

Final Report

Business and Operations Review



Harney County School District #3

Visitation

May 13-14, 2008

Final Report

July 2008

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INTRODUCTION

Today's public has high expectations: that schools operate effectively and efficiently while meeting the diverse needs of our future citizens. Citizens and parents want reassurance that their taxes are spent wisely before voting to spend more 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 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 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 these endeavors.

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 pilot project is the first step in providing self-evaluation tools that will allow Oregon school districts and ESDs 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 best 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, members of the OSBA staff, and business partners whose combined experience in the areas of school business and operations spans more than 100 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 Harney County School District #3, May 13-14, 2008. The team consisted of the following individuals:

Oregon Association of School Business Officials

Bill Dierdorff, Emeritus
Mike Schofield, Emeritus

Oregon School Boards Association

Shannon Priem, Director, Communications, OSBA

North American Association of Educational Negotiators

Ron Wilson, Executive Director, NAEN

Business Partners

Ted Helvoigt, EcoNorthwest
John Fairchild, Transportation Consultant

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 observations 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

Harney County School District #3 in brief

Harney County School District #3 (Burns-Hines) is a small district in Oregon's largest county in Southeast Oregon. The district enrollment is 990 students. Harney County covers about 10,180 square miles and Burns-Hines schools and several other districts serve the county's 1,200 or so students. The school district consists of Slater Elementary School, Hines Middle School, and Burns High School. The district employs about 145 teachers, support staff and administrators. About 14 percent of the student population consists of minority students and about 15 percent qualify for special education services. The district's families speak primarily English, with some Paiute or other Native American languages, and some Spanish.

Throughout the body of this report, you will note many references to the exceptional staff at Burns-Hines SD and their commitment to the district, students and citizens. The review team documented many commendations in the various review areas, and it is clear that the staff takes pride in their schools.

Superintendent Dave Courtney is highly regarded and respected by the school staff, as is the entire district office staff. Staff members consistently conveyed pride about accomplishments within their areas of responsibility.

Initial review team impressions

An effective school district – regardless of size – begins with elected leadership that engages the public to meet student needs and sets clear expectations for administration and staff. For its size and challenges, Harney County's small but mighty administrative team is very efficient. Team members work hard; they love their community (many were born and raised there). This close-knit group has maintained a positive attitude in all aspects of administration, even during financial shortfalls and recent budget challenges.

Seven areas reviewed by team

Financial Planning, Accounting, Purchasing and Reporting: 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 one of the largest employers in Harney County and is transacting a significant volume of business. The main concern noted by the team was the projection of fund balances which did not match historic trends. The board has taken action to mitigate some expenditures in the coming fiscal year, but this is a catch up maneuver, not a planned budget process. To meet the increasing demands of regulatory agencies, vendors, the community and all of the schools and departments supported by the business office, technology and managed trend projections must be a priority within the business office.

In estimating the beginning fund balance for the budget resources, the estimate for the ensuing year should include a calculated estimate based on the current year actual revenue, expenditures, and the estimated ending fund balance for the current year in progress. Budget resource estimates should be projected as accurately as possible to ensure that adequate resources are available for the planned expenditures. If estimated resources do not materialize during the fiscal year, adjustments in expenditures should be made as soon as possible to compensate for the shortfall.

Administration and Communications provides support in many areas, including issues management, publications, media relations, Web-site content, elections, legislative issues, public-information requests, community relations and involvement. These duties are part of the overall responsibility of the superintendent and district administrative personnel.

The district's positive attitude – and affect on student achievement – during tough economic times and during budget controversy is the result of a committed staff and board. Harney County is also fortunate to have a “captive” public audience in today's climate of information overload and community-involvement fatigue. Having such access to local (and locally owned) newspaper and radio stations willing to share district information is almost unheard of. The superintendent capitalizes on this, and he should extend the opportunity by encouraging guest columns from other administrators and board members.

Research shows that systematic, face-to-face communication with staff and parents is the key to an effective communications/community relations program. Like most small districts, Harney County doesn't have community relations staff. However, ask any public relations professional who is responsible for public relations in a school district, and you'll hear a resounding “everyone!” The district follows this practice – every administrator we visited views this as part of his or her role and maintains open-door policies and the willingness to build strong relationships within the school community.

In the words of a national school public relations expert – “Do the right thing – and tell people about it” is the best public relations advice ever given. Creating a Key Communicators network to dispel rumors and spread the good news and focusing on better budget communication will help tip the district's efforts from “good” to “great.”

We applaud the district for establishing extra budget committee forums shortly after our visit, in the wake of handling a current budget shortfall. The staff is on the right track; it's critical to keep up the good work. Harney County isn't alone in this challenge. Research shows that Oregonians generally lack trust in how school districts spend their money. In fact, in one survey, respondents thought at least 36 percent goes to central administration. The figure is actually 2-3 percent for central office and 7 percent overall for administration, including both central office and schools. Parents (and some staff) we interviewed were critical of the district for not communicating about the district's shortfall earlier. Whether this was the reality regarding budget communications is not the issue – the issue here is public perception. Remember: perception *is* reality in public relations.

Information and Technology (IT) is responsible for the technical operations of the district, instructional technology support and information services. The goal of IT 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 district has made this a priority as evidenced by their contract for services through Harney County Education Service District (ESD).

