EXECUTIVE SUMMARY

McConnell Jones Lanier & Murphy LLP is pleased to present our final report of the review of the Metropolitan Nashville Public Schools (the School System). On January 22, 2014, Metropolitan Nashville Government engaged McConnell Jones Lanier & Murphy LLP (the review team) to conduct an Operational and Performance Audit of the School System. The objectives of the engagement were to assess the School System's major operations; review its program initiatives and evaluation methods; analyze educational spending; document instances of fraud discovered during the project, if any, and issue draft and final reports of observations including recommendations for improvement and financial impacts.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Metropolitan Nashville Public Schools has received the final report and has evaluated the observations and recommendations. The School System's management responses have been included at the end of each chapter in the report.

BACKGROUND

Metropolitan Nashville Public Schools (the School System), officially formed in 1963 with the consolidation of the City of Nashville and Davidson County Schools, is one of 65 departments in the Metropolitan Nashville Government. The Metropolitan Nashville Council, which consists of 40 council members and the mayor of Nashville, performs the primary governance and administrative functions for the Metropolitan Nashville Government. The Metropolitan Nashville Council is the legislative authority that authorizes and approves the School System's operating and capital budgets, as the board of education (the board) has no taxing authority.

The School System encompasses a 533 square mile area and is the second largest school system in the state of Tennessee, and the 42nd largest school system in the United States, with 82,863 students in 157 schools; 6,326 teachers and certified staff; and 3,795 support staff. The School System has an ethnically diverse student population, which is 45 percent African American; 32 percent Anglo; 19 percent Hispanic, and 4 percent Asian. Its student population also includes 22,291 English Learners and 55,076 economically disadvantaged students.

A nine-member elected board of education governs the School System and appoints the director of schools who manages the School System's day-to-day operations and administration. The School System's amended operating budget for 2013–2014 totaled $746,420,300, and its capital budget totaled $95,042,000. **Exhibit ES-1** provides a profile of the School System for 2012-2013 and 2013-2014.

Exhibit ES-1
School System Profile

	2012-2013	2013-2014
Governance and Enrollment:		
Number of Board Members	9	9
Student Enrollment	81,033	82,863
Number of Schools	153	157
Student Ethnicity:		
African American	45.8%	45.0%
Anglo	35.3%	32.0%
Hispanic	16.6%	19.0%
Other	2.3%	4.0%
Economically Disadvantaged Students	69%	66%
Certificated Staff:		
Certificated Teachers	5,333	5,167
Principals/Assistant Principals	285	289
Coordinators Directors	94	87
Guidance Counselors	246	241
Coaches/Specialists	344	310
Librarians	132	131
Social Workers/Psychologists	105	101
Financial Information:		
General Purpose Fund	$720,420,300	$746,420,300
Debt Service Fund	50,073,400	69,624,400
Nutritional Services Fund	38,748,800	42,058,900
Federal, State, and Local Grants	96,272,000	84,598,000
School Self-Insurance Fund	1,554,400	1,326,000
Schools Central Storeroom	612,500	650,000
Professional Employee Insurance Fund	90,000,200	104,073,300
Total Budgeted Expenditures	**$997,681,600**	**$1,048,750,900**
Total Capital Budget	$97,000,000	$95,042,000
General Purpose Expenditures per Pupil	**$8,890**	**$9,008**
Total Expenditures Pupil	**$12,312**	**$12,656**

Source: Metropolitan Nashville Public Schools 2012-13 Facts and 2013-14 Facts and 2013-2014 Budget Book.

SCOPE AND METHODOLOGY

The following areas were reviewed in accordance with the scope of work:

1. district organization and management;

2. educational service delivery;

3. impact of charter schools on Metropolitan Nashville Public Schools;

4. human capital;

5. financial management;

6. facilities;

7. nutrition services;

8. transportation;

9. safety and security;

10. technology management;

11. analysis of educational spending; and

12. performance accountability systems.

Upon contract execution, the review team prepared and presented the School System with a comprehensive list of requested data by operational area. Review team members analyzed the data prior to the onsite visit, which began the week of January 27, 2014. The first onsite activity was a visioning session held with the director of schools and the School System executive leadership team. The purpose of the visioning session was to obtain an understanding of the School System's strengths, weaknesses, opportunities, and threats. Information from the visioning session, combined with results of our preliminary data analysis, provided the context for conducting interviews and focus groups with board members, administrators, and other school employees.

