

Executive Summary

Business and Operations Review



Beaverton School District

Visitation
Oct. 23-25, 2007

Final Report
March 2008

INTRODUCTION

Today's public has high expectations that our schools operate effectively and efficiently, while meeting the diverse needs of students – our future citizens. They also want reassurance that their taxes are spent wisely, before voting to spend more funds on buildings or programs. In recent years, public interest – therefore media interest – in public education accountability and transparency has grown. For example, legislative bills regarding mandatory performance audits have been introduced during recent sessions, and the public asks “Why can't governments (including school districts) simply operate like businesses?”

The answer, of course, lies in the differences in purpose. According to a white paper issued by the Governmental Accounting Standards Board (GASB), governments are fundamentally different from for-profit business enterprises in several important ways. They have different purposes, processes of generating revenues, stakeholders, budgetary obligations, and propensity for longevity. These differences require separate accounting and financial reporting standards to provide information to meet the needs of stakeholders to assess government accountability and to make political, social, and economic decisions. School districts exist to provide educational services to all children; these services are necessary to enhance or maintain the well-being of citizens. In contrast, business focuses primarily on generating a financial return on investment.

The purpose of government is not to generate a financial return on investment, but rather to provide public services and goods as determined through the political process in an effective and efficient manner.

That being said, school districts and education service districts (ESDs) want to be responsive to public demands; they want to demonstrate that they are responsible stewards of the public's tax dollars; and they want to improve wherever there is room for improvement. They are looking for affordable external business and operations reviews to help them in this endeavor.

That's why Oregon Association of School Business Officials (OASBO), Oregon School Boards Association (OSBA), and Chalkboard Project joined forces in 2007 to create a pilot program to conduct voluntary reviews in five school districts around the state. The goal is to objectively examine school district operations to identify best practices and make recommendations for improvements.

This project lays the foundation for providing the necessary self-evaluation tools for all Oregon school districts and ESDs to be able to evaluate their own effectiveness as well as the resources to improve business and operations processes where they can. This review process and report are intended to provide an objective look at the operational effectiveness of a district in specific program areas. At the completion of the pilot project, we will have developed a “tool-kit” that consists of self-evaluation tools and identified best practices that will be available to all districts.

The approach is positive – not punitive – because it reveals great practices as well as identifying areas for improvement. School business officials, interested in doing the best job they can for students and taxpayers, have supported this project from the start.

Angie Peterman, executive director of OASBO and director of administrative and support services for OSBA assembled the review team, which consists of current and former school business officials, business partners and members of the Pennsylvania Association of School Business Officials (PASBO) whose combined experience in the areas of school business and operations spans more than 300 years. Including business partners in this process allows the opportunity to compare school business practices against general business practices.

The review team conducted its review of Beaverton School District, the first of the five districts to be reviewed in the pilot program, October 23-25, 2007. The team consisted of the following individuals:

Pennsylvania Association of School Business Officials

Wayne K. McCullough
William L. McGill
Margaret McMinn
Susan Nouse
Laura Cowburn

Oregon Association of School Business Officials

Al Shannon, Emeritus	Claire Hertz, Newberg School District
Bill Dierdorff, Emeritus	Adam Stewart, St. Helens School District
Mike Schofield, Emeritus	Dave Fajer, Multnomah ESD
Sue Foster, Emeritus	Donna Cancio, Estacada School District
Angie Peterman, Executive Director	

Oregon School Boards Association

Lisa Freiley, Director, Human Resource Development, OSBA
Shannon Priem, Director, Communications, OSBA

Business Partners

Brent Peterson, West Coast Investments
John Tapogna, EcoNorthwest
John Fairchild, Laidlaw Transit
Tammy Fitch, Wilson-Heirgood
Dan Beardsley, Chartwells

Phases of the Review Process

1. **Planning** – Develop a set of goals and objectives for the review and select a team of professionals experienced in the specific review topics. District staff receives a summary that describes the involvement of staff. Staff members complete a self-evaluation and provide specific documents such as policies, budgets, and audits for the review team to examine prior to the on-site visit.
2. **Analysis** – Review documents provided by staff and the activities completed during the on-site visit. Review team members conduct interviews with administration, staff, parents, patrons, board members and students. Reviewers collect additional documents, forms and policies during the interviews. Team members visit work sites to observe activities.
3. **Evaluation** – Team members individually review their observation and interview notes and the collected district documents. The review team members discuss their findings with those team members involved in the review of a specific program and determine whether further review is necessary. Team members review and forward reports to the project leader for compilation. The project leader returns a draft of the report to members of the review team.
4. **Reporting** – The project leader meets with the district superintendent and designated staff to discuss the report's commendations and opportunities for improvement. The superintendent and district staff members review the preliminary report and provide feedback to the project leader. Based on the feedback, the project leader may schedule additional on-site work. The project leader and several review team members make a brief presentation to the district board of directors and general public outlining their findings.

