

Consider school closures, audit suggests Eugene's education officials are also urged to consolidate purchasing to eliminate unnecessary spending

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The Register-Guard

Posted to Web: Monday, Jan 19, 2009 08:51AM

Appeared in print: Monday, Jan 19, 2009, page B4

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With dwindling enrollment and resources, it's time for the Eugene School District to centralize purchasing and other operations, and even consider closing some of its small schools, an outside audit team from the Oregon Association of School Business Officials advises.

Those and other recommendations, reported to the school board this month, follow an intensive, voluntary review of business practices conducted in partnership with the Chalkboard Project, an independent, foundation-backed organization intent on improving Oregon schools.

The district has vowed to analyze and consider them all — although the suggestion about centralization runs counter to tradition in Eugene schools, where site-based management and decision-making have prevailed for decades.

As the audit team noted, some schools still negotiate their own copy machine leases.

"What it really comes down to — and it'll help everybody, it'll help the site, too — is coming to a better balance between centralized and decentralized work," said Carl Hermanns, the district's chief operating officer. "There's also the values of economy of scales in purchasing."

The recommendation to consider school closures comes on the heels of last year's Shaping 4J's Future process, which focused on school size and other issues related to declining enrollment and changing demographics.

Through most of the yearlong effort, there was widespread belief it would result in some closures, and in fact Superintendent George Russell initially recommended three: Harris, Coburg and Meadowlark elementary schools.

In the end, there were none — although Harris probably will merge with Eastside Alternative after this year.

The audit team noted the multitude of small schools, some well below the much-discussed 300-student minimum that emerged from Shaping 4J's Future.

"The district should articulate the trade-offs between the status quo — with a number of smaller schools — and an alternative scenario with fewer buildings and a richer program offering," the audit says, noting that closing one school would save about \$250,000.

Another area of focus in the audit was the human resources department, which has been in flux during the past couple of years, and the payroll division.

The team said its two-day visit in October came in the aftermath of "an internal systemic 'human resource meltdown'" affecting the August payroll, when dozens of employees got paychecks with errors.

“It’s not purposeful, it’s just some of sort of system errors that need to be adjusted,” said Paul Duchin, who — with his Eugene Education Association co-president Merri Steele — logged many hours this fall troubleshooting problems with teachers’ paychecks.

In several cases, they noted, employees and substitutes were overpaid and had to reimburse the district — and this fall wasn’t the first time it’s happened.

“While that can be worked out, that’s really devastating to the person,” Steele said.

They estimated at least 60 teachers have received erroneous checks, and noted that classified employees — instructional assistants, secretaries, custodians and other noncertified workers — had even more problems.

“These events, in retrospect, can only be described as traumatic both on a personal and an organizational level, demanding immediate, comprehensive corrective and preventive actions,” the audit says.

Those steps are either complete or under way, said Celia Feres-Johnson, human resources director since July.

She attributed the “meltdown” to a combination of a wave of turnover in human resources and payroll, with lots of new employees with little familiarity with existing systems; an unusually short turnaround time — two weeks instead of three — for processing the first batch of paychecks; and reliance on multiple information systems that in some cases included outdated material.

“The ‘meltdown’ also addressed the amount of hours that HR employees put in to make sure we did not miss the deadlines, to make sure our employees received their pay,” she said, explaining that many were forced to work weekends and nights.

The audit team also found much to commend: the competence and collaboration of district staff, successful outreach to the community and a forward-looking, transparent yearly budget process, among many more items.

“This felt to me to be a very constructive process, and we looked at it that way,” Hermanns said. “We welcomed it as a way to have an objective lens of how we’re doing. We didn’t want to sugar-coat anything; we wanted their best thinking.”

With an \$85,000 grant from Chalkboard, the team of business officials visited and reviewed the books and practices in Eugene and four other Oregon districts — Beaverton, Greater Albany, Harney County and Yoncalla.

The association plans to build a database — a “tool kit” of best practices — that can be shared with districts throughout the state, said Angie Peterman, executive director.

“We were trying to get a real diverse group of districts for the pilot, and I think we were quite successful at that,” she said.

Chalkboard’s interest in school business operations grew out of two research findings: an analysis that found Oregon’s average spending on district business operations higher than the national average, and public opinion surveys showing more than half of Oregonians believe schools can do more to eliminate unnecessary spending.