The review team conducted interviews, collected data, and implemented verification/validation activities at School System facilities during an eight-week period from January 27, 2014 through March 20, 2014. We implemented a plan to visit approximately 40 percent of the schools including a sample of charter schools. School visits were a critical component of our project approach because they allowed team members to see first-hand how the School System's administrative and operational functions support campus needs.

During school visits, review team members used data collection, observation, and interview guides. School visits provided an opportunity for the review team to identify potential issues impacting management and operations that may not have been evident in results from surveys, focus groups, community meetings, and data analysis. The review team collected data for this project through multiple sources, including:

- interviews with the director of schools, executive leadership team, division directors, and key staff;

- interviews with board members;

- individual and group interviews with program directors, coordinators, teachers, and staff;

- online surveys of principals, teachers, central administration, school resource officers and other Metropolitan Nashville Public Schools' staff;

- visits to a sample of 60 facilities and interviews with administrators and staff;

- a community forum;

- peer district surveys; and

- document review.

The review team used survey results to provide context and perspective to our analyses and in some instances to support and corroborate observations. Peer district survey responses served as benchmarks against which to measure and compare School System operations.

The review team conducted a community open house meeting on February 18, 2014 to provide the public with an opportunity to offer their opinions on how the School System was doing. A centralized location was selected to accommodate the School System's geographic area. Team leaders were present to personally address questions about specific focus areas of the review.

During our review, we also examined exemplary practices and accomplishments. While the primary focus of the review was to identify opportunities for improvement, we also sought out and highlighted areas where the district is doing well. Areas where the district is performing exceptionally well are documented in the report as accomplishments.

The review team identified best practices for each of the areas assessed. During our evaluation, we determined whether the operation under review was meeting or not meeting the best practice standard. Unmet best practices became the driver of many of the observations in the report.

The following sections provide an overview of the key statistics, observations, and recommendations for each area of the School System reviewed during the engagement.

OVERVIEW BY CHAPTER

Chapter 1 - District Organization and Management

Effective organization and management of a school system requires cooperation and communication between elected members of the board, the superintendent and staff, and the governmental entity responsible for providing funding support. The evaluation of the organization and management of the School System involved the following functional areas:

- governance;

- planning;

- district management;

- school management;

- performance accountability systems;

- communication; and

- community involvement.

The review team identified 33 best practices against which to evaluate the organization and management of the School System. **Exhibit ES-2** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-2
District Organization and Management Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
33	23	9	72%	12	20	22	$4,959,200

Some of the key highlights in the District Organization and Management chapter include the following:

- The School System is directed by a skilled leader who is well respected by the board and stakeholders within and outside the School System. In addition, the School System has adopted a best-in-class "hands-off" governance model in which the board sets broad policy parameters, allows the director of schools to freely operate within those parameters, and holds the director of schools accountable for results.

- A broad range of comprehensive academic and social support programs administered by the Family and Community Partnerships Department enable students and families to overcome personal challenges, thereby enhancing student achievement and personal success.

- The School System has an opportunity to reduce school administrative costs by periodically evaluating its assistant principal staffing allocations.

- Completing the design of a performance dashboard would enable the school board to effectively monitor initiatives to improve student achievement and operational performance included in Education 2018: Excellence for Every Student, the School System's five-year strategic plan.

- The School System's internal communications plan would be more effective if it included strategies and tactics to communicate key messages, initiatives, and directives from executive leadership team meetings to employees throughout the system.

- Adopting a system-wide coupon book sale fundraiser could provide $1,000,000 in additional revenue on an annual basis that could be used on projects targeted toward improving student academic performance.

Chapter 2 - Educational Service Delivery

The School System serves students from pre-school through Grade 12 in a variety of grade configurations and offers a variety of academic programs plus a large number of extracurricular and athletic programs. Twenty traditional schools—seven at the elementary level, eight at the middle level, and five at the high school level—also have magnet school programs. Academic program offerings include multiple Advanced Placement courses and an International Baccalaureate Programme; ninth grade and theme-based academies at all 12 zoned high schools; and charter, magnet, specialty, and optional enrollment schools at all levels.