EXECUTIVE SUMMARY

Beaverton School District in brief

Beaverton School District (BSD) is a growing area west of Portland with an estimated population of 244,767 and district enrollment of more than 37,000 students, making it the third largest district in Oregon. BSD covers about 57 square miles and consists of 49 schools: 32 elementary, eight middle, five high schools and four option schools. The district employs 2,505 teachers, 1,712 support staff and 122 administrators (92 school principals and vice-principals and 30 school support administrators). Thirty-nine percent of the student population is minority students, the largest portion being Latino and Asian American; 32 percent of the student population qualifies for free or reduced lunches and 13.9 percent qualify for special education services. The district estimates that more than 80 languages are spoken in its students' homes.¹ These demographic changes have provided the impetus to more effectively meet the complex needs of students.

The district adopted a five-year goal in 2004 that includes four objectives and 23 standards. The BSD 2004-09 Goal is "Increase academic achievement district-wide with a special emphasis on literacy and mathematics gains for *each* student. The intent is to give *every* student the skills to succeed in challenging courses, meet academic standards, graduate from high school, and be fully prepared for a range of post-secondary education and vocational options." The district plans strategically and ambitiously to increase system-wide capacity to meet the increasingly diverse needs of its students and community. Departments develop their annual goals in support of the district goal, asking "Will this ensure each child receives appropriate education opportunities?"

Initial review team impressions

Beaverton School District has an outstanding community-engagement program that provides stakeholders with extensive information regarding the district's performance, in a clear and easy-to-understand format. This is evident throughout the district – from the posters and banners hung on the walls to the printed materials supplied to its students and community at large.

Throughout the body of this report, you will note many references to the exceptional staff at BSD and their commitment to the district, students and citizens as well as the pride they take in their schools. The review team received glowing commendations in each of the review areas, beginning with remarks from Board Chair Karen Cunningham and Budget Committee Chair Kim Overhage. These remarks were echoed by "internal users" of support services who were interviewed.

Superintendent Jerome Colonna is highly regarded and respected by the staff, as evidenced by staff commitment to the goals and objectives of the organization. The current management team

¹ Beaverton School District 2008-09 Budget Message

has changed its leadership style from the previous “top-down” model to a more collaborative approach. The district has developed numerous business and education partnerships to enhance operational practices and educational outcomes for all students. IBM, Intel, Nike, and Pacific Office Automation are a few examples of these partners. Staff members consistently conveyed their excitement about accomplishments within their areas of responsibility. Not satisfied with the status quo, these same staff members shared additional goals and objectives they wish to incorporate in the future to ensure continued improvement.

Board Chair Karen Cunningham said the board is committed to its administrative staff and believes the staff is made up of forward-thinking individuals who handle their job functions properly and professionally. Ms. Cunningham believes every member of the administrative staff to be highly ethical and committed to the district. She expressed her appreciation for the straightforward, understandable manner in which budget topics are presented to the board.

Eight areas reviewed by team

The Business Services Department provides support to all district schools and departments regarding budget, financial management, accounting, payroll, and purchasing. In addition, this department is responsible for district-wide financial management that includes the annual budget, sale of bonds, management of debt service, arbitrage compliance, cash and investment management and preparation of the annual audit. The district is the second largest employer in Washington County² and generates average monthly payroll in excess of \$16 million while processing nearly 10,000 purchase orders per year. To meet the increasing demands of regulatory agencies, vendors, the community and all of the schools and departments supported by the business office, technology must be a priority within the business office.

Reviewers observed many “best practices” demonstrating the dedication of the district staff in providing quality education to students. One example is the Innovative Process Team (IPT), which functions as an intake group or sounding board for obstacles and difficulties experienced by staff. Many of the staff interviewed felt the IPT provides an effective way to overcome challenges faced by the district.

BSD’s Resource Allocation Methodology (RAM) has greatly improved the relationship of budget to needs and drawn praise from people inside and outside the central office. The mobility weighting factor, which considers the mobile nature of the district’s student population, was identified as a particularly important characteristic in interschool allocations. The system is more transparent, equitable, and flexible than its predecessor. It demonstrates flexibility in meeting the diverse needs of every child, even when those needs are identified late in the budget process. Several examples of this flexibility were cited by staff and reflected in the words of the budget committee chair: “The money is to be matched with the district goals.”

