goals and measurable objectives for the food service program that reflects the expected outcomes and expenditures of the program.	
Action Needed	Step 1:	Collect stakeholder input.
	Step 2:	Develop a mission statement, goals, objective, priorities, benchmarks, and plans of action to maximize food service program efficiency.
	Step 3:	For assistant in developing goals and objectives, see Action Plan 3-5, page 3-24.
	Step 4:	For assistance in developing benchmarks, see Action Plan 3-5, page 3-24.
	Step 5:	Present to appropriate authorities for final approval.
	Step 6:	Communicate to stakeholders.
Who Is Responsible	The school board and superintendent	
Time Frame	The plan should be completed by July 2004.	
Fiscal Impact	See Action Plan 3-5, page 3-24.	

Update the Food Service Procedures Manual

Strategy	Review, update, and date coded written policies and procedures for the food service program and make available to food service personnel and school administrators.
Action Needed	Step 1: Establish master procedures manual and during quality control managers inspection compare this master against school cafeteria manuals to validate current procedures are on file. Step 2: Identify all key functions of the food service program, including inventory management and information technology. Step 3: Identify best practices and draft or update procedures for each function with stamp of last date revised on a periodic basis. Include input from cafeteria managers, vendors, principals, and food service assistants, as appropriate. Step 4: Ensure that a copy of the food service related school board polices and food service procedures are available in each cafeteria for review by any employee. Step 5: Inform all food service employees in writing that policies and procedures are available for their review. Include an outline/or table of contents of the available materials with the memo.
Who Is Responsible	Food service director
Time Frame	The first memo should be distributed to food service employees at the beginning of the Fiscal Year 2002-03 school year and provided again at the beginning of each new school year. Polices and procedures may be incrementally updated where necessary over a two-year period.
Fiscal Impact	This recommendation can be completed with existing resources or as part of a districtwide effort (see Action Plan 3-2, page 3-12). Keeping policy and procedure manuals up-to-date covering all critical program functions is a routine and integral activity of management.

Action Plan 13-3

Develop Staff Development Plan Based on Needs Assessments

Strategy	Develop and use comprehensive staff development plan to focus training programs on critical functions and staff needs to meet food service goals and objectives.
Action Needed	Step 1: Identify training needs through program evaluations; personnel evaluations; quality control manager and school cafeteria manager observations and reviews, employee feedback; and review of certification, federal and state requirements. Step 2: Develop staff development plan based on needs assessment including training goals and objectives linked to program performance. Step 3: Perform periodic assessment of how effective training programs are in meeting goals and objectives and revise training programs accordingly.
Who is Responsible	The superintendent is responsible for directing the assistant superintendent overseeing food services to see to it that the food service director develops a staff development plan.
Time Frame	Ongoing
Fiscal Impact	Strategically targeting existing training resources can be implemented with existing resources.

Action Plan 13-4

Reduce or Eliminate Barriers to Participation	
Strategy	Develop a systematic process for obtaining input from students, their parents, and teachers about the food service program at each school. Also, through quality control and cafeteria manager reviews, identify barriers to participation and seek to implement changes that remove or reduce impact of these barriers.
Action Needed	Step 1: The food service director should form an ad hoc committee of several food service managers and principals to brainstorm ideas on how to obtain and use input from students and parents regarding food service issues. In implementing this recommendation, the district should consider establishing food advisory committees composed of students and strategically surveying samples of students and parents to collect information using existing resources. The district should continue to work with its food service vendors to test promotional items with students in the menu development process. Step 2: Quality control and cafeteria managers should observe and collect information during their regular reviews on potential barriers to student participation and report this information to the food service director for consideration of possible changes. Step 3: Incorporate findings into the food service strategic plan. Step 4: Work to eliminate the identified barriers.
Who is Responsible	The area assistant superintendent of Central School Operations should direct the food service director to develop and implement, in coordination with the principals and food service managers, a systematic process for obtaining feedback from students, parents, quality control and cafeteria managers.
Time Frame	During the 2002-03 school year
Fiscal Impact	This can be implemented with existing resources.

