

# BOARD PRESENTATION

Tucson Unified School District  
Operational Efficiency Audit

**GIBSON**  
CONSULTING GROUP

May 13, 2014

# Introduction

2

## **Acknowledgements**

- Tucson Unified School District

## **Gibson Consulting Group, Inc.**

- Our experience with efficiency programs
- Our project team

# Project Objectives

3

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

# Overview of Our Approach

4

## **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

5

- 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

6

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

# What We Found

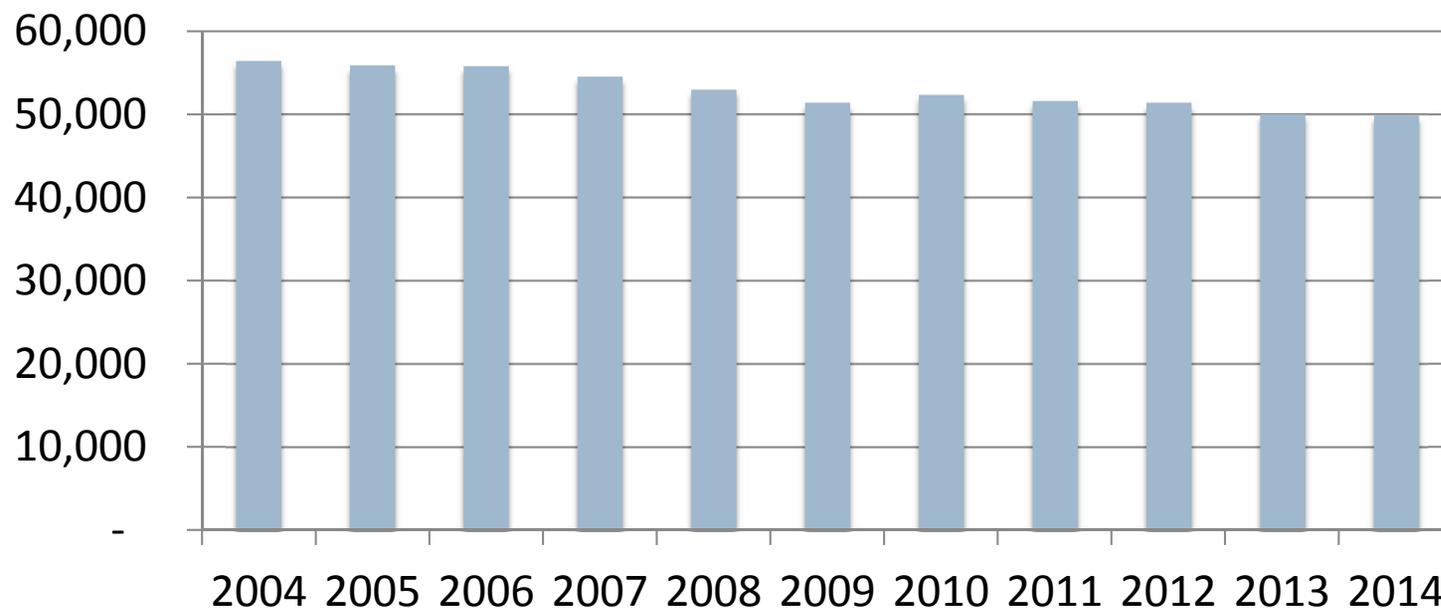
7

- 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

8

- 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

9

- 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

10

- TUSD does not have a long-range strategic plan.
  - District has moved forward with the decision to develop one this year.
- Many district processes 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

11

- 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

12

- 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

13

- 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

- 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

15

- 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

16

| 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)         | <b>(\$717,434)</b>  |
| Financial Management        | (\$50,000)           | \$0                | \$260,000          | \$520,000          | \$832,000           | \$832,000           | <b>\$2,394,000</b>  |
| Human Resources             | (\$157,000)          | \$221,809          | \$221,809          | \$137,566          | \$137,566           | \$137,566           | <b>\$699,316</b>    |
| Technology Management       | \$0                  | \$0                | \$0                | \$0                | \$0                 | \$0                 | <b>\$0</b>          |
| Facilities Management       | (\$955,000)          | (\$1,155,100)      | \$6,344,900        | \$6,344,900        | \$7,094,900         | \$7,094,900         | <b>\$24,769,500</b> |
| Transportation Management   | (\$300,000)          | (\$986,697)        | \$520,903          | \$440,903          | \$460,903           | \$750,903           | <b>\$886,915</b>    |
| Food Services               | (\$50,000)           | \$1,490,758        | \$1,817,758        | \$2,144,758        | \$2,144,758         | \$2,144,758         | <b>\$9,692,790</b>  |
| Other                       | (\$161,000)          | (\$25,000)         | (\$25,000)         | (\$25,000)         | (\$25,000)          | (\$25,000)          | <b>(\$286,000)</b>  |
| <b>Net Fiscal Impact</b>    | <b>(\$1,798,000)</b> | <b>(\$638,840)</b> | <b>\$9,038,414</b> | <b>\$9,461,171</b> | <b>\$10,543,171</b> | <b>\$10,833,171</b> | <b>\$37,439,087</b> |

# Thank You...

17

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