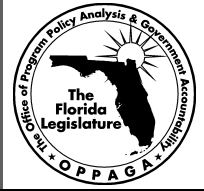




Office of Program Policy Analysis And Government Accountability



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Status Report on the School District Performance Review Program

Abstract

- Since 1996, the Florida Legislature has appropriated \$2 million to fund school district performance reviews that identify ways school districts could save funds, improve management, and increase efficiency and effectiveness.
- Six Florida school districts have been reviewed to date, with three more undergoing reviews in Fiscal Year 1998-99.
- Completed reviews have contained numerous recommendations to improve the policies and operating practices of school districts. The reviews have identified potential savings of \$148 million the school districts could realize over a five-year period.
- There is a proposal to merge the School District Performance Reviews with OPPAGA's Best Financial Management Practices Reviews, which would reduce duplication.

The Performance Review Program Was Created to Save Funds, Improve Management, and Increase Efficiency and Effectiveness

This report provides the Legislature with information on the status of the School District Performance Review Program administered by the Office of Program Policy Analysis and Government Accountability (OPPAGA). The report includes examples of review findings that may assist other Florida school districts in their efforts to improve.

The 1996 Florida Legislature created the School District Performance Review Program to assist Florida school districts in identifying ways to

- save funds;
- improve management; and
- increase efficiency and effectiveness.

School districts that undergo performance reviews are either designated in the General Appropriations Act or selected by OPPAGA. Participating school districts retain any cost savings resulting from implementing review recommendations. Since 1996, the Legislature appropriated \$2 million for the performance reviews, with annual appropriations ranging from \$500,000 to \$750,000.

OPPAGA uses a formal request for proposal process to select private consulting firms to conduct each review and seeks input from each school district to develop the review scope.

Since 1996, Six Florida School Districts Have Been Reviewed; Three Will Undergo Review in 1998-99

Since 1996, six Florida school districts have participated in the School District Performance Review Program, with three additional school districts scheduled to undergo review during the 1998-99 fiscal year. Exhibit 1 lists the districts that have participated or are scheduled to participate in the Performance Review Program.¹

¹ For 1996-97 and 1997-98, the Legislature designated two districts for review and authorized OPPAGA to select a small school district (with fewer than 10,000 full-time equivalent students) for review each year. OPPAGA selected districts based on district interest, demonstrated need, and the usefulness of review findings to other school districts. For 1998-99, the Legislature designated each of the three districts for review.

Exhibit 1 (Revised)
Nine School Districts Participated or Are Scheduled to
Participate in the Performance Review Program

Fiscal Year	School Districts	Consulting Firm	Legislative Appropriation
1996-97	Hamilton	MGT of America, Inc.	\$750,000
	Hillsborough	MGT of America, Inc.	
	Lee	MGT of America, Inc.	
1997-98	Clay	MGT of America, Inc.	\$500,000
	Glades	David M. Griffith and Associates, LTD.	
	Orange	KPMG Peat Marwick LLP	
1998-99	Broward	MGT of America, Inc.	\$750,000
	Brevard	To be determined	
	Martin	To be determined	

Note: OPPAGA selected MGT of America, Inc., to conduct the review of Broward County School District. OPPAGA anticipates it will select the consulting firm(s) to conduct the reviews of Brevard and Martin by December 1998.

Source: OPPAGA

Performance reviews examine 11 broad school district management and operational areas. These areas are presented in Exhibit 2. OPPAGA works with school district officials to finalize the scope for each area and to tailor the reviews to the particular needs of each school district.

Exhibit 2

Reviews Examine 11 Broad School District Management and Operational Areas

1. *School district organization and management*
2. *Educational service delivery*
3. *Community involvement*
4. *Facilities use and management*
5. *Personnel management*
6. *Asset and risk management*
7. *Financial management*
8. *Purchasing*
9. *Transportation*
10. *Food service*
11. *Safety and security*

Source: Section 11.515, F.S.

OPPAGA monitors contracts with private consulting firms to ensure the firms examine each area and that final reports are useful to school districts. This includes observing on-site fieldwork and attending key meetings between consultants and school district officials. OPPAGA also provides feedback on report drafts to improve the usefulness of the final reports by ensuring that report findings are soundly documented, clearly and credibly communicated, and provide needed context.

The Performance Reviews Have Suggested \$148 Million in Cost Savings

The six completed reviews identified potential savings of \$148 million over a five-year period. The reviews found that the districts could save approximately \$17.5 million in the first year of implementing recommendations and \$130.5 million over the next four years. Final reports also included implementation strategies, recommended timelines, and fiscal impacts for each recommendation. The suggested net savings for the six completed reviews are shown in Exhibit 3.