The review team identified 18 best practices against which to evaluate educational service delivery. **Exhibit ES-3** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-3
Educational Service Delivery Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
18	10	8	56%	10	9	9	($760,671)

Some of the key highlights in the Educational Service Delivery Chapter include the following:

- The School System is expanding the capacity of its Pre-K program in 2014-2015 from 2,516 to 2,838 students by repurposing two PreK-4 campuses to Model Pre-K Learning Centers and adding capacity through a partnership with an existing community center that will focus on early math skills, language development, multicultural development, and intense staff development programming.

- The School System has developed an innovative process for determining the extent to which each campus is providing a high-quality education for students.

- The Career Technical Education program offers courses in a wide range of high-skill/wage/demand occupations and is supported by extensive business participation and university partnerships.

- The School System has begun a number of research-based initiatives designed to improve learning opportunities for students but has not yet realized the desired levels of success.

- Implementing proven behavior management strategies will improve overall discipline. It will also reduce racial disparities in discipline and in disproportional assignments to alternative learning centers.

- Continued development and improvement of support structure, staff, curriculum, and instructional strategies will increase the language proficiency and academic preparedness of English language learners.

Chapter 3 - Impact of Charter Schools on Metropolitan Nashville Public Schools

Charter schools were conceived in the early 1990s as a new type of public school that would be free from many laws and administrative mandates imposed on traditional public schools. They were conceived as incubators for innovation, benefitting the public education enterprise as a whole through their example as well as benefitting the students they served. They are seen by some as a means to respond to the difficulties faced by low-performing public schools, particularly those in urban areas. They have more flexibility to respond to the particular needs of struggling students yet still be held accountable for performance at expected levels.

The review team did not identify any charter school best practices since the purpose of this chapter was primarily informational. **Exhibit ES-4** provides an overview of other chapter details.

Exhibit ES-4
Impact of Charter Schools on Metropolitan Nashville Public Schools Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
0	N/A	N/A	N/A	0	4	5	$0

Some of the key highlights in the Impact of Charter Schools chapter include the following:

- Charter school enrollment has grown dramatically since the first charter was opened in 2003.

- High performing charter schools offer an opportunity for the School System to improve the academic performance of its students. Therefore, there is a demand in the community to expand alternatives to persistently low performing traditional schools.

- Financial resources must be repurposed when a student transfers from the School System to a charter school.

- The School System requires a means of capturing and recovering indirect and administrative costs associated with charter schools.

- Better communication, coordination of services, and information sharing would enable the School System and charter schools to optimize educational resources.

Chapter 4 - Human Capital

The School System must offer competitive compensation, benefits, and career path opportunities to attract and retain the best employees. School systems must also have written disciplinary procedures in place when employees do not meet expectations or follow established policies and procedures. Accordingly, the purpose of the human capital function is to provide services that support recruiting, employing, retaining, and developing faculty and staff.

The review team identified 17 best practices against which to evaluate the human capital function. **Exhibit ES-5** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-5
Human Capital Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
17	12	5	71%	3	5	12	$0

Some of the key highlights in the Human Capital chapter include the following:

- The School System has many innovative practices to help attract and recruit qualified staff. Additionally, they maintain a pool of qualified applicants to facilitate the hiring process when a vacancy occurs.

- The School System offers their educators higher salaries than the surrounding school systems. When measured against surrounding school systems in 13 teacher and academic salary categories tracked by the state, the School System ranks among the top ten school systems in 9 of the 13 categories.

- The School System's Human Capital Services Department is not structured and functioning optimally to support human capital needs and should align employee activities within the department to report to the appropriate function leader.

- The School System has experienced high teacher turnover rates over the past three school years and should develop a plan to stabilize teacher retention.

- The division of employee benefit plans between Metropolitan Nashville Government for non-certificated (support) staff and the School System for certificated (teaching) staff causes higher cost to the School System and creates an atmosphere of inequity among employees.

Chapter 5 - Financial Management

Sound financial management enables the School System to meet the challenge of satisfying the dual demands of educating the community's children while balancing financial resources. The primary source of funding is through the Tennessee Department of Education. The Tennessee Department of Education appropriates funds for K-12 education through the Basic Education Program funding formula, which provides a per student allotment to the School System. The funds generated by the Basic Education Program are what the state has defined as sufficient to provide a basic level of education for Tennessee students. This basic level of funding includes both a state and local share of the Basic Education Program.

The total 2013-2014 revenue budget is projected to be $734,420,300, which includes $12,000,000 in fund balance. Of the $734,420,300, excluding fund balance, property tax revenues of $285,203,000 comprise nearly 39 percent followed by state and other government revenues of $256,191,700, which comprises 35 percent. Basic Education Program revenue is $252,545,000 for 2013-2014. Local option sales taxes for 2013-2014 are projected to be nearly 25 percent of the revenue budget, or $181,737,500.

