

BOARD PRESENTATION

Tucson Unified School District
Operational Efficiency Audit

Introduction

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Acknowledgements

- Tucson Unified School District

Gibson Consulting Group, Inc.

- Our experience with efficiency programs
- Our project team

Project Objectives

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- Identify opportunities to improve efficiency and achieve cost savings.
- Make recommendations to improve management practices in the district.

Overview of Our Approach

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Major Tasks:

- Data Collection and Review
 - 1000+ Existing District Data Documents
 - Peer District Data – National and State
- Site Visit
 - Interviews and Focus Group Sessions
 - School Visits
- Analysis
- Recommendations and Report

Project began November 2013, completed April 2014

Overview of Our Approach

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- Work Focused On:
 - Operating Expenditures – not capital outlay or debt service
 - General Fund – primary funding sources for TUSD
 - Major opportunities to reduce costs and improve management effectiveness

Areas Reviewed

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- District Organization and Management
- Financial Management
- Human Resources
- Technology Management
- Facilities Management
- Transportation Management
- Food Services
- Safety and Security

What We Found

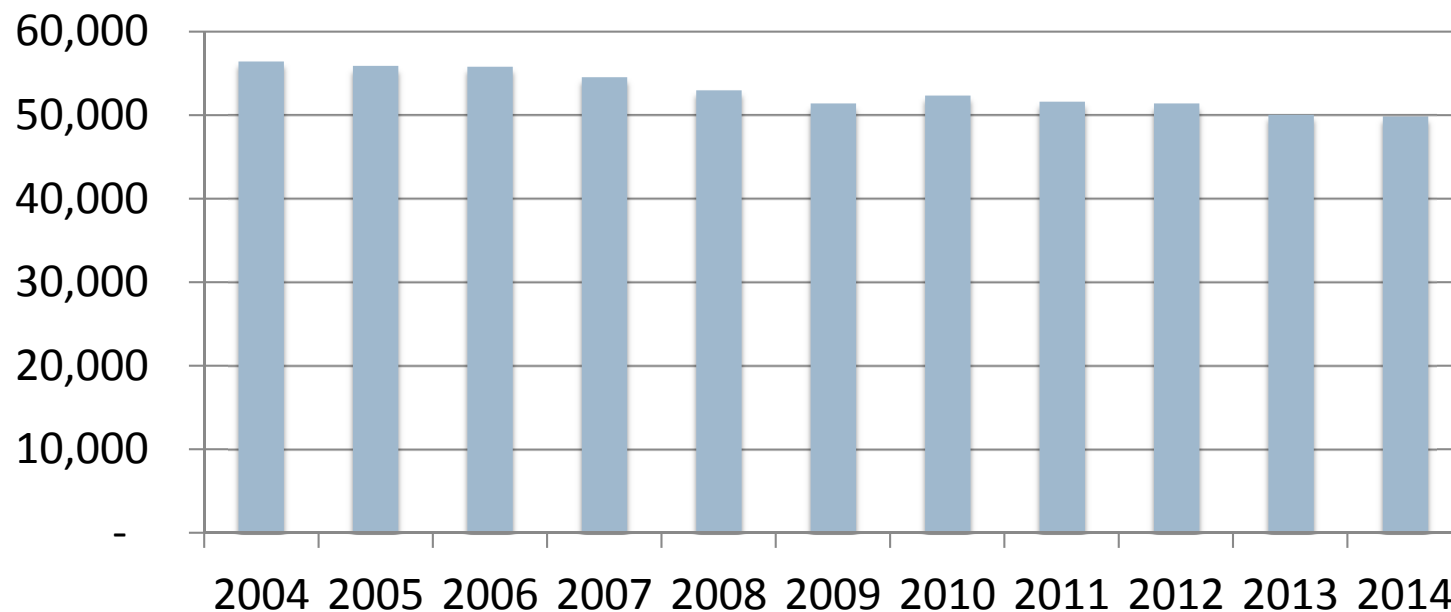
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- Lower State Spending
 - Arizona spends \$7,496 per student compared to \$11,068 nationally
- Declining State Spending
 - Since 2008, Arizona saw the a decrease in spending per student of 21.8% - highest percentage decrease nationally
- Desegregation Lawsuit
 - TUSD currently funds a \$64 million desegregation plan
 - Separate local tax does not cover all associated costs

What We Found

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- Declining Enrollment
 - Decrease of 12 percent in the past 10 years and continuing to decline. Has resulted in \$50 million decrease in funding.