The need for professional development on business office systems including the Integrated Financial and Administrative Solution software (IFAS) was noted by the review team. When purchasing new software, the district should consider the integration of new software with existing systems. We recommend the district employ an IT/business systems analyst to support

² Beaverton School District 2007-08 Budget Document

all of the business office systems and to write reports. Staff could be better utilized with fewer manual processes, many of which an IT person could automate. For example, an electronic time-keeping system could be used to track hourly employees. The time-keeping system could interface with IFAS and save considerable staff time currently spent calculating hours worked and entering them into the payroll system. This person would also serve as a liaison between the IT department and the business office.

The Communications & Community Involvement Department provides support in many areas, including issues management, focus groups, publications, media relations, Web-site content, elections, legislative services, public information requests, community relations and involvement. The department employs six staff members who develop and implement district-wide strategies to communicate with and engage stakeholders. Central to the department's priorities are multiple two-way communication strategies.

Engaging staff, students, parents, and community is best accomplished with effective face-to-face activities. Among the activities noted by the review team was the quarterly Key Communicator's Luncheon, which was attended by a wide range of citizens and included presentations by staff regarding specific topics: managing growth and capacity; improving communication; and engaging in an instructional time study. Participants also had the opportunity to address any items they felt were important to the group.

The Human Resources Department (HR) is responsible for all personnel functions of the district including recruiting, hiring, and retention of staff. HR oversees contract negotiations with all employee groups, creates and maintains job descriptions, conducts annual staffing conferences with principals and other administrators to determine future openings and site needs, and is responsible for managing employee supervision and evaluation.

Among the best practices noted within HR were the variety of methods used for recruiting licensed staff including job fairs, teachers on special assignment (TOSAs) and electronic posting of positions. The staff has done a good job of preparing for and using job fairs. TOSAs' enthusiasm results in a more successful recruitment process. It is clear they love teaching and are big supporters of their district. This level of passion and enthusiasm is contagious and will result in candidates giving the district more than a passing look.

The district shows a willingness to look to outside sources and technology to improve its effectiveness, whether it is improving the IFAS program or adding EdZapp to improve the district's screening process.

High staff turnover is a resource drain in both direct costs (recruiting, training, hiring temporary staff) and indirect costs (reduced productivity, loss of organizational culture and staff morale). Retention of staff was consistently mentioned as an area that needs improvement, but data on which to base change is lacking. For example, data does not exist to indicate how many of the staff left due to retirement as opposed to taking a position in another district.

We recommend the district create a system that allows it to track turnover rates by position and/or employee group. The system should include which positions are being left, why the

individual is leaving (e.g., retirement, medical and/or family issues, work-related issues, etc.), and how long they were with the district. Further detailed information and complete recommendations regarding staff retention are included in the HR department report that follows.

The Information and Technology Department (IT) is responsible for the technical operations of the district, instructional technology support and information services. The goal of the IT department is to design, build, maintain, and enhance technology for students and staff, enabling them to make efficient use of information technologies in their respective environments.

The review team noted that the district has some security issues, including the lack of individual accounts for faculty and students and the lack of anti-virus software. The district is rolling out an integrated active directory and open directory to accommodate both Apple and Windows-based computers. IT is also implementing a way to manage all desktops remotely and finalizing a decision on anti-virus software to address these issues.

The district's disaster recovery plan hasn't been updated recently, however the IT department has established this as a current project. We recommend this project be completed during the course of the current fiscal year.

The Maintenance & Facilities Department is responsible for the maintenance, cleaning, management and support of the district's real property assets (buildings, grounds, etc.). The department forecasts facility needs based on enrollment growth projections; manages the planning, design and construction of facilities; and ensures that the district's schools and ancillary facility sites are maintained in a safe, clean and healthy manner.

BSD is using an innovative procurement approach that includes pre-qualifying professional services for construction design and small construction projects. This allows the district to respond more efficiently and effectively to smaller project requests during the year. Another best practice noted was the use of a graphical executive monthly communication tool, "*The Balanced Scorecard*." This publication includes budget, schedule, stakeholders, and overall perspectives related to the 2006 bond issue.

A combination of district staff and contractors, work in conjunction with the Tualatin Hills Parks and Recreation District to maintain district grounds and facilities. This innovative partnership allows BSD to share administrative and facility costs with other users thus reducing district expenses.