The review team identified 22 best practices against which to evaluate the financial management of the School System. **Exhibit ES-6** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-6
Financial Management Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
22	16	6	72%	2	9	10	$25,000

Some of the key highlights in the Financial Management chapter include the following:

- The School System's use of Metropolitan Nashville Government's online eBid system is an effective and profitable means of selling surplus property.

- For the past five years, the School System has received the Association of School Business Officials International Meritorious Budget Award for excellence in budget presentation.

- Risk-based audit approaches would optimize internal school fund audit resources and schedules while adding audit outcomes to principal evaluations would enhance the value and importance of school fund audits.

- Prepaid business credit cards offer a more efficient means of distributing Basic Education Program funds to teachers to purchase supplies.

- Configuring the Web Requisition system for use by charter schools would enhance their procurement process by enabling them to initiate electronic purchase orders.

Chapter 6 - Facilities

Effective facilities use and management processes consider the educational program needs, type, age, and configuration of owned, leased, and operated facilities. Effective processes enable school districts to plan, finance, and implement changes.

The School System maintains 2,000 acres and 200 buildings with more than 14,000,000 square feet of indoor space, including more than 5,000 classrooms. The value of land, buildings, equipment, and improvements total more than $779,000,000. During 2013–2014, the School System's 157 campuses:

- elementary (grades PK-4) – 73;
- middle (grades 5-8) – 33;
- high (grades 9-12) – 25;
- alternative – 4;
- exceptional education – 4; and
- charter schools – 18.

The review team identified 24 best practices against which to evaluate the facilities management function of the School System. **Exhibit ES-7** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-7
Facilities Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
24	14	10	58%	3	10	11	*$3,439,292 **$28,784,712

Based on recommendations.
** With outsourcing in year two.

Some of the key highlights in the Facilities Management chapter include the following:

- A comprehensive facility master plan and a deferred maintenance plan will provide strategic direction for prioritizing and funding future projects.

- The implementation of a comprehensive plan to optimize facility utilization in all clusters will reduce the number of overcrowded and underutilized schools.

- The absence of a staff allocation model contributes to ineffective distribution of workloads and lower productivity.

- Maintenance can further improve efficiency and productivity by moving to a five geographic zone approach to deploy staff to work sites.

- Hiring an in-house energy manager to coordinate energy management programs and continuously evaluate energy use would help to reduce costs.

- By implementing an energy conservation program, the School System can potentially save an estimated $973,818 annually.

- Estimates from a national facilities management outsource provider suggest that the School System could potentially save an average of $1,698,582 annually, beginning in 2016-2017, if the department was outsourced.

- Estimates from a national facilities management outsource provider suggest that the School System could potentially save an average of $5,520,395 annually, beginning in 2016-2017, if the energy management program was outsourced.

Chapter 7 - Nutrition Services

School district food service operations, also known as Child Nutrition Services, must comply with a variety of federal and state regulations and local board policy. The United States Congress directed the National School Lunch Program in 1946 to "safeguard the health and well-being of the nation's children and to encourage the domestic consumption of nutritional agricultural products." Districts that participate in the National School Lunch Program and School Breakfast Program must serve meals that meet federal guidelines for nutritional value and offer free or reduced-price meals to eligible students.

The School System's Nutrition Services Department serves breakfast and lunch meals to more than 82,000 students. In 2012-13, the program served over 4,200,000 breakfasts and almost 8,400,000 lunches to students at these schools. Approximately 75 percent of students enrolled in the schools are eligible to receive free or reduced-priced breakfast and lunch meals through federal reimbursements from the United States Department of Agriculture Child Nutrition Program.

The review team identified eight best practices against which to evaluate the food services function of the School System. **Exhibit ES-7** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-7
Nutrition Services Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
8	3	5	38%	5	6	12	*$1,947,965 **$8,955,461

Based on recommendations.
*** With outsourcing in year two.*

Some of the key highlights in the Nutrition Services chapter include the following:

- With a fund balance of $14,353,519, or 38 percent of annual operating expenditures, the Nutrition Services Department has sufficient fund reserves for continued self-sustained operations.

- The School System's food costs, as a percentage of total revenue, are well below peer districts.