Adjust A La Carte Prices and Reduce Access to Vending Machines	
Strategy	Adjust prices of a la carte food items to encourage healthy eating habits and the purchase of reimbursable meals and centrally prepared food items. Also, restrict access to vending machine items according to state law and school board policy or have vending machines removed from campus.
Action Needed	Step 1: Collect actual prices charged for all items served at each of the school cafeterias. Step 2: Reconfigure prices such that a la carte purchased items are priced above similar items centrally produced and at a level that encourages the purchase of a complete reimbursable meal. Step 3: Identify all vending machines and their contents at each school. Step 4: Test all vending machines for compliance with state law and school board policy. Correct any discrepancies or have non-compliant machines removed from campus.
Who is Responsible	The food service director should direct the quality control managers to collect actual food prices charged at each school, identify all vending machines, and test vending machine compliance at each school. The food service director should analyze the price information to reconfigure prices.
Time Frame	During the 2002-03 school year
Fiscal Impact	The fiscal impact is included in Action Plan 3-5, page 3-24.

Action Plan 13-5

Establish Performance Benchmarks	
Strategy	Identify program benchmarks to assess program performance.

Action Needed	Step 1:	Identify food service past program performance on key indicators and identify school districts with exemplary food service programs in order to compare current Okaloosa County food service program performance.
	Step 2:	Develop program performance benchmarks at least for meals per labor hour; cost per meal; overall meal participation for breakfast, lunch, and other feeding programs; satisfaction with menu selections from customers; and increase or decrease of meals purchased from last reporting period.
	Step 3:	Conduct regular comparisons of the program performance to established benchmarks and to other previously identified food service programs.
	Step 4:	Communicate food service benchmarks to food service personnel, appropriate school administrators, and other interested stakeholders such as community members.
Who is Responsible	The area assistant superintendent of Central School Operations directs the food service director to develop and implement food service benchmarks and to communicate program performance to food service personnel, appropriate school administrators, and other interest stakeholders.	
Time Frame	The benchmarks should be established by July 2004.	
Fiscal Impact	This can be implemented with existing resources or in conjunction with a districtwide effort (see Action Plan 3-5, page 3-24).	

Action Plan 13-6

Evaluate Program Performance		
Strategy	Use developed food service benchmarks to evaluate the overall food service program and identify areas to improve efficiency and effectiveness.	
Action Needed	Step 1:	See Action Plan 13-5.
	Step 2:	Design a routine system for periodically evaluating performance using developed benchmarks versus actual performance.
	Step 3:	Evaluate performance and initiate corrective action as needed. Implement program changes that would ultimately reduce cost and/or increase revenue.
Who is Responsible	The area assistant superintendent of Central School Operations should direct the food service director to develop food service benchmarks and a system for evaluation and action. The food service director should conduct the evaluation and take corrective action as needed.	
Time Frame	During the 2002-2003 school year.	
Fiscal Impact	This can be implemented with existing resources.	

Action Plan 13-7

Evaluate Alternative Service Delivery Options		
Strategy	Evaluate possible alternative service delivery methods to improve the efficiency and effectiveness of the food service program, while ensuring quality.	
Action Needed	Step 1:	Continue to develop cost information systems to use in planning.
	Step 2:	Research and identify alternative service delivery options.
	Step 3:	Conduct cost benefit analyses of alternative service deliver methods compared to the current operation and present findings to the superintendent and the school board.
	Step 4:	Obtain feedback from and brainstorm with food service managers and principals to identify other potential events or opportunities to increase food service revenue, e.g., catering, banquets, meetings, contracting with other agencies and organizations.
	Step 5:	The food service director should oversee the implementation of any additional services, document costs and income, and report this information to the area assistant superintendent of Central School Operations

Who is Responsible	The area assistant superintendent of Central School Operations is responsible for directing the food service director to evaluate alternative service delivery options.
Time Frame	The district acknowledged it would expand its breakfast programs by August 2002. During the 2002-03 school year, the district should explore other opportunities for increasing food program revenues and at least every three years thereafter.
Fiscal Impact	Fiscal impact will be determined as part of the evaluation of alternative service delivery options and the cost benefit findings.