Exhibit 3

The Six Completed Reviews Suggested \$148 Million in Savings Over Five Years

Year Savings Begin		Total
Year One	Initial Annual Net Savings	\$ 17,487,865
Year Two	Annual Net Savings	28,839,116
Year Three	Annual Net Saving	32,701,418
Year Four	Annual Net Savings	34,160,903
Year Five	Annual Net Savings	34,746,966
<i>Total One-Time Net Savings</i>		277,072
Total Savings Projected for Five Years		\$148,213,340

Source: Performance review final reports

The completed reviews have documented major problems and barriers facing the school districts and provided recommendations for addressing the districts'

current and long-range problems. These findings and recommendations may provide other school districts with a basis for self-assessment. Examples of report recommendations and potential five-year cost savings are presented below.

- \$ The Hillsborough County School District could save \$6.5 million and Lee County School District could save \$5.6 million by reducing custodial positions. This would bring the districts in line with an industry standard of one custodian to 19,000 gross square feet.
- \$ The Clay County School District could save more than \$579,000 by discontinuing free employee benefits to part-time food service workers. This would make the district comparable to private industry where offering benefits to part-time food service workers is not common practice.
- \$ The Orange County School District could save \$4.8 million by reducing the number of students it classifies as having specific learning disabilities by reviewing individual education plans to identify inappropriate placements. This would bring the district's exceptional student education costs in line with peer districts.
- \$ The Hamilton, Glades, and Hillsborough county school districts could save \$93,000, \$170,000, and \$2,000,000, respectively, by increasing controls over food costs. Strategies to reduce costs include reducing the number of lunch choices, improving portion controls, establishing and incorporating into the budget food cost percentage standards, and increasing managerial scrutiny over food costs.
- \$ The Lee and Hillsborough county school districts could increase revenues by approximately \$76,000 and \$216,000, respectively, by increasing student lunch participation rates. Strategies to increase participation rates include reducing lunch lines by increasing the number of lunch periods and decreasing the time students have to eat lunch, increasing food cart use, and expanding the promotion of a la carte meals.
- \$ The Clay County School District could save \$1.7 million and Orange County School District could save \$15.2 million by improving their identification of students eligible for Medicaid reimbursement and collecting funding.

- \$ The Hamilton County School District could save approximately \$68,000 by outsourcing custodial services.
- \$ The Glades County School District could save \$60,000 by reducing spare buses from 31% of the total bus fleet to more closely reflect the 10-15% ratio typical of school transportation operations.
- \$ The Hillsborough County School District could save approximately \$3.3 million by reducing the number of teachers on special administrative assignment. This would require the school board to establish a policy that limits the placement of teachers on special administrative assignment to a maximum period of three years, a practice similar to those found in model school districts.

Exhibit 4 provides a summary of net savings identified in each final report over five years by district.

Exhibit 4
Potential Savings Ranged From \$57,100
To \$55.7 Million Over Five Years

School District	Savings
Glades County School District	\$ 57,100
Hamilton County School District	3,590,376
Clay County School District	11,623,013
Lee County School District	25,095,175
Orange County School District	52,160,575
Hillsborough County School District	55,687,101
Total Savings Projected for Five Years	\$148,213,340

Source: Performance review final reports

OPPAGA also Administers
Best Practice Reviews, Which Are
Similar to Performance Reviews

As provided by s. 230.23025, F.S., OPPAGA administers a second program, Best Financial Management Practice Reviews, that examines school districts. These studies are conducted at the request of school districts and determine whether the districts are following state-adopted best practices in their financial and program management. Best practice reviews are performed by OPPAGA and the Auditor General, with some tasks performed by private consulting firms under contract with OPPAGA. Best practice reviews require a 50% district match, with OPPAGA and the

Auditor General absorbing the balance of the cost. Districts that are found to be following the best practices will receive a seal from the State Board of Education, which can give local taxpayers more confidence that their school districts are good stewards of public funds.

OPPAGA and the Auditor General completed the initial best practice review of the Manatee County School District in October 1998. A best practice review of the Polk County School District will begin this fall. We estimate that 8 districts will request best practice reviews in Fiscal Year 1999-2000, and up to 14 will request reviews in Fiscal Year 2000-2001.

There is legislative interest in combining the Best Financial Management Practice Reviews and the school district performance reviews and expanding this oversight effort to include all 67 school districts. Under this option, the two types of reviews would be consolidated in a system that would review all school districts on a five-year continuing schedule. The studies would incorporate the best practices within the framework of the current performance reviews, allowing for a comprehensive assessment of school district operations.

OPPAGA believes that this proposal would have several benefits. These include eliminating overlap between the two types of reviews, simplifying administration, resolving confusion among school districts about the reviews, and enabling all school districts to participate. OPPAGA would prefer to contract with consulting firms to conduct the studies. While the consultants would conduct fieldwork, OPPAGA would retain the authority to determine whether districts are meeting the best practices, which is needed to ensure statewide consistency.

OPPAGA's Home Page Contains More Information

Additional information on the Florida School District Performance Review Program, and OPPAGA's Best Financial Management Practice Reviews of school districts, is provided on the OPPAGA web site, *The Florida Monitor*, at <http://www.oppaga.state.fl.us/>. The site provides information on the status of current and future Performance Reviews and Best Financial Management Practice Reviews of school districts.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision-making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

The Florida Monitor: <http://www.oppaga.state.fl.us>

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