- The director of Nutrition Services and nutrition education and training coordinator have worked in cooperation with local advocacy groups, such as the Alignment Nashville Nutrition Committee, to serve healthier and more nutritious meals in the School System.

- Nutrition Services' current payroll costs are 52 percent of revenues and therefore should reduce payroll costs by 10 percentage points of 2012-2013 departmental total payroll expenses over the next five years. By reducing labor costs, Nutrition Services has an opportunity to achieve $389,593 per year in annual cost savings, beginning in 2015-2016.

- Estimates from a national food service outsource provider suggest that the School System could potentially save an average of $2,141,467 annually, beginning in 2016-2017, if food service operations were outsourced.

Chapter 8 - Transportation

The School System's Transportation Department operates its own fleet of school buses providing transportation to over 51,000 eligible pre-kindergarten through twelfth grade students daily. There are a total of 682 school buses in the fleet of which 653 are active. Of the 653 active school buses there are 202 buses that transport students with special needs. The School System also uses the services of the Metropolitan Transportation Authority for the transportation of students in systemwide programs including magnet schools. The Transportation Department is instrumental in the School System's vision to "build and sustain effective and efficient systems to support finances, operations, and the academic and personal

growth of students". The Transportation Department fulfills this vision by providing safe, on-time, and efficient services busing students to and from school as well as athletic and co-curricular trips.

The review team identified 16 best practices against which to evaluate the transportation function of the School System. **Exhibit ES-8** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-8
Transportation Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
16	9	7	56%	7	13	16	*($14,543,404) **$16,389,200

Based on recommendations.
*** With outsourcing in year two.*

Some of the key highlights in the Transportation chapter include the following:

- The Transportation Dispatch Center provides excellent customer service and routing support information.

- Changes to maintenance practices have had a positive and substantial impact on the department's ability to provide on-time service.

- Transportation and maintenance operations are understaffed.

- Improvements in information technology are necessary to increase the efficiency and effectiveness of fleet maintenance services.

- A significant backlog of fleet replacement has accumulated and must be addressed.

- Exceptional education transportation costs are significantly above norms due to the legal requirements of an ongoing consent decree.

- Estimates from a national student transportation outsource provider suggest that the School System could potentially save $4,097,300 annually and avoid investment costs of $3,200,000 on an annual basis associated with school bus and white fleet replacement over the next five years if outsourcing student transportation is implemented.

Chapter 9 - Safety and Security

The School System must provide a safe and secure learning environment for students to excel academically. Components of effective safety security programs include policies, procedures, and programs to address crisis contingencies, student discipline, and facility safety. The mission of the School System's Office of School Security is to provide professional services that support and promote a safe and secure educational environment.

The School System has 26 school security staff including a director, operations manager, field manager, 2 lead security officers, 17 security officers, 2 dispatchers, 1 account clerk, and 1 secretary. In addition to the school security staff and school resource officers, there are 107 campus support staff (campus supervisors) to assist campus administration. There are 98 campus supervisors assigned to the middle and high schools, 5 assigned to three alternative learning centers, and 4 assigned to academies.

The review team identified five best practices against which to evaluate the safety and security function of the School System. **Exhibit ES-9** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-9
Safety and Security Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
5	1	4	20%	1	12	14	$5,395,895

The Safety and Security chapter was communicated to the School System's executive management in a confidential report version.

Chapter 10 - Technology Management

The technology management function affects the operational, instructional, and financial functions of the School System. Technology management consists of planning and budgeting, technical infrastructures, application support, purchasing, and inventory control. To manage technology typically requires staff dedicated to administrative and instructional technology responsibilities.

The School System's administrative technology is handled by the Technology and Information Services Department and instructional technology is handled by the Learning Technology and Library Services Department.

The review team identified 10 best practices against which to evaluate the technology function of the School System. **Exhibit ES-10** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-10
Technology Management Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
10	3	7	30%	3	8	16	($735,740)

Some of the key highlights in the Technology Management chapter include the following:

- The School System has a comprehensive data warehouse that provides pertinent student information that is consistent and accessible throughout the School System.

- The School System has a state-of-the-art professional development facility to provide a convenient and central location for instructional technology training.

- A methodology or formalized process would help determine the technical staff required to provide adequate and equitable support to the schools.

- A long-range technology plan that incorporates a hardware replacement strategy could more effectively drive district wide technology initiatives and technology infrastructure upgrades.