Expand Nutritional Programs

Strategy		Implement breakfast programs at all schools.
Action Needed	Step 1:	Food service managers should work cooperatively with the food service director to establish breakfast programs in all middle and high schools.
	Step 2:	Meet with principals to obtain support and feedback of breakfast programs in middle and high schools.
	Step 3:	Assess the project outcomes and submit a written report to the superintendent and respective principals recommending options to improve participation based on program results.
Who is Responsible		The area assistant superintendent of Central School Operations is responsible for directing the food service director to outline and implement additional nutritional programs.
Time Frame		During the 2002-03 school year, implement breakfast program in selected middle and high schools. Assess the project at the end of the 2002-03 school year and complete a written report evaluating the project by June 2003.
Fiscal Impact		Based on current participation rates at schools with breakfast programs, implementing a breakfast program at the remaining middle and high schools without breakfast programs could increase the district's net income by $4,667 annually.

Action Plan 13-8

Evaluate Program Fiscal Performance

Strategy		Develop food service program fiscal goals.
Action Needed	Step 1:	Develop the food service program fiscal goals that guide the annual budget development process. Program fiscal goals should be part of the strategic plan.
	Step 2:	Validate the accuracy of the reporting system.
Who is Responsible		The area assistant superintendent of Central School Operations is responsible to direct the food service director to establish program fiscal goals as part of the strategic plan and validated system for analyzing these goals versus the budget.
Time Frame		In-place for preparation of the Fiscal Year 2003-04-budget
Fiscal Impact		This can be implemented with existing resources.

Regularly Review Budget

Strategy		Review budgeted versus actual revenue and expenses on a regular basis. Use this information to make informed management decisions.
Action Needed	Step 1:	Track actual revenue and expenditure projections versus actual in a format that can be easily compared.
	Step 2:	The food service director, purchasing supervisor, and the finance and accounting supervisor should meet to review and analyze budgeted versus actual expenditures and revenue to discuss plans for making necessary program adjustments to minimize costs and maximize revenue.
	Step 3:	Make management decisions based on this information and plan.

Who is Responsible	The area assistant superintendent of Central School Operations is responsible to direct the food service director to establish program fiscal goals as part of the strategic plan and validated system for analyzing these goals versus the budget.
Time Frame	In-place for preparation of the Fiscal Year 2003-04-budget
Fiscal Impact	This can be implemented with existing resources.

Charge Food Service Program Full Costs

Strategy	Identify all costs incurred by other district programs in support of the food service program and charge those costs to the food service program.
Action Needed	Step 1: Track actual or estimated expenditures such as cafeteria utility, maintenance, and space costs. Step 2: Budget those additional costs into the food service program planned expenditures. Step 3: Include additional operational costs in analysis of adequate food prices and set prices accordingly.
Who is Responsible	The area assistant superintendent of Central School Operations is responsible to direct the food service director to identify the full cost of its operations and set its food prices to cover those costs accordingly.
Time Frame	In-place for preparation of the Fiscal Year 2003-04-budget
Fiscal Impact	The district's general fund will realize a savings, as these food service related expenditures will instead be covered by food service program revenues. The district has acknowledged it will charge its food service program the full cost for its operation by 2002-03 school year.

Action Plan 13-10

Establish Vendor Pre-bid Meetings

Strategy	Involve vendors in specification development to reduce costs and increase quality of purchased food products.
Action Needed	Step 1: Distribute proposed bid specifications to all qualified vendors and ask that they review the specification for potential inefficiencies. Step 2: Invite all qualified vendors to a pre-bid meeting to discuss the bid specifications. Step 3: Revise bid specifications based on discussions with vendors.
Who is Responsible	Food service director and purchasing director.
Time Frame	Prior to bid renewal or requests for bids for the 2003-04 school year.
Fiscal Impact	This can be implemented with existing resources.

Action Plan 13-11

Develop Inventory Control System

Strategy	Continue to develop the inventory control system including refinements to the automated inventory management system.
Action Needed	Step 1: Continue to compare physical counts to perpetual counts and reconcile the difference monthly. Step 2: Amend the automated inventory management system to account for variables complicated by a central kitchen operation such as the stages of production.
Who is Responsible	The area assistant superintendent of Central School Operations is responsible for ensuring that the food service director or contracted firm fully develops the food service inventory system to provide required information for the proper administration of the food service operation.

Time Frame	Central kitchen/warehouse inventories should be monitored monthly and school cafeteria inventories should be spot-checked every three months.
Fiscal Impact	This can be implemented with existing resources.