What We Found

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- TUSD spending has declined by 5 percent over past five years.
- TUSD spending per student is \$8,421, higher than both peer district (\$7,185) and state averages (\$7,496).

Key Messages

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- TUSD does not have a long-range strategic plan.
 - District has moved forward with the decision to develop one this year.
- Many district process are inefficient, manual, and paper-intensive.
 - District has engaged with an outside firm to assist in streamlining.
- TUSD has issues with pay compression, a pay inequity of the salary structure.
 - District has taken steps to remedy the situation.

Key Messages

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- Negotiations with labor unions have resulted in streamlined approaches to employee leave and helped TUSD save money.
- Staff have found ways to achieve class sizes closer to district targets resulting in savings.
- Surveys show improved transportation performance.
- TUSD has a culture of continuous self-improvement increasing the chance for success in implementing project recommendations.

Major Recommendations

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- Implement performance measures and targets to improve accountability and transparency.
- Implement an internal audit function that reports directly to the governing board.
- Reorganize the Student Equity and Intervention Department to be more functionally aligned.
- Document a decision-making framework.
- Reduce finance office staffing to levels commensurate with similar-sized school systems.

Major Recommendations

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- Improve financial reporting at the board and department/school level.
- Reorganize the Human Resources Department to focus resources on operational improvements.
- Improve and streamline the hiring process.
- Use a requirements-based application selection process for identifying and selecting ERP and SIS systems.
- Develop a technology project management methodology using industry standards.

Major Recommendations

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- Bring all technology-related positions under the Technology Services Department.
- Continue to evaluate school capacities and consider further school reductions.
- Implement a new Computerized Maintenance Management System to support more efficient processes.
- Enhance the district's preventive maintenance program to lengthen the life of facilities.
- Implement additional energy conservation measures to reduce utility expenditures.

Major Recommendations

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- Centralize management of custodial services.
- Implement new bus routing and scheduling software to optimize routing efficiency.
- Renegotiate labor agreements to pay bus drivers and monitors for actual hours worked.
- Implement a more effective bus replacement program.
- Allocate additional Maintenance and Operating Fund costs to the Food Services Fund.

Fiscal Impact

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Chapter	One-Time	2014-15	2015-16	2016-17	2017-18	2018-19	Net Fiscal Impact
Organization and Management	(\$125,000)	(\$184,640)	(\$101,956)	(\$101,956)	(\$101,956)	(\$101,956)	(\$717,434)
Financial Management	(\$50,000)	\$0	\$260,000	\$520,000	\$832,000	\$832,000	\$2,394,000
Human Resources	(\$157,000)	\$221,809	\$221,809	\$137,566	\$137,566	\$137,566	\$699,316
Technology Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Management	(\$955,000)	(\$1,155,100)	\$6,344,900	\$6,344,900	\$7,094,900	\$7,094,900	\$24,769,500
Transportation Management	(\$300,000)	(\$986,697)	\$520,903	\$440,903	\$460,903	\$750,903	\$886,915
Food Services	(\$50,000)	\$1,490,758	\$1,817,758	\$2,144,758	\$2,144,758	\$2,144,758	\$9,692,790
Other	(\$161,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)	(\$286,000)
Net Fiscal Impact	(\$1,798,000)	(\$638,840)	\$9,038,414	\$9,461,171	\$10,543,171	\$10,833,171	\$37,439,087

Thank You...

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- For your willingness to do this audit.
- For the effort your staff dedicated to this project.