- Appointment of an information security officer would provide the expertise required to develop and manage technology security and risk strategies.

Chapter 11 - Analysis of Educational Spending

The objectives of this chapter were to use the School System's expenditure data from 2012-2013 to analyze the School System's total and school-level expenditures. Since expenditure analysis was the objective of this chapter, no best practices, accomplishment, observations, recommendations, or fiscal impacts were noted. Instead, the chapter is designed to answer questions regarding educational spending. The following list provides examples of some of the questions and is not all-inclusive.

1. How much money does the School System spend and for what purposes?

2. For what activities and purposes are direct and indirect expenditures being spent?

3. How much is spent in the classroom per student and in total for elementary, middle, and high schools?

4. What is the cost per student for each cluster?

5. Do schools with higher percentages of minority students spend more, less, or the same per student as schools with higher majority student populations?

The following highlights of the chapter answer specific questions about how the School System spends its resources.

- Students, employees, and facilities are the chief drivers of educational spending.

- Sixty-two cents of each dollar the School System spends is for general purpose spending.

- Seventy-two cents of every general purpose dollar goes towards instruction.

- Sixty-five cents of every general purpose dollar is spent directly at the school level.

- The School System spends a total of $14,747 per student overall and spends $5,870 per student directly at the school level, not including specialty schools.

- The Maplewood cluster spends the most per student while the Cane Ridge cluster spends the least.

- Schools with higher percentages of students eligible for free and reduced lunch tend to spend more per student.

- Four of the five clusters with the highest cost per student have a majority of African-American students. One of the five has a majority of Caucasian students.

- The School System tends to invest more General Fund Purpose dollars in the poorest and lowest academically performing schools.

Chapter 12 - Performance Accountability Systems

Performance accountability is measuring and reporting the results of educational programs and administrative/operational functions, and support services based on the School System's clearly stated goals, objectives, and measurable outcomes. The board and director of schools can use these measurable outcomes to develop, monitor, and enforce expectations for staff performance. An effective performance accountability system integrates planning and budgeting, along with reviewing, evaluating and reporting results used to improve the performance of programs, operations, and cost efficiency.

The review team identified two best practices against which to evaluate performance accountability systems within the School System. **Exhibit ES-11** provides an overview of our evaluation of whether such best practices were met as well as other statistics.

Exhibit ES-11
Performance Accountability Systems Summary

Number of Best Practices	Best Practices Met	Best Practices Not Met	Percent Met	Number of Accomplishments	Number of Observations	Number of Recommendations	Five-year Savings/ (Investment) based on Recommendations
2	0	2	0%	0	2	2	$0

Some of the key highlights in the Performance Accountability Systems Chapter include the following:

- Performance measurement promotes accountability and provides a conceptual framework for monitoring and managing School System operations.

- The School System is implementing a detailed educational and academic performance accountability system tied to its five-year strategic plan, Education 2018: Excellence for Every Student.

- The School System's performance accountability system is designed around its "Coherence Framework," which is aligned with student and system wide performance goals, objectives, and strategies.

- While the School System has planned a comprehensive performance accountability framework, it needs to do a better job of evaluating educational programs.

- The School System is a member of the Council of Great City Schools and has access to some of the Council's key performance indicators to analyze and manage operations.

- The School System should develop a formal performance accountability system to better manage and oversee administrative and operational functions on a monthly basis.

Summary of Fiscal Impacts

- The review team identified a potential net investment of **($272,463)** over the next five years (2015-2016 through 2019-2020 if the recommendations in this report are implemented. This amount consists of **($18,959,021)** of investments and **$18,686,558** of savings.

- If Nutrition, Transportation, Facilities, and Energy Management operations are outsourced in year two, the potential savings for these functions only are estimated to be **$54,129,373**.

Exhibit ES-12 provides a summary of potential net savings over the next five years.