Like most Oregon school districts, BSD experienced sharp declines in revenues that lasted several years. One of the common victims of budget constraints and limited resources is facility maintenance. BSD estimates that deferred maintenance work stands at \$63 million, although the 2006 bond levy is expected to reduce this amount significantly over the next few years. Effective school maintenance protects capital investment, ensures the health and safety of students, and supports educational performance. For these reasons, the review team recommends the system and scope for documented planned and preventive maintenance (PM) tasks and procedures for major building equipment be reviewed. The goal of PM is to perform planned and

preventive maintenance, not reactive maintenance. The review process should include a workflow analysis that estimates resources and staff necessary to perform PM.

Long-range planning is a significant part of the facilities department workload as BSD is considered one of the fastest growing districts in the state. Annual increases in student enrollment require construction of at least one elementary or middle school each year. We recommend that BSD consider staffing the function of preplanning and estimating with the immediate focus being preplanning and estimating for a potential 2010 bond issue.

The Transportation Department is responsible for the safe transport of students from home-to-school each day; transport of special-needs students; and field-trip and extracurricular transportation. BSD estimates its home-to-school transportation alone exceeds 3,100,000 miles a year. Growth of the student population places additional burdens on the transportation system. Buses become more crowded and may have longer routes. This requires the purchase of new equipment along with the staff necessary to operate it. Priorities within the department include an aggressive bus replacement purchasing plan (30 buses each year) and the addition of an automated vehicle location (AVL) system that combines global positioning software and routing software to assist in determining vehicle position and status. The review team sees this as significant to health and safety and encourages such innovations.

The transportation department has 289 buses and 288 employees to provide services in the district. A significant issue is adequate staffing, BSD experiences difficulty attracting and retaining bus drivers, as do districts throughout the state. As a result, other transportation department staff members are pulled from their duties to drive. These individuals have the necessary training and certification to drive buses, but pulling them from their normal duties creates a burden elsewhere in the department.

We recommend that the department work with human resources and the schools to develop a program to attract and retain qualified staff. Look outside the box and consider combining driver positions with summer grounds crew positions or other part-time positions to attract individuals who will stick around.

Another possibility is to use substitute drivers as monitors on buses. This would provide additional work for the substitute, assist the regular route driver and support building principals. This could positively affect the retention rate of your substitute drivers, reduce disciplinary situations, and increase route familiarity for substitutes.

The Nutrition Services Department is responsible for providing quality meal and beverage service to students and staff at all school sites. Nutrition Services also provides food to Head Start, snacks for the after-school program in some of the Title I schools, and a USDA-sponsored summer feeding program at about 20 sites. The summer feeding program estimates it provides 43,000 nutritious meals to children whose need for healthy, balanced meals could go unmet during the summer without the program.

Members of the nutrition services review team visited several sites. Some of the areas the team would like to commend staff on include student management within the meal serving area;

customer service at the point of service; menus that offered a lot of variety and nutritional choices. All promote greater participation in the food service program.

Results of the annual survey conflicted with input received from the people the review team interviewed (principals, staff, etc.). The survey results generally indicate that customers are unhappy with the food program while feedback during interviews indicated satisfaction with the program. We recommend the survey be examined for efficacy. It's important that survey participants be knowledgeable about the program's service via experience. The survey needs to identify the areas of the food service program that are not acceptable to customers to allow the district to take corrective action.

Risk management and safety are responsible for, the security for and coded access to facilities, planning for safe facilities, emergency response manual development and training, consultation directly with law enforcement agencies and workers compensation, property and liability insurance. The review team was extremely impressed with the program that is in place at BSD and would like to highlight just a few of the "best practices" identified.

The district's Comprehensive Safety Plan and active approach to risk management stimulates a culture of safety with employees and students. Risk management has created an impressive CD with extensive details on the district's exposures, loss runs, and safety interviews for all lines of coverage. This enables competitive marketing of the excess insurance coverage which results in premium credits or savings to the district. The district currently estimates annual savings of \$1,000,000 from their risk management practices and self-insurance program.

As with other departments, the Safety and Security Office appears to be somewhat understaffed. The review team recommends a review of staffing needs as additional schools are constructed. Although new facilities are being constructed and student population grows within the district, staffing in this department has decreased from 4.0 full-time equivalents (FTE) to 3.5.

While the public safety officer (PSO) has created proactive and effective relationships with the public safety community, the department is without a backup. We recommend that BSD look at options to recruit and train other personnel (possible lieutenants from the Beaverton Police Department) who would work with the PSO for a year and be available as backup.