The high school is involved in the StRUT (“**S**tudents **R**ecycling **U**sed **T**echnology”) program, which reconditions computers decommissioned by the local offices of federal agencies (e.g. BLM). These computers are integrated into districts computer labs and are included in the maintenance agreement between the district and the ESD.

Human Resources (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.

The district has a cadre of experienced teachers (average 15.41 years of experience) in each building. Reasons for teachers leaving the district appear to be threefold: retirement, illness, or marriage related (getting married or divorced and moving elsewhere). New employees appear to fall within two groups. Either they come to the district to gain experience and then leave within a short period of time (1-3 years) or they make a long-term commitment to the district.

The district has succeeded in its efforts to establish and maintain a good working relationship with its licensed and classified unions. Both association presidents characterized the relationship with the district as workable and open. The district and the unions appear able to work out grievances at the lowest possible level and often at the informal stages. There have been few grievances (or complaints) that have risen to the level of an actual written grievance. Meetings with the superintendent and the union presidents occur on an as-needed basis.

Within the area of opportunities for improvement, the districts’ teacher performance evaluation system needs further upgrading. The current system uses a traditional inspection model of formal and informal observations. The domains, components and elements are rated on a three-point scale with no apparent scoring rubric. Inspection-type systems of teacher evaluation that rely primarily on observations are subject to many limitations.

One of the challenges for the district is to strengthen the links between staff development, instructional quality, and student achievement. Perhaps one way to leverage the district’s efforts may be to take advantage of the latest trend in job-embedded instructional coaches and mentoring. This concept refers to providing time for staff in each building periodically throughout the year (as opposed to creating a program based on out-of-district activities) and formally designating a staff facilitator to focus on instructional and staff development issues.

Maintenance and Facilities is responsible for the maintenance, cleaning, management and support of the district’s real property (buildings, grounds, etc.). School district facilities are maintained to provide the educational services needed. Staff makes a good effort to keep the facility operating. Staffing for facilities is organized in two distinct teams that operate

independently, but cooperatively. Facility managers report primarily to principals, but operate with no set standards other than the implied “keep things running.”

The district has done energy audits, ADA reviews and asbestos-abatement programs as expected for public agencies. A recent maintenance bond has allowed some major improvements in facilities to help address these issues.

Burns/Hines School District provides good stewardship of the community facilities. There are some operational changes that would help improve the efficiency of the facility operation. A formal long-range plan would help in determining whether new, remodeled or regularly maintained buildings would work best for Burns/Hines.

Transportation is responsible for the safe transport of students from home-to-school; transport of special-needs students; and field-trip and extracurricular transportation. Burns/Hines transported 423 students and traveled 88,121 miles home to school in the 2006-2007 school year; with six regular routes, one lift bus route and three mid-day kindergarten routes.

The district has taken steps to insure the safety of students as they leave buses by establishing bus stop procedures that eliminate discharging students at distant stops unless someone is there to meet them during inclement weather. Additionally, kindergarten students are not discharged alone from the bus unless someone is there, regardless of weather conditions.

From a cost effectiveness and efficiency perspective, the district has developed multi-tier routes for increased vehicle efficiency wherever possible, particularly between the elementary and middle schools.

Among the opportunities for improvement, the district should develop and implement a documentation process for vehicle pre-trip inspection. Drivers currently have no documentation verifying the vehicle’s condition prior to starting routes. Written forms will not only document the vehicle’s physical condition and indicate the inspector/driver but can help ensure that all required items have been inspected.

Nutrition Services is responsible for providing quality meal and beverage service to students and staff at all school sites. The Nutrition Services program has made some great strides and is perceived as a good program. The option to go forward and become an excellent program exists. The district must determine the impact of environment on the overall educational program and balance the Nutrition Service opportunities with all other program needs. It may even be possible with price changes and increased sales to cover increased costs. Everything doesn’t have to be done at once, and major items can be lease purchases or phased in to help the district achieve its goals. The district should also evaluate meal pricing compared to meal costs, including the necessary overhead to maintain and replace equipment. Pricing should be based on costs to operate the program. Free and reduced price lunch programs take care of those who have financial limitations.

Risk Management is responsible for the security of and access to facilities; planning for safe facilities; and student, staff and citizen safety.

The Risk Management program is effective and claims have not been out of line. Efforts could be made to improve documentation and training, but that is always the case. Although risk is generally associated with personal safety and property loss, the risk of financial loss or inefficient use of resources is also a component of risk management. This should be a factor considered in evaluating facility maintenance, staff training and other allocations of resources in the budgeting process.

Most of the district policies are outdated, including those for risk management. They are still maintained manually in policy binders and only those recently changed are even on word processing. The district has some unique exposures due to the physical location of the district and their activity leagues. Weather issues and the need for equipment such as deer guards on vehicles or satellite phones factor in to risk assessments. An update for all policies, including risk management policies, will help assure the district is current in addressing Child Abuse, ID protection, ethics, etc. It would be helpful to have the policies available and maintained on the web.

Conclusion: 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. The review was designed to collect data; interview and observe staff, citizens and students; and provide feedback to the district to assist it in 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.