Exhibit ES-12
Fiscal Impact Summary

Chapter	Description	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
1- District Organization and Management	Savings	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$5,000,000	$0
	Costs	($8,160)	($8,160)	($8,160)	($8,160)	($8,160)	($40,800)	$0
	Net	$991,840	$991,840	$991,840	$991,840	$991,840	$4,959,200	$0
2- Educational Service Delivery	Savings	$0	$0	$0	$0	$0	$0	$0
	Costs	($165,115)	($154,835)	($154,927)	($142,897)	($142,897)	($760,671)	$0
	Net	($165,115)	($154,835)	($154,927)	($142,897)	($142,897)	($760,671)	$0
3-Impact of Charter Schools on MNPS	Savings	$0	$0	$0	$0	$0	$0	$0
	Costs	$0	$0	$0	$0	$0	$0	$0
	Net	$0	$0	$0	$0	$0	$0	$0
4-Human Capital	Savings	$0	$0	$0	$0	$0	$0	$0
	Costs	$0	$0	$0	$0	$0	$0	$0
	Net	$0	$0	$0	$0	$0	$0	$0
5-Financial Management	Savings	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000	$0
	Costs	$0	$0	$0	$0	$0	$0	$0
	Net	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000	$0
6-Facilities	Savings	$0	$973,818	$973,818	$973,818	$973,818	$3,895,272	$0
	Costs	($91,196)	($91,196)	($91,196)	($91,196)	($91,196)	($455,980)	($200,000)
	Net	($91,196)	$882,622	$882,622	$882,622	$882,622	$3,439,292	($200,000)
	With Outsourcing Maintenance and Energy Management in Year 2	($91,196)	$7,218,977	$7,218,977	$7,218,977	$7,218,977	$28,784,712	($200,000)
7-Nutritional Services	Savings	$389,593	$389,593	$389,593	$389,593	$389,593	$1,947,965	$0
	Costs	$0	$0	$0	$0	$0	$0	$0
	Net	$389,593	$389,593	$389,593	$389,593	$389,593	$1,947,965	$0
	With Outsourcing in Year 2	$389,593	$2,141,467	$2,141,467	$2,141,467	$2,141,467	$8,955,461	$0
8-Transportation	Savings	$0	$0	$730,032	$730,032	$730,032	$2,190,096	$0
	Costs	($3,188,100)	($3,221,100)	($3,344,100)	($3,467,100)	($3,513,100)	($16,733,500)	($105,000)
	Net	($3,188,100)	($3,221,100)	($2,614,068)	($2,737,068)	($2,783,068)	($14,543,404)	($105,000)
	With Outsourcing in Year 2	$0	$4,097,300	$4,097,300	$4,097,300	$4,097,300	$16,389,200	$0
9-Safety and Security	Savings	$1,107,645	$1,107,645	$1,107,645	$1,107,645	$1,107,645	$5,538,225	$0
	Costs	($28,466)	($28,466)	($28,466)	($28,466)	($28,466)	($142,330)	$0
	Net	$1,079,179	$1,079,179	$1,079,179	$1,079,179	$1,079,179	$5,395,895	$0

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Exhibit ES-12
Fiscal Impact Summary (Cont'd)

Chapter	Description	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
10-Technology Management	Savings	$18,000	$18,000	$18,000	$18,000	$18,000	$90,000	$0
	Costs	($165,148)	($165,148)	($165,148)	($165,148)	($165,148)	($825,740)	$0
	Net	($147,148)	($147,148)	($147,148)	($147,148)	($147,148)	($735,740)	$0
11-Analysis of Educational Spending	Savings	$0	$0	$0	$0	$0	$0	$0
	Costs	$0	$0	$0	$0	$0	$0	$0
	Net	$0	$0	$0	$0	$0	$0	$0
12- Performance Accountability Systems	Savings	$0	$0	$0	$0	$0	$0	$0
	Costs	$0	$0	$0	$0	$0	$0	$0
	Net	$0	$0	$0	$0	$0	$0	$0
Grand Total	Savings	$2,520,238	$3,494,056	$4,224,088	$4,224,088	$4,224,088	$18,686,558	$0
	Costs	($3,646,185)	($3,668,905)	($3,791,997)	($3,902,967)	($3,948,967)	($18,959,021)	($305,000)
	Net Based on Recommendations	*($1,125,947)*	*($174,849)*	*$432,091*	*$321,121*	*$275,121*	*($272,463)*	*($305,000)*
	With Outsourcing Nutrition, in Year 2	$389,593	$2,141,467	$2,141,467	$2,141,467	$2,141,467	$8,955,461	$0
	With Outsourcing Transportation in Year 2	$0	$4,097,300	$4,097,300	$4,097,300	$4,097,300	$16,389,200	$0
	With Outsourcing Facilities and Energy Management in Year 2	($91,196)	$7,218,977	$7,218,977	$7,218,977	$7,218,977	$28,784,712	($200,000)