Many practices reviewed during the course of this project were identified by the review team as "best practices." Beaverton School District is an outstanding district with a staff that is highly committed to public education and their community. The district is committed to improved performance; efficient use of resources; and open to outside input, as evidenced by their desire to participate in this process. We thank everyone who so openly discussed their roles and responsibilities in the district, shared their thoughts regarding best practices, and offered their ideas on opportunities for improvement.

As you review the detailed recommendations contained in this document it is important that you remember there is a cost associated with implementation of virtually all of them. The district must evaluate the potential cost of implementation and compare those costs to the anticipated savings from these recommendations. This can be a very difficult task as many of the

recommendations address potential efficiencies in service that do not allow for a reduction in staffing or costs but will allow the district to utilize their resources (both monetary and physical) in a different manner.

Everyone that our review team interviewed expressed a desire for the district to be the best that it can be. This summary contains some of the major points found in the report. This review was designed to collect data, interview and observe staff, citizens and students, and provide feedback to the district to assist them in their future planning. All of the recommendations are offered as opportunities for improvement and are intended as a starting point for discussion within the district. It is up to the district to determine which, if any, of the recommendations it will implement. The review team believes these opportunities can be a catalyst for **moving a good school system to a great school system.**

SUBSEQUENT EVENTS

Since the review team's on-site visit, BSD has worked toward implementation of some of the recommendations included in this report. As noted, the BSD staff were eager to participate in this review process and excited about the opportunity to have outside experts review current practices and procedures. Some of the recommendations already being implemented:

- a. Food service has begun a cost analysis of the use of Styrofoam trays versus reusable trays.
- b. Menus have been streamlined at various schools throughout the district and additional possibilities are being investigated.
- c. Cross-training between the workers compensation coordinator and the coverage & certificate coordinator has begun.
- d. An outside audit of internal and external district communications has been completed and presented to the Board. The district will now begin the process of refining and implementing the recommendations.
- e. An IT/Business Systems Analyst has been requested in the 2008-09 budget process.
- f. The district is in the process of hiring a new contract specialist.

SPECIFIC OPERATIONAL AREA REPORTS

Overview of Process

This operational review includes the following business and operations areas:

1. Administrative Practices and Procedures; Communications; Technology
2. Finance, Accounting and Reporting
3. Food Service
4. Human Resources
5. Maintenance and Facilities
6. Risk Management
7. Transportation

In preparation for the on-site visit, the district was asked to complete a self-evaluation document in each of the review areas. The self-evaluations were completed by district personnel and returned to the review team in advance of the on-site visit. In addition to the self-evaluation, the district was asked to provide access to numerous documents in advance of our visit. Below is a summary of those documents:

1. Current board policies
2. Current budget
3. Prior 3 years audit reports and management letters
4. Current organizational chart
5. Current job descriptions
6. List of current employees by position
7. Current labor contracts and agreements
8. All procedures manuals and handbooks
9. Facility management plans, building floor plans, list of maintenance, grounds, and custodial assignments, work hours, and special skills, certifications and/or training required.
10. District technology plan
11. Any other documents deemed to be pertinent to or required for completion of the review that were not specifically mentioned above, such as contractor agreements that may impact one or more areas under review.
12. Enrollment data (including projections)

Review team members analyzed the self-evaluation and these documents prior to the on-site visit. Through this initial review, review team members were able to identify potential best practices and areas for further review during the on-site visit. Copies of the self-evaluation are included in Appendix A.

Numerous other documents and reports were reviewed by members of the team during the on-site visit. A comprehensive list of the documents reviewed during the on-site visit, are included in Appendix B.

The on-site visit included in-depth interviews of personnel in each of the identified review areas. A list of interviewees is included in each of the specific operational area reports included in this document. Numerous visits were made by members of the review team to various sites and locations throughout the district. During this portion of the process, review team members collected additional documents and were able to verify information gathered from the self-evaluation and other district documentation. Review team members also investigated various practices and procedures in place at BSD, identifying numerous “Best Practices” which will become part of our tool kit of best practices.

Observations, Commendations and Opportunities

Review team members were divided into subcommittees for purposes of in-depth review of each of the eight topic areas identified as a part of this process. The reports reflect the combined comments of each of the subcommittees. As such, you will note some formatting and writing differences between individual sections. Regardless of format or writing differences, each of the sections in the full report includes these components:

1. Description of area reviewed
2. List of review team members
3. List of individuals interviewed as part of the review
4. List of sites visited (if any) during the review
5. General observations
6. Commendations
7. Opportunities for improvement