Action Plan 13-13

Improve Equipment Maintenance and Replacement	
Strategy	Develop a long-range equipment replacement and preventative maintenance plan.
Action Needed	Step 1: Identify equipment replacement needs and costs for the next five years. Step 2: Obtain input from cafeteria managers on equipment use rates. Step 3: Inspect and document current equipment conditions. Step 4: Develop equipment maintenance plans to maximize the life of the product and minimize replacement costs. Step 5: Submit the equipment replacement and maintenance plans to the maintenance department for inclusion in an overall equipment plan.
Who is Responsible	The food service director.
Time Frame	June 2003
Fiscal Impact	The cost to upgrade the MAXIMO system is given in Action Plan 11-9, page 11-22. The district should charge the food service program for costs maintenance program incurs for tracking food service equipment needs.

Action Plan 13-14

Maximize USDA Commodity Allocation	
Strategy	Improve USDA commodity ordering to minimize waste and maximize the USDA commodity allocation.
Action Needed	Step 1: Consult cafeteria managers about ordering needs and potential use rates of USDA commodities. Step 2: Design menu items to maximize use of commodity allocations. Step 3: Compare USDA item prices with vendor prices to maximize value dollar prior to ordering USDA commodities. Step 4: Compare the current inventory of USDA commodities with original receipt amounts to assess use rates to assist in identification of high and low use commodities prior to ordering.
Who is Responsible	The food service director with the assistance of the quality control managers.
Time Frame	June 2003
Fiscal Impact	This can be implemented with existing resources.

Minimize Waste and Over Production	
Strategy	Require notation of waste and over-production on the cafeteria site review instrument.
Action Needed	Step 1: Revise the cafeteria site review instrument to require notation of what students throw away and over production of food. Step 2: Provide a copy of the completed site review instrument to cafeteria managers to allow for meal production adjustments.
Who is Responsible	The food service director with the assistance of the quality control managers.
Time Frame	August 2002
Fiscal Impact	This can be implemented with existing resources.

Community Involvement

Action Plan 15-1

Develop a Mission Statement	
Strategy	The Office of Community Relations should develop and adopt a meaningful mission with input from stakeholders.
Action Needed	Step 1: The Office of Community Relations should meet with members of the foundation board and the School Leadership Counsel to develop recommendations for mission statements. Step 2: The director of Community Relations and superintendent should review the recommendations and chose a mission statement. Step 3: The mission statement should reflect the goals and objectives of the larger district. Step 4: The superintendent should submit the mission statement for board approval.
Who Is Responsible	Director of Community Relations, superintendent
Time Frame	December 2003
Fiscal Impact	This recommendation can be completed with existing resources.

Incorporating Community Relations' Activities Into the Strategic Plan	
Strategy	The district should include specific activities for Community Relations in its strategic plan.
Action Needed	Step 1: The director of Community Relations should work with the superintendent to develop performance goals and measurable objectives for Community Relations programs and projects. Step 2: The director and superintendent should determine specific action strategies necessary to meet the goals and objectives. Step 3: The director and superintendent should coordinate with the district's strategic planning consultant to ensure that the goals and objectives are consistent with those of the larger district. Step 4: The director, in conjunction with the strategic planning consultant, should develop costs estimates for the specific strategies. Step 5: The board should review, amend, and adopt the strategic plan.
Who Is Responsible	Director of Community Relations, superintendent
Time Frame	Dependent on the development of the district's strategic plan.
Fiscal Impact	This recommendation can be completed as part of the resources used for the overall development of the strategic plan.

Action Plan 15-2

Development of Accountability Mechanisms	
Strategy	The Office of Community Relations should develop accountability mechanisms that allow the district to assess the reliability of the program's performance.
Action Needed	Step 1: The Office of Community Relations should review performance measures used by community involvement programs in other school districts in Florida.
	Step 2: The director of Community Relations should coordinate with the strategic planning consultant to develop specific performance measures for each of the department's programs (i.e., grant development, volunteering, business partnerships, etc.).
	Step 3: The director of Community Relations should coordinate with the superintendent to ensure that each performance measure allows the district to determine if community involvement activities contribute to the achieving the district's overall goals and objectives.
	Step 4: The board should review, amend, and adopt the performance measures recommended by the director and superintendent.
Who is Responsible	Director of Community Relations, superintendent
Time Frame	Dependent on the development of the district's strategic plan.
Fiscal Impact	This recommendation can be completed as part of the resources used for the overall development of the strategic plan.